

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

August 1, 1924

#### Business Conditions in the United States

**P**RODUCTION of basic commodities and factory employment showed further large declines during June. Trade, both at wholesale and retail, also decreased during the month and was in smaller volume than a year ago.

##### PRODUCTION

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, declined about 9 per cent. in June to a point 22 per cent. below the level of the first two months of the year. Iron and steel and cotton manufacturing industries continued to show the most marked curtailment of activity, and decreases were general in other industries. Factory employment decreased 3 per cent. in June, the metal, automobile, textile, and leather industries reporting the largest reductions in forces. Value of building contracts awarded in June was 8 per cent. smaller than in May, though 4 per cent. larger than in June of last year.

Condition of the corn crop on July 1, as reported by the Department of Agriculture, was the lowest on record for that date and indicated a probable yield of about 500,000,000 bushels less than last year. Condition of the cotton crop was reported less satisfactory than a

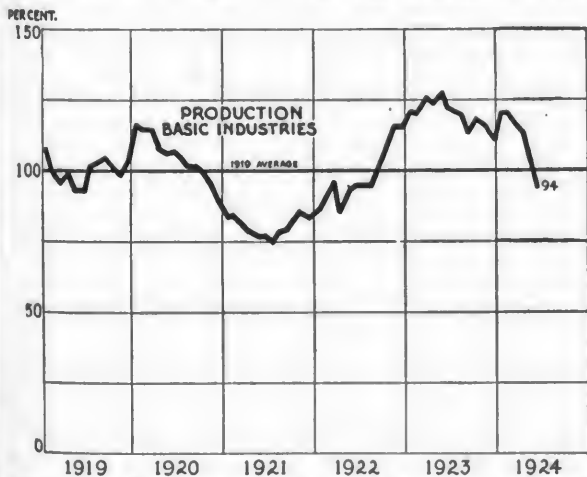
month earlier, while forecasts for wheat and oats were larger than in June.

##### TRADE

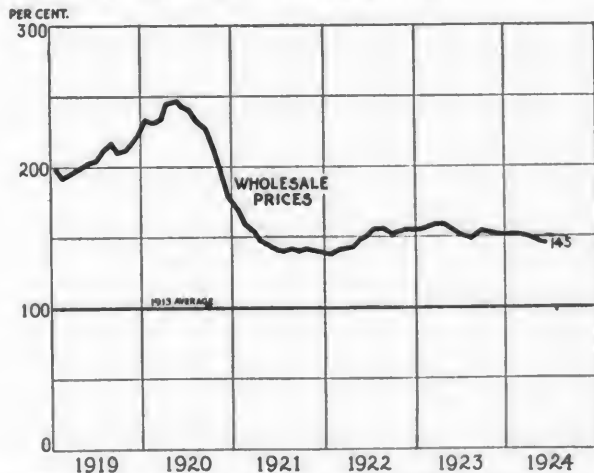
Railroad shipments decreased in June and were about 15 per cent. less than a year ago, owing to smaller loadings of all classes of freight except grain and livestock. Wholesale trade showed a further slight decline in June and was 11 per cent. smaller than a year ago. Sales of hardware, drugs, shoes, and dry goods decreased, while sales of groceries and meat increased slightly. Sales of department stores and chain stores showed more than the usual seasonal decrease during June and were smaller than last year. Mail order sales in June showed less than the usual seasonal decline and were larger than a year ago. Department stores further reduced their stocks of merchandise and slightly increased their outstanding orders.

##### PRICES

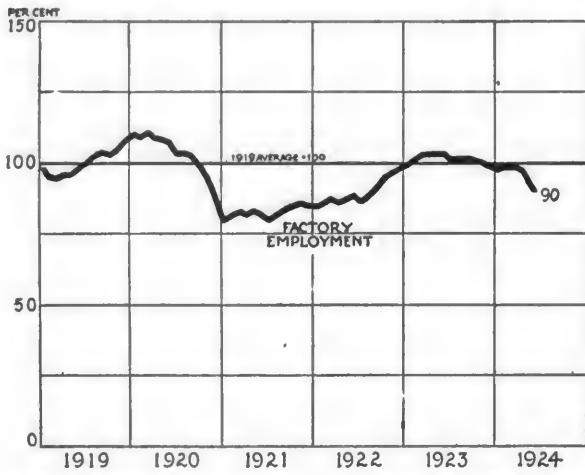
Wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined more than one per cent. in June to a level 5 per cent. below the high point for this year. Prices of all groups of commodities, except clothing, showed declines and decreases were particularly large for building materials. During the first three weeks of July quotations on wheat, corn, and hogs advanced sharply, while prices of sugar, cotton goods, and iron and steel products were lower.



Index of 22 Basic Commodities corrected for seasonal variation (1919 = 100 Per cent. Latest figure June)



Index of U. S. Bureau of Labor Statistics (1913 = 100 Per cent. base adopted by Bureau. Latest figure June)



Index of Employment in Manufacturing Industries (1919 Average = 100 Per cent. Latest figure June)

### BANK CREDIT

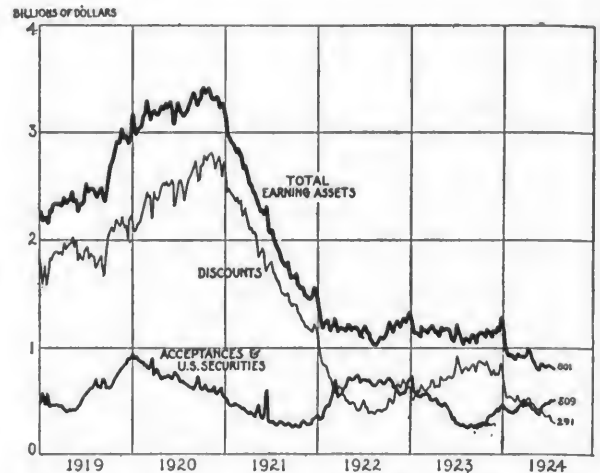
Commercial loans at member banks in leading cities during June and the first two weeks of July remained at a relatively constant level, considerably below the peak reached in April, while investment holdings and loans secured by stocks and bonds increased rapidly and carried total loans and investments to the high point for the year. Demand deposits, owing partly to the growth of bankers' balances at financial centers, advanced to a record level.

At the Reserve Banks there was a continued decline in discounts and an increase in purchases of Government securities in the open market. As a consequence, total earning assets in the middle of July were only slightly less than at the beginning of June. Member bank reserve balances increased rapidly, reflecting a return flow of currency from circulation and further imports of gold; total deposits at the Reserve Banks on July 16 were larger than at any time since the organization of the System.

Money rates in July were comparatively steady but continued to show a somewhat casier tendency. Discount rates at the Federal Reserve Banks of Kansas City and Dallas were reduced during July from 4½ to 4 per cent.

### Banking Conditions in the Second District

Between the middle of June and the middle of July the deposits of reporting member banks in this district showed a further increase of \$100,000,000 to a new high point and their loans and investments increased by a somewhat larger amount, due to increases both in loans on stocks and bonds and in investments. Loans largely for commercial purposes were somewhat lower and about \$100,000,000 below the high point of the year reached in the spring, reflecting the decrease in general business activity. Comparison of the figures for New York City, for the Second District, and for the country indicates that more than half the expansion of loans and deposits



Reserve Bank Credit—Weekly Figures for 12 Federal Reserve Banks (Latest figure July 23)

shown by all reporting banks in recent weeks has been in the New York City banks. While the deposits of all reporting banks have expanded by a billion and a quarter dollars since the first of March, those of banks in New York City alone have expanded by over 700 millions in the same period.

This expansion in bank credit and the ease in money conditions which has accompanied it may be traced largely to the cumulative effect of continued gold imports, a movement of funds from the interior and some return of currency from circulation. The rapidity of the changes in money conditions in the past two months, however, may be further and more immediately accounted for by a change in the relationship between New York City member banks and the Federal Reserve Bank. Early in June the New York City member banks practically extinguished their indebtedness to the Reserve Bank. Up until that time these banks had been almost continuously in debt at the Reserve Bank for many months, with the exception of a few brief periods. Under these conditions gold imports or other funds received were utilized to pay off loans at the Reserve Bank and the funds were thus retired from circulation, without the creation of additional bank credit and with but little effect on money conditions. But with member banks out of debt at the Reserve Bank any gold or other funds received were added to their reserves and became immediately available as the basis for increased deposits and loans and investments and exercised a direct influence toward easier money conditions.

The accompanying diagram shows by days since the first of the year the discounts and advances of the Federal Reserve Bank of New York for New York City banks, and shows also the changes in the prevailing rates of interest for prime commercial paper in the open market and the call loan renewal rate. The diagram shows that declines in rates were simultaneous with the retirement of borrowings at the Reserve Bank. The temporary increase in Reserve Bank advances early in July is accounted for largely by the demands for

currency over the Fourth of July holiday and some temporary loss of funds to the interior in connection with the usual first of the month disbursements. After the early part of the month the flow of funds tended to be toward New York.

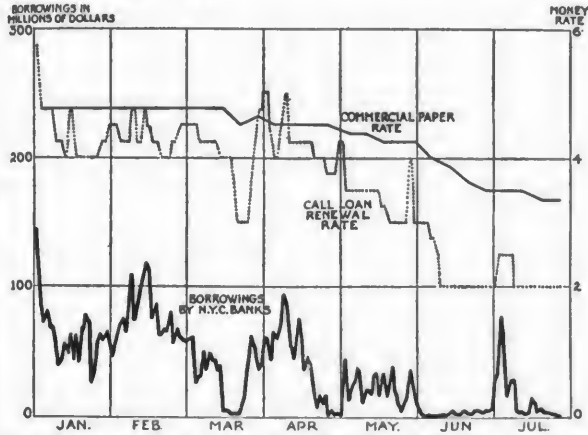
### Money Rates

In July money rates generally held near the low levels reached in June, except for a temporary advance in call money and acceptances at the first of the month which accompanied a shifting of funds incident to July 1 disbursements.

The open market rate on prime commercial paper declined an additional 1/4 of one per cent. to 3 1/4-3 1/2 per cent., the lowest since 1916. Buying by banks in New York and other large centers continued active, but buying by country banks was curtailed as a result of the decline in rates. The supply of paper was somewhat larger, and the total volume outstanding through 26 reporting dealers increased slightly to \$865,000,000.

Dealers' portfolios of bankers' bills rose early in July to the highest level since Spring, accompanying the temporary firmness in money. A rise of 1/8 of one per cent. to 2 1/4 per cent. in dealers' buying rates on 60-90 day bills, followed in some cases by an advance of 1/8 to 2 1/8 per cent. in offering rates, led to a later decline in portfolios to approximately the low point for the year. Accompanying this decline rates receded to their former levels. Yields on short term Government securities were slightly lower in July.

In the Stock Exchange money market, loans for 60-90 days declined 1/4 of one per cent. to 2 1/2-2 3/4 per cent. and six months' maturities were quoted at 3 1/2 per cent. Call money after a period of temporary firmness at the first of July returned to the 2 per cent. level reached early in June.



Daily Borrowings by Principal New York City Member Banks from the Federal Reserve Bank, and Rates for Commercial Paper and Call Loan Renewals. (Latest figures July 26)

Further details of the changes in the bank situation appear in the following table, which presents a rough balance sheet of the changes between March 5, approximately the low point of the year, and July 16, for some of the major resource and liability items of all reporting banks and those located in New York City alone. The table shows that member bank bills payable and rediscounts at the Reserve Banks have been largely reduced and reserve balances increased for all reporting banks and for New York City banks. These increased reserves, capable under the law of supporting nearly ten times their amount in deposits (aside from usual currency requirements), have found employment, as indicated by the increases shown in the table, chiefly in loans on stocks and bonds and in investments in securities.

Changes from March 5 to July 16, 1924  
(In millions of dollars)

	Reporting member banks in New York City	All reporting member banks
<b>RESOURCES:</b>		
Loans on stocks and bonds	+315	+ 363
All other loans (commercial)	- 55	+ 77
Investments	+271	+ 453
<b>Total loans and investments</b>	<b>+531</b>	<b>+ 739</b>
Balances at Federal Reserve Banks	+135	+ 176
Due from banks <sup>1</sup>	+ 25	+ 232
Cash	- 1	- 6
<b>Total (selected items only)</b>	<b>+690</b>	<b>+1,141</b>
<b>LIABILITIES:</b>		
Net demand deposits	+655	+ 967
Time deposits	+ 85	+ 287
Government deposits	- 17	- 23
<b>Total deposits</b>	<b>+723</b>	<b>+1,251</b>
Bills payable and rediscounts	- 24	- 178
<b>Total (selected items only)<sup>2</sup></b>	<b>+699</b>	<b>+1,073</b>

<sup>1</sup> Reserve Bank cities only.

<sup>2</sup> The difference between this total and total resources may be accounted for by changes in items not reported and the fact that net demand deposits as reported do not include all "due to banks", which have increased 246 millions in New York City and 421 millions in all Reserve Bank cities.

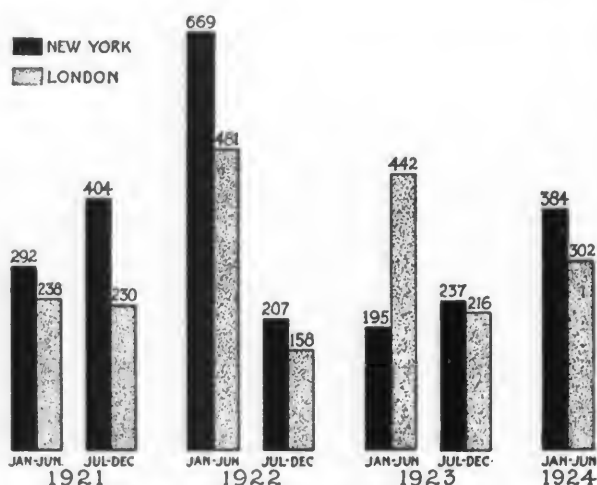
### Security Markets

The continued flow of funds into the security markets for employment was reflected by a further advance in bond prices in July. In active trading, the Liberty 4 1/4 per cent. issues reached higher prices than ever before, and the Wall Street Journal average of 40 high grade corporation issues rose about a point to levels close to the highest for recent years.

In the stock market also, continued easy money was accompanied by enlarged trading and rising prices. Transactions rose to above a million shares daily for the first time since February. Public utility and railroad issues were especially strong and price averages in the latter group reached the highest levels since 1922. Industrial stocks also rose sharply and recovered most of the loss sustained earlier in the year.

The volume of new securities offered was somewhat smaller in July than in June, in keeping with the usual seasonal tendency. Both for the quarter and for the first six months of the year, however, the totals were substantially larger than for the corresponding periods of 1923, due to an increase in issues involving new capital. Refunding issues were smaller than a year ago. A factor in the larger volume of new issues sold here in the past six months has been an increase in offerings of foreign securities. These increased from \$237,000,000 in the final half of last year to \$384,000,000, and were the largest for any six months period since the first part of

1922. The accompanying diagram compares the volume of foreign financing in the New York and London markets by six months periods in recent years. Except for the first part of 1923, the volume sold in New York has been consistently larger in recent years than that sold in London, notwithstanding that rates for long term funds have continued to be somewhat higher in this country than in London.



Par Value of Foreign Capital Issues Offered in New York and London by Six Month Periods in Millions of Dollars. (Pounds Converted at Current Rates of Exchange)

## Government Debt

The preliminary Treasury statement of the public debt at the close of the fiscal year ended June 30, 1924, shows a reduction of \$1,099,000,000 in the year in the total gross debt from \$22,350,000,000 to \$21,251,000,000. This is the largest reduction in any year since 1920, when nearly \$900,000,000 of the decrease was accomplished out of the general fund balance. In addition to the regular purchases for the sinking fund, the use of \$135,000,000 from the general fund balance and the payment by the British Government of \$111,000,000 in United States securities on account of \$161,000,000 interest and principal due on its debt to this Government, there was available for debt reduction at the end of the fiscal year a surplus of Government receipts over expenditures amounting to over \$500,000,000. This surplus was partly the result of a decrease in expenditures below the estimates and partly due to the receipt of funds from the sale of railroad loans held by the Government and receipt of \$50,000,000 in cash from Great Britain, representing the balance due this year on its debt.

The accompanying table shows the changes in the various classes of the war debt at the close of each fiscal year since June 30, 1919. During this period the volume of Liberty bonds outstanding has been reduced by about 2 billions. Approximately \$4,250,000,000 in Victory notes and \$2,817,000,000 in Treasury certificates have

been paid off or refunded into the long term Treasury bonds of 1947-1952, or Treasury notes aggregating \$3,700,000,000 distributed in convenient maturities at the tax periods during the next three years.

(In millions)

	1919	1920	1921	1922	1923	1924
Liberty Loan Bonds...	\$16,304	\$15,335	\$15,235	\$15,082	\$14,887	\$14,378
Victory notes.....	3,468	4,246	3,914	1,991	.....	.....
Treasury 4 1/2% bonds.....	.....	.....	.....	.....	764	764
Cert. of Indebtedness.....	3,625	2,769	2,690	1,829	1,032	808
Treasury notes.....	.....	.....	311	2,246	4,104	3,735
Treasury Savings Cert.....	954	828	694	679	337	413
Total War Debt..	\$24,351	\$23,178	\$22,853	\$21,827	\$21,124	\$20,098

## Foreign Shipments of United States Currency

Receipts of United States currency from abroad by banks in this district continued in June to exceed shipments to foreign countries by an increasing margin. Total net receipts amounting to \$6,288,000 were the largest for any month for which reports have been received. The large excess of receipts continued to reflect chiefly smaller shipments to central and eastern Europe, and increased receipts from England, Holland, Germany, and Switzerland. The following table gives the total figures by months.

	Shipments	Receipts	Net Shipments	Net Receipts
1923				
May.....	\$3,916,000	\$2,341,000	\$1,575,000	.....
June.....	2,473,000	2,568,000	.....	\$ 95,000
July.....	3,051,000	2,824,000	.....	.....
Aug.....	1,884,000	3,161,000	.....	4,477,000
Sept.....	7,842,000	3,723,000	4,119,000	.....
Oct.....	3,095,000	2,109,000	986,000	.....
Nov.*.....	3,195,000	2,621,000	574,000	.....
Dec.....	3,825,000	933,000	2,892,000	.....
1924				
Jan.....	5,694,000	1,374,000	4,320,000	.....
Feb.....	6,989,000	1,463,000	5,526,000	.....
Mar.....	2,095,000	2,074,000	21,000	.....
Apr.....	940,000	2,601,000	.....	1,661,000
May*.....	292,000	5,206,000	.....	4,914,000
June.....	681,000	6,969,000	.....	6,288,000
Total.....	\$45,772,000	\$42,967,000	\$20,240,000	\$17,435,000

\*Revised figures

Since May 1923 banks in this district have also forwarded \$32,000,000 to Cuba by wire transfer through this bank and the Reserve Banks of Boston and Atlanta. Of this amount, \$17,000,000 has been forwarded this year.

## Foreign Exchange

Contrary to the usual seasonal tendency, sterling rose more than 8 cents in July to a new high point for the year at over \$4.41, or about 10 cents above the level of June 1. French and Belgian francs, on the other hand, were somewhat lower than in June.

Dutch, Swiss, and Canadian exchange rates advanced in July, and the Danish rate recovered partly from the sharp break that followed abandonment of the Govern-



ment's stabilization plan. Brazilian quotations declined in consequence of internal political disturbances.

The return to a gold basis by Sweden on April 1 has been followed by a slight advance in the external rates for krona, while the more evenly balanced state of Japanese foreign trade in May and June has caused a further recovery of about 1 cent in the value of the yen. Italian exchange continued comparatively stable; during the past year lire have deviated less than 7 per cent. from the average, compared with fluctuations of 20 to 25 per cent. in the French and Belgian francs.

### Gold Movement

Imports of gold in June totaled \$25,181,000 and were the smallest for any month since June last year. Figures for the Port of New York indicate some further decline in the volume of imports in the first three weeks of July. Of the June imports, \$13,000,000 came from England, \$4,000,000 from Argentina, and over \$2,000,000 each from Canada and the Netherlands. Exports totaled only \$268,000.

For the first six months of this year net imports amounting to \$222,387,000 were the largest for any six months period since 1921. The following table shows the net imports by principal countries by six months periods, for the past year and a half. Approximately half of the large imports of the past six months have been from Great Britain.

(000's omitted)

Country	1923		1924
	First Half	Second Half	First Half
England.....	\$ 41,961	\$105,010	\$110,492
Germany.....	26,889	22,726	4,819
France.....	5,010	11,366	9,749
Sweden.....	3	2	6,192
Netherlands.....	6,009	7,193	34,499
British India.....	13,327*	1,311*	.....
China & Hong Kong.....	1,391	2,029	5,143
Canada.....	30,993	16,676	25,677
Mexico.....	318	2,194	1,162
Argentina.....	65	5,233	8,453
All Other.....	10,975	13,314	16,196
Net Imports.....	\$109,641	\$184,432	\$222,387

\*Net Exports

### Foreign Trade

Exports of merchandise during June declined to \$307,000,000 and were the smallest of any month since July 1923. Imports also showed a falling off, and at \$277,000,000 were the smallest since September 1923.

The excess of exports over imports for the fiscal year ended June 30 was \$754,000,000 as compared with \$176,000,000 in 1922-23, \$2,862,000,000 in 1920-21, and \$471,000,000 in 1913-14. The increase in the export balance in 1923-24 over the preceding year was the combined result of a decline in imports and an increase in exports, largely in consequence of heavy shipments of cotton at high prices, which more than offset a decline in foodstuffs. On the import side, the greatest decreases occurred in the group of crude materials for use in manufacturing, particularly in silk and rubber.

### Production

In June industrial activity declined further and in some of the major industries was the lowest in more than two years. Late in July, however, there was evidence of some recovery in the volume of buying and in production.

Iron and steel production decreased over 20 per cent. to the lowest since the winter of 1921-22, and mills at the close of June were estimated to be operating somewhat under 45 per cent. of maximum capacity, compared with over 90 per cent. three months previous, while early in July there was a further decrease in the rate of output. Buying and production increased slightly later in the month. Unfilled orders of the Steel Corporation at the end of June were the smallest since May 1911.

Mill consumption of cotton declined 15 per cent. to the smallest in 10 years, excepting only the last two months of 1920, and this bank's index at 61 per cent. of normal, as measured by the trend of past years, was close to the lowest ever reached. Woolen mill activity at 76 per cent. of the trend was the lowest since April 1921. Both in cotton and woolen goods, however, the market was more active late in July.

A further decline in automobile production cut the total for June 35 per cent. below June of last year, and automobile truck production also declined heavily. In the week of July 22, however, employment at automobile plants at Detroit increased slightly for the first time since March 18.

Bituminous coal production continued near the low level reached in April, but this bank's index, which allows for seasonal changes, shows further decline. The following table shows this bank's indexes of production expressed as percentages of the computed trend, with allowance for seasonal variations.

(Computed trend of past years=100 Per cent.)

	1923		1924		
	Jan.-June Average		April	May	June
<i>Producers' Goods</i>					
Pig Iron.....	113	92	101	81	66
Steel ingots.....	114	94	95	74	61
Bituminous coal.....	109	90	81	77	73
Copper, U. S. mines.....	93p	102p	99	98	98p
Tin deliveries.....	114	104	143	96	71
Zinc*.....	80	75	73	78	71
Petroleum.....	131	.....	127	128	.....
Gas and fuel oil.....	104	.....	110	105	.....
Cotton consumption.....	104	81	82	70	81
Woolen mill activity*.....	115	89p	87	84	76p
Cement.....	143	151	136	139	138
Lumber.....	124	.....	128	120	.....
Leather, sole.....	100	74	71	66	63
<i>Consumers' Goods</i>					
Cattle slaughtered.....	105	104p	106	118	91p
Calves slaughtered.....	126	131p	130	127	117p
Sheep slaughtered.....	95	93	89	101	93
Hogs slaughtered.....	112	119	126	118	119
Sugar meltings, U. S. ports.....	114	110	117	103	108
Wheat flour.....	109	117	117	122	120
Cigars.....	89	.....	77	85	.....
Cigarettes.....	91	.....	85	92	.....
Tobacco, manufactured.....	101	.....	97	101	.....
Gasoline.....	116	.....	128	122	.....
Tires*.....	154	.....	150	138	.....
Newsprint.....	113	112	114	119	106
Paper, total.....	111	101	107	102	90
Boots and Shoes.....	109	90p	101	91	85p
Anthracite coal.....	105	94	85	88	86
Automobiles, all.....	134	125p	125	108	92p
Automobiles, passenger.....	138	129p	131	113	97p
Automobiles, truck.....	120	109p	102	89	76p

\*=Seasonal variation not allowed for. p—Preliminary

## Indexes of Business Activity

Indexes of trade and business activity generally showed larger declines in June than in previous months. Wholesale trade in this district declined to 76 per cent. of the computed trend, the lowest in any month for which comparative figures are available. Department store and chain store sales were also smaller, but mail order trade increased, accompanying higher farm prices. While railroad shipments of merchandise and miscellaneous freight were smaller than a year ago, they were approximately equal to normal, as measured by the trend of past years. In the first two weeks of July, loadings of grain and livestock were higher than a year ago.

The index of bank debits outside New York City declined in June but was equal to the computed trend of past years, while the index for New York City remained well above the trend. A further decline of 3 per cent. in factory employment in New York State, following the reductions in the preceding two months, carried this bank's index down to the lowest point since May 1922. There was also a substantial decline in postal receipts.

(Computed trend of past years=100 Per cent.)

	1923		1924		1924		
	Jan.-June Average		Apr.	May	June		
<b>Primary Distribution</b>							
Car loadings, merchandise and miscellaneous.....	108	105	110	99	99		
Car loadings, other.....	117	106	102	100	96		
Wholesale trade, Second District.....	106	95	97	86	76		
Exports.....	82	90	90	91	89		
Imports.....	118	108	112	110	105		
Orsin exports.....	112	69	75	65	74		
Panama Canal traffic.....	141	136	129	129	125		
<b>Distribution to Consumer</b>							
Department store sales, Second District*.....	99	94	95	93	91		
Chain store sales*.....	100	96	97	97	93		
Mail order sales.....	97	96	105	99	103		
Life insurance paid for.....	102	103	112	101	105		
Amusement receipts.....	99	.....	113	108	.....		
Magazine advertising.....	97	99	102	102	103		
Newspaper advertising.....	102	96	95	94	93		
<b>General Business Activity</b>							
Bank debits, outside of New York City.....	110	104 <sup>p</sup>	107	105	99 <sup>p</sup>		
Bank debits, New York City.....	108	108 <sup>p</sup>	105	109	109 <sup>p</sup>		
Postal receipts.....	103	100	102	101	94		
Electric power.....	110	.....	109	108	.....		
Employment, N. Y. State factories.....	103	96	97	93	90		
Business failures.....	94	104	108	113	111		

\*=Allowance made for late Easter.  
p=Preliminary.

## Building

There was a further decline in June in the value of building permits issued in 158 selected cities and in the F. W. Dodge Corporation's report of contracts awarded in 36 States. In both cases, however, the monthly totals are higher than a year ago, when there was a temporary lull in building operations.

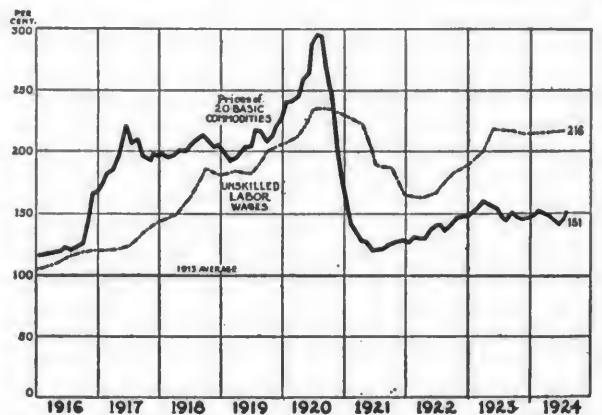
Indications of changing tendencies in the building materials situation appeared in substantial reductions in

June in prices of lumber, structural steel, plate glass, and certain paint materials, which resulted in a decline of 4.2 per cent. in the Department of Labor's building materials index. This was followed in July by further decreases in lumber and brick.

## Wages and Employment

Reports to this bank from representative employers in this district indicate that wage rates in general have held steady during recent months notwithstanding the sharp decline in the volume of factory employment. A wage rate averaging 48 cents an hour for unskilled labor in July was the same as in April and the same as in June 1923. All employers, however, report a considerable surplus of labor, frequently of skilled as well as unskilled, and a marked reduction in the labor turnover. Practically all employers express themselves as anticipating little decrease in the labor surplus in the near future.

The following diagram indicates the course of this bank's index of unskilled labor wages, together with a price index of 20 basic commodities. During the past year, while wages have been stationary, the index of basic commodities declined 8 per cent., until the rise of the past few weeks.



Wages of Unskilled Labor compared with Prices of Basic Commodities (1913 average = 100 Per cent.)

Factory employment declined an additional 3 per cent. in June both in the country as a whole and in New York State, making the net decline since March of this year approximately 10 per cent., and bringing the index of factory employment to the lowest since the summer of 1922. Because of part time employment the reduction in payrolls was even greater. During the past month the decline in employment was more general than heretofore and was apparent, to some extent, even in building materials industries, which heretofore have been maintained at a high level of activity. The few increases were chiefly in seasonal industries such as men's clothing and food products.

In part, the supply of labor released from factories has been absorbed by seasonal outdoor occupations, such

as work on the farms. State employment offices report a slight increase in the first half of July in the ratio of requests for workers to applicants for work. This ratio, however, remained below the average for the entire month of June, and considerably below the average of earlier months of the year.

**Crops**

In its July forecast, the Department of Agriculture placed the condition of the corn crop lower than ever before at this season, and notwithstanding a small increase in acreage planted, the indicated crop was 17 per cent. smaller than last year and 13 per cent. below the five year average. An unusually cold May followed by an excessively wet June were responsible for the poor condition of the corn crop, but were favorable for the wheat, oats, barley, and rye crops, the estimates for which were above the June figures.

After rising 5.6 points in June, the condition of the cotton crop declined 2.7 points to 68.5 by July 16, but the prospective crop at 11,934,000 bales was still 18 per cent. larger than last year's harvest. The following table compares the July forecasts of yields this year with the final estimates for 1923 and with a five year average.

(In millions)

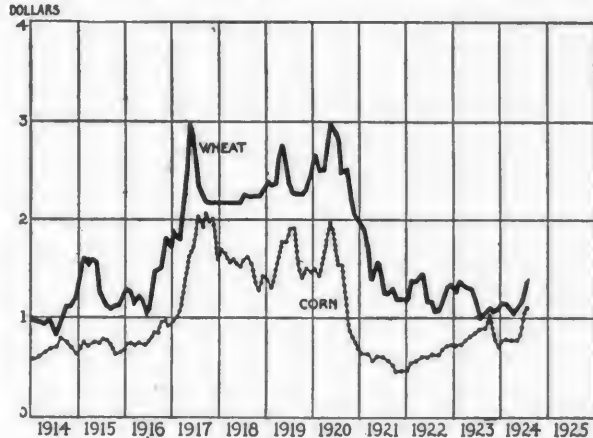
Crop	Unit	1918-1922 Average Harvest	1923 Harvest	1924 July Forecast
Winter wheat.....	Bushel	625	572	543
Spring wheat.....	Bushel	256	213	197
All wheat.....	Bushel	881	785	740
Corn.....	Bushel	2,899	3,046	2,515
Oats.....	Bushel	1,303	1,300	1,356
Potatoes.....	Bushel	490	509	464
Tobacco.....	Pound	1,361	1,491	1,294
Hay.....	Short ton	86	89	90
Cotton.....	Bales	10.9	10.1	11.9
Apples.....	Bushel	167	197	196

**Commodity Prices**

The tendency of commodity prices to drift steadily lower was cut short by the sharpest rise in grain prices in two years. As the accompanying diagram shows, corn reached the highest level since 1920 with a 44 per cent. rise from an average price of 77 cents in May to \$1.11 at the end of the third week of July, a figure more than double the price in the fall of 1921. Wheat prices in July were the highest since May 1922, and showed an advance of nearly 25 per cent. since the first of June and of 44 per cent. from the lowest point of 1923.

Prices of other farm products have moved irregularly. The first effect of higher corn on the market for hogs was a decline in prices, caused by heavy shipments to avoid the higher cost of feeding. In July, however, the effects of higher priced feed were apparent in a 28 per cent. advance in hog prices. Prices paid for cattle have shown little tendency to rise. Wool reached the lowest level since May 1922 in the first week of July, but made a substantial recovery in the following two weeks.

While the general tendency of prices of agricultural commodities has been upward, prices of many other basic materials have continued to sag. Reflecting these diverse movements the index of prices of 20 basic commodities computed by this bank, rose 6.3 per cent. between June 21 and July 26. The Department of Labor index of prices of more than 400 commodities was 1.6 per cent. lower in June than in May.



Average Prices at Chicago of Wheat (No. 2 Red Winter) and Corn (No. 3 Mixed Yellow) (Latest Figures July 26)

**Wholesale Trade**

Wholesale trade continued to decline in June, and this bank's weighted index of sales of 163 dealers in 11 principal lines was 17 per cent. lower than a year ago and at the lowest point in the past five years.

Except for diamonds and drugs, sales in all reporting lines were smaller than in June 1923, but the declines were especially large in cotton goods, women's clothing, and machine tools, for which they ranged from 35 to nearly 50 per cent. Grocery and hardware sales were also considerably smaller than last year, and stationery sales fell below the year previous for the first time since October.

The following table compares sales in June in the different wholesale lines with June sales in previous years.

Commodity	Dollar Value of June Sales (June 1923=100 Per cent.)				
	1920	1921	1922	1923	1924
Diamonds.....	90	54	186	100	110
Drugs.....	98	85	94	100	108
Stationery.....	136	82	77	100	94
Shoes.....	106	114	90	100	92
Jewelry.....	165	86	72	100	92
Groceries.....	161	98	95	100	85
Hardware.....	125	75	84	100	87
Dry goods.....	112	88	75	100	77
(a) Cotton.....	104	77	70	100	65
(b) Silk.....	120	99	80	100	88
Clothing.....	125	92	86	100	71
(a) Men's.....	153	103	93	100	87
(b) Women's dresses.....	117	90	99	100	54
(c) Women's coats and suits..	96	82	63	100	68
Machine Tools.....	157	39	48	100	58
Weighted Average.....	135	89	87	100	83

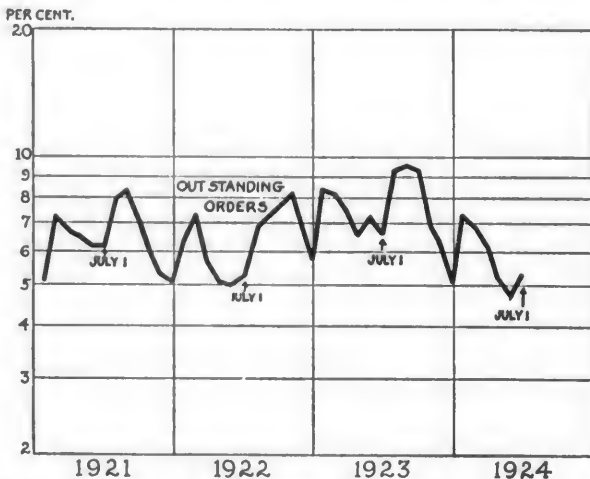
**Department Store Business**

Sales by department stores in this district for June were 2 per cent. smaller than in June a year ago and 9 per cent. below the computed trend of past years, after allowance for seasonal variation. The decline in sales occurred in all reporting cities except Newark and Rochester, and was particularly large in Buffalo and Syracuse, where large reductions have occurred in factory employment.

Except for woolen goods, furniture, and other home furnishings, sales in all the major departments of the stores were smaller than in June 1923.

	Per cent. Change in Sales over June 1923	Per cent. Sales of each Dept. to Sales of all Departments
Woolen goods.....	+22.6	1.3
Furniture.....	+ 5.6	5.4
Home furnishings.....	+ 0.6	13.7
Women's ready-to-wear accessories.....	- 1.6	17.9
Women's & Misses' ready-to-wear.....	- 1.8	10.9
Hosiery.....	- 1.8	3.8
Shoes.....	- 3.3	4.0
Men's and Boys' wear.....	- 4.0	8.7
Cotton goods.....	- 4.8	5.4
Silk goods.....	- 5.4	5.3
Miscellaneous.....	- 2.8	23.6

Stocks of goods held by department stores on July 1 were 2 per cent. larger than a year ago, the same increase as was shown June 1, but considerably smaller than the increases shown earlier in the year. The tendency of the stores to keep stocks at the lowest possible level is reflected in the figures of the outstanding orders of the stores for goods. The diagram at the foot of the page, comparing the percentages of these orders by months to total purchases of the stores the year before, indicates that on June 1 the amount of advance ordering was at the lowest level in recent years, a condition reflected also by the sharp decline in wholesale trade. On July 1 the volume of advance ordering showed an increase.



Monthly Percentages of Outstanding Orders to Total Purchases in Previous Year of Representative Department Stores in the Second District (Latest figure July 1)

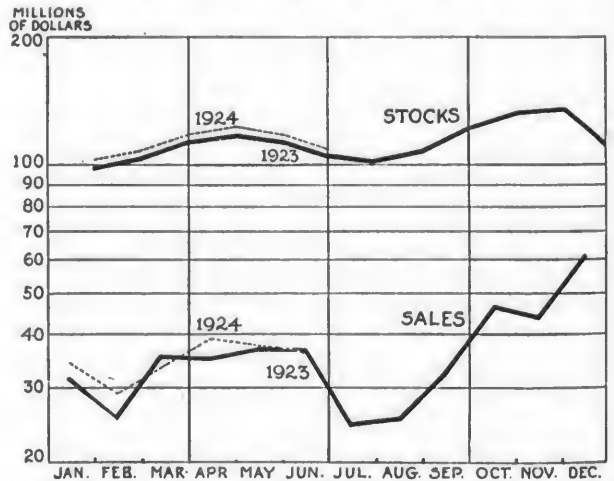
Sales by mail order houses in June were 4 per cent. larger than a year ago, and after allowing for the usual seasonal variation and price changes, were about 3 per cent. above the trend of past years. The following table gives the detailed changes in department store sales in June and stocks on July 1 of this year and previous years.

	Net Sales during June (June 1923=100 Per cent.)					Stock on Hand July 1 (July 1, 1923=100 Per cent.)				
	1920	1921	1922	1923	1924	1920	1921	1922	1923	1924
New York.....	98	90	92	100	99	112	94	95	100	100
Buffalo.....	93	90	89	100	94	115	101	96	100	107
Newark.....	87	83	80	100	102	118	87	87	100	105
Rochester.....	92	94	90	100	103	150	104	102	100	109
Syracuse.....	95	86	85	100	87	144	113	96	100	105
Bridgeport.....	107	92	86	100	91	114	96	97	100	99
Elsewhere, 2d Dist.....	94	91	91	100	92	101	100	99	100	96
Apparel.....	87	86	90	100	95	91	82	90	100	107
All dept. stores.....	95	89	90	100	98	112	94	95	100	102
Mail order houses.....	98	72	79	100	104	...	...	...	...	...

**Chain Store Sales**

Sales by chain stores were 5 per cent. larger in June than in June a year ago, chiefly due, however, to the opening of new stores. All types of stores reported decreases from last year in the volume of sales per store. The detailed changes are shown in the following table.

Type of Store	Number of Stores		Dollar Value in Percentages					Per cent. Change in sales in stores June 1923 to June 1924
	June 1923	June 1924	June 1920	June 1921	June 1922	June 1923	June 1924	
Grocery.....	15,396	18,443	85	67	80	100	108	-10.2
Dry goods.....	438	576	67	73	75	100	107	-18.4
Ten Cent.....	1,817	1,952	72	71	82	100	105	- 2.1
Candy.....	134	149	71	78	78	100	100	-10.1
Shoe.....	305	368	89	88	83	100	99	-18.0
Tobacco.....	2,759	2,772	95	94	91	100	96	- 4.5
Drug.....	309	317	83	89	86	100	92	-10.2
Total.....	21,158	24,577	81	72	81	100	105	- 9.5



Sales and Stocks on Hand of Representative Department Stores in the Second District