

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

October 1, 1929

Money Market in September

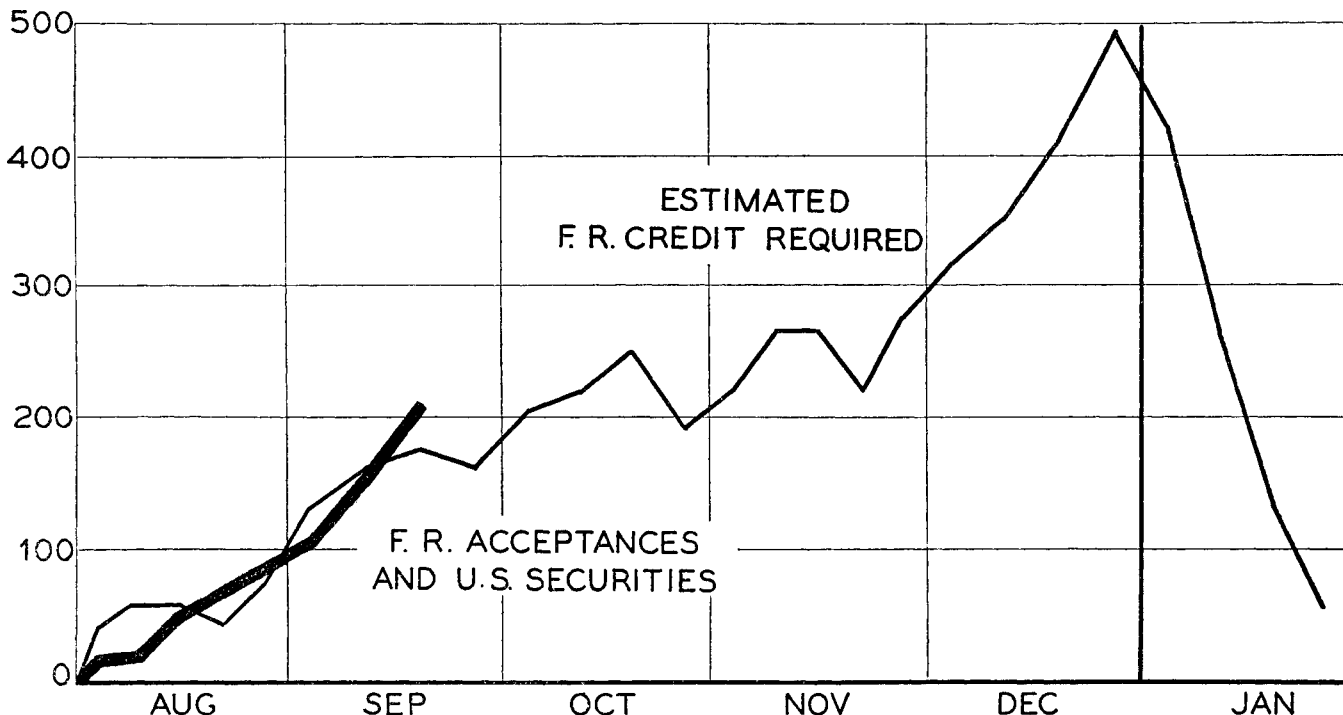
The most important requirements to be met by the banking system of the country in September were seasonal increases in currency circulation and in commercial and agricultural credit demands. These seasonal requirements, which are similar from year to year, involve usually an increase in currency circulation of about 400 million dollars between the end of July and the end of the year; also an expansion of approximately 500 million in the commercial and agricultural loans of member banks, which is accompanied by a corresponding expansion of the deposits and a consequent increase of about 50 million dollars in the required reserves of these banks.

In order to provide for these requirements of the autumn, the Federal Reserve Banks are called upon regularly to supply additional credit to the money market either through direct loans to member banks, or through purchases of bankers acceptances and United States Government securities. The diagram below shows an

estimate of the amount of additional Reserve Bank credit ordinarily required for the autumn season. This estimate, which was calculated from the records of the past seven years, after adjustment of the figures to eliminate the effect of gold movements, probably represents the maximum amount of Reserve Bank credit that is likely to be needed for seasonal business requirements this season. In fact this year's increased requirements for the season's business are likely to be smaller than this estimate because an unusual amount of currency went into circulation in July due to a curiosity demand for the new, small sized currency, which now appears to be passing gradually. It is quite possible, therefore, that all ordinary requirements may be met this year with a somewhat smaller increase in Reserve Bank credit than is indicated in the diagram.

The manner in which additional credit is supplied determines to a considerable extent whether autumn demands cause a tightening of credit conditions and an advance in money rates or whether fairly stable con-

MILLIONS OF DOLLARS



Increase in Reserve Bank Holdings of Acceptances and U. S. Government Securities (mostly acceptances) since Week Ended July 27, Compared with Estimated Amount of Federal Reserve Credit Required for the Autumn Season

ditions are maintained. If the seasonal requirements are met largely by increased member bank borrowing from the Reserve Banks, the tendency is for banks to become more conservative in their lending policy and hence for credit to become less readily available, and for money rates to rise. On the other hand, if these requirements are met by Reserve Bank purchases of bankers acceptances or United States Government securities, so that the indebtedness of member banks is not increased, there is less tendency toward firmer money conditions.

In addition to the estimate of Reserve Bank seasonal credit requirements the accompanying diagram shows the changes since the end of July this year in the acceptance and Government security holdings of the Federal Reserve System. Between the end of July and the latter part of September increases in the acceptance and Government security holdings of the Reserve Banks provided an amount of funds more than sufficient to meet the usual seasonal increases in demand for Reserve Bank credit. Most of the increase was in holdings of acceptances, and the minor increase which occurred in the Government security account was largely in the form of securities held under sales contracts and special one day certificates of indebtedness received from the Treasury during the September tax period. As a result of these open market operations, together with the net import of about 25 million of gold during the past two months, the member banks have been able to meet all seasonal demands on them and also to reduce their aggregate indebtedness at the Reserve Banks. This reduction of indebtedness was particularly large in the case of the New York City member banks.

MONEY RATES

Despite the reduction in member bank borrowing money conditions have grown no easier since the end of July. On the contrary money rates are now slightly higher than they were at that time. Call money has held at rates of from 8 to 10 per cent during most of the month, and time loans on Stock Exchange collateral have advanced from $8\frac{3}{4}$ per cent to $9-9\frac{1}{4}$ per cent. Accompanying this advance in rates on security loans, rates charged on commercial borrowing also were slightly higher, though rates charged by banks on loans to commercial customers continued to be made most commonly at 6 per cent throughout this Federal Reserve district. Bankers acceptance rates were unchanged.

Money Rates at New York

	Sept. 28, 1928	Aug. 30, 1929	Sept. 30, 1929
Stock Exchange call loans.....	*6-8	*7-9	*8-10
Stock Exchange 90 day loans.....	7 $\frac{1}{4}$	8 $\frac{3}{4}$ -9	9-9 $\frac{1}{4}$
Prime commercial paper.....	5 $\frac{1}{2}$	6-6 $\frac{1}{4}$	6 $\frac{1}{4}$
Bills—90 day unindorsed.....	4 $\frac{1}{2}$	5 $\frac{1}{8}$	5 $\frac{1}{8}$
Customers' rates on commercial loans.	† 5.47	† 6.00	† 6.07
Treasury certificates and notes			
Maturing December 15.....	4.73	4.53	4.62
Maturing March 15.....	4.81	4.51	4.63
Federal Reserve Bank of New York rediscount rate.....	5	6	6
Federal Reserve Bank of New York buying rate for 90 day bills.....	4 $\frac{1}{2}$	5 $\frac{1}{8}$	5 $\frac{1}{8}$

* Range for preceding week

† Average rate of leading banks at middle of month

MEMBER BANK CREDIT

During the past month the commercial loans of reporting member banks, both in this district and in other districts, have shown an increase of at least the usual seasonal proportions. The increase in these loans in this district between August 21 and September 18 amounted to nearly 60 million dollars, and in all districts to about 140 million. This increase, following an unusually rapid expansion during the summer, made a total increase during the past three months of 500 million dollars, an amount larger than the usual increase from the mid-summer low point to the highest point of the autumn season.

Security loans of reporting banks also showed an increase during the past month, but remained below the volume of late July and early August. Total loans to brokers and dealers in securities continued to show a very rapid expansion, but, as in other recent months, most of the funds were obtained from lenders other than New York City member banks and their out-of-town correspondent banks.

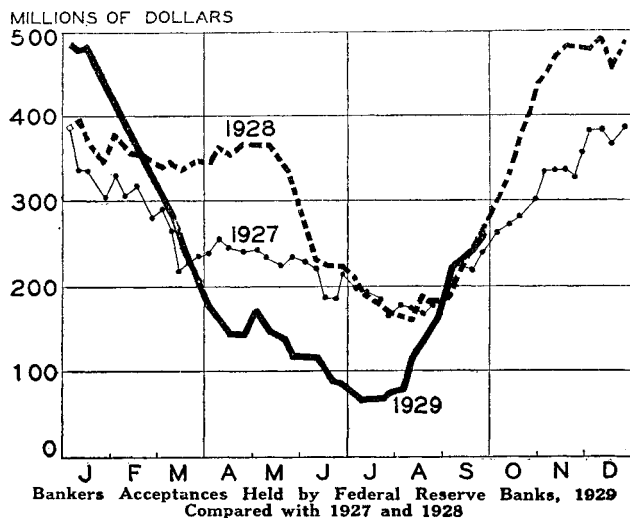
Bank investments continued to decline steadily until the third week of September when an increase, apparently reflecting in part subscriptions to the new issue of Treasury certificates, canceled the declines of the preceding three weeks.

BILL MARKET

The volume of new bills coming into the market continued in large volume in September. Although the investment demand for bills increased substantially, due chiefly to foreign orders, the dealers found it necessary to make heavier offerings of bills to the Reserve Banks in order to prevent their portfolios from mounting materially. Open market offering rates for bills were unchanged throughout the month at $5\frac{1}{8}$ per cent for unendorsed bills up to 90 days maturity, and at $5\frac{1}{4}$ and $5\frac{1}{2}$ per cent respectively for 4 and 6 months bills.

There has been an unusually early seasonal increase this year in outstandings of dollar acceptances, which rose \$74,000,000 further in August, bringing the total increase since the low point at the end of May to \$94,000,000. In 1928 and also in 1926 and 1925, no seasonal expansion occurred until September, while in 1927 the expansion began in August. Much of the increase in August of this year represented credits based on goods stored abroad or shipped between foreign countries; in fact, this class of transaction showed a considerably larger gain than any other type of acceptance business, and at the end of August totaled \$162,000,000 larger than a year ago, as compared with an increase of \$249,000,000 for all classes of acceptance credits.

Accompanying the rise in the volume of bills outstanding, the bill portfolio of the Reserve System has shown a substantial increase in recent weeks, as is indicated in the accompanying diagram. Beginning at the low point of \$66,000,000 reached in July, a level \$122,000,000 lower than in the corresponding period of 1928, the bill holdings of the Reserve Banks have increased toward the end of September to \$264,000,000, or practically the same volume as a year ago.



COMMERCIAL PAPER MARKET

The prevailing rate for the limited amount of commercial paper that was sold by the dealers to investing institutions advanced early in September to $6\frac{1}{4}$ per cent. Occasional transactions, chiefly in the Middle West, continued to be reported at 6 per cent, but a number of offerings of the smaller names at $6\frac{1}{2}$ per cent also appeared in the market. The creation of new open market paper continued in relatively light volume.

Open market outstandings of commercial paper increased about $\frac{1}{2}$ per cent in August to \$267,000,000, following a continuous and substantial decline during the previous five months. At the end of August, the outstandings were nearly 42 per cent smaller than a year ago.

Central Bank Rate Changes

The increase of the Bank of England's rate by one per cent to $6\frac{1}{2}$ per cent on September 26 brings this rate to the highest level established since the period of 1920-21. The Bank rate was last advanced from $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent on February 7, 1929, when the bullion stock of the Bank of England had fallen to £149,900,000 from a high figure of £176,600,000 in the previous September. At the time of that advance in the rate the banking reserve stood at £52,400,000 and the proportion of the reserve to deposits was 46.02 per cent. On September 25, 1929 the bullion holdings were £133,200,000; the reserve was £32,100,000, and the proportion to deposits was 29.7 per cent.

The market rate for three months bankers bills was generally quoted within $\frac{1}{16}$ per cent of the Bank rate between July and September 25, and occasionally was up to the Bank rate level of $5\frac{1}{2}$ per cent. On September 26, following the advance in the Bank rate, the bill rate was advanced to $6\frac{1}{16}$ to $6\frac{1}{8}$ per cent.

Directly after the Bank of England's announcement was made public, the central banks of Sweden, Norway, and Denmark announced increases in their bank rates effective September 27, and the National Bank of Austria increased its rate effective September 28. The rate of the Swedish Riksbank, which had last been moved upward $\frac{1}{2}$ per cent to $4\frac{1}{2}$ per cent on August 24, 1928, was

increased a full per cent to $5\frac{1}{2}$ per cent; the Norwegian Bank rate, which was last reduced by $\frac{1}{2}$ per cent to $5\frac{1}{2}$ per cent on March 26, 1928, was increased again to 6 per cent; the rate of the central bank of Denmark, which had been maintained at 5 per cent since June 24, 1926, was advanced by $\frac{1}{2}$ per cent to $5\frac{1}{2}$ per cent; the increase of one per cent to $8\frac{1}{2}$ per cent in the Austrian National Bank's rate was the third consecutive increase since January 1928.

Foreign Exchange

In contrast to the sagging tendency which they displayed in August, the important European exchanges were firmer at the close of September than in the earlier weeks of the month. Despite the taking of five separate parcels of gold for New York in London, sterling continued weak, declining to a low of \$4.84 $\frac{9}{16}$ on the 20th. Thereafter a slight recovery set in, followed by a decided strengthening around the time of the advance in the Bank rate to $4.85\frac{5}{8}$, well above the gold export point to the United States.

Other exchanges moved up with sterling. French francs, which had been practically stable until the 21st, advanced gradually to a high of \$0.0392 on the 28th. Reichsmarks, quoted for nearly two months below the par of \$0.2382, closed on the 27th at $0.2383\frac{3}{4}$. On the 26th, belgas reached a high of $0.1392\frac{1}{2}$ (par is \$0.139). Lire moved upward to $0.0523\frac{11}{16}$ on the 26th, and eased back to $0.0523\frac{3}{8}$ on the 28th. The Scandinavian exchanges, followed the same trend, registering sudden gains during the last week of the month after continuing their August weakness up to that time. The Swedish krona moved up three points to \$0.2681 on the 26th, or one point over par; the Danish and Norwegian crowns made gains of four points in the period covered, but were still 12 to 13 points below their parity of \$0.268.

Dutch, Spanish, and Swiss exchanges were the only ones to show continued improvement throughout the whole month. The guilder firmed from \$0.4006 on the 3rd to $0.4014\frac{1}{2}$ on the 28th. Pesetas, which had begun to decline towards the middle of last April and had reached their low point at under 14 cents in early June, continued their summer recovery to a high of $0.1481\frac{1}{2}$ on September 28, or practically the April level from which the drop began. Swiss francs touched $0.1928\frac{3}{4}$ on the 26th, a new high for the year. With the exception of a slight weakness in Austrian schillings, the Central European exchanges showed little change.

On September 21 and 23 the Canadian dollar was quoted below \$0.99 for the first time in several years. Recovering thereafter, it stood at a discount of $\frac{25}{32}$ cents on September 28. The Japanese yen rose to \$0.4805 on the 23rd and was last quoted at \$0.4798, a rise of slightly more than a cent and a quarter since September 1st. The Argentine peso dipped to \$0.9524 on the 12th, but recovered to \$0.9542.

Gold Movement

During September gold imports of \$2,500,000 from Argentina, \$3,570,000 from Bolivia, \$8,054,000 from England, and \$504,000 from Colombia made up nearly the

whole of the import total of about \$15,000,000. Exports were confined to gold for non-monetary purposes and were negligible at about \$800,000. The increase in gold held under earmark for foreign account, was \$6,600,000, and the net gain in gold to the country was \$7,600,000. The net gain of gold since January 1 is provisionally estimated to be \$211,900,000.

The outflow of gold from London continued throughout September and was not immediately stopped by the increase in the Bank rate on the 26th, nearly £1,950,000 being taken on the four days following. As against some £10,300,000 sent abroad in August, roughly £7,800,000 was shipped during September, the bulk going, as in the earlier month, to France. During September the Bank of England did not obtain any of the African gold in the market by competitive bid, owing to the persistent weakness of sterling exchange up to the time of the increase in Bank rate. In the course of the movement which began in mid-June, and up to September 28, the Bank lost gold to the amount of £32,700,000 net in round figures. In this period the United States received from London, £6,400,000, Germany, £16,900,000, and France, £23,300,000. These figures include both market purchases and withdrawals from the Bank of England.

Foreign Trade

Exports of merchandise, valued at \$382,000,000 during August, showed a decline of 5 per cent from the high figures of the previous month, contrary to the usual seasonal tendency. They were however, about equal to the average for August of the past four years. Imports of merchandise, valued at \$377,000,000, showed slightly more than the usual increase over July, and were nearly 9 per cent above a year ago and larger than in any August since 1920.

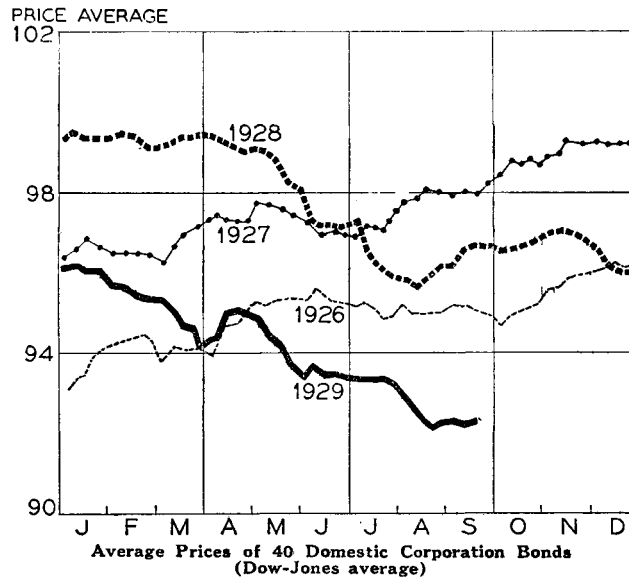
The value of exports of grains and grain products continued to reflect an early crop movement and was 37 per cent larger than in July, but showed practically no change from a year ago. Shipments abroad of raw cotton, both in volume and value, remained virtually unchanged from the previous month, but were slightly less than a year ago.

Quantity receipts of crude rubber were considerably less than the large volume of the previous month, but nearly 30 per cent above a year ago. Raw silk imports during August were the largest in quantity for any month ever recorded, and prices were slightly higher than in the past few months or a year ago.

Security Markets

Stock price movements in September were irregular, and near the end of the month the general level of prices showed a net decline. During the first week of the month, industrial and railroad shares advanced slightly over the August quotations and representative averages attained new high levels, but by the end of September these averages had declined about 7 to 10 per cent. Average quotations of public utility stocks, on the other hand, finished the month approximately the same as at the opening, despite a considerable amount of intervening irregularity.

A recent calculation made by the Standard Statistics



Company showed that more than half of the issues traded in on the New York Stock Exchange have actually declined since the beginning of this year, despite a rise of 28 per cent in a weighted average of the prices of 90 leading stocks, including industrials, rails, and public utilities. Of 662 stocks traded in on January 2, 1929, 310 showed net advances for the period up to September 18, while 339 showed losses, and 13 were unchanged.

Domestic corporation bonds held fairly steady in September, following the continuous decline of recent months, and at the close of the period representative price averages were little changed from the end of August. United States Government bonds likewise moved within a narrow range, for the most part slightly above that of August, but closed the month somewhat below the level of a month earlier. In the foreign bond list, the tendency towards lower prices persisted.

New Financing

New security offerings by domestic corporations in August were only slightly smaller than in July and were more than four times as large as in August of last year, when flotations were at the lowest level in recent years. Bond and note issues were even smaller than a year ago, but offerings of common stock were over nine times as large as in August 1928. The percentage increase in preferred stock offerings was still larger, though the amount involved was considerably smaller than in the case of common stocks. The huge increase in stock flotations does not appear to have resulted in supplying a corresponding amount of additional capital to industrial and mercantile concerns, however, since the month's stock issues included what is apparently one of the largest amounts of securities of investment trusts, and financial trading and holding companies ever offered in a single month.

It appears from a compilation of the Standard Statistics Company that investment trust security issues during the first eight months of this year have totaled more than \$2,100,000,000, as compared with \$800,000,-

000 for the full year 1928, only \$300,000,000 in 1927, and less than \$50,000,000 in each of the three preceding years. The following table shows the increase in volume of investment trust issues during the past several years.

1924	\$ 41,000,000
1925	37,000,000
1926	41,000,000
1927	314,000,000
1928	806,000,000
Jan. to Aug., incl., 1929...	2,142,000,000
Total	\$3,381,000,000

In September, the larger issues of new domestic securities continued to be chiefly by companies in the nature of investment trusts, and consequently stock issues again predominated. Industrial and public utility issues, as well as financing by States and municipalities, were in somewhat larger volume than in the previous month, but, compared with September 1928, the amount of public utility financing was substantially smaller. A feature of the municipal financing was the sale of several short-term loans of the City of New York, maturing in November and December of this year, and priced to yield 5¾ per cent. Foreign security flotations in this market were considerably smaller than in the previous month or in September of last year.

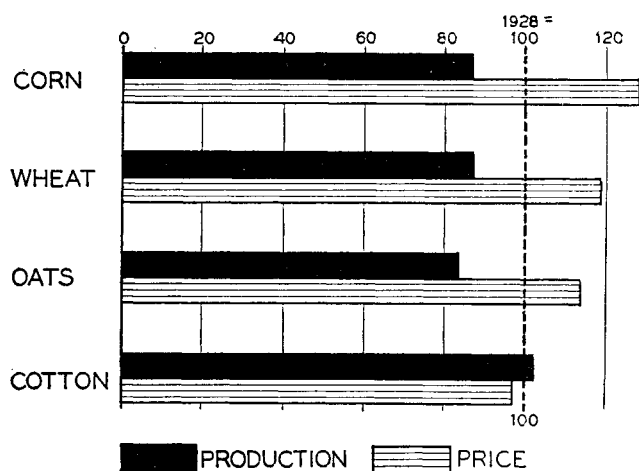
Crops

A widespread drought in August reduced crop prospects even further, according to the September crop report of the United States Department of Agriculture, and made it more apparent that this year will be one of generally small agricultural output. Indicated yields of 43 principal crops declined 4.6 per cent during the month and on September 1 were 9.0 per cent below actual yields in 1928, and 6.0 per cent under the average yields of the previous ten years.

The largest decline was in the estimate of the corn crop, which was lowered 285,000,000 bushels, and at 2,456,000,000 bushels was 13.4 per cent below the harvest of last year. Other declines of more than 10 per cent from a year ago were forecast in yields of wheat, oats, barley, flaxseed, rice, apples, peaches, pears, grapes, white potatoes and broomcorn, and against this list there was only one crop—sugar beets—that gave promise of showing an increase of as much as 10 per cent. The outstanding declines were expected in the fruit crops, all of which apparently will be smaller than either the harvest of last year or the five year average. The cotton crop, however, is forecast at 14,825,000 bales, or 2.4 per cent more than a year ago.

The accompanying diagram, which compares yields and prices of a few of the principal crops with those of 1928, indicates that the prospect of smaller grain crops has resulted in an advance in prices, which will tend to offset the decline in yields, so that the total return from these crops will be close to that of last year. The slightly larger cotton crop in prospect has caused cotton prices to decline to levels a little below those of last year.

Since the first of September, rains have improved agricultural conditions somewhat, but many crops were reported to have been too far advanced to have benefited.



September 1929 Production Estimates and Prices of Four Principal Crops Compared with 1928 Final Yields and November Prices

The following table shows the production of the most important crops indicated by the Department of Agriculture as of the first of September, and compares this with the production indicated a month previous, the actual harvest of last year, and the average harvest of the preceding five years.

(In millions)

Crop	Harvested		Indicated by condition	
	1923-1927 average	1928 actual	Aug. 1 1929	Sept. 1 1929
Corn, bushels.....	2,747	2,836	2,741	2,456
Wheat, bushels.....	810	902	774	786
Oats, bushels.....	1,345	1,449	1,203	1,205
Barley, bushels.....	209	357	304	304
Potatoes, white, bushels.....	383	464	373	349
Tobacco, pounds.....	1,331	1,378	1,519	1,462
Hay, tame, tons.....	92.8	93.0	97.4	93.6
Apples, total, bushels.....	183	186	149	146
Cotton, bales.....	14.2	14.5	15.5	14.8

Building

Contracts awarded in August were 25 per cent below the unusually large total for July, and were also 5 per cent smaller than in August 1928, according to the F. W. Dodge Corporation survey of building activities in 37 States east of the Rockies. The volume of residential work dropped sharply in August to a figure nearly one-third smaller than a year ago, while total non-residential building work, though also substantially below the July figure, remained larger than in August of last year. The increase over a year ago in non-residential contracts reflected heavier industrial and commercial undertakings; public works and utility projects were in about the same volume as in August of last year.

Virtually half of the reduction in residential building from last year's level was in the New York and Northern New Jersey district, where residential contract awards showed a decrease of 45 per cent from the August 1928 volume. A drop from the previous month in the country's total of public construction work likewise represented a contraction in the New York district. Conversely, this district did not contribute materially to the increase in commercial and industrial building contracts reported for the country at large. As a result,

total building contracts awarded in the New York and Northern New Jersey district showed a decline of 57 per cent from the exceptionally large total for July and were 26 per cent smaller than a year ago.

For the first eight months of the year, contracts awarded in the 37 States were 9 per cent smaller than in the comparable period of 1928, while in the New York and Northern New Jersey district the decline amounted to 16 per cent. Reports for the first three weeks of September indicate a moderate decline in the daily average of contracts awarded from the average for the month of August, but a decrease of about 21 per cent from the daily average for September 1928 when contracts were at a relatively high level.

Indexes of Business Activity

This bank's indexes of business activity for August showed mixed changes as compared with July, but were generally higher than a year previous. Freight car loadings showed slightly less than the usual seasonal expansion from July to August, and merchandise exports showed an unseasonal decline. On the other hand, both retail and wholesale trade were somewhat higher than in July, and merchandise imports increased slightly more than usual. Moreover, bank debits, both in New York City and in 140 centers outside of New York City, showed less than the usual seasonal decline.

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

	1928	1929		
	Aug.	June	July	Aug.
<i>Primary Distribution</i>				
Car loadings, merchandise and misc.	102	103	103	102
Car loadings, other	93	98	99	97
Exports	100	102	114	100 _p
Imports	110	117	123	124 _p
Panama Canal traffic	89	85	88	
Wholesale trade	101	101	104	107
<i>Distribution to Consumer</i>				
Department store sales, 2nd Dist.	93	104	99	99
Chain grocery sales	102	95	94	96
Other chain store sales	97	105	100	103
Mail order sales	116	137	136	139
Life insurance paid for	94	102	99	101
Advertising	97	98	96	99
<i>General Business Activity</i>				
Bank debits, outside of New York City	104	109	112	117
Bank debits, New York City	149	158	181	195
Velocity of bank deposits, outside of New York City	113	126	131	136
Velocity of bank deposits, New York City	166	182	208	228
Shares sold on N. Y. Stock Exchange	293	252	429	404
Postal receipts	90	81	88	87
Electric power	109	108	111	
Employment in the United States	99	102	104	104
Business failures	115	109	102	109
Building contracts, 36 States	110	110	130	96
New corporations formed in N. Y. State	108	111	119	113
Real estate transfers <i>r</i>	84 _r	85 _r	79 _r	
General price level	176	179	181	182
Composite index of wages	223	227	226	227
Cost of living	172	171	172	174

p Preliminary
r Revised

Employment and Wages

Factory employment, in both New York State and the country as a whole, began to show something of a seasonal increase in August, though it appears that the increase was not quite as large as usual. In both cases,

the increase amounted to 0.4 per cent, while the normal increase ordinarily is slightly larger. Employment continued at a relatively high level, however, and was more than 5 per cent above that of a year previous. The most substantial increases over August 1928 were in the iron and steel industries, in the chemical industries, and in such industries as agricultural implements, electrical machinery, shipbuilding, and particularly the manufacture of machine tools.

Employment in other lines of work outside of the manufacturing field, such as mining, public utilities, and wholesale trade, showed a seasonal increase in August, while employment in retail trade was practically unchanged. The rate of voluntary labor turnover, which is a general index of employment opportunities, has been at a relatively high level for some time, but did not show the usual increase in August.

Average weekly earnings of New York State factory employees increased seasonally in August, and were the largest for any August on record; in fact, new high records for the respective months have been established for every month since May 1928. Total factory payrolls also increased, and were the largest for any August since 1923.

Production

August production figures for the metal industries indicate some recession from the high levels of recent months. Declines were shown in output of pig iron, steel ingots, copper, and lead, whereas steel usually shows little change, and pig iron, copper, and lead usually begin their autumn expansion. These declines were only partly offset by small increases in tin deliveries and in production of zinc, and consequently this bank's combined index of metal production declined 3 points. Output of passenger automobiles, following the more than seasonal decrease of July, showed about the usual increase in August, but output of motor trucks declined sharply further to a level 45 per cent below the record month of June.

Changes in other industries were irregular, and when all available indexes are weighted according to their relative importance, it appears that the declines overbalanced the advances in August. Production was still on a relatively high plane, however, as is indicated by the fact that a majority of the available indexes were higher than a year previous, and that some of the largest increases were in the most important industries.

According to trade reports, a further decline occurred during September in unfilled orders for steel, following a substantial reduction in August; it was also reported that the tendency of steel production during September was downward. Activity in the automobile industry also was reported to have declined further. On the other hand, the coal industry was more active; output of bituminous coal increased more than usual in the first three weeks of the month, and output of anthracite showed a moderate increase instead of the usual small decline. Production of petroleum declined from the very high level attained at the end of August, but the average for the first three weeks of September was above the average for the month of August as a whole.

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

	1928		1929	
	Aug.	June	July	Aug.
Producers' Goods				
Pig iron	108	127	131	129
Steel ingots	115	145	137	134
Cotton consumption	93	106	103	99
Woolen mill activity	90	101	99	100 _p
Silk consumption r	101 _r	111 _r	115 _r	109 _r
Petroleum	110	112	118	119 _p
Bituminous coal	79	83	83	82
Coke	100	123	123	121
Copper, U. S. mines	110	118	116	112
Lead	99	105	104 _r	97
Zinc	102	99	102	104
Tin deliveries	114	112	109	110
Leather, sole	120	103	104 _r	109
Cement	134	120	126 _r	128
Paper, total	105	103	106	106
Wood pulp	107	103	109	109
Consumers' Goods				
Animals slaughtered r	87 _r	91 _r	98 _r	99 _r
Farm produce shipped	102	96	93	99
Wheat flour	95	104	96	96
Sugar meltings, U. S. ports	95	80	82	98
Gasoline	104	97	102	98
Anthracite coal	90	72	68	79
Paper, newsprint	88	86	86	91
Tobacco products r	108 _r	110 _r	105 _r	106 _r
Boots and shoes	119	108	121	120 _p
Tires	125	124	120	120
Automobile, passenger	115	128	123	122
Automobile, truck	126	188	154 _r	109

p Preliminary
r Revised

Wholesale Trade

The volume of business done by wholesale dealers in this district in August continued well above a year ago. The average increase over August 1928 was 7 per cent, and there were larger increases in several lines. Drug and stationery concerns showed the largest gains over 1928 among the reports sent to this bank, but sales of groceries, men's clothing, and paper also showed substantial increases. Orders reported by the Machine Tool Builders' Association continued about one-fourth above the high level of a year ago, and quantity sales of silk goods reported by the Silk Association were 20 per cent larger than in August of last year. Decreases from a year previous were reported in sales of cotton and shoes.

Stocks of groceries, silk goods, and drugs were larger than a year ago, but there were declines in the stocks of shoes, diamonds and jewelry, and cotton goods.

Commodity	Percentage change August 1929 compared with July 1929		Percentage change August 1929 compared with August 1928		Per cent of accounts outstanding July 31 collected in August	
	Net sales	Stock end of month	Net sales	Stock end of month	1928	1929
Groceries	+ 0.1	+ 2.9	+ 7.5	+ 1.6	72.1	75.3
Men's clothing	+125.4	.....	+ 5.4	.....	38.6	35.7
Cotton goods	+ 0.6	+ 0.5	- 8.7	-10.9	.....	.....
Silk goods*	+26.0	+ 0.6	+20.4	+ 3.1	33.1	38.8
Shoes	+18.3	- 3.8	- 8.7	-11.9	50.0	43.2
Drugs	+13.5	+ 3.1	+12.5	+14.6	46.8	45.6
Hardware	+ 1.4	- 0.6	+ 0.7	- 6.9	.....	.....
Machine tools**	+15.2	.....	+23.6	.....	75.2	69.1
Stationery	+ 7.4	.....	+19.8	.....	60.6	64.2
Paper	- 0.7	.....	+ 5.7	.....	23.3	27.2
Diamonds	+ 0.5	+ 5.0	- 0.3	- 4.5	.....	.....
Jewelry	+39.8	.....	+ 2.4	.....	.....	.....
Weighted Average...	+31.9	.....	+ 6.5	.....	51.6	52.1

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

Department Store Trade

The reporting department stores in this district had a substantial increase in their total sales in August compared with a year ago, and all localities within the district reported at least small increases. The total sales of these stores were 4 per cent larger than in August 1928, notwithstanding the somewhat shorter business month this year, which was due to the fact that there were five Saturdays during the month and that stores are closed the full day on Saturday during the summer in New York City and vicinity, and a half day in other principal cities. In New York City the average daily rate of sales was 9 per cent higher than a year ago, and in several other localities within the district there were substantial increases. The large apparel stores also reported a considerable increase in sales compared with August 1928.

Stocks of merchandise on hand in department stores at the end of the month continued to be slightly larger than a year previous, but the rate of stock turnover was somewhat more rapid than in August of last year. The percentage of outstanding charge accounts collected during August was slightly lower than in 1928.

Locality	Percentage change August 1929 compared with August 1928		Per cent of accounts outstanding July 31 collected in August	
	Net sales	Stock on hand end of month	1928	1929
New York	+ 4.2	0	42.4	41.4
Buffalo	+ 1.6	- 2.7	49.9	48.2
Rochester	+ 1.8	- 1.9	34.2	34.2
Syracuse	+ 7.3	+ 6.6	.....	.....
Newark	+ 1.9	+ 8.2	39.7	39.5
Bridgeport	+ 1.6	+13.2	.....	.....
Elsewhere	+ 8.1	- 1.8	35.3	39.4
Northern New York State	+ 4.3	.....	.....	.....
Central New York State	+ 9.5	.....	.....	.....
Southern New York State	+ 7.7	.....	.....	.....
Hudson River Valley District	+12.7	.....	.....	.....
Capital District	+ 8.8	.....	.....	.....
Westchester District	+ 0.7	.....	.....	.....
All department stores	+ 4.0	+ 1.2	41.0	40.6
Apparel stores	+ 5.9	+ 3.5	39.2	39.0

August sales and stocks in the principal departments are compared with those of a year ago in the following table.

	Net sales percentage change August 1929 compared with August 1928	Stock on hand percentage change August 31, 1929 compared with August 31, 1928
Toys and sporting goods	+22.2	+ 1.2
Furniture	+16.3	+ 6.0
Books and stationery	+12.2	+ 8.0
Hosiery	+ 9.0	-16.3
Toilet articles and drugs	+ 7.1	- 6.1
Men's furnishings	+ 5.5	+ 3.3
Shoes	+ 5.0	- 1.7
Home furnishings	+ 4.9	+ 3.8
Silverware and jewelry	+ 3.9	- 3.9
Women's ready-to-wear accessories	+ 3.8	+ 3.5
Luggage and other leather goods	+ 2.5	+ 3.3
Women's and Misses' ready-to-wear	+ 2.4	-11.4
Linen and handkerchiefs	- 0.6	+ 3.3
Woolen goods	- 0.8	-15.5
Cotton goods	- 1.7	- 1.4
Men's and Boys' wear	- 5.3	+ 4.6
Silks and velvets	-17.0	-11.7
Musical instruments and radio	-23.9	+26.2
Miscellaneous	- 2.8	- 3.9

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

PRODUCTION in basic industries increased somewhat in August as compared with July, but the increase was less than is usual at this season, with the consequence that the Board's index of industrial production, which makes allowance for usual seasonal changes, showed a decline. Wholesale prices declined slightly. Credit extended by member banks increased between the middle of August and the middle of September, reflecting chiefly a growth in commercial loans.

PRODUCTION

During the month of August there was a reduction in the output of iron and steel and copper, and a slight decline in the production of automobiles. Meatpacking establishments were also somewhat less active during the month, while seasonal increases were reported in the production of textiles and shoes, coal and cement, flour and sugar, and petroleum output continued to expand. A slight increase in the number of workers employed in factories was accompanied by a substantial increase in payrolls. This increase was especially notable in industries manufacturing products for the autumn retail trade, such as clothing and furniture.

For the first two weeks of September reports indicate further decline in steel operations; reduction in lumber output resulting in part from the Labor Day holiday; and a continued seasonal rise in coal production.

In the construction industry contracts awarded in August were 25 per cent less than in July, reflecting a sharp decline in the residential group as well as in contracts for public works and utilities which were unusually large in July. As compared with last year contracts were 5 per cent lower in August, but in the first two weeks of September they were in approximately the same volume as in 1928.

The September report of the Department of Agriculture indicates a corn crop of 2,456,000,000 bushels, 13 per cent less than in 1928 and 11 per cent under the five-year average. The estimated wheat crop of 786,000,000 bushels is substantially below last year, but only slightly less than the five-year average. Cotton production, estimated on August 1 at 15,543,000 bales, is now expected to total 14,825,000 bales, slightly above last year.

DISTRIBUTION

Freight-car loadings increased seasonally in August, as a consequence of larger shipments of all classes of freight except grains, which moved in smaller volume than in July, when shipments of wheat were unusually large. In comparison with 1928 total car loadings showed an increase of 5 per cent.

Sales of department stores in leading cities were larger than in July and about 5 per cent above the total of August 1928.

PRICES

Wholesale prices showed a slight downward movement in August, according to the index of the United States Bureau of Labor Statistics. This reflected chiefly declines in the prices of farm products, especially grains and flour, and livestock and meats. Woolens and worsteds also decreased in price, while silk and rayon materials were higher. There was a decline in prices of iron and steel and automobiles, and a further decrease in prices of petroleum and its products, especially gasoline. Coal prices advanced during the month.

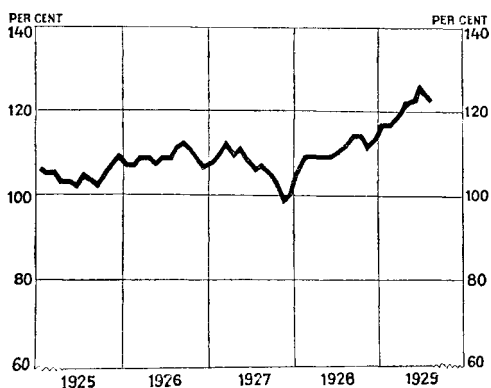
In the middle of September the prices of grains, beef, raw sugar, silk, and coal were higher than at the end of August, while prices of hogs, pork, and cotton were somewhat lower.

BANK CREDIT

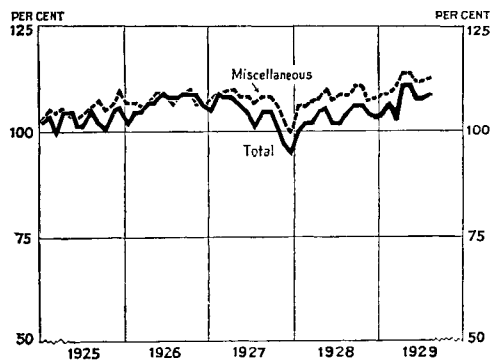
Between the middle of August and the middle of September there was a further rapid increase in loans for commercial and agricultural purposes at member banks in leading cities. Security loans also increased, while investments continued to decline.

During the first half of September the volume of Reserve Bank credit outstanding was about \$120,000,000 larger than in the middle of the year. The increase was for the most part in the Reserve Banks' acceptance holdings and reflected chiefly growth in the demand for currency, partly seasonal in character. Discounts for member banks, following the increase over the holiday period early in September, declined at the time of the Treasury financial operations around the middle of the month, and on September 18 were at a lower level than at any time since last June.

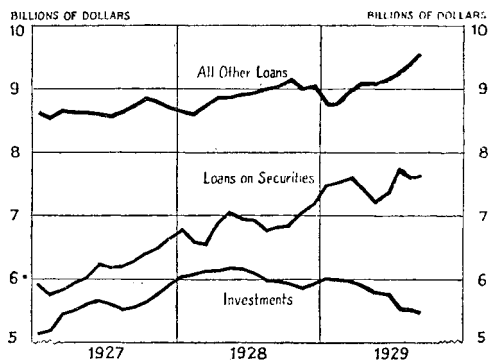
Open market rates on prime commercial paper increased from a range of 6-6 $\frac{1}{4}$ to a prevailing level of 6 $\frac{1}{4}$ during the first week in September, while acceptance rates remain unchanged.



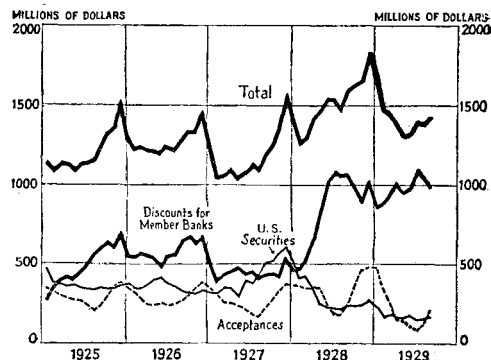
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variations (1923-25 average = 100 per cent)



Loadings of Revenue Freight Reported by the American Railway Association, Adjusted for Seasonal Variations (1923-25 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 September)



Reserve Bank Credit (Monthly averages of daily figures for 12 Federal Reserve Banks; latest figures are averages of first 22 days in September)