Report on Business Conditions

Second Federal Reserve District

Federal Reserve Agent at New York
to the
Federal Reserve Board

New York, October 20, 1919

Summary

THE past thirty days comprises a period of great expansion of bank credit. The loans, discounts and investments of New York Clearing House banks twice exceeded previous high records. At the same time the banks' holdings of United States war securities and loans on Government collateral heavily declined. Thus the slack created by liquidation of war obligations has been more than taken up by commercial and particularly stock exchange loans. Rising rates for money coincided with the increasing loans and discounts of the banks.

The total of September imports for the country rose $100,000,000 above the highest figures reached heretofore and exports declined. The effect of the low foreign exchange market in encouraging imports and in setting up an automatic tariff against our goods abroad is thereby manifested.

A study of the cost of living indicates that food prices have not increased materially, if at all, from a year ago. Rents lagged behind other rising living expenses, and increases from 1914 appear to be split evenly between 1919 and the four preceding years. The concentration of the buying public on high-priced articles to the relative exclusion of cheaper grades has accelerated the rising cost of clothing and other personal articles. Much buying has been of the most extravagant nature.

Labor difficulties are universal, despite the fact that wages in this district are almost identical with the highest amounts received during the war. Strikes have caused much inconvenience and not a little hardship to the people at large.

Money and Banking

The past thirty days have been marked by important movements in money and banking in this district, particularly in the City of New York. In this period loan accounts of New York Clearing House banks reached new high levels. The loans and investments of the Federal Reserve Bank of New York increased to a point not far below the highest ever reached. The call money rates, as yet the accepted indicator of money market conditions, rose on three days to 15 per cent. and frequently to 10 and 12 per cent.

The elements which precipitated the rise in loans and in rates had their roots in the conditions described in our report of a month ago. On September 15 and the days immediately following the Federal Reserve Bank of New York paid $374,000,000 of certificates of indebtedness, and at the same time sold $437,000,000 of new certificates, chiefly of one year maturity. During September also there was an actual decrease of $400,000,000 in the Government debt. The result was momentary ease on the money market, a reduction of $225,000,000 in the borrowings by the member banks of this district at the Federal Reserve Bank, and a recrudescence of great speculative activity at a time when the normal demands for autumn business and crop moving are normally at their apex.

At the Federal Reserve Bank the reduction in member bank borrowings was transient. The mounting credit demands of the season and of speculation in securities, real estate and other forms of property, together with the withdrawal of $166,000,000 of Government deposits created by the sale of certificates of indebtedness, produced directly or indirectly in three weeks a rise of $240,000,000 in the borrowings of member banks at the Federal Reserve Bank, until on October 17 they reached $974,400,000, only $24,000,000 below the total of last July, the maximum for the Federal Reserve Bank of New York.

The increase in loans and investments of New York Clearing House banks from September 19 to October 17 was about $45,000,000, with the peak on October 10 when the total stood at $5,433,000,000, the highest ever reached, and more than $110,000,000 above the figure for three weeks previously. This expansion occurred in spite of a material liquidation of war obligations held by the banks. During the same period the banks in this district which report their condition to us each Friday reduced their Government bond holdings by $9,000,000, their certificates of indebtedness by $109,000,000, and their loans secured by United States bonds by $37,000,000; while their loans secured by stocks and other bonds increased $112,000,000.

Nor is this movement confined to New York City and the Second Federal Reserve District. The liquidation of Government securities and paper which is taking place in the banks of every section of the country has released much credit, but this credit has not been used to reduce borrowings at the Federal Reserve Banks; it has been promptly absorbed by the demands of production and distribution or by the speculation in securities, commodities and real estate, which is proceeding actively in nearly every part of the country. The demands for credit which have lately been imposed upon the Federal Reserve System have reduced its reserves to less than 49 per cent., the lowest in its history, despite the recent introduction into these reserves of about $107,000,000 of gold received from Germany in payment for foodstuffs, a wholly exceptional transaction.

One of the most important developments of the past few months has been the general tendency on the part of the banks to distribute, rather than to hold, their certificates of indebtedness. On September 30, the last date for which figures are available, the total amount of certificates outstanding in the country was $3,755,000,000, and it is estimated from the figures of the 776 banks which report weekly that the aggregate

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amount of certificates held by all banks in the United States was well under $2,000,000,000.

The steady liquidation of Government paper in the banks and the demand for Government bonds in the market at rising prices indicate the gradual absorption by savings of those bonds for which the savings of the country during the war were insufficient. Among the large borrowings made for the purpose of participating in Liberty Loans were those of the large insurance companies, and they are now nearly or completely liquidated. This evidence of saving is confirmed in the reports of sixty-four insurance companies showing that for the first six months of this year $845,000,000 more new insurance was written than in the corresponding period a year ago. The New York State savings banks show an increase of $137,000,000 in deposits for the first six months of this year, against $5,164,000 for the same months of 1918. On the other hand extravagance in personal expenditures is everywhere reported, and there is still an obvious disposition on the part of holders of small denomination Liberty Bonds to sell. In certain issues the total of $50 bonds which have been presented at the Federal Reserve Bank for exchange into higher denominations—suggesting that the purchasers have sold them to buyers able to hold $1000 bonds—exceeds the number originally issued in this district. But as New York is the primary market for the sale of Government bonds, large amounts of small denomination bonds are constantly being sent here from other districts for sale. However, the great volume of such exchanges is indicative of the extent of the continued selling by small holders.

The movement of call money gives an accurate reflection of the movements described above. Immediately after September 15, when this bank disbursed funds in payment of certificates of indebtedness, the call money rate for a few days fell to 4 per cent., but the ease soon passed. At the end of September the rate touched 15 per cent. and remained high with only transient declines to the middle of October, when it again touched 15 per cent. on two successive days. At the end of the period, with an increase in available funds and a decline in the loan totals of the banks, it fell sharply and reached a low figure of 4 per cent.

Rates for time money tended upward as early as the first week in October, reaching 6 per cent. for the shorter maturities as against 5¾ in the latter part of September. The rate for longer maturities reached 7 per cent. on October 15 and 8 per cent. a day later.

Throughout the period commercial paper rates have ruled at 5¼ per cent., with the best names selling at 5 per cent. Few New York banks have been in the market, but an active demand has come from their out-of-town correspondents. Offerings have been limited, but latterly rates have inclined upward, in sympathy with higher call money. Dealers in acceptances report poor sales for the same reason and that their holdings have increased extensively. Rates on acceptances are unchanged.

Bank clearings for September increased only ½ per cent. from August. During October clearings have been heavy and increasing, a result of the increase in commercial transactions and the active stock market. The following gives the totals of each week of the period:

WEEK ENDED	NEW YORK CITY	OTHER (6 cities)
September 24	$4,993,078,000	$228,323,000
October 1	5,365,713,000	134,169,000
October 8	5,414,266,000	126,737,000
October 15	4,680,034,000	128,763,000

The total New York City clearing house transactions for the year ended September 30, 1919, amounted to $236,000,000,000, as compared with $192,000,000,000 for the corresponding period of the previous year.

Stock Market

The position of equilibrium into which the stock market had worked itself by the middle of September has in a broad sense been maintained ever since, and this is especially true of railroad shares. The prices of these within the past month have not moved enough to pass either above the peaks of recent rallies, or below the bases of recent breaks. Even the industrial issues have continued to move within a price area too confined to denote any new or powerful tendency. Yet they have passed slightly above the previous high tide of the 1919 upward movement, even though they held the new advance only for a couple of days.

Realizing sales depressed the market somewhat during the third week of September, and a negligible amount of liquidation was reported. Yet railroad shares, which were the weakest group, did not go any lower than a month earlier; and in the case of the industrials as an average, the lowest prices reached in the latter half of September were not much below the highest prices attained in August. During the reaction of the third week of the month, the volume of transactions on the New York Exchange shrank to about 920,000 shares daily, whereas in the upward movement that occupied the fourth week of September and the first ten days of October, the trading averaged about 1,450,000 shares daily. Otherwise expressed, the trading and investing public seemed willing to stand aside and wait while the market was sagging, but participated in the movement as soon as the advance was resumed.

On the whole the market seems to have moved according to the rules of speculation rather than of investment. Purchasers appear to have been guided by matters of expectation rather than by performances in the way of earnings and dividends. The steel strike was rather the reverse of a depressing influence, because current market opinion exaggerated the appearances of victory won by the steel companies at the outset. Moreover, high rates for call money, precipitated to a considerable degree by the activity of the market, did not act as a deterrent to the traders, but were regarded merely as an incidental and minor offset to expected profits. Throughout most of the period urgent liquidation has been notable for its absence.

Bond Market and New Financing

Bond prices have shown a tendency to rise, indicating that the market has already adapted itself in considerable degree to new requirements for a higher gross return on investments, which taxation and the value of money have dictated. The returning strength of high grade railroad bonds is especially marked, a firmness that is shared though not to the same extent throughout the list, with the exception of street railway bonds. That the obligations of the railroads have risen as a group beyond other corporation issues is no doubt the reflection of confidence that in coming railroad legislation property rights will be protected. Within the past month underlying first mortgage railroad bonds have recovered about 2¼ points, while general mortgage, debenture and convertible bonds have risen about 1⅝. Industrial bonds have risen about ⅜.

The month's transactions in Liberty bonds have been heavy, proof that the public interest in United States Government issues is being maintained. Liberty and Victory bonds led the rise in the general investment market, and are still leading it. There is every reason in the volume of the issues, their unparalleled security and the familiarity with them of large and small investors why they should do so. Further, their net yield to many investors is greater than the net yield, after taxes, of corporation bonds showing the same gross yield. Irrespective of taxation, the effect of which varies greatly between individual holders, the yields of these issues, except the 3½ per cent. bonds of the First Liberty Loan and the Victory 3¾'s, range from 4.29 for the First 4 per cent. converted bonds to 4.87 for the Victory 4¾'s, the yields being figured on the maximum life of the bonds.

New investment securities continue to be offered in large volume. The offerings of September are reported to have been about $380,000,000, as compared with the previous high record this year of $371,000,000, and with a general average of about $240,000,000 per month. The circulars received thus far during October reflect little or no falling off in the output of new securities. Aside from a larger proportion of high grade government and municipal issues, the general average character of these new securities is about the same as in the recent past. State and local government bonds have been issued in greater variety than in recent times.

Foreign Trade and Foreign Exchange

The outstanding event in the September foreign trade record for the country was the leap in the total for imports, which according to the summary figures from the Department of Commerce, were up $100,000,000 from the previous high record attained in July. Exports on the other hand declined from $646,000,000 in August to $593,000,000 in September. Thus the favorable balance of trade for the month is reduced to $158,000,000, and aggregates $3,170,000,000 for the year.

At this writing only totals are available and it is impossible to define the imports which account for the increased total. The fundamental explanation is doubtless in the condition of the foreign exchange market, which encourages imports and sets up an automatic tariff against our goods abroad.

There was a sharp advance in practically all the foreign exchanges during the last week in September, partly due to speculation, but during October there has been an almost constant decline. Sterling, after rising to 4.26 gradually dropped to 4.14¾ on the 18th, which was within about three cents of the low record reached in August. Francs rose rather sharply to 7.86 on September 29 and then gradually declined to 8.77 on October 15. Lire took the same course and declined from 9.52 to 10.16.

WEEK ENDED	SEPTEMBER 27		OCTOBER 4		OCTOBER 11		OCTOBER 18	
	High	Low	High	Low	High	Low	High	Low
England	4.26	4.14¾	4.24¼	4.18¼	4.23¾	4.18	4.18	4.14¾
France	8.05	8.97	7.86	8.57	8.39	8.51	8.65	8.77
Italy	9.57	9.96	9.52	9.84	9.79	9.95	10.12	10.16
Spain	19.25	18.90	19.25	19.10	19.12	19.07	19.10	19.07
China	132.50	129.50	132.50	132.50	136.50	136.50	136.50	136.50
Japan	50.50	50.50	50.50	50.50	50.50	50.50	50.62	50.50

Cost of Living

Further investigation of the changes in the cost of living in this district, particularly as they relate to retail food prices in the City of New York and to rents in this and other cities, adds weight to the rule mentioned in our last report that widespread strikes are in the nature of a fight for a larger share of the returns of industry, rather than of a struggle against the high cost of living. Strikes here have reached great proportions whereas the cost of living at least in so far as it relates to the item of food, appears upon the present evidence to be little or no more oppressive than it was a year ago.

Figures secured at first hand from representative retail dealers, operating in all somewhat more than five hundred stores of all classes in many parts of New York City, indicate that the rise of food prices since 1914 has been about as follows:

Item	1914 to 1918	Oct. 1918 to Oct. 1919
Flour	61.9%	9.2%
Potatoes	96.8	9.9
Sugar	56.4	1.2
White Beans	84.4	20.3D
Apples	57.7	43.9
Pork	68.4	7.7D
Beef	69.8	7.5D
Lamb	100.7	18.3
All meat	74.5	3.3D
Vegetables	74.3	3.8

Cost of Living

The decreases, marked "D," have helped materially to offset the increases, if indeed they have not offset them altogether. Though the prices were derived from trustworthy sources, it is to be understood that every dealer approached did not have figures for all products; yet enough were secured to give what is deemed to be a fairly accurate picture of comparative food costs. In the table given below the percentages have been applied to the typical expenditures of a group of families whose total expenses in 1914 averaged $1260, and whose food costs amounted to a little less than half that sum. Taking that year's record of expenditures as a base, and after weighting the percentages to represent a group of foodstuffs, the following results were obtained:

Expense Item	1914	Oct. 1918	Oct. 1919
Meats, etc.	$236.40	$412.50	$398.90
Dairy products	143.30	250.05	250.05
Sugar and miscellaneous	67.30	105.25	106.50
Breadstuffs	62.65	101.45	110.80
Vegetables	26.40	46.00	47.75
Totals	$536.05	$915.25	$914.00

Thus it would appear that retail costs of foodstuffs in New York City, taking the typical family expenditures for this purpose as a whole, increased between 1914 and 1918 about 70.7 per cent., and that they are now about the same as they were a year ago.

Other important elements in the cost of living, such as clothing and rents, are not equally susceptible of tabulation, primarily because of great individual variation. Particularly as to clothing there is difficulty in making exact comparisons over a period of time item for item. Observations of retail clothing purchasing indicates that there has been a great change in the nature and quality of articles in demand; high-priced clothing is sought to the relative exclusion of the cheaper grades. Thus clothing items in budgets of families which were formerly in the category of the one used above are inordinately inflated.

A study of rent increases in New York City, supplemented by reports from Buffalo and Rochester, does not give adequate statistical information on which to base closely-drawn conclusions. It would appear, however, that rents lagged somewhat behind other rising costs and that the increase in the past year has been very nearly equal to that of the previous four-year period. Thus, an estimate for moderate-priced dwellings in the Borough of Brooklyn indicates 25 per cent. increase, divided evenly between the 1914-1918 period and the year of 1919. In the Borough of Manhattan increases in household rents have varied greatly; for private houses of an old type and in less-favored neighborhoods rents have increased no more than five per cent., whereas apartments of the best sort are in such demand that a 40 or 50 per cent. increase in the entire period is not unusual. The average residential rent increase for the city is estimated at between 20 and 30 per cent. for the period, from one-half to three-quarters of which took place in the last year. The Mayor's Committee which has been hearing complaints of alleged profiteering in rents and has treated some 24,000 cases, tells us that it estimates that not over 5 per cent. of the landlords who have appeared before it are actual profiteers. Commercial rents in New York City, including rents of offices, are usually for long terms, and while instances appear of increases up to 100 per cent., on the whole the increases have been much less.

In Rochester the average increase is reported to be about 26 per cent., with rents for property in the favored business district up 33 per cent.; for dwellings under $30 a month up 20 per cent., and for higher types of residences up 25 per cent. Buffalo reports an extraordinary shortage of dwellings, with tenants renting at sight without the mediation of real estate agents. In consequence individual cases vary greatly, but it appears that the increases run from 14 to 36 per cent., with commercial rent increases materially less.

Wholesale Prices

Perhaps the most important single price change of the past month is the further decline in corn. No. 3 yellow is now selling around $1.53 in New York, as compared with $1.69 a month ago, and with averages of $2.11 and $2.10 for July and August respectively. This decline in due course should have a great influence upon the cost of meat, dairy and poultry products.

Bradstreet's and Dun's Trade Reviews are not being published for the moment owing to the printers' strike; but during the larger part of the past month commodity prices, except foodstuffs, showed firmness or strength. The first half of September showed more declines than advances in commodity prices, but in the latter half the two were about evenly divided.

Just now hide prices are dull owing partly to the strikes, and not much recovery has been made from the decline which occurred a few weeks ago. Cotton goods are stronger in sympathy with raw cotton, but woolen prices are quiet. Dairy products are strong; and petroleum and its products are strong without showing much change in price.

Retail Trade

There has been a great shift from former years in the character of goods required to satisfy retail buyers. The shift has been toward the most expensive articles. High-priced goods are wanted and low-priced goods are shunned. Moreover, the great proportion of this sort of buying has not been for long-run economy, but to satisfy a desire to spend. Expensive women's apparel sells rapidly, whereas relatively low-priced articles which formerly comprised the bulk of this trade are hard to dispose of. Similar conditions prevail in other branches of retail trade. As for the strictly luxury trades, it should be noted that in the month of September $6,140,500 in gold was withdrawn from this bank for use in the arts.

The main source of this new buying comes from those whose incomes have prohibited it heretofore. With changed conditions, they are taking advantage of their new-found purchasing power and buying whatever fancy dictates. The effect is to accelerate the rise of high-priced goods, and indirectly to aggravate the popular impression of the cost of living, which is difficult enough as it is. But far more serious than either is the fact that money which should be saved against the future needs of the individual and for the reduction of the war losses of the country is going to waste. It should be added that the higher prices as a rule fairly reflect the costs to the retailer. The merchants themselves are prone to decry thoughtless extravagance, and the distortion which has arisen in the character of sales.

Reports from New York department stores for the month of September indicate a volume of trade (expressed in dollars) from 32 to 64 per cent. above the sales of a year ago. On the other hand the dollar value of stocks on the shelves has not risen in some cases at all, and never by more than 25 per cent. These comparative percentages point to fewer goods in the stores, and in turn to slow deliveries or inadequate production.

Collections and Failures

Retailers and wholesalers uniformly report that collections are quickly and easily made. Most of the large and many of the smaller retailers anticipated payments due on October 10, the usual date for settlement, for textile purchases and certain other merchandise.

Failures in this district increased somewhat from the July and August figures, both in point of number and in amount of liabilities. The September figures, however, are smaller than at any time since September 1909, except for the two previous months of this year. Following are the figures:

September 1919	92	$2,335,120
August 1919	68	1,615,398
September 1918	126	5,188,489

Crops

The October crop report for this district gives estimates for the principal crops slightly higher than the previous report. It estimates a production of 41,802,000 bushels of corn, compared with 36,603,500 in 1918, although the acreage is smaller. In New York State the production of potatoes will be somewhat less than last year, due to smaller acreage. The estimate for 1919 is 33,469,000 bushels, compared with 34,960,000 for 1918. The yield for oats shows a heavy decrease, 29,679,000 bushels this year against 54,811,200 bushels last year. Spring wheat and barley show a considerable decrease from last year and beans a slight decrease. Large gains are shown over last year in the indicated peach and pear crops. In New York State the apple crop will be larger than was estimated a month ago, and the pear crop is proving to be a surprise, running considerably ahead of all the earlier estimates of this year. The state's crop of grapes now promises to be 87,000 tons, as compared with 34,000 tons last year.

According to the returns to date the grand total crop output of the United States for the year should be worth at farm prices about $14,700,000,000. The values for this and previous years compare as follows:

1919 - - - - - - -	$14,700,000,000
1918 - - - - - - -	13,479,000,000
1917 - - - - - - -	14,222,000,000
1914 - - - - - - -	6,112,000,000

Building Operations

The advance reports of the F. W. Dodge Company show that building contracts awarded for the month of September in New York and Northern New Jersey—an area practically identical with this Federal Reserve District—were far above normal. The following are the comparative values:

September 1919	$67,300,000
September 1918	12,344,000
September 1917	35,027,000
September 1916	35,718,000
September 1915	18,771,000

Thus, even after allowing for the 70 to 80 per cent. increase in building costs during the war period, it is evident that building operations in this district are well up to normal. For the year to date the awards total $400,000,000, as compared with a high record before the war of $214,000,000. For the week ended October 3 the awards were $21,000,000, and for the week ended October 10, $11,500,000.

Much is being done in New York State and Northern New Jersey to overcome the shortage of dwellings. For the first week of September the contracts awarded for the construction of residential buildings amounted to 1,036,900 square feet of new floor space. The figures for the second, third and fourth weeks were 959,100 and 1,576,200 and 3,173,400 square feet respectively. Just now building operations are curtailed by the strike of 15,000 to 25,000 workers in the building trade; but aside from this the progress being made is satisfactory.

Iron and Steel

The cost of the steel strike is indeterminate at this time. Its effect on production has been variously estimated by the operators and the strike leaders. Information in New York, coming from the operators' side, indicates that the strike as a whole has cut down production 25 to 30 per cent. of previous maximum output. The effect of this reduction on steel prices is less than it would be if other industries were not interfered with by strikes of their own. During the first week of the strike there were advances in pig iron in Ohio, Pennsylvania and Alabama. A further advance took place in Pennsylvania in the third week of the strike. Among finished iron and steel products tank plates show almost the only important advance, and yet this fact is without much significance because of the unwillingness of the steel mills to book new orders on any large scale. A suggestion that perhaps steel prices may not be much raised by the growing shortages is to be found in the declines at Chicago the second week in October in the prices of steel scrap and wrought iron; for in iron and steel, old materials are usually the first to show new price tendencies.

Cotton Market

During the early part of September cotton prices in New York declined, presumably owing to reports of weather improvement, and to the expectation that interior receipts would be up to normal. However, the cotton planter with his accumulated wealth of the past two years is in no hurry to market his crop, and receipts have been exceptionally small. The decline carried middling uplands at New York down to 28.95 cents on September 6; but from that level spot prices rapidly went up to 32.85 on the 26th. Still further advances occurred this month moving the price up close to 35 cents.

The government crop report of September 25 reduced the indicated yield from 11,230,000 bales to 10,696,000 bales. Domestic consumption was not quite as large in August as in July; but still it exceeded the consumption of every previous month back as far as August 1918. The August exports were smaller than those of June and July; but the exports of the week ended October 10 showed about 15 per cent. increase over the previous year; and there is no evidence that the world's consumption of American cotton is diminishing.

The world's visible supply of American cotton on October 10 was 2,907,189 bales, against 2,466,117 a year ago, and 3,251,431 three years ago. The world's supply of all cotton including American was 4,089,189 bales, against 3,531,117 a year ago, and 3,996,431 three years ago. Crop and consumption figures together indicate that the world's 1919-20 consumption, if continued at the present rate, may exceed its 1919 production.

Clothing, Dry Goods and Textiles

September sales of clothing far exceeded those of the same month last year. Nevertheless, few new orders are being placed with manufacturers, because deliveries on early orders are adequate for the current needs of the retailers. The chief demand is for expensive garments. Manufacturers report labor difficulties and uncertain wage scales.

The knit goods trade is waiting on the producer. Stocks in jobbers' hands are low and the mills are badly handicapped because of a shortage of operatives. Sweater mills can take no more orders, and underwear mills also are disinclined to take new business for quick delivery. There is no general contracting for spring deliveries, because of price uncertainty, except in the case of silk hosiery, in which orders are reported as far ahead as June 1920. In knit goods also the higher-priced articles are wanted.

From the cotton mills it is reported that the output is contracted for up to the end of the year, and that orders are being booked for 1920. Wholesalers report that their September sales were far in excess of last year's for the same month. Production is not up to the demand, partly because of shorter working hours. Standard print cloths, from the low point of 14½ cents on September 13 rose within two weeks to 17 cents, and since then they have held fairly steady. This figure is a rise of 1½ cents over the Government maximum of war days.

Shoe sales reckoned both in dollars and in units are larger than ever before. No hope of reduced prices is held out for the near future and dealers are buying rather liberally for the spring of 1920. Stocks on hand are higher in money value than usual but are about normal in the number of pairs.

Labor

Wages in this district have been rising considerably, but labor conditions are distinctly upset. For the month of September, according to the New York State Industrial Commission, the wages of about 560,000 factory laborers in this state averaged $24.83 per week, as compared with $22.11 in April, and with $12.54 the month before the war in Europe began. The highest record of 1918 was $23.18. Thus the decline caused by the stoppage of the war industries has been much more than made up.

This district has been subjected to an epidemic of great strikes, some of which are interfering to a serious extent with the daily life of the people. According to figures from labor sources the number of men out on strike or because of strikes in the City of New York reached the immense total of 220,000 on October 13. Because of some settlements, this figure was reduced a few days later to 190,000, but rose again subsequently. Thus far labor disturbances have not required military interference in this district except in the longshoremen's strike in the port of New York, and in that instance soldiers have been called only for the protection of Government interests. The printers' strike, like that of the longshoremen, was called without the approval of the higher union officers. It has delayed the publication of many magazines of wide circulation. Aside from the hardships forced on the people by labor disturbances at this time through interference with the normal conduct of business and the prompt distribution of goods, not the least of the incidental and indirect effects is the very probable impetus given to the already growing volume of bank loans.

This report is issued monthly and is intended for the information of member banks and for those who have contributed toward its preparation. Copies may be obtained by addressing

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