

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

January 1, 1934

Money Market in December

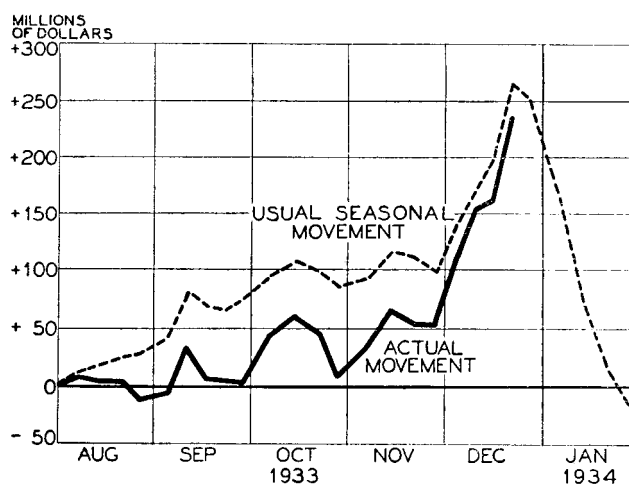
The principal influence on the money market during December has been the usual demand for currency incident to the Christmas trade. In the four weeks ended December 20 a total of nearly \$200,000,000 of currency was withdrawn from the Reserve Banks and there were further withdrawals in the remaining days before Christmas. For the country as a whole the currency demand in this period was about double that of the corresponding period last year, and, as the accompanying diagram indicates, was slightly in excess of the usual seasonal movement. For the whole period since the end of August, however, the changes in the volume of currency outstanding have corresponded closely with the estimated seasonal requirements. Previous to the end of August, currency movements for several months had been greatly influenced by the return flow to the banks of currency that had been hoarded previous to the bank holiday. Preliminary reports on retail trade appear to indicate that the larger December currency demand than a year ago reflected a Christmas trade which was more in accord with the usual seasonal development than that which occurred in December of last year.

In New York the currency demand this year was somewhat smaller than a year ago, contrary to the movement for the country as a whole, but the New York money market sustained other large demands for funds during the month. In the first week of December there was a heavy outflow of funds to other parts of the country, apparently reflecting interest and dividend disbursements and other first-of-month expenditures by corporations having head offices in New York, and in addition Treasury withdrawals of funds from depository banks were made in substantial amount. The combined effect of these transactions was more than sufficient to wipe out the excess reserves held by the New York City banks at the end of November, and, consequently, the banks sold acceptances in substantial volume to improve their reserve position. Some of these acceptances were sold directly to the Federal Reserve Bank of New York and others were sold to dealers, who in turn found it necessary to sell a part of their holdings to the Reserve Bank. In this way the reserves of the New York banks were maintained in a volume slightly above requirements.

In the second week of December there was a return flow of commercial funds from other districts and a small return flow of currency, but the banks, anticipating further withdrawals of funds for the Christmas currency

demand and for the year end, continued to sell acceptances in large volume, and a considerable part of these acceptances were purchased by the Reserve Banks. This resulted in a moderate accumulation of excess reserves in the New York banks, which was increased substantially on December 15 by Government redemptions of maturing securities and interest payments, so that excess reserves rose temporarily as high as \$170,000,000. During the last ten days before Christmas large withdrawals of Government deposits were made and approximately \$25,000,000 of currency was paid out by the New York banks. The accumulated excess of reserves, however, was sufficient to meet most of these requirements, and was supplemented by a moderate return flow of funds from other districts, so that offerings of acceptances to the Reserve Bank diminished, and money conditions became slightly easier rather than firmer in the latter part of the month.

As the diagram indicates, there is usually a heavy return flow of currency to the banks beginning immediately after Christmas and continuing until the end of January. This movement ordinarily is about equal in magnitude to the whole of the seasonal increase in the volume of currency outstanding during the last five months of the year, which in 1933 totaled about \$250,000,000. This movement, which frequently is accompanied by the easiest money conditions of the year, has now started.



Change in Actual Amount of Money Outstanding, Compared with Usual Seasonal Variations in Currency Circulation (Weekly averages of daily figures cumulated from average for week ended July 29, 1933)

MONEY RATES

As the following table indicates, money rates at the end of December were rather generally higher than a month earlier. During the month Stock Exchange call money was advanced to 1 per cent for the first time since August, and quotations for Stock Exchange time money advanced proportionately; the rate on 90 day bills was $\frac{1}{8}$ per cent higher virtually all of the month, returning to the previous level only on December 29; the prevailing rate for open market commercial paper rose slightly further; and yields on short term Government securities were a trifle higher at the end of December than a month earlier. However, the advance in money rates occurred largely in the first half of the month and the tendency was toward slightly lower levels as the month closed.

Money Rates at New York

	Dec. 30, 1932	Nov. 29, 1933	Dec. 29, 1933
Stock Exchange call loans.....	1	$\frac{3}{4}$	1
Stock Exchange 90 day loans.....	* $\frac{1}{2}$	$\frac{3}{4}$	*1
Prime commercial paper.....	$1\frac{1}{4}$ - $1\frac{1}{2}$	$1\frac{1}{4}$ - $1\frac{1}{2}$	$1\frac{1}{2}$
Bills—90 day undorsed.....	$\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{2}$
Customers' rates on commercial loans..	†3.63	†2.58	†2.23
Treasury securities			
Maturing March (yield).....	No yield	0.20	0.27
Maturing June (yield).....	No yield	0.25	0.25
Federal Reserve Bank of New York re- discount rate.....	$2\frac{1}{2}$	2	2
Federal Reserve Bank of New York buying rate for 90 day indorsed bills.	1	$\frac{1}{2}$	$\frac{1}{2}$

* Nominal † Average rate of leading banks at middle of month

MEMBER BANK CREDIT

The total loans and investments of weekly reporting member banks increased slightly during the four weeks ended December 20, due to further substantial purchases of Government securities. In New York City there was some increase in security loans and a small increase in holdings of Government securities, partly offset by reductions in other security holdings and in acceptance holdings, so that the total earning assets of the principal banks showed no material change. For the reporting banks in the remaining 89 cities covered by the weekly data, the principal changes were a small reduction in loans other than security loans, probably seasonal in character, and a substantial increase in holdings of Government securities. Total loans and investments of these banks increased \$64,000,000 to the highest level since the middle of August. During this four month period the net demand and time deposits in these banks have increased gradually to the highest levels since March 1932.

BILL MARKET

During the first part of December withdrawals of funds from the New York money market caused the City banks to sell a considerable volume of bills from their portfolios. A part of these bills were sold to the bill dealers, who in turn sold some of them to the Reserve Bank, and a part of the bills were sold directly by the New York banks to the Reserve Bank. As a consequence, the purchased bill holdings of the Federal Reserve Banks rose \$92,000,000 between November 29 and December 13, following a small rise toward the end of November, and dealers' portfolios increased moderately. In this period the investment demand for acceptances was light, and during the first week of December the dealers raised their rates for 30 day bills by $\frac{1}{4}$ per cent and rates for

60 and 90 day bills by $\frac{1}{8}$ per cent. Some dealers also raised 4 to 6 month bills by $\frac{1}{8}$ per cent but the volume of these maturities in the market was inconsequential.

In the second half of December, reflecting the more comfortable reserve position of the New York banks, the supply of bills offered to the discount market was much smaller, but, due to a continued lack of investment demand, dealers' portfolios continued to rise. These portfolios, however, placed the discount houses in a position better to supply the large investment demand which usually develops after the year end. As the month closed, there was a reduction of $\frac{1}{8}$ per cent in open market rates for bills. After December 13, Federal Reserve bill holdings declined slightly, due to an excess of maturities over new offerings of bills.

In November, the volume of dollar acceptances outstanding showed a further seasonal increase of \$21,000,000 to \$758,000,000 on November 30. Holdings of accepting banks and bankers accounted for \$599,000,000, or 79 per cent of the total outstanding, a slightly smaller proportion than at the end of October. The November rise in outstandings was the result of seasonal increases in export and domestic warehouse bills, partly offset by a sizable drop in bills based on goods stored in or shipped between foreign countries.

COMMERCIAL PAPER MARKET

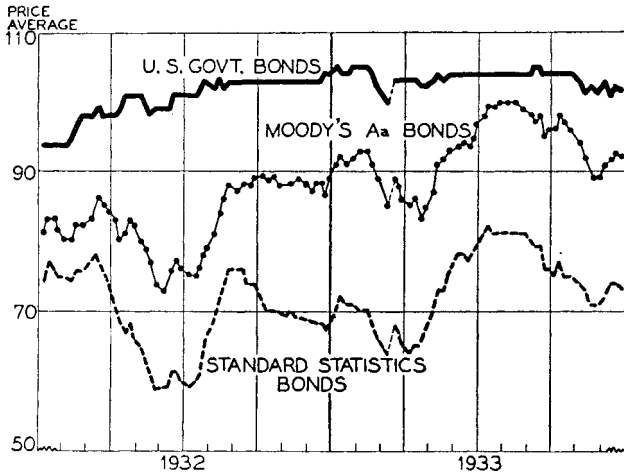
Prime commercial paper continued to be sold at a range of $1\frac{1}{4}$ - $1\frac{1}{2}$ per cent until just before the middle of December when rates advanced somewhat, in keeping with some slight firming in other short term money rates. Subsequently, the prevailing rate for 4 to 6 month prime paper was quoted at $1\frac{1}{2}$ per cent, with a diminished volume of business at $1\frac{1}{4}$ per cent and some names priced at $1\frac{3}{4}$ per cent. The $1\frac{1}{2}$ per cent quotation is the same as that in effect from July to September. Bank investment demand for paper, although somewhat less active than in November, remained sufficiently large to absorb new drawings of paper coming into the market.

At the end of November, the amount of commercial paper outstanding through reporting dealers was \$133,000,000. This represented a further increase of 3 per cent during that month and a rise of 22 per cent over the amount outstanding in November 1932.

Security Markets

Prices for domestic corporation bonds continued during the first half of December the rise which was initiated in the last week of November. As a result, price averages, both for high grade and medium grade bonds, recovered to about the levels prevailing at the close of October, as the accompanying diagram indicates. After the middle of December, however, corporate bond prices exhibited irregular movements, but near the close of the month representative price averages were still 3 to 5 points above the November lows. Average prices of foreign dollar bonds quoted in this market also showed an advance for the month.

United States Government bonds fluctuated within a range of about 1 point during December, as compared with an average variation of more than 3 points in November. Liberty Loan bonds had a net advance of



Movements of Bond Prices (Standard Statistics Company daily index of 60 domestic corporate issues; Moody's Investors Service average price of "Aa" bonds; and Federal Reserve Bank of New York average price of United States Government bonds)

nearly 1/2 point for the month, while Treasury bonds lost about 1/4 of a point, both groups closing the month nearly 1 point above the November lows.

Stock prices, like bond prices, advanced somewhat further during the first part of December, reaching their highest level of the month on the 11th. On that day, averages of prices in general were about 20 per cent above the low point of October 21 which marked the culmination of the July to October decline. Subsequently, prices declined somewhat, losing by the 21st approximately 40 per cent of the net advance of the previous seven weeks, but in the closing days of the month prices showed a net advance as a result of irregular movements. Trading on the Stock Exchange remained rather inactive throughout December.

New Financing

The principal part of the new security offerings during December represented the quarterly financing of the United States Treasury. On December 15, the Treasury sold an issue of \$992,000,000 of one year 2 1/4 per cent certificates of indebtedness. On that date, there were maturities of two issues of Treasury certificates aggregating \$728,000,000, of which \$608,000,000 were exchanged for the new certificate issue under the preferred allotment granted by the Treasury for exchanges, leaving \$120,000,000 to be redeemed for cash. In addition, December interest payments on the public debt due on the 15th totaled about \$110,000,000. Treasury security offerings during December also included three issues of 91 day Treasury bills totaling \$300,000,000, which replaced bill maturities of \$250,000,000 and also provided some new funds. These issues were sold at average rates of 0.60 to 0.74 per cent, which represents a further increase over the November yields, accompanying a general rise in short term money rates on the approach of the holiday and year-end period.

Public offerings of securities other than United States Government issues continued in small volume in December, although there was some increase from the exceedingly small amount offered in November. This increase was due entirely to a \$25,000,000 serial bond issue of the

Commonwealth of Pennsylvania and a \$14,250,000 issue of short term Federal Intermediate Credit Bank debentures. Other issues were in the State and municipal category, aside from a few small distillery and brewery stock issues.

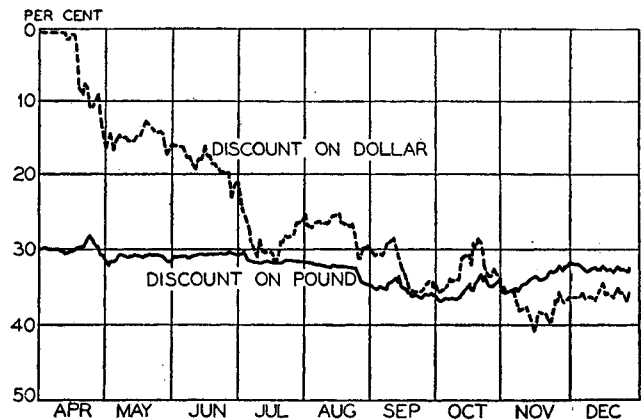
Foreign Exchange

The dollar was steadier in the international exchange markets during December than in any month since last March. Quotations fluctuated around an average discount of about 36 per cent in terms of the French franc, as is shown in the accompanying diagram. After widening from 36.3 per cent on December 1 to 36.8 per cent on the 5th, the discount was reduced temporarily to 34.7 per cent on the 13th, but by December 18 the discount had again risen to 36.7 per cent. An irregular decline in the discount occurred thereafter, the quotation for dollar-franc exchange on December 28 being a discount of 35.5 per cent. The dollar also exhibited considerable stability in terms of sterling. The pound, as the diagram also indicates, was maintained throughout the month at a discount from gold parity of about 32 per cent, as compared with an average of 36 per cent for the dollar.

The price at which the Reconstruction Finance Corporation would buy domestically mined gold remained unchanged at \$34.01 from December 1 to 18 when it was raised to \$34.06. Thereafter, this price was not altered through December 29.

Closing Cable Rates at New York

Exchange on	Par of Exchange	Dec. 31, 1932	Nov. 29, 1933	Dec. 28, 1933
Belgium	\$.1390	\$.1385	\$.2185	\$.2155
Denmark	.2680	.1726	.2310	.2267
England	4.8666	3.3300	5.1725	5.0763
France	.0392	.03903	.06150	.06075
Germany	.2382	.2381	.3760	.3700
Holland	.4020	.4018	.6325	.6236
Italy	.0526	.0512	.0829	.0814
Norway	.2680	.1715	.2605	.2550
Spain	.1930	.0816	.1286	.1272
Sweden	.2680	.1815	.2670	.2620
Switzerland	.1930	.1924	.3030	.3000
Canada	1.0000	.8838	1.1625	.9975
Argentina	.9648	.5865	.7626	.3310
Brazil	.1196	.0763	.0900	.0876
Uruguay	1.0342	.4750	.7600	.7500
Japan	.4985	.2063	.3095	.3075
India	.3650	.2528	.3875	.3830
Shanghai	.....	.2725	.3375	.3400



Discount on the Dollar and the Pound Sterling from Gold Parity (Latest quotations December 27)

Gold Movement

During the month of December there was virtually no change in the monetary gold stock of the United States, as the only transactions affecting it were the export of \$199,000 of gold to France, \$106,000 to Switzerland, and \$5,000 to Guatemala. Reductions in gold held under earmark at this bank for foreign account amounted to \$11,978,000, of which \$8,776,000 was exported to Switzerland, but these transactions were without effect upon the monetary gold stock of this country.

Reconstruction Finance Corporation purchases of newly mined domestic gold under the Executive Order of October 25 were reported by the Chairman of the Corporation to have reached by December 28 a total of 560,000 fine ounces, at a cost of \$18,785,000.

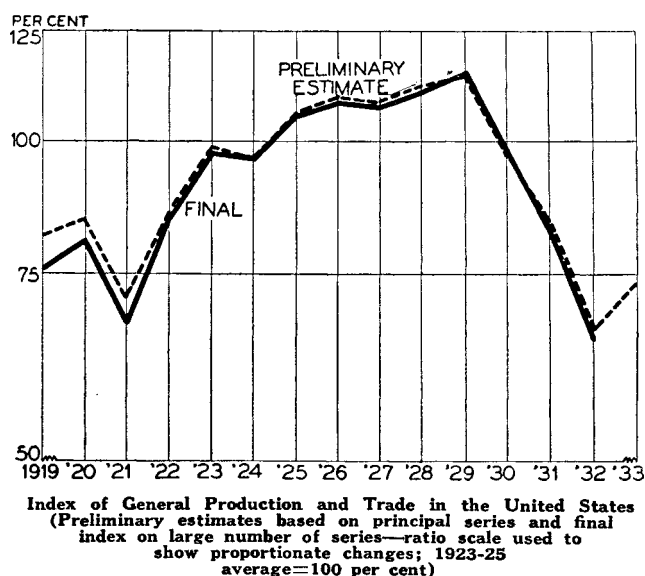
Central Bank Rate Changes

Effective December 11 the discount rate of the Bank of Italy was lowered from 3½ to 3 per cent. Prior to 1933, the rate of this bank had at no time been below 5 per cent since its foundation in 1893. Also on the 11th the Bank of Portugal rate was reduced from 6 to 5½ per cent, the lowest rate since January 1914. On the 20th the Bank of Finland lowered its discount rate from 5 to 4½ per cent, the lowest since January 1912.

Production and Trade in 1933

A preliminary estimate by this bank of the volume of production and trade during 1933 indicates that an increase of about 10 per cent occurred over the aggregate for the year 1932, reflecting the rapid expansion in many lines of business after the banking holiday, only part of which was lost subsequently. The extent of the recovery for the year as a whole, relative to the decline of the previous three years, is indicated in the accompanying diagram. This diagram shows this bank's final estimates of the level of production and trade for each year since 1919 as computed from data on over 200 business series, and also the preliminary estimates for each year based on figures for those principal groups of data which are available more promptly, and have been found to give reasonably close indication of the movements in the complete data. The series used for the preliminary estimates include production of manufactures and minerals, agricultural production, railroad loadings of merchandise and miscellaneous freight, and construction contracts. Actual data for at least the first 11 months of 1933 were used for each series with estimates for the remaining portion of the year.

The recovery in general production and trade between 1932 and 1933 appears to have been the most marked in manufacturing activity, notably output of semi-finished goods, and there was also a sizable rise in the output of minerals. The indications are that the volume of general trade, however, was not materially different in 1933 than in 1932, as the movement of merchandise and miscellaneous freight over the railroads, a series which gives a broad measure of the distribution of goods, averaged very nearly the same as in the previous year. Agricultural production in quantity showed a further decline in 1933, although the decrease was



only about one-half that of 1932. The total volume of building and engineering construction also did not equal that of 1932, despite the placing of large contracts for public works in the closing months of the year; the decline of around 6 per cent was very moderate, however, as compared with the drop of more than 50 per cent in 1932 from the previous year.

Value of Crops

The total value of field and truck crops produced during 1933 was \$4,100,000,000, according to an estimate of the Department of Agriculture, based on December 1 farm prices for late crops and on seasonal averages for crops already marketed. This estimated value, which includes crops actually marketed and also crops directly consumed on the farm for feed and other purposes, represents an increase of \$1,200,000,000, or 42 per cent, over the 1932 figure, but is only one-half of the estimated crop value of 1929. The combined production of ten principal crops, which account for nine-tenths of the total harvested acreage, was 18 per cent below the previous year's harvest and was the smallest in thirty years, and the large increase in total value, therefore, was solely the result of the substantial advance in the prices of several important crops. The largest increases in total crop value from 1932 to 1933 occurred in cotton, tobacco, wheat, corn, and potatoes.

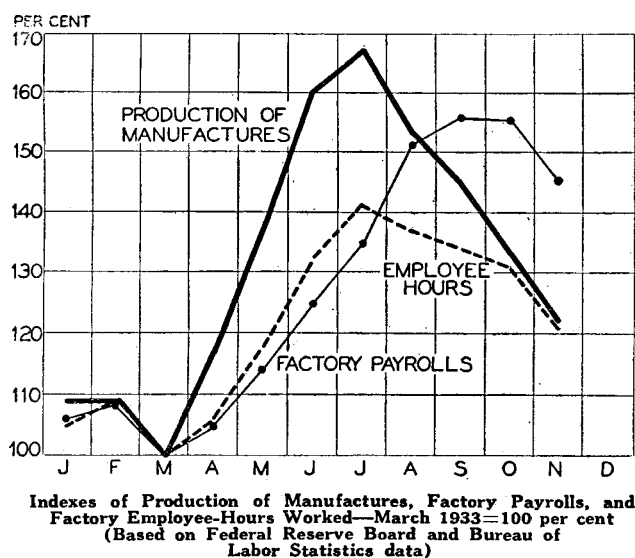
Employment and Payrolls

A decrease in private employment of somewhat larger than seasonal proportions occurred during the period from the middle of October to the middle of November. In manufacturing industries working forces were reduced in keeping with the decline in industrial activity, and the seasonally adjusted index of factory employment computed by the Federal Reserve Board was 2 per cent lower in November than in October. The largest declines in factory working forces were reported in the textile, leather, and iron and steel industries. The number of workers employed on farms and railroads was reduced in

accordance with the usual seasonal tendency, but employment in coal mining increased considerably following the settlement of labor difficulties in the bituminous fields, and a seasonal increase occurred in the staffs of retail establishments. In the building industry employment on private undertakings was reduced seasonally. Working forces on projects financed by the Public Works Administration were considerably increased, however, and temporary relief jobs were provided for a large number of unemployed workers through the Civil Works Administration.

The first material monthly decline in factory payrolls since March occurred during the period from the middle of October to the middle of November. Although manufacturing activity, measured both in terms of output and in terms of aggregate working time of factory employees, reached its peak in July, the total income of factory workers continued to increase through September, and receded only slightly in October. The changes in manufacturing output, factory employee-hours (computed from data on the number of factory workers employed and average hours worked), and factory payrolls relative to March 1933 are shown in the accompanying diagram. From March to July the index of production of manufactures rose about 67 per cent, while employee-hours increased about 40 per cent, but a considerable part of the difference between the increases shown for manufacturing output and for employee-hours is due to the fact that the index of production is based chiefly on operations in the industries engaged in converting raw materials into semi-manufactured products, while the index of employee-hours is based on all stages of manufacture. From March to July operations in basic industries were expanded much more rapidly than in finished manufacturing lines. Factory payrolls increased somewhat less than employee-hours in this period, owing to reductions in basic wage rates, but subsequently increased further while employee-hours were declining.

Although factory working forces continued to increase during August and September, the rise in these months appears to have been brought about chiefly by the spread-



ing of employment through reduction of the length of the average working week under the program of the National Recovery Administration. Total employee-hours declined along with the falling off in industrial output, but considerably less rapidly, apparently indicating that operations were better maintained during this period in industries engaged in the production of finished goods than in those producing semi-manufactured goods. The continuation of the increase in factory payrolls during August and September despite a recession in employee-hours reflected advances in basic wage rates which accompanied the adoption of industrial codes. This factor also tended to moderate the recession in payrolls in October, but in November the proportionate decline in payrolls was nearly as large as in employee-hours.

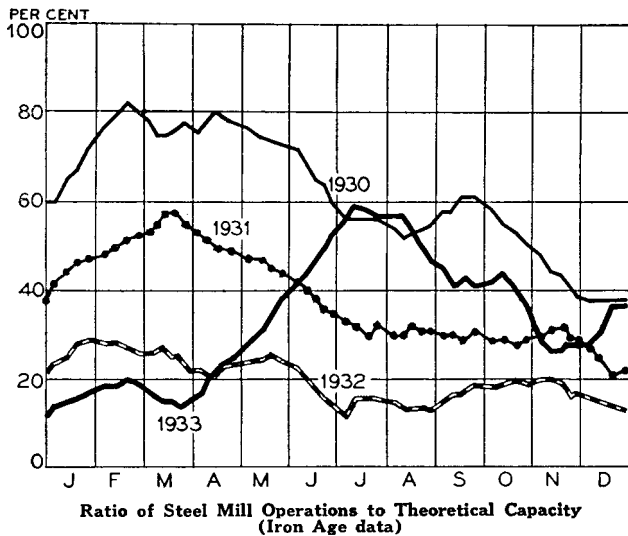
Commodity Prices

Wholesale commodity prices showed considerable stability during the first half of December, with respect both to the general index and to the principal component groups, but in the week ended December 23 a slight decline occurred, reflecting chiefly decreases in farm products and foods. Prices of textile products and fuel and lighting materials showed slight advances from the end of November, while most of the other industrial price groups declined slightly. On the whole, it appears that the rise in finished goods prices, which amounted to some 15 per cent between April and October, has been halted.

Among individual commodities price changes were generally unimportant, even in the case of sensitive commodities, and Moody's daily index of 15 actively traded basic commodities held throughout the entire month near the end of November level. There was some increase in the prices of scrap steel, wool, and steers, while declines occurred in hogs and hides. The most important development affecting individual commodities was the announcement that domestic newly mined silver would be purchased by the Government on a basis which is the equivalent of 64½ cents an ounce, or considerably above the prevailing price. The market quotation for bar silver, which represents trading in the previously existing supply, rose from 43 to 44¾ cents an ounce following this announcement.

Production

On the basis of weekly data covering a few of the principal manufacturing lines, it appears probable that the average level of basic industrial activity during December at least maintained the November level. The reported ratio of operations to capacity in the steel industry rose sharply to a level considerably above that of the corresponding period of the previous two years, as the following diagram indicates. The rapidity of the advance was due in part to temporarily increased demands for shipments of certain types of finished steel for which higher prices will become effective on January 1. Automobile output rose moderately in keeping with the seasonal tendency, despite technical obstacles which tended to delay the production of new models. On the



other hand, operations in the cotton textile and bituminous coal industries showed slight recessions in accordance with the average seasonal tendency of past years. This bank's seasonally adjusted index of the production of electric power, the short term fluctuations of which are usually associated with changes in the industrial consumption of electricity, remained during December at approximately the same level as in November.

During November, industrial production was maintained at about the level reached at the beginning of the month when the sizable reactions of the three preceding months came to an end. For the month as a whole, however, the average level of activity was somewhat lower

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

	1932		1933	
	Nov.	Sept.	Oct.	Nov.
Metals				
Pig iron	22	51	44 ^r	37
Steel ingots	29	57	52	44
Lead	39	48	55	60
Zinc	32	66	67	66
Tin deliveries	44	88	68	
Automobiles				
Passenger cars	20	41	40	18 ^p
Motor trucks	25	61	52	39 ^p
Fuels				
Bituminous coal	69	68	62	66 ^p
Anthracite coal	69	85	61	80 ^p
Coke	41	64	57	54
Petroleum, crude	67	75	72	67 ^p
Petroleum products	67	72	69	
Electric power	67	69	66	65 ^p
Textiles and Leather Products				
Cotton consumption	84	91	83	78
Wool mill activity	81	105	88	85 ^p
Silk consumption	70	45	46	54
Rayon deliveries	116	99	96 ^p	
Shoes	97	88	94 ^p	93 ^p
Foods and Tobacco Products				
Livestock slaughtered	85	133	94	101
Wheat flour	90	70	74	83
Sugar deliveries	74	80	71	74 ^p
Tobacco products	74	78	74	66
Miscellaneous				
Cement	51	33	30	36
Tires ^r	52 ^r	72 ^r	62 ^r	
Lumber	25	41	37	33
Printing activity	60	63		
Newsprint paper	74	72	77	82

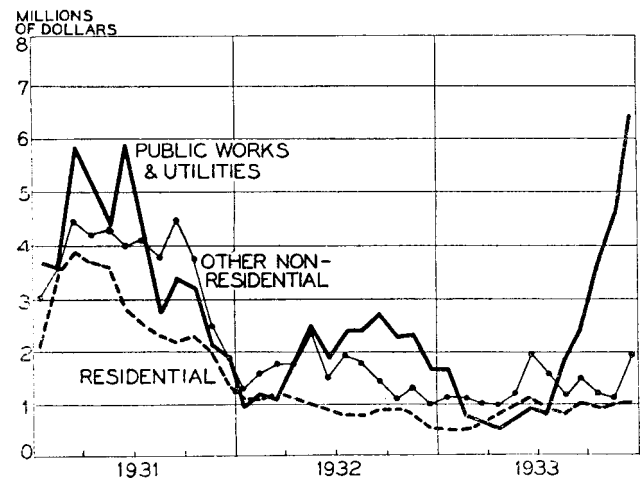
^p Preliminary ^r Revised

than in October, and the seasonally adjusted index of basic industrial production, computed by the Federal Reserve Board, receded 5 per cent, as compared with declines of 8 or 9 per cent in prior months since July. Considerable declines, both before and after seasonal adjustment, were shown in the output of the iron and steel, automobile, and tobacco products industries, and operations in the textile industry were reduced moderately. On the other hand, increases occurred in the production of those food products for which monthly data are available and in the output of coal.

Building

A further increase of an unseasonal character occurred in the value of building contracts awarded during November, and the total for that month as reported by the F. W. Dodge Corporation was the largest since October 1931. In comparison with the previous month, November contracts showed a 12 per cent increase, and compared with a year ago the increase amounted to 55 per cent. The principal factor was a further increase in the placing of public works contracts under the program of the Public Works Administration; in this category large advances occurred in water front development and highway work. Contracts for public utility construction were in about the same volume as in October but larger than a year ago, while other non-residential building was somewhat below both the previous month and a year ago. Residential contracts were somewhat higher than in the previous month and a year ago.

Building contract data for the first half of December indicated a further unseasonal rise, which is shown in the accompanying diagram based on average daily figures for each full month since January 1931 and for the first two weeks of December. It appears that contracts for public works and utilities recently have been at a rate which compares favorably with the high levels attained early in 1931. The daily average of other non-residential contracts also has shown a considerable advance, and residential building has tended to increase gradually. All of these increases are contrary to the usual seasonal tendency at this time of year.



Average Daily Value of Building Contracts Awarded by Major Types (F. W. Dodge Corporation data for 37 States—latest figures are averages for first half of December)

In the period from September 1 to December 15, total building and engineering contracts were 45 per cent larger than in the same period of 1932, whereas for the first 8 months a year to year decline of 33 per cent had been reported.

Indexes of Business Activity

Some slight increase from November to December in the general level of trade and business activity was indicated by the available data. The railroad movement of merchandise and miscellaneous freight receded by less than the usual seasonal amount, and this bank's seasonally adjusted index covering this type of freight traffic showed a moderate upward tendency during the first half of December, after holding steady during the previous three months. The holiday trade of department stores in the New York Metropolitan area made a more favorable comparison with 1932 than did November business, but sales in December 1932 were relatively poor.

General business activity appears to have remained fairly stable during November. This bank's indexes of railroad freight traffic showed little change from October to November, but a moderate downward tendency was indicated by the various indexes of retail trade. Department store sales increased by considerably less than the usual seasonal proportions, although reports of sales in the agricultural districts of the country were more favorable than in the urban and industrial sections. Sales of chain stores and mail order houses showed no marked change other than seasonal.

(Adjusted for seasonal variations, for usual year to year growth, and where necessary for price changes)

	1932	1933		
	Nov.	Sept.	Oct.	Nov.
Primary Distribution				
Car loadings, merchandise and misc.	54	55	56	56
Car loadings, other	53	60	56	57
Exports	43	51	56p	53p
Imports	58	63	65p	60p
Waterways traffic	42	55	48	
Wholesale trade	75	82r	76r	78
Distribution to Consumer				
Department store sales, 2nd Dist.	72	66	73	67
Chain grocery sales	64	55	53	51
Other chain store sales	70	78	70	70
Mail order house sales	62	61	64	63
Advertising	54	57	58	
Gasoline consumption	78	72	71	
Passenger automobile registrations r.	24r	55r	51r	43r
General Business Activity				
Bank debits, outside of New York City..	54	59	57p	55p
Bank debits, New York City	42	47	46	43p
Velocity of bank deposits, outside of New York City	67	78	77	72
Velocity of bank deposits, New York City	39	56	56	51
Shares sold on N. Y. Stock Exchange ...	53	113	90	75
Life insurance paid for	82	72	72	73
Employment in the United States	63	76	76	74
Business failures	101	58	56	59
Building contracts	30	24	29	42
New corporations formed in N. Y. State ..	79	70	69	69
Real estate transfers	49	43	44	
General price level*	130	133	133p	133p
Composite index of wages*	177	177	177p	178p
Cost of living*	132	135	136	136

p Preliminary r Revised * 1913 average=100

Foreign Trade

During November merchandise exports from the United States, valued at \$184,000,000, were seasonally

smaller than in October but showed an increase of 33 per cent over the level of a year previous. Imports, amounting to \$128,000,000, showed more than the usual seasonal decrease from the previous month, although their value was 23 per cent larger than in November 1932. The increase over last year in the case of exports was larger than in recent months, but was smaller in the case of imports.

Available detailed statistics relating to the value and quantity of the foreign merchandise trade of this country during November indicate a wide variety of changes from November 1932. Gains in value over November 1932 among the exports ranged from 114 per cent for metals and manufactures of metals to 9 per cent for chemicals and related products, as the following table shows. The increase in metal exports may be largely explained by increased foreign takings of American iron and steel products and of refined copper, the latter especially being sold at considerably higher prices than a year ago. Textile export trade, mainly raw cotton, showed a large increase in dollar volume; cotton was shipped abroad to all of the leading importing countries in somewhat smaller volume than a year ago but at a substantial increase in price. Exports of non-metallic minerals, principally petroleum and its products, and of machinery and vehicles, mainly automobiles, were also much larger than in November 1932, due more to increases in the quantity than in the price of these commodities.

The largest proportionate gain in imports over November 1932 was also in the metals group, of which tin and unrefined copper are the principal items; prices of these commodities have advanced materially during the past year. Imports of inedible vegetable products also showed a very large advance in value; the principal item in this category, crude rubber, was imported in larger volume and at very much higher prices than in November 1932. The group of textile imports showed an increase of 15 per cent, although raw silk, the chief textile import, was received in a volume only about two-thirds as large as last year, and in value was about four-fifths as large.

	(Millions of Dollars)		Percentage change November 1933 compared with November 1932
	Nov. 1932	Nov. 1933	
Export Groups			
Metals & manufactures, except machinery	5.6	12.0	+114
Wood and paper	4.1	6.7	+63
Animal products, inedible	2.3	3.7	+61
Animals and animal products, edible	4.8	7.4	+54
Machinery and vehicles	16.8	24.5	+46
Non-metallic minerals	21.5	28.5	+33
Textiles	43.1	53.5	+24
Vegetable products, inedible	12.9	15.9	+23
Vegetable food products	15.1	16.7	+11
Chemicals and related products	6.7	7.3	+9
Import Groups			
Metals and manufactures	4.3	10.2	+137
Vegetable products, inedible	9.2	17.5	+90
Chemicals and related products	3.9	5.3	+36
Machinery and vehicles	0.6	0.8	+33
Wood and paper	14.1	17.8	+26
Animal products, inedible	6.8	8.1	+19
Animals and animal products, edible	3.9	4.5	+15
Textiles	21.3	24.5	+15
Non-metallic minerals	5.3	5.9	+11
Vegetable food products	28.1	26.1	-7

Wholesale Trade

Total November sales of reporting wholesale firms averaged 16 per cent higher than in the preceding year, or about the same increase as occurred in the two previous months. Included in the lines which showed larger increases in sales over the previous year than in October were hardware, drugs, and jewelry. In addition, sales of men's clothing and diamonds were considerably larger than in November 1932, following recessions in October. Sales of stationery, groceries, paper, and cotton goods also showed increases in comparison with the previous year, but in each case the advance was less than that reported for October. Sales of shoes, on the other hand, were considerably below a year ago, following six months of uninterrupted increases, and sales of silk goods, reported on a yardage basis by the Silk Association of America, were much smaller than last year for the fourth consecutive month.

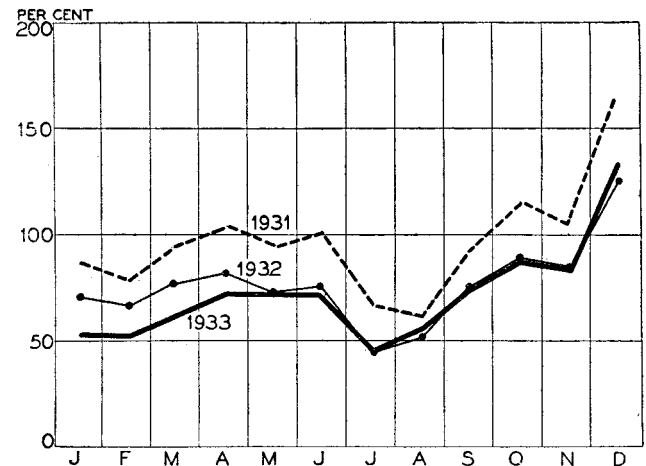
At the end of November, stocks held by cotton goods and diamond firms showed larger declines from a year ago than in the previous month, while stocks of drugs and silk goods showed smaller reductions, and the remaining lines reported no material change from the previous month. Collections continued to average slightly higher than in 1932.

Commodity	Percentage change November 1933 compared with October 1933		Percentage change November 1933 compared with November 1932		Per cent of accounts outstanding October 31 collected in November	
	Net sales	Stock end of month	Net sales	Stock end of month		
					1932	1933
Groceries.....	-9.8	-0.1	+17.1	+45.5	76.3	83.1
Men's clothing.....	-18.3	.....	+40.4	.....	31.7	31.4
Cotton goods.....	-3.4	-20.8	+9.9	-27.4	29.1	31.5
Silk goods.....	+9.2*	+12.0*	-34.9*	-18.6*	60.8	67.5
Shoes.....	-28.4	.....	-17.4	.....	43.1	35.2
Drugs.....	-24.1	+2.4	+56.4	-5.1	20.9	30.6
Hardware.....	-8.4	-1.1	+25.1	+13.1	45.4	41.4
Stationery.....	+5.7	.....	+1.2	.....	53.4	48.2
Paper.....	-14.3	.....	+6.9	.....	41.1	45.1
Diamonds.....	-32.6	-3.5	+15.2	-23.3	13.9	15.6
Jewelry.....	0	-1.9	+33.8	-48.2		
Weighted average....	-12.1	.....	+16.2	.....	48.1	50.4

* Quantity not value. Reported by Silk Association of America

Department Store Trade

From December 1 to 23, inclusive, total sales of department stores in the Metropolitan area of New York were approximately 7 per cent higher than in the corresponding period of 1932, but part of the increase is attributable to sales by liquor departments which were opened by some of the stores early in the month. Exclusive of liquor sales the increase amounted to about 4 per cent. While even the smaller increase is somewhat larger than has occurred in other recent months, it is doubtful whether it represents a material improvement in retail trade in this district, as December 1932 was a month of particularly poor business for the department stores. The increase in sales during the first 23 days of December in the Metropolitan area has been used as the basis for an estimate of total December sales in the Second Reserve District, which is shown in the accompanying diagram in index form. As this chart



Index of Dollar Value of Department Store Sales in Second Federal Reserve District, Without Adjustment for Seasonal Variation (1925-27 average=100 per cent; December 1933 partly estimated)

indicates, December sales showed the most favorable year to year comparison since last August. The aggregate sales for the year 1933 appear to have been about 6 per cent less than in 1932, as compared with a decrease of 21 per cent between 1931 and 1932.

Total November sales of the reporting department stores in this district were 2 per cent lower than in the corresponding period a year ago. In New York City and Rochester, sales of the reporting department stores showed slightly smaller year to year declines than in October, but in the remaining localities, with the exception of Bridgeport which reported a sizable advance in sales, a less favorable year to year comparison was indicated in November than in October. Sales of the leading apparel stores in this district increased about 2½ per cent over November 1932, a somewhat smaller advance than in the preceding month.

In department stores in a majority of localities and in apparel stores also, the rate of collections during November continued to be higher than in 1932. Stocks of merchandise on hand, at retail valuation, remained substantially higher than in the previous year, although the increases were smaller than in the two preceding months.

Locality	Percentage change from a year ago		Per cent of accounts outstanding October 31 collected in November	
	Net sales	Stock on hand end of month		
			1932	1933
New York.....	-1.1	+17.0	46.9	48.6
Buffalo.....	-4.7	+0.9	41.2	43.3
Rochester.....	-0.5	+5.0	43.8	44.6
Syracuse.....	+7.7	+0.3	25.4	28.9
Newark.....	-8.3	+14.6	40.3	39.2
Bridgeport.....	+17.0	+6.3	34.3	35.5
Elsewhere.....	-1.1	-4.0	32.1	30.6
Northern New York State.....	-13.5	.....	.....	.....
Southern New York State.....	+2.0	.....	.....	.....
Hudson River Valley District.....	-7.2	.....	.....	.....
Capital District.....	-1.6	.....	.....	.....
All department stores.....	-1.8	+13.4	42.6	43.6
Apparel stores.....	+2.4	+13.0	44.5	45.3

FEDERAL RESERVE BANK OF NEW YORK

MONTHLY REVIEW, JANUARY 1, 1934

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

TOTAL volume of industrial production, after declining further during October, showed little change during November and the first half of December. The amount of construction undertaken continued to increase, reflecting an expansion of public works.

PRODUCTION AND EMPLOYMENT

Output of basic commodities, as measured by the Federal Reserve Board's seasonally adjusted index, was 73 for November, on the basis of the 1923-1925 average as 100, compared with 77 for October. This total for the month reflects the maintenance during November, with allowance for usual seasonal changes, of the level reached at the end of October after a continuous decline during the preceding three months. Activity at steel mills, after declining from 44 per cent of capacity in the early part of October to 25 per cent in the early part of November, subsequently increased to a rate of 34 per cent in the third week of December. Output of automobiles, which was curtailed sharply in November in preparation for new models, also increased somewhat in the early part of December. Consumption of cotton by domestic mills was in somewhat smaller volume in November than in the preceding month and activity at woolen mills decreased. At shoe factories production showed a decline larger than is usual at this season.

Volume of factory employment and payrolls declined from the middle of October to the middle of November by somewhat more than the usual seasonal amount. The Board's seasonally adjusted index of factory employment for November was 72, as compared with 74 in October and 57 at the low point in March.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a further substantial increase in November. This increase, at a season when construction contracts usually decline, reflects a growth in the volume of public works.

DISTRIBUTION

Shipments of commodities by rail decreased in November as compared with October by an amount somewhat smaller than is usual at this season. Sales of merchandise at department stores declined, contrary to seasonal tendency, while sales by variety stores showed little change.

WHOLESALE PRICES

Wholesale commodity prices, as measured by the weekly index of the Bureau of Labor Statistics, advanced from 70.9 per cent of the 1926 average in the first week of November to 71.7 per cent in the third week and then declined to 70.9 per cent in the week ended December 9. These movements reflected chiefly changes in the prices of farm products and foods. Prices of hogs declined considerably after the middle of November, owing partly to seasonal factors.

FOREIGN EXCHANGE

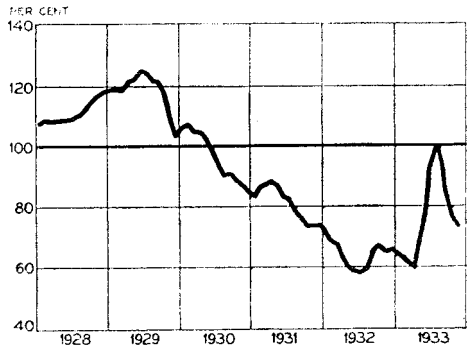
The value of the dollar in the foreign exchange market advanced from a low point of 59 per cent of its gold parity on November 16 to about 64 per cent for the period from November 27 to December 20.

BANK CREDIT

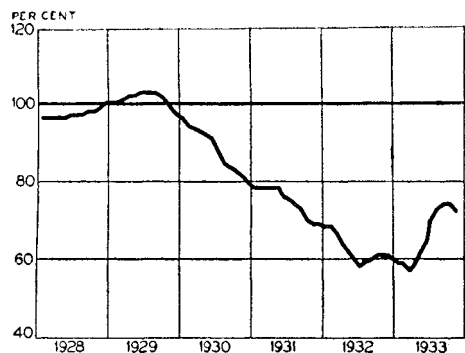
Between November 15 and December 20 there was the usual seasonal increase, about \$195,000,000, in the demand for currency by the public. This currency demand was met largely through the purchase of \$100,000,000 of acceptances by the Federal Reserve Banks and the issuance of additional bank notes by the National banks. Reserve balances of member banks showed little change for the period and continued to be at a level of about \$800,000,000 above legal requirements.

Total loans and investments of reporting member banks in leading cities declined by \$160,000,000 between November 15 and December 13, reflecting chiefly sales of acceptances to the Reserve Banks and a reduction in holdings of investments other than United States Government securities. Loans on securities, chiefly to brokers in New York City, increased by \$40,000,000, while all other loans, which include holdings of acceptances, declined by \$125,000,000.

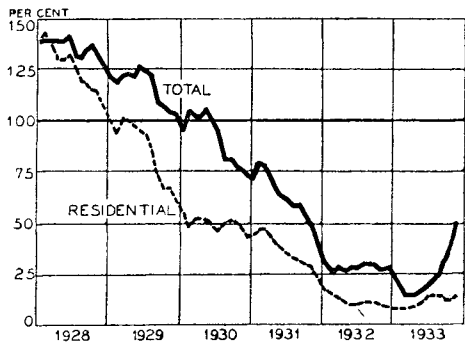
Short term money rates advanced slightly during the period.



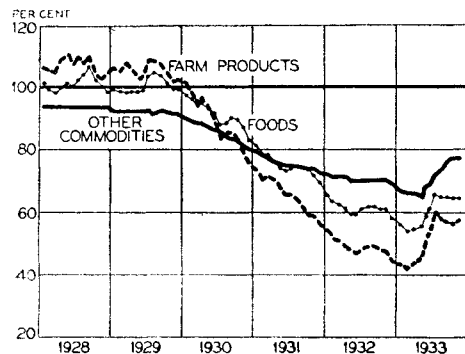
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variation (1923-25 average=100 per cent)



Index of Factory Employment With Adjustment for Seasonal Variation (1923-25 average =100 per cent)



Index Numbers of Building Contracts Based on Three Month Moving Averages of F. W. Dodge Corporation Data for 37 States, Adjusted for Seasonal Variation (1923-25 average=100 per cent)



Group Price Indexes of Bureau of Labor Statistics (1926 average=100 per cent)