

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

January 1, 1931

Money Market in December

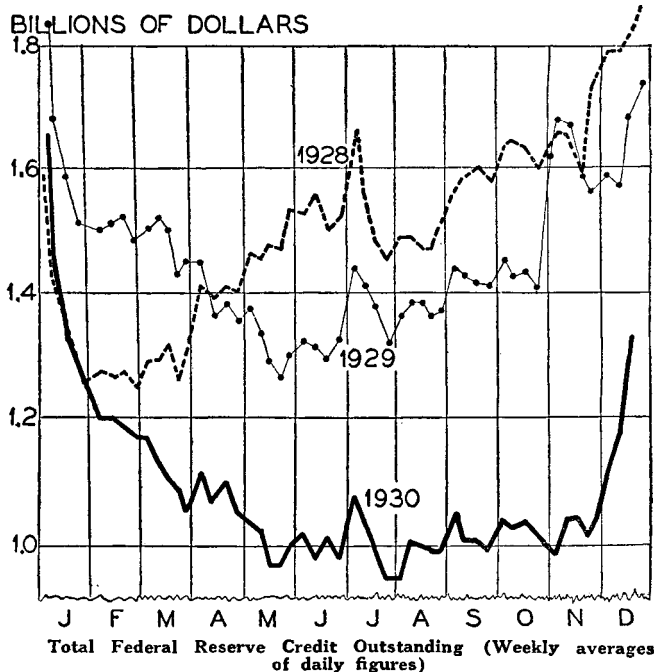
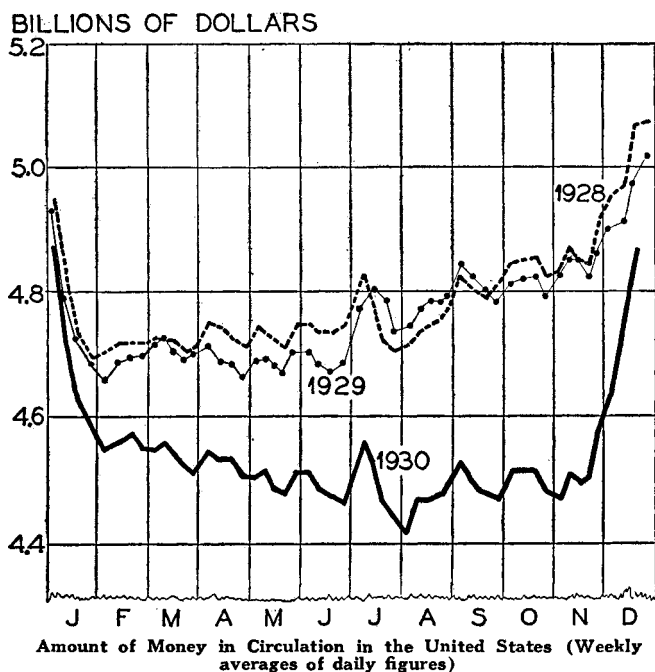
The principal influence on the money market during the past month was a large demand for currency, due in part to the usual seasonal requirements for the holiday and in part to an unusual demand immediately preceding and following the closing of the Bank of United States.

For a number of years past there had been no failure of any important banking institution in this district, but on December 11 the Bank of United States in New York City was taken over by the New York State Superintendent of Banks at the request of the directors of the bank, after persistent and vigorous efforts by the State Superintendent and other bankers had not succeeded, under the limitations of action at such a time, in discovering any practicable plan by which the bank might properly be kept open. The Bank of United States had about 400,000 depositors at 59 branches, and total deposits on the date of closing amounting to more than \$160,000,000. It was a member of the Federal Reserve System but not a member of the New York Clearing House. To meet the situation in part, 23 New York

banks offered to make loans to depositors of the Bank of United States up to 50 per cent of the net amount of their deposits. By the 30th of the month, 34,338 loans had been approved aggregating less than \$13,000,000.

The closing of the Bank of United States was followed by considerable withdrawals of deposits from several other banks doing business with a somewhat similar type of customers in the same general localities. There were indications that these withdrawals of deposits were accentuated by the deliberate circulation of false and malicious rumors. These banks called upon the Reserve Bank for large amounts of currency. Other banks moreover drew more than the usual amounts of currency to be prepared in the event of any possible exceptional withdrawals. Large demands for currency from this cause came at a time of normal increase in currency requirements for the holiday trade. As a result a net amount of over 170 million dollars of currency was drawn from the Federal Reserve Bank of New York in the week ended December 13.

This occurrence illustrated on a large scale much the kind of service which the Federal Reserve mechanism was designed to render. The large demand for currency,



due in part to some apprehension of depositors, paralleled in some respects the currency demand in 1907, which was vividly in mind when the Reserve Act was drafted. The Federal Reserve mechanism was adequate to the demand, currency being freely supplied to any member bank applying for it, without any appreciable strain upon the credit situation. Call money rose from 2 to 2½ per cent for three days and then reverted to 2 per cent. Banks secured the extra currency they required largely by borrowing at the Reserve Bank upon the basis of eligible assets, though there was also some increase in Federal Reserve holdings of bankers acceptances and Government securities. The effect of this operation on the position of the New York Reserve Bank is indicated by the reserve ratio, which was 76.0 on December 17, as compared with 82.7 on December 10.

After a few days, currency withdrawals subsided to about normal for the season and some of the currency previously withdrawn was returned to the Reserve Bank. The banks subjected to withdrawals following the closing of the Bank of United States generally met without difficulty the demands upon them, with the single exception of the Chelsea Bank and Trust Company, a State bank, not a member of the Federal Reserve System, with about \$12,000,000 of deposits, which was closed by the State Superintendent of Banks on December 23.

The first diagram on the preceding page shows the effect on the total amount of currency outstanding throughout the country of the increased currency demand on the part of the banks during the first half of December, added to the usual large currency requirements of the holiday trade. The second diagram shows the corresponding movements in Reserve Bank credit, through which funds were supplied to meet the demands on member banks. In the latter part of November and early December the requirements for funds, which were largely seasonal though increased somewhat by banking disturbances elsewhere, were met in part through member bank sales of acceptances to the Reserve Banks, and in part through a rather general increase in member bank borrowing at the Reserve Banks, not only in New York but in other districts. There was also a small increase in Government security holdings by the Reserve Banks, partly reflecting the Treasury special one-day certificates of indebtedness given the New York Reserve Bank for a few days around December 15 to cover a temporary excess of Treasury disbursements over receipts. Just before Christmas the final currency requirements for the holiday were met largely by withdrawals of funds from New York by banks in other parts of the country and by member bank borrowing from the Reserve Bank in New York.

In general, money rates have given only slight indication of any tightening of money market conditions during the month, notwithstanding the fact that the peak of the demand for funds was reached during this period. A temporary advance in call money rates to 3½ and 4 per cent near the end of the month reflected the usual preparations for year-end statements and disbursements. Effective December 24 the Federal Reserve Bank of New York reduced its discount rate from 2½ to 2 per cent.

Money Rates at New York

	Dec. 31, 1929	Nov. 28, 1930	Dec. 30, 1930
Stock Exchange call loans.....	*5½-6	*2	*2-4
Stock Exchange 90 day loans.....	††4¾-5	††2-2¼	††2¼-2½
Prime commercial paper.....	5	2¾-3	2¾-3
Bills—90 day unindorsed.....	4	1½	1½
Customers' rates on commercial loans..	†5.57	†3.73	†3.75
Treasury certificates and notes			
Maturing March 15 (yield).....	2.40	1.19	1.34
Maturing June 15 (yield).....	2.98	1.35	1.45
Federal Reserve Bank of New York discount rate.....	4½	2½	2
Federal Reserve Bank of New York buying rate for 90 day indorsed bills	4	†2	1¾

* For preceding week †† Nominal † Average rate of leading banks at middle of month ‡ 1-75 days—1½ per cent.

BILL MARKET

During the month of December there was a moderately large turnover of bills in the discount market. The supply of bills offered to the market continued to some extent to be restricted by banks withholding new bills in their own portfolios, but offerings of bills to the discount market somewhat exceeded the investment demand, a considerable part of which represented orders for foreign account. Consequently, despite a net increase in Federal Reserve holdings, the portfolios of the bill dealers increased somewhat during the month; however, they remained comparatively small for this time of the year. Open market bill rates were unchanged throughout the month, although the New York Reserve Bank's bill buying rates were reduced on December 24, coincident with the cut in the Reserve Bank discount rate.

An increase in Federal Reserve bill holdings, amounting to \$84,000,000 between the reporting dates of November 26 and December 24, reflected in large part substantial sales of short maturity bills by the New York banks to maintain their required reserves during the end of November and first of December transactions, and also to meet the increased demands for funds later in the month. Federal Reserve holdings declined somewhat in the third week of the month, but increased again on the approach of Christmas and the year-end.

The volume of bankers acceptances outstanding increased \$63,000,000 further during November to \$1,571,000,000 at the end of that month. This rise reflected chiefly increases of \$38,000,000 in domestic warehouse credits, \$15,000,000 in export acceptances, and \$11,000,000 in bills based on foreign shipped or stored goods. The increase in domestic warehouse credits was a seasonal development, having occurred in somewhat similar amounts in November of the two preceding years, and the rise in export acceptances likewise was in accordance with the seasonal expectation. The month's increase in acceptances based on goods stored in or shipped between foreign countries raised the total of this class of acceptances outstanding to a level \$128,000,000 higher than a year ago. The increase in this type of acceptance and small increases in domestic warehouse credits and in bills covering domestic shipments have been exceeded by declines of more than \$100,000,000 in both export and import bills, so that total outstandings for November were \$87,000,000 smaller than a year ago. Undoubtedly lower commodity prices have played a part in this decline.

COMMERCIAL PAPER MARKET

Rather quiet conditions prevailed in the commercial paper market during December. On the one side, there was the lack of interest from investing banks in all but the best names, which was attributed to the usual seasonal demands on the banks at this time and to the banks' efforts to maintain strong cash positions on account of unsettled banking conditions in certain sections of the country. At the same time, supplies of new paper coming into dealers' hands were of small proportions, as might be expected at this season of the year, in view of the desire of commercial concerns to show as little indebtedness as possible in year-end statements. The paper of highest grade commercial concerns continued to command the $2\frac{3}{4}$ per cent rate, but the ordinary prime paper was more generally offered at 3 per cent than at the lower quotation.

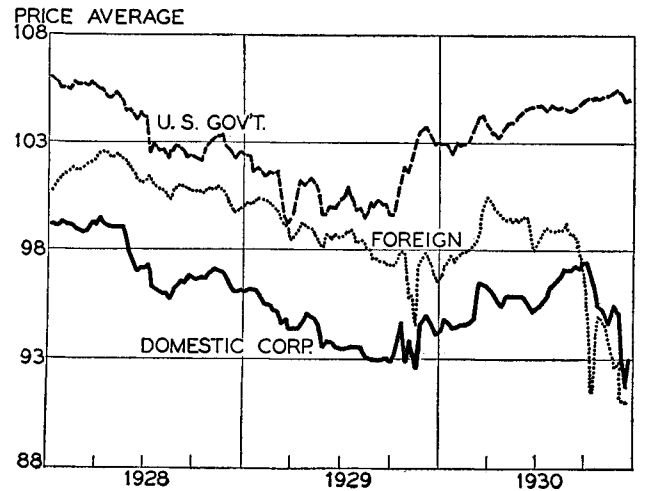
The diminishing activity of the commercial paper market in the closing months of the year is indicated in the volume of paper outstanding as reported to this bank by leading dealers. On November 29 the total outstandings were \$448,000,000, an amount 8 per cent lower than at the end of October and 19 per cent under the April peak. The November figure, however, remained \$133,000,000, or 42 per cent, above the outstandings of November 1929.

Security Markets

Renewed weakness developed in the stock market during the first half of December, and the general level of share prices receded to new lows since the spring of 1927. Average prices dropped to a level 7 per cent under the previous low of the year reached in the first part of November and 18 per cent below the level reached at the end of the severe break in stocks that occurred during the autumn of 1929. The total decline of 55 per cent from the peak of September 1929 has probably been the largest ever experienced on the Exchange. The extent of the shrinkage in the various classes of stocks has varied considerably—utility shares receded to the levels of early 1928, while the industrial stocks declined to levels not previously touched since 1927, and railroad shares reached the lowest points since 1925.

Trading throughout this period of liquidation of the first half of December remained of an orderly character, and on only one day when the trend of prices was downward did the turnover exceed 4 million shares. Shortly after the middle of the month a moderate rebound in stock prices occurred, but movements near the end of December were irregular.

Weakness in the bond market, which had been in evidence during October and November, continued in the first half of December, accompanying the declines in stock prices. The drop during this period was much more rapid than in the preceding two months, and some of the currently published averages of domestic corporation bond prices declined to new lows for several years, while only those composed of the higher grade issues remained above their 1929 lows. Declines in the various price aver-



Price Movements of United States Government, Foreign, and Domestic Bonds (Baker, Kellogg & Co. average of foreign bonds, and Federal Reserve Bank of New York composite of 5 domestic bond averages)

ages during this part of December ranged from $1\frac{1}{4}$ to $4\frac{1}{4}$ points, but as a result of a reversal in bond price movements during the second half of the month, the net losses for December were reduced to a range of $\frac{1}{2}$ to $2\frac{1}{4}$ points. In an effort to portray the movement of domestic corporation bond prices in general, giving consideration to both high grade and relatively low grade issues, a composite of the currently available bond price averages has been computed and this is shown in the accompanying diagram, together with price averages of foreign bonds and of United States Government long-term issues.

Like domestic corporation issues, prices of foreign bonds listed in this market dropped considerably in December and an average of 40 representative issues reached the lowest level since at least 1924. The marked declines in domestic corporate and foreign bonds occurred at a time when there were indications that some of the commercial banks were effecting a change in the composition of their investments by acquiring United States Government securities and disposing of other holdings. Accompanying this movement, prices of United States Government long-term bonds held relatively steady; at no time during the month did they show an average decline of more than $\frac{1}{2}$ point.

New Financing

The volume of new security offerings put out during November, exclusive of refunding issues, was slightly below the relatively small totals for the previous two months, but remained somewhat above the low figure for November 1929. Domestic corporate new financing totaled only \$135,000,000, as compared with \$127,000,000 in October and a monthly average of \$538,000,000 in the first half of this year. State, municipal, and farm loan issues totaled \$112,000,000 in November, a reduction of one-third from the previous month and also somewhat less than the average of the first half of the year. Public offerings of foreign securities were of almost negligible

amount, but total foreign financing for the month, including a \$78,250,000 German Government private credit placed here, and a \$5,000,000 Kingdom of Hungary security issue which was also placed privately, amounted to \$84,000,000.

For the first eleven months of 1930, the total amount of new securities offered, other than those for refunding purposes and those issued by investment trusts, and financial trading and holding companies, has been approximately \$6,300,000,000, a reduction of \$1,000,000,000 from the similar flotations during the corresponding period of 1929. The decline has been entirely in domestic corporation security issues, since both State and municipal issues and foreign flotations have been larger than in the first eleven months of 1929.

A further decline in the issuance of new securities occurred during December, and the aggregate for the month appears to have been only about one-third as large as the figure for December 1929. In the domestic field, the small offerings were about evenly divided between public utility bonds and State and municipal issues; there was virtually no industrial and railroad financing done by means of securities. Foreign flotations continued to be extremely small.

Foreign Exchange

Movements in the foreign exchanges were irregular in December as in the previous month, but on the whole the tendency of the principal currencies was towards increased firmness. This was true of sterling and French francs, which towards the end of the month were quoted at \$4.85 $\frac{7}{8}$ and \$0.0393 $\frac{3}{32}$, respectively; of guilders, which opened the month at \$0.4023 $\frac{1}{4}$ and reached \$0.4030 $\frac{3}{8}$ on the 26th; and of Swiss francs, which moved up by some five points to \$0.1942 $\frac{1}{2}$ in the course of the month. The Scandinavian exchanges were fairly steady, with Swedish crowns three to four points above their parity of \$0.2680. Diverse movements were reported in the reichsmark and the lira, both firming until around the 15th, and then declining slightly below the levels of the opening of the month. The peseta stood at \$0.1126 on the 1st, but weakened to \$0.1010 on the 15th, after which a recovery occurred which left the quotation steady at around \$0.1066.

Canadian dollars moved from a premium to a discount on the 8th and continued around the gold import point to this country during the rest of the month. The Argentine peso weakened almost without interruption from \$0.7813 on the 1st to \$0.7273 on the 27th, a new low for many years. Japanese yen strengthened gradually during the first ten days, weakened slightly, and then effected a partial recovery to \$0.4968, three points above the December 1 quotation.

Gold Movement

Of particular interest during December was the receipt of \$22,000,000 of gold from Canada, reversing the movement begun last July during which \$36,500,000 was exported to that country. This was the first material import movement from Canada since March 1929. In addition, \$4,900,000 was received from Argentina,

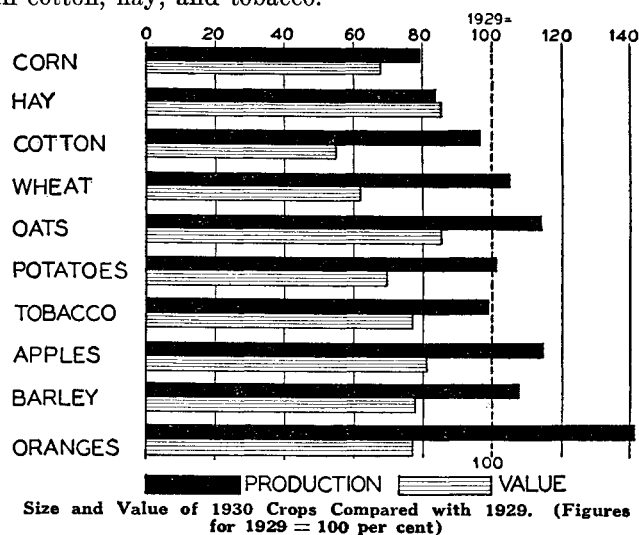
\$1,650,000 from Cuba, and \$975,000 from Colombia. Exports were negligible, but there was a loss to the country's gold stock through an increase of gold held under earmark for foreign account, amounting to \$15,500,000. A preliminary estimate indicates a net gain of about \$15,000,000 of gold during December, and a net gain for the year of about \$275,000,000.

France continued to make heavy withdrawals at the Bank of England during December, amounting to over £7,400,000. Germany also appeared as a buyer, taking £1,800,000. These losses were offset in part by the reported receipt of sovereigns at the Bank of England, of which £1,000,000 came from South Africa and £920,000 from Brazil. In addition to the gold obtained at the Bank of England, France took the bulk of the South African gold offered in the market, amounting to £3,800,000.

Value of Crops

The Department of Agriculture estimates that the value of 1930 crops showed a decline of 2 $\frac{1}{2}$ billion dollars, or 28 per cent, from the value of 1929 crops; this year's estimated return from agricultural commodities other than livestock, at 6 $\frac{1}{4}$ billion dollars, was the smallest since 1921. As indicated in the accompanying diagram, the value of all of the important crops was considerably smaller than a year ago. The principal cause of this loss is to be found in the drastic decline in prices, even in the cases of crops the yields of which were smaller than usual. Crop prices on December 1 were 24 per cent under those of a year earlier, and were the lowest for any December since 1915.

Total crop production during 1930 was about 5 per cent under the previous year, although a number of important crops showed gains over 1929. The most important decline was in the corn crop, which was 533,000 bushels, or 20 per cent, smaller than that of 1929; the 1930 crop was in fact the smallest since 1901, and did not come within 200,000,000 bushels of any intervening year. Of the other crops shown in the diagram, increases over 1929 were indicated in wheat, oats, barley, potatoes, apples, and oranges, while there were declines in cotton, hay, and tobacco.

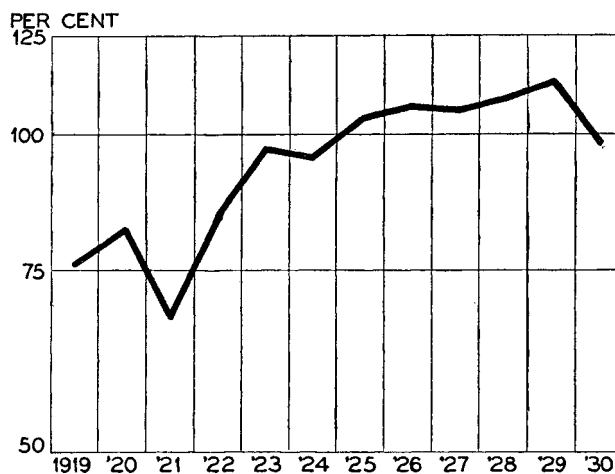


Production and Trade in 1930

A compilation of all the data available at this time pertaining to production and trade in 1930 indicates the extent to which the current recession has affected the aggregate business turnover for the year. The preliminary composite of 160 series has been prepared by using actual data as far as possible, usually for the first eleven months, and adding estimated figures for the remainder of the year, with the leading items weighted in order to have their importance properly represented in the group averages and aggregate. According to this estimate, the volume of production and trade in the United States during 1930 was about 14 per cent smaller than in 1929, a considerably larger decline from the previous year than occurred in either of the two preceding years of recession—1924 and 1927. For the year as a whole, the 1930 decline appears to have been somewhat less, however, than that of 1921 when the decline amounted to approximately 17 per cent.

In order to show the relative extent of the decline during the past year, the data for the years 1919-1930 have been plotted on a ratio scale in the accompanying diagram. To the broad weighted index of a large number of series available for past years has been added an estimated figure for 1930, based on the preliminary data obtainable at this time.

The group of series representing building activity showed the largest decrease in 1930 from the level of the previous year. Manufacturing output registered the next largest reduction, and the production of minerals and metals showed a decline that was not greatly less.



Index of General Production and Trade in the United States. (Figure for 1930 preliminary; ratio scale used to show proportionate changes. 1923-1925 average = 100 per cent)

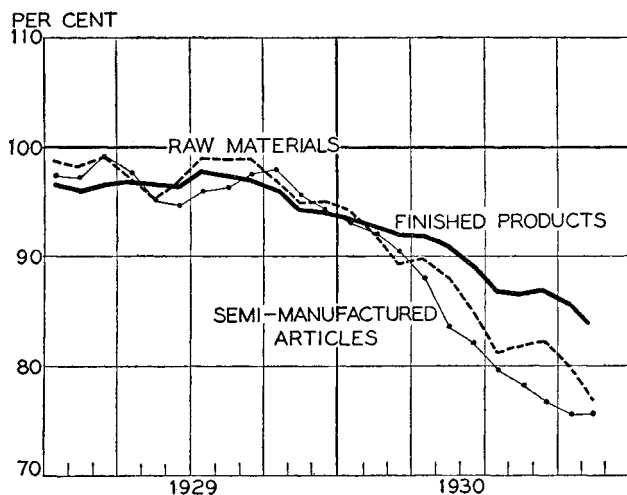
General trade, however, appears to have shown a somewhat smaller decrease than occurred in the foregoing production groups, and the output of foods seems to have been curtailed hardly at all. Crop production, the other principal group, was reduced about 5 per cent, taking into account all the principal agricultural commodities except live stock. The accompanying table gives the more important series included in the group averages.

Commodity Prices

Further substantial declines occurred in commodity prices during December, and the weekly index of the National Fertilizer Association, which is composed of the prices of more than 450 commodities, established a new low level for recent years. Most of the important metals displayed renewed weakness. Following the abrupt rise in copper prices in November, producers dropped their nominal domestic quotation from 12 to 11 cents, and in the outside market the metal was reported available for a time in December as low as 9¾ cents, though the price later strengthened to 10½ cents. The *Iron Age* composite prices of finished steel and of pig iron receded to new low levels since 1922 and 1915, respectively, but scrap steel was steady at the low of \$12.75 a ton, following the decline of \$3.00 during October and November. Lead was unchanged in December, but zinc at a low of 4.00 cents a pound was only fractionally above its October low, and tin fell to 23¾ cents a pound, reported to be the lowest price since 1902, but recovered three cents near the end of the month. Silver dropped to slightly below 31 cents an ounce, the lowest price in the recorded history of the commodity. The fuels were generally steady in price.

Prices of agricultural commodities for the most part were weak. One of the principal developments was a fall in the price of raw cotton at New York to 9.45 cents a pound, the lowest figure since early in 1915. Wool also established a new low for the current decline at slightly under 61 cents for the domestic grades, but raw silk

	Per cent change 1930 from 1929		Per cent change 1930 from 1929
Manufactures			
Rayon production	-58	Foods	
Automobiles, pass. cars	-41	Cheese	-27
Automobiles, trucks	-30	Lard	-11
Locomotives, shipments	-27	Swine slaughtered	-9
Wool consumption	-26	Butter	-6
Tires, pneumatic	-25	Meat	-4
Cotton consumption	-24	Sugar meltings	-3
Steel castings	-17	Wheat flour	-3
Boots and shoes	-15	Cattle slaughtered	-2
Silk consumption	-13	Calves slaughtered	+1
Paper, total	-9	Poultry	+2
Tobacco products	-4	Fish	+6
Electricity	+2	Sheep slaughtered	+18
Gasoline	+4	Group average	-1
Railway cars, shipments	+9	Building Materials and Construction	
Group average	-19	Common brick	-31
Minerals and Metals			
Steel ingots	-28	Lumber, Douglas fir	-23
Pig iron	-25	Building contracts	-20
Copper	-25	Cement	-6
Zinc	-20	Concrete pavements	+6
Lead	-13	Group average	-26
Bituminous coal	-12	Trade	
Petroleum, crude	-11	Auto exports	-56
Anthracite coal	-10	Grain exports	-24
Gold	+26	Raw silk imports	-21
Group average	-17	Carloadings, other	-17
Crops			
Corn	-20	Crude rubber imports	-15
Hay	-18	Carloadings, mdse. and misc.	-12
Cotton	-4	Cotton exports	-10
Sugar, cane	-2	Wholesale trade	-10
Tobacco	+1	Department store sales	-7
Potatoes, white	+1	Coffee imports	+5
Rice	+2	Group average	-15
Wheat	+5	Miscellaneous	
Barley	+8	Shares sold on N. Y. Stock	-29
Tomatoes	+12	Exchange	-13
Oats	+14	Newspaper advertising	-11
Apples	+15	Magazine advertising	-11
Peaches	+16	New incorporations in N. Y.	
Rye	+20	State	-8
Oranges	+41	Group average	-15
Group average	-5	Average of 160 series	-14



Movements of Prices of Raw Materials, Semi-Manufactured Articles, and of Finished Products. (United States Bureau of Labor Statistics Indexes; 1926 average = 100 per cent)

moved irregularly upward. Hog prices were somewhat lower, and hides receded to a new low for recent years at 10 cents a pound; steers were slightly higher on the average. Cash wheat remained fairly steady, ranging between 75 and 80 cents a bushel, as against a low of 70½ cents reached in the middle of November, but corn dropped to a new low for a number of years, notwithstanding the unusually small crop. Declines occurred also in refined sugar and crude rubber.

The major classifications of commodity prices computed by the Bureau of Labor Statistics—raw materials, semi-manufactured articles, and finished products—afford an interesting comparison, which is illustrated in the accompanying diagram. During most of 1929, when commodity prices were relatively stable, the three group indexes remained approximately at the same level, relative to 1926 prices, but in the rapid decline this year they have tended to diverge. In the case of finished products, the decline has been considerably less than in the other two groups. The movement of the semi-manufactured articles group, which includes the important metals, and the trend of raw materials were approximately parallel until August, when the rise in certain agricultural commodities as a result of widespread drought brought some recovery in the raw materials group. This index has more recently declined, however, and the differential between the two groups has now been virtually eliminated, so that while finished products in November were 14 per cent below the July 1929 level, raw materials and semi-manufactured articles showed declines of 23 and 21 per cent, respectively.

Production

Available data for December indicate a further recession in productive activity of at least seasonal proportions during the month. Steel mill activity, as measured by the *Iron Age* operating ratio, receded to 38 per cent of theoretical capacity in the first week of December, and after remaining unchanged during the next two weeks,

dropped to a very low level toward the close of the month, due to year-end suspensions. Production of bituminous coal and petroleum were further contracted in December, while anthracite coal output increased. Output of cotton goods increased somewhat further despite some seasonal falling off in sales.

Monthly figures for November show that the general tendency of industrial production continued downward, and the seasonally adjusted index of the Federal Reserve Board reached a new low level for the current recession, 34 per cent below the high point of 1929. The most notable exception to this general contraction of output continued to be in the textile industries; even after allowance is made for the usual autumn increase and the long-time growth of the industries, mill consumption both of raw cotton and of raw silk has shown an increase from the low levels of a few months ago, a substantial increase in the case of silk. Automobile production on a daily average basis showed little change in November, as contrasted with a usual seasonal decline. On the other hand, declines occurred during November in output of all of the important metals, with steel ingot production down 11 per cent, and, after allowance for seasonal fluctuations and year-to-year growth, an index of the production of metals as a whole reached the lowest level since the early months of 1922. Output of bituminous coal, after expanding in the first part of the month, declined later, and showed a small loss for the month as a whole; production of anthracite coal, of coke, and of crude petroleum also showed declines in November, both before and after seasonal adjustment. Other industries also curtailed production rather generally.

(Adjusted for seasonal variations and usual year-to-year growth)

	1929	1930		
	Nov.	Sept.	Oct.	Nov.
Metals				
Pig iron.....	107	79	71	62
Steel ingots.....	94	81	69	62
Copper, U. S. mines.....	107	81	77 _p	74 _p
Lead.....	103	89	82	73
Zinc.....	84	75	71	55
Tin deliveries.....	97	105	113	89
Automobiles				
Passenger cars.....	61	49	31 _p	35 _p
Motor trucks.....	119	75	66 _p	79 _p
Fuels				
Bituminous coal.....	84	71	74	71 _p
Anthracite coal.....	92	78	103	83 _p
Coke.....	103	84	80	75
Petroleum, crude.....	103	87	86	84 _p
Petroleum products.....	99	88	85	
Textiles and Leather Products				
Cotton consumption.....	90	68	70	71
Wool mill activity.....	84	70	66	63 _p
Silk consumption.....	105	101	113	115
Leather, sole r.....	104 _r	106 _r	98 _r	95 _r
Boots and shoes.....	100	95	80 _p	61 _p
Foods and Tobacco Products				
Live stock slaughtered.....	97	98	96	89
Wheat flour.....	96	98	91	97
Sugar meltings, U. S. ports.....	103	84	92	
Tobacco products.....	102	95	98	90
Miscellaneous				
Cement.....	109	106	94	83
Tires.....	70	57	61	
Printing activity.....	95	90	84	
Paper, newsprint r.....	96 _r	87 _r	89 _r	83 _r
Wood pulp r.....	96 _r	89 _r	80 _r	

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Building

The volume of building contracts awarded in 37 States, from which reports are collected by the F. W. Dodge Corporation, underwent a contraction of 25 per cent in November, and as this decline was more than the usual seasonal drop, this bank's index of building contract awards, in which allowance has been made for long time growth and seasonal influences, declined 5 points further to a new low level since 1921. The decrease in contracts compared with November 1929 amounted to 35 per cent. Non-residential building other than public works and utilities registered the largest decline—51 per cent—reflecting principally decreases of 70 per cent in commercial and 60 per cent industrial contracts. The recession in non-residential building has been in progress for a much shorter time than the decline in residential construction, and comparisons with a year ago are with a rather high level of activity, whereas the 29 per cent decline for residential contracts is in comparison with figures which had already shown a considerable reduction. For public works and other engineering projects, the November awards were nearly up to the level of a year ago.

The total volume of building and engineering work contracted for during the first eleven months of the year was 21 per cent smaller than in the corresponding period of 1929, and 31 per cent less than in 1928. Residential construction suffered the largest decline both relatively and in actual amount, with especially large reductions in the amount of apartment house and hotel construction; the most severe declines in this type occurred during the first half of the year, however, and the figures for the subsequent five months showed little more than seasonal fluctuations. Public works and other engineering work was somewhat heavier than in the previous two years, while other non-residential contracts showed a sizable decline, especially in the latter part of the year.

During the first three weeks of December, the daily average volume of contracts placed in the 37 reporting States showed a drop from the previous month, in keeping with the usual seasonal tendency, and continued much below the level of a year ago.

Employment and Wages

Industrial employment in the United States declined by more than the usual seasonal amount from October to November, and was 18 per cent below the level of November 1929. As a result of this movement, the seasonally adjusted index of the Federal Reserve Board declined to a new low level since 1921. The New York State Department of Labor reported a further decline of 3.1 per cent in employment in representative New York State factories, whereas in past years the average November decline, which usually begins the seasonal curtailment, has amounted to 0.5 per cent. The rate of voluntary labor turnover, reported by the U. S. Bureau of Labor Statistics, reached in November a new low level for the twelve years for which the figures are available.

Factory payrolls in New York State declined 5.2 per cent further in November, as compared with a usual seasonal drop of not more than 1½ per cent. Consequently,

the average weekly earnings of factory employees in New York State dropped to \$27.41, the lowest level since 1924; this decline probably reflects a reduction of working hours to a greater extent than a general decline in wage rates.

Indexes of Business Activity

According to this bank's indexes, general business activity declined somewhat further in November. Car loadings of merchandise and miscellaneous freight, considered by many as one of the best indicators of general business conditions, showed more than the usual decline from the previous month, and, after seasonal adjustment, were the smallest since 1922. In the first part of December, however, loadings of this type of freight showed no more than the usual contraction that takes place as the year draws to a close.

A number of the other indexes also declined in November. Merchandise exports declined 12 per cent and imports 17 per cent, and railroad loadings of bulk freight showed a reduction that was larger than the usual seasonal decline. Average daily department store sales in the Second District, on the other hand, showed at least the usual seasonal expansion in November, and the average daily amount of life insurance sales increased. The number of business failures declined 4 per cent from October to November, a favorable development in view of the seasonal tendency toward an increase in the number of failures.

(Adjusted for seasonal variations and usual year-to-year growth)

	1929	1930		
	Nov.	Sept.	Oct.	Nov.
<i>Primary Distribution</i>				
Car loadings, merchandise and misc.	95	86	84	80
Car loadings, other.	88	74	73	69
Exports	84	79	71 _p	63 _p
Imports	113	99	104 _p	89 _p
Panama Canal traffic.	84	68	74	72
<i>Distribution to Consumer</i>				
Department store sales, 2nd Dist.	93	90	89	91
Chain store sales, other than grocery.	104	88	86	89
Life insurance paid for.	104	92	82	88
Advertising.	98	87	85	80
<i>General Business Activity</i>				
Bank debits, outside of New York City.	117	92	91 _r	87
Bank debits, New York City.	202	113	114	92
Velocity of bank deposits, outside of New York City.	130	100	100	94
Velocity of bank deposits, New York City.	189	118	115	87
Shares sold on N. Y. Stock Exchange.	239	221	242	166
Postal receipts.	98	91	91	
Electric power.	97	88	88 _p	
Employment in the United States.	100	86	84	82
Business failures.	100	123	119	113
Building contracts.	93	72	68	63
New corporations formed in N. Y. State.	79	98	90	83
Real estate transfers.	73	58	61	
General price level*.	174	167	163	161
Composite index of wages*.	226	225	221	219
Cost of living*.	172	164	163	161

_p Preliminary _r Revised *1913=100

Foreign Trade

This country's foreign merchandise trade during November showed substantial decreases from the figures reported for October, although no decided seasonal tendency has appeared in previous years, and continued to show large declines from the level of the previous year.

Exports, at \$289,000,000, were the smallest in dollar value for November of any year since 1914, while the valuation of \$205,000,000 for imports was smaller than in the corresponding month of any year since 1916. In the case of both exports and imports, however, the level was not quite as far below that of 1929 in November as in October.

November exports of raw cotton were reduced from a year ago by about 13 per cent in quantity, and about 46 per cent in value. Shipments abroad of grains and grain products were 54 per cent smaller in value than in November 1929, although the decrease in quantity was considerably less. The volume of both raw silk and crude rubber imports decreased, after a temporary gain in October; compared with a year previous, silk imports showed a decline of 12 per cent, and rubber imports were down 22 per cent.

Department Store Trade

Reports from the leading department stores in the metropolitan area for the first 24 days of the month indicated that the holiday trade in these stores was about 4½ per cent smaller than a year ago. There was one more selling day this year than in the corresponding period in 1929, but it is not clear that this had any material effect on the volume of business done. Assuming a decrease of the same amount for the entire month of December, the total sales of the reporting stores for the year 1930 will have been about 2½ per cent smaller than in the previous year. Taking into consideration the downward tendency of prices during the year, it seems probable that the actual quantity of goods sold compared favorably with that of 1929.

November department stores sales were nearly 8 per cent smaller than in 1929, but as there was one less selling day this year, the average daily sales showed a decline of about 4 per cent, a smaller decline than in October. All sections in this district reported a decrease in sales, the declines ranging from 3 per cent to 16 per cent. The leading apparel stores continued to report a substantial decrease in sales, but the decline in the daily average volume of sales was the smallest since August.

Locality	Percentage change November 1930 compared with November 1929		Per cent of accounts outstanding October 31 collected in November	
	Net sales	Stock on hand end of month	1929	1930
New York.....	-7.9	-3.4	47.8	48.8
Buffalo.....	-10.5	-5.4	51.4	48.7
Rochester.....	-10.8	-5.5	43.3	41.4
Syracuse.....	-10.7	-6.8	33.4	31.0
Newark.....	-3.0	-3.4	46.3	42.0
Bridgeport.....	-15.8	-8.2	38.6	38.2
Elsewhere.....	-11.0	-6.8	41.7	38.6
Northern New York State.....	-14.1	.....	.....	.....
Central New York State.....	-11.3	.....	.....	.....
Southern New York State.....	-13.3	.....	.....	.....
Hudson River Valley District.....	-14.9	.....	.....	.....
Capital District.....	-9.1	.....	.....	.....
Westchester District.....	-4.3	.....	.....	.....
All department stores.....	-7.8	-4.0	46.4	45.4
Apparel stores.....	-14.0	-13.2	47.5	45.0

Sales and stocks by departments are compared with November 1929 in the following table.

	Net sales percentage change November 1930 compared with November 1929	Stock on hand percentage change November 30, 1930 compared with November 30, 1929
Toilet articles and drugs.....	+ 4.6	- 6.9
Women's and Misses' ready-to-wear..	+ 2.0	- 7.5
Men's furnishings.....	- 4.1	- 7.8
Cotton goods.....	- 4.8	- 2.2
Toys and sporting goods.....	- 5.2	- 1.5
Women's ready-to-wear accessories..	- 5.4	- 6.4
Shoes.....	- 5.6	- 5.8
Silverware and jewelry.....	- 7.1	- 3.2
Linens and handkerchiefs.....	- 7.4	+ 9.9
Furniture.....	- 7.9	- 4.5
Men's and Boys' wear.....	- 8.1	-14.8
Woolen goods.....	- 9.0	-18.0
Home furnishings.....	- 9.1	- 4.3
Luggage and other leather goods.....	- 9.4	-14.6
Books and stationery.....	-11.4	-14.5
Silks and velvets.....	-13.4	-18.3
Hosiery.....	-14.8	- 2.8
Musical instruments and radio.....	-17.3	+ 5.7
Miscellaneous.....	-15.7	-15.1

Wholesale Trade

Reporting wholesale firms in this district showed total November sales 24 per cent below last year, which after adjustment for the number of selling days indicates a slightly smaller decline than in October. Total sales reported by grocery, cotton goods, shoe, and paper dealers decreased more than 20 per cent from the previous year. Sales of stationery, hardware, men's clothing, and diamonds also continued to be substantially below November 1929, but the decreases in these lines were smaller than in October. The sales of drugs continued to show a smaller decrease than most lines, amounting in November to 7 per cent. Machine tool orders, reported by the Machine Tool Builders Association, declined further and were only one-third the volume of last year. Jewelry sales were only slightly more than one-half the volume of a year ago. Contrary to the general tendency, an increase in sales of silk goods was reported by the Silk Association of America, but their figures are in yardage rather than dollar value.

The value of stocks of merchandise held at the end of November by all reporting lines, with the exception of drugs, was considerably below 1929.

Commodity	Percentage change November 1930 compared with October 1930		Percentage change November 1930 compared with November 1929		Per cent of accounts outstanding October 31 collected in November	
	Net sales	Stock end of month	Net sales	Stock end of month	1929	1930
Groceries.....	-17.4	+ 3.7	-20.0	-13.7	71.7	68.3
Men's clothing.....	-45.2	.....	-33.2	.....	37.4	27.2
Cotton goods.....	-26.1	-11.3	-24.6	-22.0	33.0	31.2
Silk goods.....	- 8.4*	+ 0.9*	+ 2.4*	-15.1*	46.1	46.7
Shoes.....	-27.3	-14.5	-22.9	-30.6	42.3	41.2
Drugs.....	-26.0	-11.1	- 7.0	+31.3	32.4	38.3
Hardware.....	-18.1	- 6.4	-18.0	-12.0	48.4	41.1
Machine tools**.....	-33.0	.....	-66.2	.....	.....	.....
Stationery.....	- 9.0	.....	-22.3	.....	68.2	64.4
Paper.....	-15.3	.....	-26.7	.....	62.7	58.5
Diamonds.....	-17.2	+ 0.8	-32.9	-23.2	27.2	18.7
Jewelry.....	-24.3	- 4.2	-47.2	-15.9		
Weighted average.....	-24.8	.....	-23.8	.....	49.6	45.4

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