MONTHLY REVIEW
of Credit and Business Conditions
Second Federal Reserve District

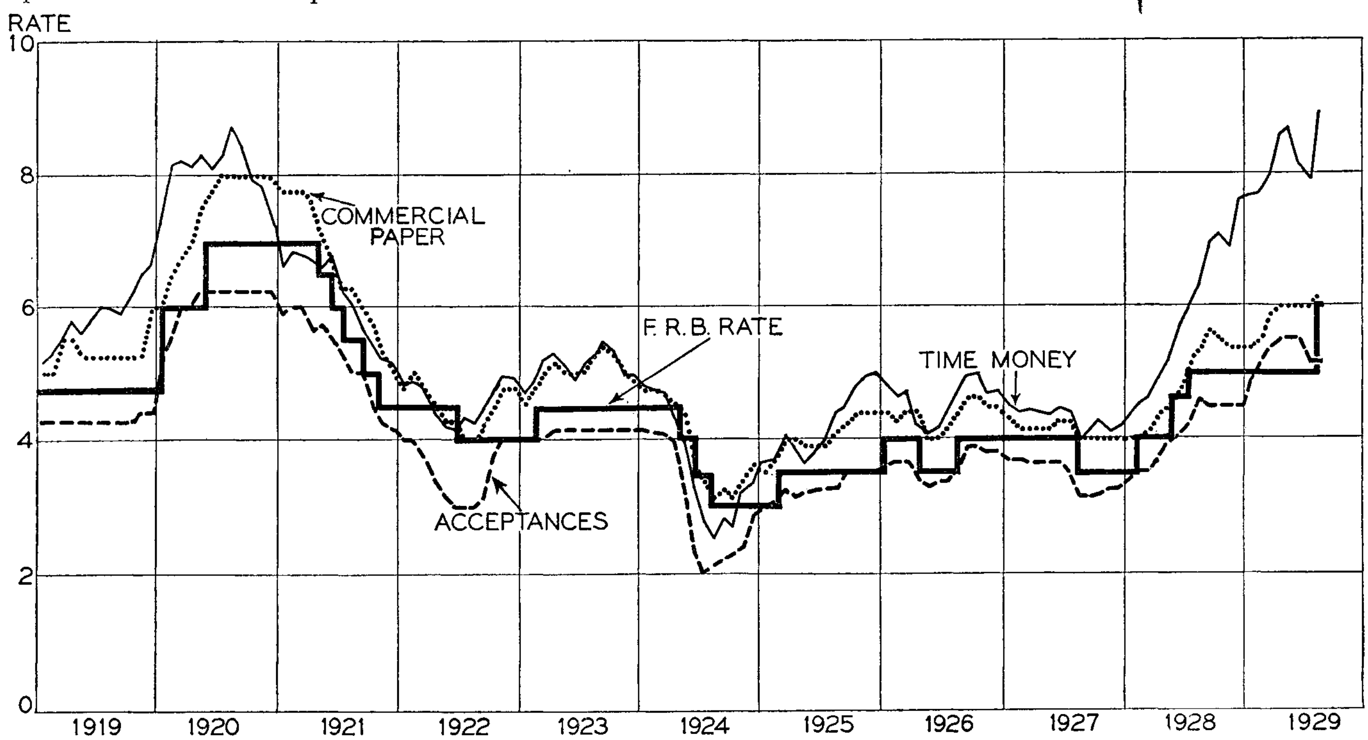
Federal Reserve Agent — *Federal Reserve Bank, New York* — *September 1, 1929*

Money Market in August

In August there was a continued large demand for credit for the security markets and also to finance the movement of crops and other seasonal trade, and, as a result, money rates remained firm. On August 9 the discount rate of the Federal Reserve Bank of New York, which for some months had been below the principal open market rates, was advanced from 5 per cent to 6 per cent. This advance restored the discount rate to its usual position with respect to other money rates, which, as the diagram below indicates, has been almost invariably above the bankers acceptance offering rate but not higher than the open market commercial paper rate during the past ten years.

The advance in the discount rate was not followed by any material change in rates charged on commercial borrowing. The prevailing rate on prime commercial paper offered by note brokers, which for several months had held around 6 per cent, with a gradual tendency toward higher levels, was quoted in August at 6 to 6¼ per cent. Most of the leading New York City banks reported a flat rate of 6 per cent on commercial loans to customers in August, compared with 5¾ to 6 per cent in July. Reserve Bank buying rates for bankers acceptances were adjusted early in the month to open market offering rates, and these rates for bills of short maturity remained stable at the level which had prevailed since early in July. Rates on bills of long maturity were advanced somewhat in the latter part of August, reflecting the preference of many important investors for bills of not more than three months maturity, as the result of which there was some accumulation of long bills in dealers' portfolios.

Rates charged on collateral loans were irregular in August. Call loan rates were 10 to 12 per cent early in the month, but subsequently eased to a prevailing level of 7 per cent, with occasional declines to 6, largely as the result of a substantial flow of funds to New York from other districts and the offering of a large amount of funds in the call loan market by lenders other than banks. A reversal of the transfer movement and the approach of the month-end, however, were accompanied by a rise in call money to 9 per cent in the final week of the month. Funds available for time loans on securities continued scarce and rates remained firm. Rates



Monthly Rates for 60 to 90 day Stock Exchange Time Money, 4 to 6 months Commercial Paper, and 90 day Bankers Acceptances; and Discount Rate of the Federal Reserve Bank of New York.

charged by New York City banks on security loans directly to customers other than brokers were advanced to the highest level since 1921.

Money rates at New York

	Aug. 30, 1928	July 30, 1929	Aug. 29, 1929
Stock Exchange call loans	*7–8	*7–10	*7–9
Stock Exchange 90 day loans	6½	8¾	8¾–9
Prime commercial paper	5½	6	6–6¼
Bills—90 day unindorsed	4⅝	5⅛	5⅛
Customers' rates on commercial loans	†5.34	†5.80	†6.00
Treasury certificates and notes			
Maturing December 15	4.25	4.77	4.53
Maturing March 15	4.36	4.52	4.52
Federal Reserve Bank of New York rediscount rate	5	5	6
Federal Reserve Bank of New York buying rate for 90 day bills	4½	5¼	5⅛

* Range for preceding week
† Average rate of leading banks at middle of month

Member Bank Indebtedness

After the first week of August, borrowings of New York City member banks, which since early in July had been running 50 to 100 million dollars higher than a year previous, declined about 170 million and by the third week of August were well below the level of a year ago. At the same time the loans of these banks to security brokers were reduced by approximately the same amount.

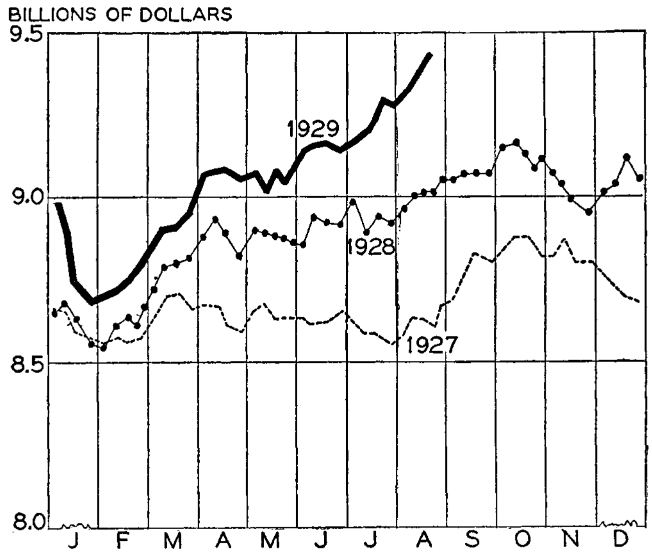
An important factor in this reduction in both indebtedness and in the security loans of New York City member banks was an inflow of more than 100 million dollars to New York from other districts. This movement of funds to New York appears to have represented transfers by corporations and individuals rather than by banks for their own account, as loans placed in New York for out-of-town banks showed a small decline, while loans for "others" showed a large increase.

In the last week of August the movement of funds was reversed. Funds were withdrawn from New York by banks in other localities, probably in anticipation of the month-end or for autumn trade requirements, and demands on the New York banks by the security markets showed a renewed increase.

Demand for Credit

Largely as the result of the substantial reduction in brokers loans placed by New York City banks for their own account, the total security loans of all reporting member banks were reduced about 275 million dollars during the first three weeks of August. This reduction, however, did not reflect a reduced demand for security loans; the total volume of brokers loans reported by New York City members rose during August to a new high level at $6,217,000,000. Funds to meet the additional demand for loans as well as to replace loans retired by member banks were supplied by lenders other than banks. Consequently the total of loans placed "for account of others" increased more than 400 million further, and on August 28 constituted well over half of the total volume of brokers loans. The renewed increase in loans of this category followed a period of several months of relative stability.

There has also been a demand for commercial and agricultural loans during the past month which has been unusually large for the time of year. As the accompanying diagram shows, loans other than security loans



All Other Loans (largely commercial) of All Reporting Member Banks

reported by member banks have shown an almost uninterrupted increase since the latter part of May, and on August 21 were more than 350 million dollars above the volume at the height of the spring season. This compares with an increase of about 100 million in the corresponding period last year and a small decline in 1927. Nearly half of this year's increase was in the loans of New York City banks, and substantial increases were reported also in the loans of banks in the middle-western and western agricultural districts. A considerable part of this demand for credit may be attributed to the rapid rise in wheat prices, and the early marketing of the crop.

Bill Market

The supply of new bills offered to the market increased in August, reflecting transactions such as the storage of grains and sugar, exports of wheat and cotton, and imports of silk. At the same time, investment demand for bills diminished somewhat, and dealers' portfolios showed an increase for the month. The rise in open market supplies of bills on hand was accompanied by an increase in the amount of the temporary accommodation extended to the dealers by the Reserve Bank. During the second half of the month, the open market offering rate for 4 months bills was raised ⅛ per cent to 5¼ per cent, and the offering rate for 5 and 6 months maturities was advanced a total of ⅜ per cent to 5½ per cent; these increases reflected the efforts of the dealers to move the longer maturities of bills, supplies of which were tending to accumulate. Dealers' offering rates for maturities up to 90 days were unchanged throughout the month at 5⅛ per cent.

The American Acceptance Council survey of acceptances outstanding shows that the total rose $14,000,000 further in July to $1,127,000,000. Outstandings on July 31 were $149,000,000 larger than a year ago and $385,000,000 above the figure for July 1927.

Commercial Paper Market

Commercial and industrial concerns have continued to finance their requirements principally by direct borrowing at their banks, and as a result the volume of open market commercial paper outstanding through 23 firms declined 3 per cent further in July. At $265,000,000 on July 31, a decrease of 45 per cent from a year ago was indicated in commercial paper outstandings.

In August, the investment demand for paper on the part of the banks throughout the country remained rather small, but at the same time new drawings of paper remained light. The dealers advanced their quoted offering rates for prime names slightly to a range of 6-6¼ per cent, as compared with 6 per cent around the end of July.

Gold Movement

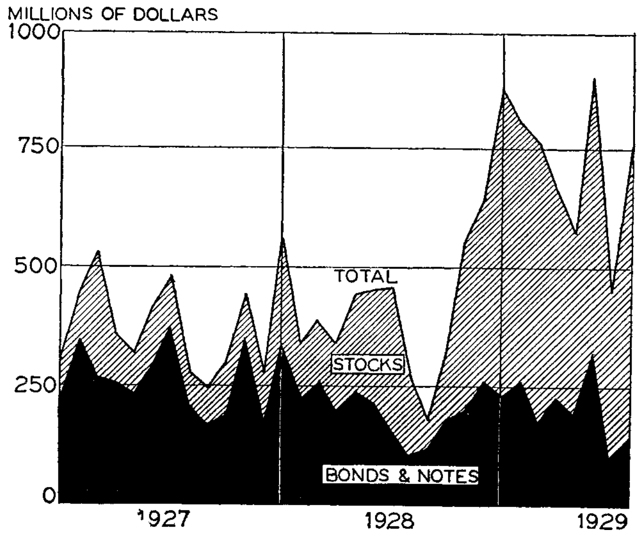
Shipments from Argentina totaling $8,500,000 and from England of $5,000,000 make up practically all the gold imported into the United States during August. Exports were negligible. Preliminary figures for the month are: Imports, $14,043,000; exports, $592,000; increase in gold held under earmark for foreign account, $1,000,000; net gain to country $12,500,000. Since the beginning of the year this country has gained about $199,000,000 of gold.

The outflow of gold from London continued throughout August, but was smaller in volume than during July. France took slightly over £6,000,000 in London in the past month, practically all from the Bank of England. Germany acquired some £1,900,000, of which about £1,100,000 came from the Bank and the balance by open market purchase. £1,125,000 was withdrawn from the Bank of England for the United States, and £500,000 was taken in the market by an undisclosed buyer. Despite the persistent weakness of sterling as against the other major exchanges, the Bank was able to secure some open market gold by competitive bid on three of the four market sales days in August. In this movement, which began towards mid-June, France has taken about £17,000,000 of gold in London, Germany about £14,000,000, and the United States £5,000,000. The bullion stock of the Bank of England declined from £164,200,000 at the middle of June, to £142,600,000 at the end of July, and to £137,600,000 on August 28.

New Financing

Total domestic corporate issues for new capital purposes were much larger in July than in the previous month or in July 1928. A nearly three-fold increase over a year ago was due almost entirely to issues of stock. Beginning last autumn, the volume of stock issues expanded rapidly, as is indicated in the accompanying diagram, and, although the amount of bond offerings has declined, total new financing by domestic corporations during recent months has been in larger volume than ever before. In July, bond issues constituted less than 20 per cent of the total new financing by domestic corporations.

This large volume of security flotations, however, does not represent a corresponding increase in the capital of industrial and mercantile corporations. The increase in stock issues reflects in a large measure the very heavy offerings of securities by investment trusts, and financial trading and holding companies, the proceeds of which



New Security Issues of Domestic Corporations (Commercial and Financial Chronicle figures; refunding issues excluded)

are used largely for the purchase of existing securities, rather than to place additional capital at the disposal of commerce and industry.

Further evidence of a widespread preference for stocks over bonds appears in the large proportion of all recent bond issues that have had provisions for their conversion into stock, or have had stock purchase warrants attached.

July issues of securities by domestic municipalities and States were only about one-half as large as in June but compared favorably with the total a year ago. Foreign security flotations in this market were reduced to a figure about one-fourth that of June, and were slightly smaller than the total offered in July of last year.

The principal feature of new financing in August continued to be the numerous and large issues of stock by investment and financial trading and holding companies. The total of all domestic corporate issues remained well above the volume in the mid-summer of 1928, and foreign issues, while small, were also somewhat above the total for last August.

Security Markets

Following the irregularity of the latter part of July, stock prices continued to fluctuate without definite trend in the first week of August. This irregularity culminated in a temporary sharp reaction in share prices, from which there was a rapid recovery. Subsequently, the market continued to move forward, and a composite average of stock prices advanced to new high ground on successive days. By the latter part of August, representative industrial stocks had risen to new high levels, and averaged 6½ per cent above the early July high point; utility shares also had advanced to new high quotations, exceeding their high level at the end of July by 8½ per cent; and railroad stocks had also exceeded their record level of the third week of July by nearly 3 per cent. In the last few days of the month the market turned irregular except for sustained strength in the rails. The volume of trading on the New York Stock Exchange was little different from July with the daily turnover averaging slightly below 4 million shares.

Domestic corporation bonds, after holding practically at a level in July, resumed in August the decline that has been in progress during the past one and a half years, and the current level of corporation bond prices is now the lowest in more than three years. Foreign bonds quoted in this market also declined during the past month. United States Government bonds eased in the first part of August, but subsequently more than recovered this loss. Near the end of the month, an average of the eight Government bond issues now outstanding was about one point above the low of this year reached at mid-March.

Foreign Exchange

With unimportant exceptions, the European exchanges closed the month of August at lower levels than those of the previous month. Sterling declined from a high of $4.85 11/32 on August 2 to a low of $4.84 11/16 on the 8th, maintaining itself thereafter at around $4.84¾ or a shade higher. Although this is a little below the theoretical gold import point, there was only one arrival of London gold during the month. French francs slid off from $0.0391 15/16 to $0.0391 in the first half of the month, recovering gradually to around $0.0391⅜. The reichsmark showed decided weakness between the 1st and the 12th, when it declined 3½ points to $0.2379½; it was last reported at $0.2381. The same course—a dip towards the middle of the month followed by a temporary recovery—marked the progress of the Dutch guilder, which fell off to $0.4006½ on the 28th as against an average of nearly $0.4014 in July. The lira was subject to constant though narrow fluctuation in the neighborhood of $0.0523. The Scandinavian exchanges weakened consistently. At $0.1409½ the Austrian schilling remained firmly at 2½ points above par. The Spanish peseta continued the upward trend begun in June, firming from $0.1462 to $0.1471 at last report. The peseta had not crossed $0.1470 in any previous month since last April.

Canadian dollars weakened from a discount of ¼ at the beginning of the month to a discount of ¾ on the 26th. Gold continued to arrive from Argentina, but the gold peso remained constantly below the month's opening of $0.9551 3/32, which is itself below the import point. The Japanese yen firmed to a new high for the year at $0.4701 on the 8th. After some fluctuation it settled at around $0.4668 at the close of the month.

Central Bank Rate Changes

Effective August 1 the National Bank of Belgium raised its discount rate from 4 per cent to 5 per cent. The lower rate had been in force since June 30, 1928. In the intervening thirteen months the bank has increased its reserve of gold and foreign exchange by $30,000,000, or some 17 per cent. Its sight liabilities expanded in the same period by about 20 per cent, the ratio of reserve declining slightly from 55.8 to 54.9 per cent. The loan and discount portfolio of the bank has meanwhile increased by about 70 per cent, apparently in response to increased trade activity. The higher money rates prevalent elsewhere throughout the world (with the exception of France and Switzerland), as well as the inception of the autumn importing season, are other factors making for firmer money.

The South African Reserve Bank increased its rate from 5½ to 6 per cent on August 16, the earlier rate having been in effect since January 9, 1928. The Bank of the Republic of Colombia rate, which had been 8 per cent since March 18, 1929, was reduced to 7 per cent on August 1, 1929.

Foreign Trade

During July, exports of merchandise showed a slight increase, and imports remained fairly stationary, compared with the previous month, whereas usually there is a decline both in exports and in imports from June to July. Exports, valued at $401,000,000, were 6 per cent above July 1928, while imports, valued at $353,000,000, were 11 per cent above a year ago.

The unusually early movement of the wheat crop was reflected in shipments abroad of grain and grain products which showed a gain, both in quantity and value, of about 50 per cent over the low figures of June. There was also an increase of similar amount, as compared with a year ago, in the value of grain exports, and an even greater increase in the quantity exported. Raw cotton shipments abroad continued to decline and were the smallest in any month since July 1925. A reduction, as compared with July 1928, of $13,700,000, in the value of cotton exports slightly more than offset gains in the value of the exports of other farm products and of cotton manufactures.

Quantity receipts of raw silk and crude rubber were 21 per cent and 33 per cent, respectively, above a year ago. Silk imports, however, were somewhat less than in June, and rubber imports showed little change.

Business Profits

Accompanying the continuance of a very high rate of business activity during the second quarter of this year, net profits of 236 commercial and industrial concerns for the quarter were 31 per cent larger than in the corresponding period of 1928, and showed even larger increases over the reported net profits of the second quarter in the two preceding years. While the reports from the limited number of companies making quarterly statements perhaps tend to present a more favorable showing than would returns from all corporations, it is still evident that the general level of net earnings during the period must have been unusually high.

Leading steel companies continued in the second quarter to report net profits more than double those of a year ago, reflecting the maintenance into the summer season of a capacity output of steel. Profits about 75 per cent larger than a year ago were reported by coal and coke, and miscellaneous mining and smelting companies, but in the case of coal the increase was from a low level of earnings last year. Increases of between 40 and 60 per cent occurred in the net profits of railroad equipment, building supply, oil, copper, and miscellaneous manufacturing and industrial concerns. Electrical equipment, and machine and machine manufacturing companies showed increases that were just about the same as the average for all industrial concerns, while somewhat smaller increases were reported by the chemical, tobacco, and motor parts and accessories companies. The motor group showed net profits only 5 per cent larger than a year ago, and the food and food products group also showed a relatively small increase. The only industry to report a less favorable showing than in 1928 was the leather companies, which as a group sustained a deficit.

Profits of these 236 companies for the completed half year were 33 per cent larger than in the first half of 1928, and 47 per cent larger than in 1927. As compared with 1928, results for the second quarter were largely the same as for the half year. In the cases of the copper, and motor parts and accessories companies, however, the percentage increases in the second quarter were smaller than in half-year profits, while for the railroad equipment and building supply companies the increases in second quarter profits were larger than the increases for the half year.

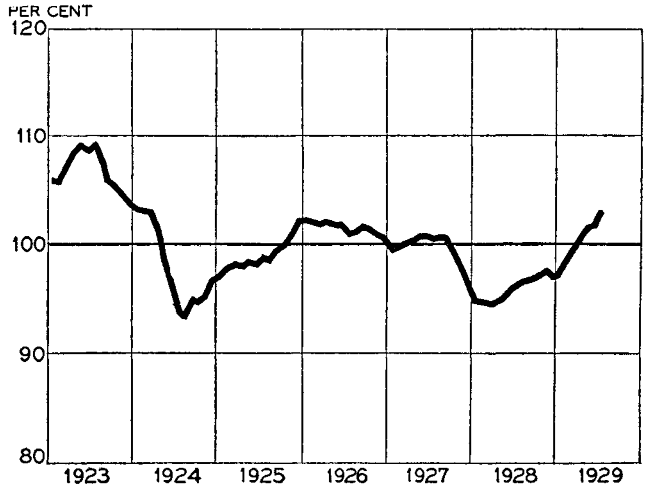
Earnings of telephone companies during the second quarter of the year showed a relatively small increase over a year ago, but the total for the half year was 7 per cent larger. Other public utilities, on the other hand, reported earnings, both for the second quarter and the half year, that were close to 20 per cent larger than a year ago, a much larger year-to-year increase than occurred in 1928. Net operating income of Class I railroads for the second quarter and for the completed half year was over 20 per cent larger than in 1928, and was also materially larger than in the corresponding period of 1927 and 1926.

(Net profits in millions of dollars)

Corporation groups	No.	Second quarter		First six months		
		1928	1929	1927	1928	1929
Motors	18	129	136	184	223	235
Motor parts and accessories (exclusive of tires)	19	13	15	16	21	30
Oil	26	33	48	48	49	75
Steel	13	45	92	87	80	164
Railroad equipment	5	3	5	10	6	8
Food and food products	30	41	43	71	74	82
Machine and machine manufacturing	17	11	15	20	21	28
Copper	7	12	16	14	20	38
Coal and coke	5	1	2	5	2	4
Other mining and smelting	13	8	14	12	15	25
Chemicals	10	16	19	26	30	38
Building supplies	13	6	9	13	10	14
Leather	5	0	*Def.*2	2	2	*Def.*3
Tobacco	4	3	3	5	4	5
Electrical equipment	5	14	19	24	26	34
Miscellaneous	46	38	55	70	87	115
Total 16 groups	236	373	489	607	670	892
Telephone (net operating income)	99	66	68	118	129	138
Other public utilities	95	204	245	391	430	508
Total public utilities	194	270	313	509	559	646
Class I railroads (net operating income)	181	245	304	473	462	563

Employment and Wages

Reports from both the New York State and Federal Labor Departments continue to indicate a high level of employment. In July, there is usually a sizable decline in the number of persons employed in factories; this



Index of Factory Employment in New York State, 1925-1927 = 100 per cent. (Federal Reserve Bank of New York index, adjusted for seasonal variations; 1923 to 1927 figures adjusted to census data)

decline has been estimated to average about 1.8 per cent for the country as a whole, and about 1.4 per cent for New York State. This year, however, the decline amounted to only 0.1 per cent in the country as a whole, and to only 0.3 per cent in New York State. As a result, this bank's indexes, which are adjusted to allow for the usual seasonal changes, advanced between 1 and 2 per cent, and the New York State index reached the highest level since early in 1924.

While factory employment continued at a relatively high level, it was also reported that farm work and road construction were giving employment to a large number of workers, but some unemployment was indicated in the building trades, following the decline in contracts for residential buildings which began in this district early this year.

Building

Although the usual seasonal tendency is for building contracts to decline in July, this year total contracts awarded in the 37 States from which reports are received by the F. W. Dodge Corporation increased 20 per cent in July over the June total, and reached a larger volume than in any previous July. In fact, the July total has been exceeded only in one other month—May 1928. A considerable part of the July increase was due to an increase in contracts for public works and utilities, which included subway contracts and an unusually large volume of contracts for road building. Other non-residential contracts also increased somewhat, and residential awards showed a moderate increase. The total volume of non-residential construction contracts was larger than in any previous month in recent years.

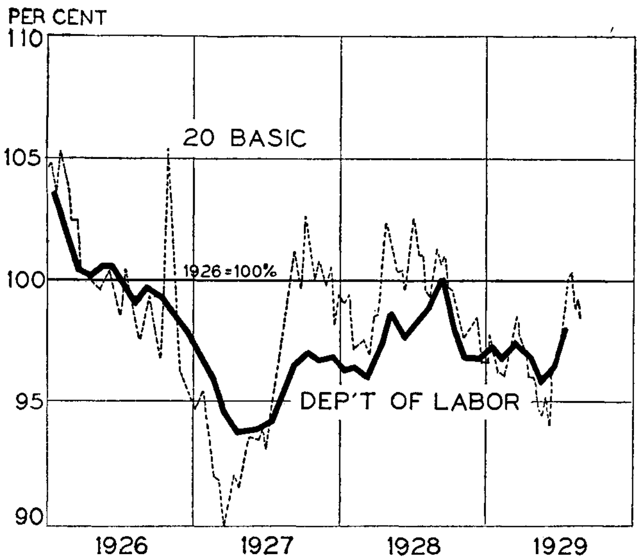
As a result of the larger July volume, the cumulative decline in the amount of contracts awarded in the 37 States since January 1, 1929 was reduced to 9 per cent. The increase in building contracts noted in July did not appear to have continued in August, however, since the daily average of contracts placed in the first three weeks of the month was about 4 per cent smaller than the daily average for the month of August 1928.

Commodity Prices

After declining in May to 95.8, the lowest level since August 1927, the general wholesale index of the United States Bureau of Labor Statistics advanced in July to 98.0, a level which has been exceeded only in four months since November 1926. The upturn in the index reflected a sharp recovery in the farm products, foods, and hides and leather products groups, which were at relatively low levels in May. The only other sizable net increase was in the miscellaneous group. During this period there was a further reduction in prices of textiles, which have shown an almost continuous decline since September 1927, and in July the Bureau of Labor Statistics average of this group was lower than at any time since 1921.

This bank's index of basic commodity prices, which is shown in the accompanying chart with the Bureau of Labor index, more than recovered the loss sustained between March 16 and June 1, advancing for eight successive weeks to the highest level since last September. The strong advance in grain prices was the principal factor in the recovery during this period. For the month of July as a whole, this bank's index averaged 99.3, as compared with 95.0 for May.

In August, wheat reacted about 20 cents from the peak, and this resulted in a 2.0 point decline in this bank's basic index. The average for the month, however, was 99.0, which is about the same as the July average.



United States Bureau of Labor Statistics Index of Wholesale Prices and Federal Reserve Bank of New York Basic Commodity Price Index

Production

Changes in productive activity in leading industries showed a considerable amount of irregularity in July, and in general it appears that there was a small recession from the unusually high levels of recent months. Average daily production of steel ingots declined nearly 5 per cent, whereas usually there is practically no change from June to July, but pig iron production declined less than usual, and after seasonal allowance reached a new high level on the current movement. There was a further decline in copper production, somewhat larger than usually takes place in July, and the seasonally adjusted index declined to the lowest level since last September. Tin deliveries also showed a decrease that was larger than usual, while zinc production did not show the usual seasonal decline.

Output of bituminous coal increased in about the usual seasonal proportions, but anthracite declined. Production of crude petroleum, according to preliminary figures, increased to a new high record. July production of both passenger automobiles and motor trucks declined somewhat more than usual, and this bank's index of the combined output reached the lowest level since last December. Cotton consumption in July declined more than usual, and the adjusted index also reached the lowest level since last December, while consumption of silk increased rather substantially.

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

	1928	1929		
	July	May	June	July
Producers' Goods				
Pig iron	107	126	127	131
Steel ingots	113	135	145	137
Cotton consumption	88	109	106	103
Woolen mill activity *r*	87*r*	102*r*	101*r*	99*r*
Silk consumption *r*	104*r*	101*r*	111*r*	120*r*
Petroleum	106	112	112	116*p*
Bituminous coal	79	88	83	83
Coke	99	128	123*r*	123
Copper, U. S. mines	109	131	118*r*	116
Lead	92	109	105	107
Zinc	96	101	99	102
Tin deliveries	91	141	112	109
Leather, sole	123	94	103*r*	103
Cement	132	112	120	125
Wood pulp	99	106	103	
Consumers' Goods				
Hogs slaughtered	86	96	89	102
Cattle slaughtered	87	94	83	92
Sheep slaughtered	103	128	111	119
Calves slaughtered	73	70	62	69
Farm produce shipped	103	107	96	93
Wheat flour	87	116	104	96
Sugar meltings, U. S. ports	83	73	80	82
Gasoline	101	99	97	
Anthracite coal	62	90	72	68
Paper, newsprint	86	92	86	86
Tobacco products *r*	105*r*	112*r*	110*r*	105*r*
Boots and shoes	115	106	108	122*p*
Tires	126	140	124	
Automobile, passenger *r*	108*r*	133*r*	128*r*	123*r*
Automobile, truck *r*	124*r*	154*r*	188*r*	153*r*

p Preliminary
r Revised

Indexes of Business Activity

This bank's indexes indicate that, while financial activity increased in July, the distribution of goods showed irregular changes. Both the volume of trading on the New York Stock Exchange and bank debits in New York City increased sharply in July to new high records for that month, and debits in 140 centers outside of New York City showed an increase after seasonal allowance, which may also have been attributable largely to security and other financial transactions.

There was little change in freight car loadings after seasonal adjustment, but foreign trade increased instead of showing the usual seasonal decline. Distribution of goods to consumers, on the other hand, showed a decrease of somewhat more than seasonal proportions, and consequently this bank's indexes of department store, mail order, chain store, and life insurance sales declined.

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

	1928	1929		
	July	May	June	July
Primary Distribution				
Car loadings, merchandise and misc.	103	105	103	103
Car loadings, other	91	104	98	99
Exports	108	94	102	114*p*
Imports	104	124	117	122*p*
Panama Canal traffic	83	79	85	88
Wholesale trade	97	108	101	104
Distribution to Consumer				
Department store sales, 2nd Dist.	102	103	104	99
Chain grocery sales	102	94	95	94
Other chain store sales	100	103	105	100
Mail order sales	116	126	137	136
Life insurance paid for	98	101	102	99
Advertising	94	98	98	96
General Business Activity				
Bank debits, outside of New York City	104	107	109	112
Bank debits, New York City	142	178	158	181
Velocity of bank deposits, outside of New York City	114	123	126	131
Velocity of bank deposits, New York City	154	201	182	208
Shares sold on N. Y. Stock Exchange	186	329	252	429
Postal receipts	87	87	81	88
Electric power	108	112	108	
Employment in the United States	97	101	102	104
Business failures	101	106	109	102
Building contracts, 36 States	126	119	110	130
New corporations formed in N. Y. State	120	112	111	93
General price level	176	179	179	181
Composite index of wages	226	226	227	226
Cost of living	172	171	171	172

p Preliminary

Department Store Trade

The July sales of the reporting department stores in this district showed about a 4 per cent increase from a year ago, but as there was one more selling day in July of this year, the average daily rate of sales showed little change from that of July 1928. At least small increases in the daily rate of sales were reported by stores in New York, Syracuse, the Capital District, and Central New York State, but there were considerable decreases in several other localities within the district.

Stocks of merchandise on hand at the end of the month remained somewhat higher than a year ago, and the rate of stock turnover was about the same as in July 1928. The percentage of outstanding charge accounts during July showed a slight increase over last year, following decreases in the three preceding months.

Locality	Percentage change July 1929 compared with July 1928		Per cent of accounts outstanding June 30 collected in July	
	Net sales	Stock on hand end of month	1928	1929
New York	+ 5.0	+ 3.1	50.0	50.7
Buffalo	— 1.3	— 2.9	50.9	50.4
Rochester	— 6.2	— 2.1	39.9	40.4
Syracuse	+ 9.6	+ 8.2	32.8	30.6
Newark	+ 1.1	+ 5.9	44.2	43.9
Bridgeport	+ 9.7	+13.8	....	....
Elsewhere	+ 1.2	— 2.4	42.8	42.5
Northern New York State	— 5.0	....	....	....
Central New York State	+ 4.4	....	....	....
Southern New York State	+ 2.9	....	....	....
Hudson River Valley District	+ 2.5	....	....	....
Capital District	+ 4.9	....	....	....
Westchester District	— 9.3	....	....	....
All department stores	+ 3.8	+ 3.0	46.4	46.8
Apparel stores	+ 1.8	— 4.2	44.8	46.1

Sales and stocks by departments are compared with July 1928 in the following table. The furniture, home furnishings, and radio departments were among those showing the largest increases over last year.

	Net sales percentage change July 1929 compared with July 1928	Stock on hand percentage change July 31, 1929 compared with July 31, 1928
Toys and sporting goods	+23.2	+ 2.4
Furniture	+20.0	+ 5.8
Linens and handkerchiefs	+19.1	+ 4.2
Shoes	+15.1	+ 7.9
Luggage and other leather goods	+15.0	+11.8
Books and stationery	+14.6	+ 2.6
Hosiery	+10.3	— 3.6
Home furnishings	+ 9.8	+ 4.1
Musical instruments and radio	+ 9.8	+19.7
Silverware and jewelry	+ 9.2	— 7.8
Toilet articles and drugs	+ 9.1	— 2.9
Cotton goods	+ 4.6	— 4.8
Women's ready-to-wear accessories	+ 1.4	+ 9.0
Woolen goods	— 0.3	—14.5
Men's furnishings	— 0.3	— 0.8
Women's and Misses' ready-to-wear	— 1.5	+11.0
Men's and Boys' wear	— 6.5	+ 8.7
Silks and velvets	—15.4	—10.9
Miscellaneous	+ 2.7	— 8.7

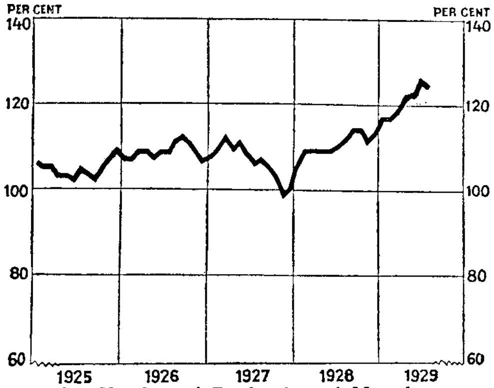
Wholesale Trade

The average July sales of reporting wholesale firms in this district were 9 per cent larger than in July 1928, but a part of the increase was probably due to the fact that there was one more selling day in July this year than last. Increases were reported in sales of groceries, stationery, shoes, paper, cotton goods, and silk goods, following gains in these lines in each of the preceding three months. Sales of diamonds and jewelry also showed increases over a year ago in July, which followed decreases in June, and drug sales showed the largest increase since January. Sales of machine tools continued well above the high level of last year.

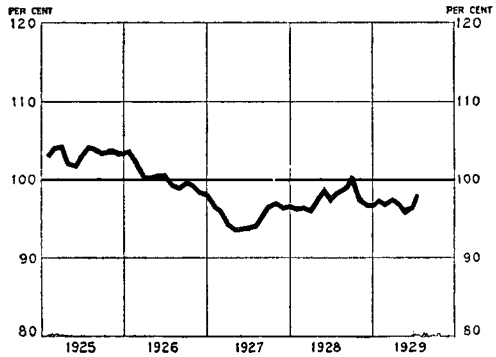
Stocks showed no consistent change from a year previous. Silk and drug firms reported increases, while cotton goods, shoes, hardware, and diamonds and jewelry firms reported smaller stocks than last year. Collections were considerably better than in July 1928 in most lines.

Commodity	Percentage change July 1929 compared with June 1929		Percentage change July 1929 compared with July 1928		Per cent of accounts outstanding June 30 collected in July	
	Net sales	Stock end of month	Net sales	Stock end of month	1928	1929
Groceries	+ 0.8	— 0.5	+ 8.9	+ 0.4	70.9	73.9
Men's clothing	+40.7	....	+ 1.9	....	37.0	38.8
Cotton goods	— 0.2	+11.4	+ 3.8	— 6.2	....	....
Silk goods*	— 6.7*	+ 6.6*	+18.6*	+ 5.6*	....	....
Shoes	—16.1	+15.7	+ 5.1	—18.7	38.4	42.4
Drugs	+15.3	+ 3.3	+14.0	+23.8	42.8	44.7
Hardware	—21.0	— 0.2	— 0.7	—10.1	46.4	47.7
Machine tools**	—11.3	....	+26.8	....	....	....
Stationery	— 7.0	....	+ 6.3	....	68.7	65.8
Paper	— 1.4	....	+11.6	....	61.8	67.0
Diamonds	+47.4	— 1.6	+23.8	—12.1	23.9	28.4
Jewelry	—35.1		+ 4.1			
Weighted Average	+ 5.0	....	+ 8.6	....	50.7	53.2

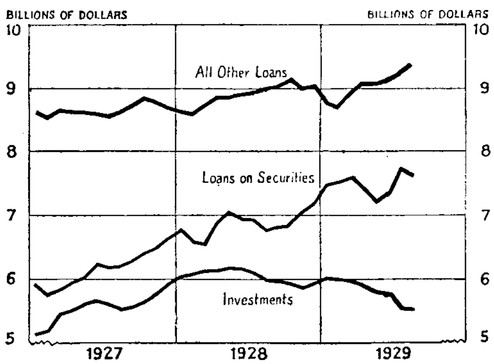
* Quantity not value. Reported by Silk Association of America
** Reported by the National Machine Tool Builders' Association



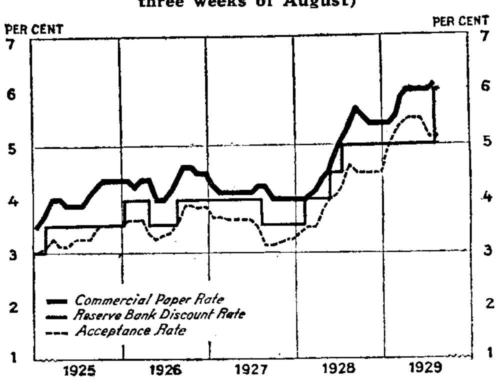
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variations (1923-25 average = 100 per cent)



Wholesale Price Index of United States Bureau of Labor Statistics (1926 average = 100 per cent)



Monthly Averages of Weekly Figures for Reporting Member Banks in Leading Cities (Latest figures are averages of first three weeks of August)



Money Rates in the New York Market (August rates are averages for first 24 days)

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

INDUSTRIAL production decreased slightly during July, but continued at a higher level than in other recent years. Wholesale commodity prices increased further during the month, reflecting chiefly higher prices of agricultural products. Loans for commercial and agricultural purposes by reporting member banks increased during July and the first half of August.

Production

Output of manufactures decreased in July, while mineral production increased. Average daily output of automobiles, copper, tin, zinc, and cotton and wool textiles decreased and there was a small decline in the production of iron and steel. In all of these industries, however, output was larger than in the same month in earlier years. Activity increased during July in silk and shoe factories and in meatpacking plants, and there was also a larger output of bituminous coal and crude petroleum than in June. Reports for the first half of August indicate sustained activity in the iron and steel and automobile industries, and a further increase in the output of coal and petroleum.

Employment in manufacturing industries decreased in July by less than one per cent while a somewhat greater decrease in payrolls was reported. At this level, factory employment and payrolls, as in earlier months, were larger than in any other year since 1926.

Value of construction contracts awarded in July was higher than in the preceding month or in July 1928, reflecting chiefly a sharp increase in contracts for public works and utilities. For the first half of August, however, total contracts declined to a level below the corresponding period a year ago.

The August estimate of the Department of Agriculture indicates a wheat crop of 774,000,000 bushels, slightly below the five-year average, and 128,000,000 bushels below last year's production, and a corn crop approximately equal to the five-year average crop and about 100,000,000 bushels smaller than in 1928. The cotton crop is estimated at 15,543,000 bales, 7 per cent larger than last year.

Distribution

Freight-car loadings increased seasonally during July and the first two weeks of August, reflecting chiefly increased loadings of coal, grain, and ore, while shipments of miscellaneous freight continued in about the same volume as in June.

Sales of department stores declined seasonally from June and on a daily basis were about the same as in July a year ago.

Prices

Wholesale prices in July continued the rise which began in June, according to the index of the Bureau of Labor Statistics, reflecting chiefly higher prices for farm products and their manufactures, particularly livestock and meats, grains and flour, and potatoes. Prices of hides and leather also increased. Wool, rayon, and textile products declined slightly in price. There was a marked advance in the price of sugar and rubber prices also rose somewhat. Prices of petroleum and gasoline declined and prices of iron and steel were somewhat lower.

During the first three weeks in August there were declines in the prices of cotton, petroleum, beef, sugar, oats, rubber, and tin, and marked fluctuations in prices of pork and wheat.

Bank Credit

Loans for commercial purposes by reporting member banks increased to new high levels during the four weeks ended August 14, while security loans, after increasing further during the latter part of July, declined during the first two weeks in August.

Member bank borrowing at the Reserve Banks averaged $45,000,000 less during the week ended August 17 than in the week ended July 20 reflecting increased sales of acceptances to the Reserve Banks, and further imports of gold.

Open market rates on call and time loans on securities were firmer during the last half of July and the first week of August. During the second week of August rates on call loans declined while rates on commercial paper in the open market advanced from 6 to 6-6¼ per cent. On August 9 the discount rate of the Federal Reserve Bank of New York was increased from 5 to 6 per cent, and the buying rate on bankers acceptances was reduced from 5¼ to the market rate of 5⅛ per cent.