

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

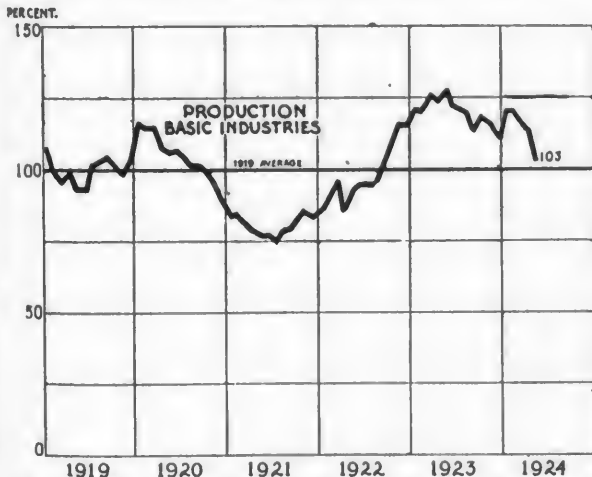
July 1, 1924

#### Business Conditions in the United States

**P**RODUCTION of basic commodities and factory employment showed unusually large declines in May and were considerably below the level of a year ago. Purchases at wholesale and retail also declined during the month and were somewhat below last year's volume. Commercial loans at member banks decreased and there was a further decline in money rates.

#### PRODUCTION

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, declined about 10 per cent. in May to a point about 18 per cent. below the peak reached a year ago. Particularly marked decreases were shown for production of iron and steel and mill consumption of cotton. Output of anthracite, cement, and tobacco products, on the other hand, was slightly larger than in April. Factory employment declined 4 per cent. in May, the number of employees being reduced in almost all reporting industries. The largest reduction of working forces occurred in the textile, metal, automobile, and leather industries. The value of building contracts awarded in May was 13 per cent. less than the month before and for the first time since the beginning of the year fell below the corresponding month in 1923.



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

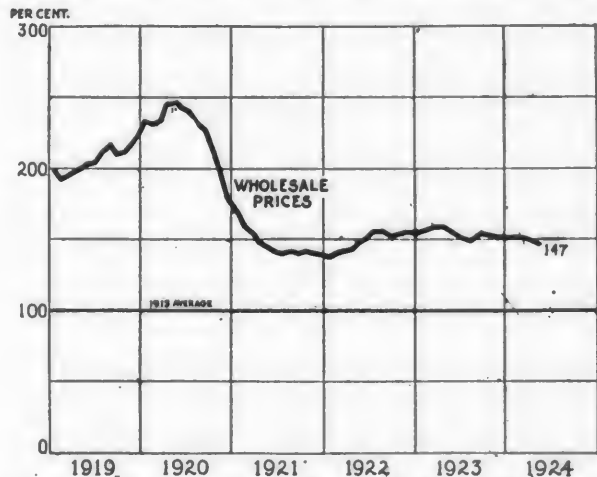
The Department of Agriculture forecasts as of June 1 indicated smaller yields of wheat, oats, and barley as compared with the harvests of 1923. The condition of the cotton crop on May 25 was 5 per cent. lower than a year ago and 7 per cent. below the average condition for the past ten years.

#### TRADE

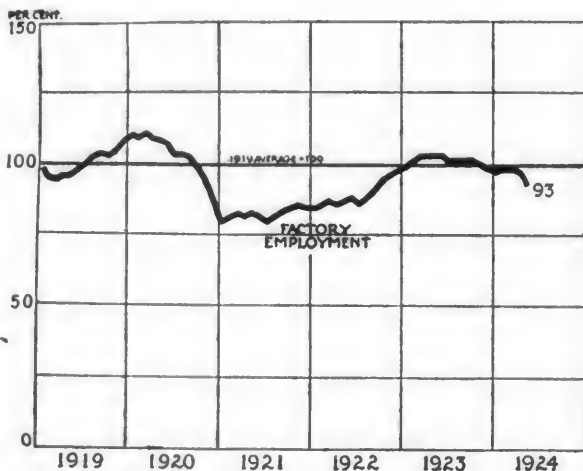
Railroad shipments showed a slight increase in May, but were 8 per cent. smaller than a year ago. Car loadings of all classes of freight, with the exception of grain and livestock, were smaller than in May 1923. Wholesale trade decreased slightly in May and was 6 per cent. less than in May 1923. Sales of dry goods, shoes, and hardware were much smaller than a year ago, while drug sales were slightly larger. Retail trade at department stores and mail order houses declined during May more than is usual at that season and was smaller than last year. Department store stocks were 4 per cent. smaller in May than in April and 3 per cent. larger than a year earlier.

#### PRICES

Wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined 1 per cent. during May to a level about 8 per cent. below the high point reached in the spring of 1923. Prices of all commodity groups, with the exception of food, declined in May.



Index of U. S. Bureau of Labor Statistics. (1913 = 100 Per cent. Base adopted by Bureau—Latest figure May)



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

During the first half of June quotations on wheat, corn, rye, and silk increased, while prices of hogs, beef, cotton, and lumber declined.

#### BANK CREDIT

Decreased demand for credit for current business requirements between the middle of May and the middle of June was reflected in a smaller volume of borrowings for commercial purposes at member banks in leading cities. Further purchases of corporate securities by these banks and larger loans on stocks and bonds, however, resulted in an increase for the month in their total loans and investments. There was an unusually large increase in net demand deposits of these banks, which carried the total of these deposits to the highest figure on record.

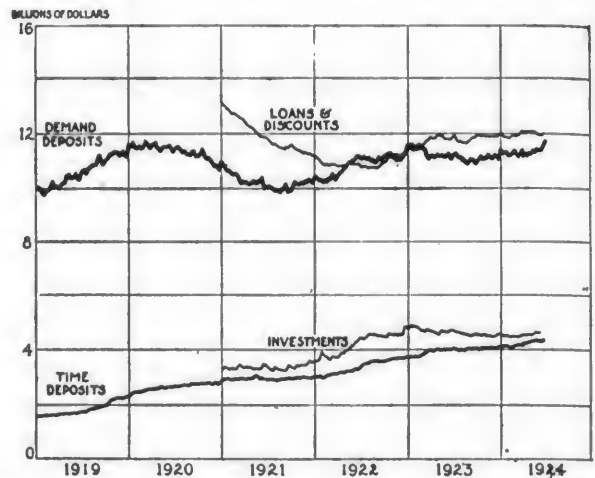
At the Federal Reserve Banks between May 21 and June 18 there was a further decline in discounts for member banks and acceptances purchased in the open market. Government security holdings, on the other hand, increased and total earning assets were somewhat larger than a month ago.

The prevailing ease in the money market was reflected in a further decline from  $4\frac{1}{4}$  to  $3\frac{1}{2}$ - $3\frac{3}{4}$  per cent. in rates on prime commercial paper in New York. The June 15 issue of six month Treasury certificates bore a rate of  $2\frac{3}{4}$  per cent., compared with 4 per cent. on a similar offering last December.

Discount rates at the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco were reduced from  $4\frac{1}{2}$  to 4 per cent. during June, and the rates in Boston, New York, and Philadelphia were reduced to  $3\frac{1}{2}$  per cent.

#### Banking Conditions in the Second District

Banking transactions on June 16 included the redemption by the Treasury of two maturing issues of certificates and notes, together with the payment of interest on the public debt, and the collection of the



Member Bank Credit—Weekly Figures for 750 Member Banks in 101 Leading Cities—Latest figure June 11

second quarterly installment of income taxes. In addition to these usual transactions, the British Government paid into the Federal Reserve Bank for the account of the Treasury \$69,000,000, representing interest on its debt to this Government.

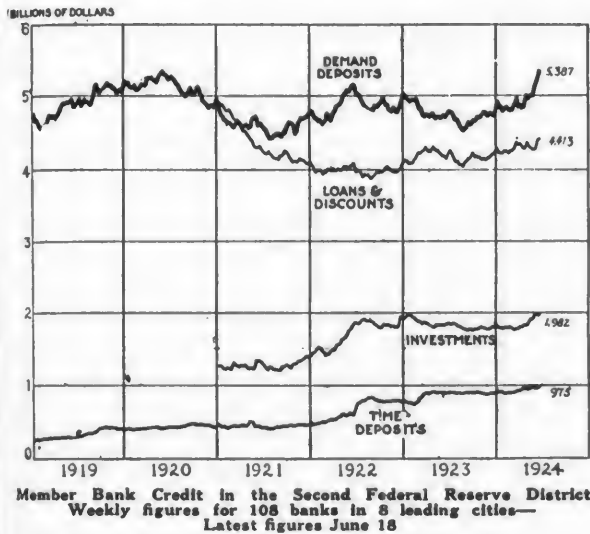
These large transactions took place with a minimum of disturbance to the money market. Although tax collections were considerably reduced by the new tax law, the excess of Government disbursements over collections here was smaller than usual at tax dates, partly because of the British payment. In consequence, the customary loan by the Reserve Bank to the Treasury was small and was retired within three days.

The loans of the Federal Reserve Bank of New York directly to member banks were practically unchanged during the period occupied by these transactions, at a level approximately \$20,000,000 lower than a month previous. Bills bought in the open market, however, increased somewhat and there was a rise also in holdings of Government securities so that the total earning assets of this bank on June 18 were somewhat higher than at any time since April.

During the five weeks' period ended June 18, the total loans and investments of reporting member banks in this district advanced to a new high point since 1920. Loans made largely for commercial purposes were smaller, but loans on stocks and bonds increased, and total investments during the first three weeks in June were the highest in recent years. There was also an increase of \$377,000,000 in net demand deposits to a new high point, apparently reflecting in part the increase in loans and investments, the usual increase of deposits at the tax dates, and gold imports.

The diagram on the next page shows the changes in member bank credit in this district. While the general tendencies of credit are similar to those in the country as a whole shown above, the fluctuations tend to be wider in the New York district. During the past year the increase in net demand deposits has been particularly

marked in this district. It is also notable that the proportion of demand deposits to time deposits is greater in the New York district than for all districts, due to the influence of the figures for the New York City banks where large balances are maintained for active commercial and financial use.



**Money Rates**

The easing in money conditions which developed in May became much more pronounced in June, and rates generally declined to the lowest levels since 1917. Factors which contributed to the decline included a further reduction in industrial and commercial demands for credit, and a continuation of gold imports averaging over \$1,000,000 a day.

An active demand from New York City and interior banks for commercial paper coupled with a limited supply, caused a reduction in open market rates from 4 1/4 per cent. to 3 1/2-3 3/4 per cent., and in some cases to 3 1/4 per cent. A further decline in May of \$24,000,000 to \$859,000,000 in the volume of paper outstanding through 26 reporting dealers accompanied the contraction in commercial borrowings at banks.

In the bill market, rates declined 1 per cent. to 2 per cent. on maturities up to 90 days. At these levels rates were lower than at any time since 1916. Dealers' portfolios of bills in the latter part of June were close to the low point for the year.

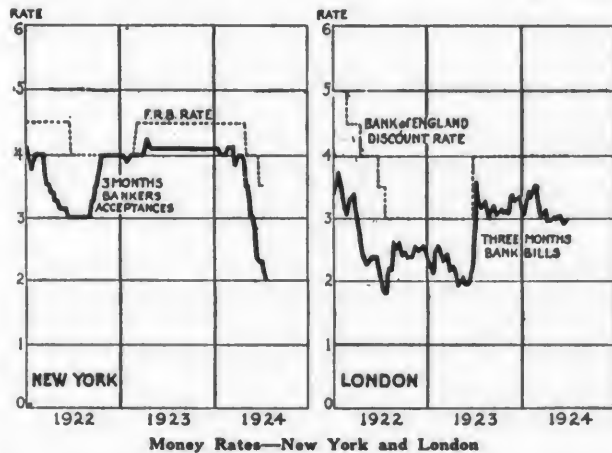
The June offering of approximately 150 millions six months' Treasury certificates, bearing 2 3/4 per cent. interest, compared with 4 per cent. on the six months' issue sold in December, was heavily oversubscribed. Yields on outstanding short term issues declined from 3/4 to 1 per cent. in the month ended June 26.

Time money rates on stock exchange collateral declined 1 per cent. to 2 3/4-3 per cent., and call loan renewals, which averaged about 3 per cent. during the

latter part of May, declined to a level of 2 per cent. in June.

Ordinarily money rates in this market are higher than those in London, but as the result of the marked easing that has taken place here in the past few months, this situation has been reversed for the first time in recent years. The accompanying diagram compares the rates on three months bank bills in London and the Bank of England discount rate with the rates for 90-day bankers acceptances and the Federal Reserve Bank rate in New York. Such a shift in rates as has recently taken place tends to make New York a more favorable market for international borrowing.

In the diagram, the rate quoted for bills in London is that at which dealers buy bills, while the rate for bills in New York is the rate at which dealers offer bills. This is usually 1/8 of one per cent. below the buying rate.



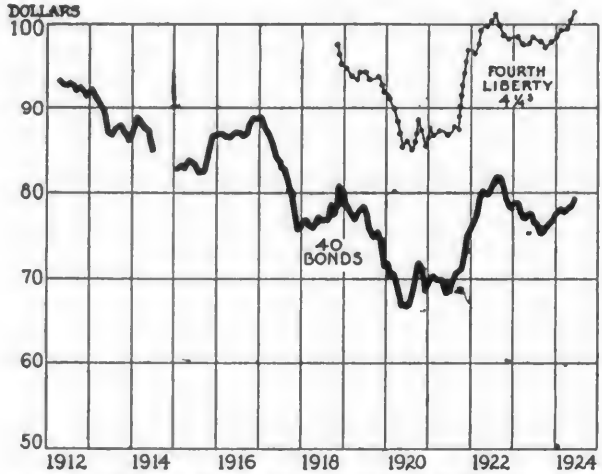
**Security Markets**

Active trading in the bond market and a sharp advance in prices accompanied further easing of money conditions in June. All active United States Government issues except the 3 1/2s reached prices higher than ever before at 1 1/2 to 5 1/2 points above par. Representative averages of the general bond list were carried to levels about 3 1/2 points higher than at the beginning of the year, and there were advances in foreign issues, which heretofore this year had been little changed.

The diagram on the next page shows by months over a period of years the movement of the Annalist average of 40 bonds and Liberty fourth 4 1/4s, the longest term issue of the Liberty group.

New securities offered, other than United States Government issues, totaled approximately \$450,000,000 in the four weeks ended June 21, the largest volume since February. The largest of these issues were offerings of \$67,000,000 New York City bonds and corporate stock, and \$35,000,000 in farm loan bonds. There were also several large railroad and public utility issues, principally for refunding purposes. The volume of foreign issues was relatively small.

Trading in the stock market was likewise more active and prices showed an upward tendency. Railroad and public utility issues were particularly strong, and in many cases reached new high prices for the year. There was also a moderate recovery in industrial issues from the low point of the year.



Average Monthly Price of 40 Miscellaneous Bonds and of the Fourth Liberty 4½'s—Latest figures June

### Foreign Shipments of United States Currency

The return flow of United States currency from circulation abroad, which became noticeable in April, assumed larger proportions in May, according to reports from the banks in New York City which are the largest shippers of currency to foreign countries. The total net receipts in May, amounting to \$4,614,000, were the largest for any month in the past year, and compared with net shipments of \$5,526,000 in February when the export movement reached its height. This shift in the direction of currency movement reflects principally a falling off in the shipments to central and eastern Europe, and an increase in receipts from England, Germany, and Switzerland. The following table gives the figures by months from May 1923 through May 1924.

| Month      | 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    | 227,000       | —            |
| Aug.....   | 1,684,000    | 6,161,000    | —             | 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    | 1,821,000    | 1,374,000     | —            |
| 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      | 4,906,000    | —             | 4,614,000    |
| Total..... | \$45,091,000 | \$34,898,000 | \$21,040,000  | \$10,847,000 |

The banks in this district also forwarded during the past thirteen months \$32,000,000 to Cuba by wire transfer through the Federal Reserve System, including both the Boston and Atlanta Federal Reserve Banks. Of this amount, \$17,000,000 was forwarded during the first five months of this year.

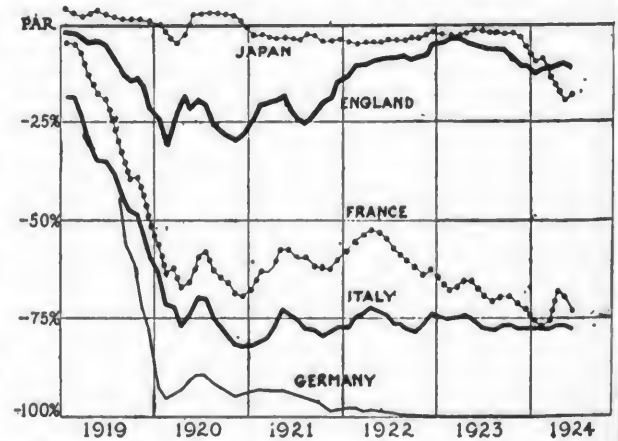
### Foreign Exchange

The weakness in French exchange which accompanied the overthrow of the Poincare ministry in May was followed by greater firmness in June as the new Government became established. Francs, which on June 2 fell slightly below 5 cents, or approximately 29 per cent. from the high point touched in April, recovered to nearly 5½ cents. Similar movements took place in Belgian exchange, and sterling, which had sold down to \$4.30 at the first of June, recovered to approximately \$4.33.

Italian lire continued steady at slightly under 4½ cents, and other European currencies, except Spanish pesetas, which were weak, were comparatively little changed. Japanese exchange gained 1 cent to 41½ cents by June 23, or 3 cents above the recent low point.

Chinese rates were firm, accompanying an advance in the price of silver to 67¾ cents, the highest since May 1923, and approximately 3 cents above the average of the early months of the year. The advance accompanied strength in London and was generally ascribed to increased demand, particularly from Russia and other European countries for coinage purposes.

The following diagram compares the movements of the leading exchanges by months since 1919.



Depreciation of Foreign Exchange Rates from Par Value—Latest figures June

### Gold Movement

Gold imports during May totaled \$41,074,000 and exports \$593,000, making the net inflow \$40,481,000. Of the imports, slightly more than half came from England, \$6,000,000 from Sweden, \$5,000,000 from the Netherlands, and approximately \$2,000,000 each from Canada, Hong Kong, and Germany.

Total net gold imports since the first of the year were \$197,474,000, compared with \$90,756,000 in the corresponding period of 1923. Approximately \$97,000,000 of the imports this year came from England, compared with \$41,000,000 for the first five months of 1923. In the first four weeks of June imports of gold through the Port of New York alone were about \$22,000,000 compared with \$32,000,000 in the corresponding period of May.

**Foreign Trade**

Imports and exports of merchandise were smaller in May than in April, in keeping with the usual seasonal tendency. The decline, however, was more marked in the case of imports, which at \$305,000,000 were the smallest since January, and \$68,000,000 smaller than in May 1923. Exports at \$336,000,000 were only slightly smaller than in April and approximately \$20,000,000 larger than in May last year. In consequence of this there was an export balance for the month of \$31,000,000, compared with an import balance of \$56,000,000 in May last year.

Cotton exports, which had been declining steadily since the seasonal peak reached in December, increased slightly in May and were more than double those of May last year. Cereal exports, however, were valued at only 43 per cent. of the May 1923 total, and meat products were only 68 per cent. of last year's figures.

Silk imports, after reaching the lowest point in three years in March, increased 27 per cent. in April and 40 per cent. in May, and were 15 per cent. larger than in May last year. Rubber imports declined from the April total which was the largest ever reported.

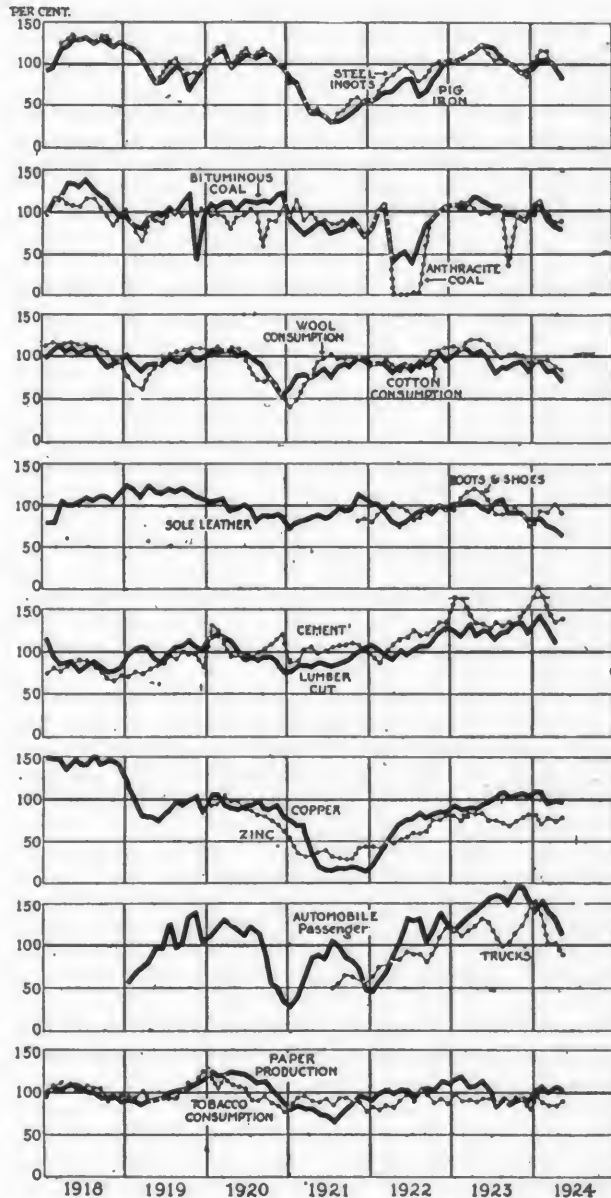
**Production**

Further marked declines occurred in May in this bank's indexes of production in basic industries. An additional decrease of 19 per cent. in the production of pig iron to the smallest amount since September 1922 was reflected by a decline in this bank's index of production to approximately 20 per cent. below normal, as measured by the trend of past years. There was also a large decline in the output of steel ingots, and unfilled orders of the United States Steel Corporation reached the lowest point since November 1914.

The output of bituminous coal, though slightly larger than in April, was 32 per cent. smaller than in May a year ago, and this bank's index at 77 per cent. of the computed trend was the lowest since the strike period of 1922.

Production of automobiles continued to decline and was 20 per cent. below that of May 1923, though still above the computed trend. The truck output also showed a considerable decrease and was about 10 per cent. below the trend.

In the textile industry a further decrease of 14 per cent. in cotton consumption carried this bank's index down to 70 per cent. of the computed trend, the lowest since January 1921. Woolen mill activity was slightly lower at 84 per cent.



Monthly Production in Basic Industries. Seasonal Variation Allowed For. (Computed trend of past years = 100 Per cent.)

Reflecting activity in the building industry, on the other hand, the index of cement production was slightly higher. Copper production continued at a high level and there were increases also in the indexes of meat slaughtered and flour milling. The accompanying diagram shows the changes in a number of this bank's indexes of production during the past six years, and the following table gives the index numbers for recent months for a larger number of industries. In both cases, the figures are expressed as percentages of the computed trend, after allowance for seasonal variation.

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

|                                  | 1923 | 1924             |                 |                 |
|----------------------------------|------|------------------|-----------------|-----------------|
|                                  | May  | Mar.             | Apr.            | May             |
| <b>Producers' Goods</b>          |      |                  |                 |                 |
| Pig iron.....                    | 124  | 105              | 101             | 81              |
| Steel ingots.....                | 122  | 115              | 95 <sup>r</sup> | 74              |
| Bituminous coal.....             | 114  | 89               | 81              | 77              |
| Copper, U. S. mines.....         | 95   | 96               | 99              | 99              |
| Tin deliveries.....              | 114  | 73               | 143             | 96              |
| Zinc*.....                       | 83   | 78               | 73              | 78              |
| Petroleum.....                   | 139  | 125 <sup>r</sup> | 127             | 128             |
| Gas and fuel oil.....            | 96   | 111              | 110             | ...             |
| Cotton consumption.....          | 108  | 82               | 82              | 70              |
| Woolen mill activity*.....       | 118  | 95               | 87              | 84 <sup>p</sup> |
| Cement.....                      | 133  | 151              | 136             | 139             |
| Lumber.....                      | 125  | 129              | 111             | ...             |
| Leather, sole.....               | 96   | 75               | 71              | 66              |
| <b>Consumers' Goods</b>          |      |                  |                 |                 |
| Cattle slaughtered.....          | 118  | 100              | 106             | 118             |
| Calves slaughtered.....          | 130  | 119              | 130             | 127             |
| Sheep slaughtered.....           | 104  | 88               | 89              | 101             |
| Hogs slaughtered.....            | 122  | 123              | 126             | 118             |
| Sugar meltings, U. S. ports..... | 118  | 121              | 117             | 103             |
| Wheat flour.....                 | 113  | 122              | 117             | 122             |
| Cigars.....                      | 89   | 81               | 77              | 85              |
| Cigarettes.....                  | 93   | 79               | 85              | 92              |
| Tobacco, manufactured.....       | 103  | 96               | 97              | 101             |
| Gasoline.....                    | 108  | 130              | 128             | ...             |
| Tires*.....                      | 162  | 156              | 150             | ...             |
| Newsprint.....                   | 124  | 106              | 114             | 119             |
| Paper, total.....                | 114  | 100              | 107             | 102             |
| Boots and shoes.....             | 114  | 91               | 101             | 91 <sup>p</sup> |
| Anthracite coal.....             | 98   | 96               | 85              | 88              |
| Automobile, all.....             | 146  | 131              | 125             | 108             |
| Automobile, passenger.....       | 150  | 138              | 131             | 113             |
| Automobile, truck.....           | 130  | 101              | 102             | 89              |

\*--Seasonal variation not allowed for.  
p--Preliminary.  
r--Revised.

## Indexes of Business Activity

In most cases indexes of trade and general business activity were lower in May than in April. There was a particularly large decline in the wholesale trade index, and in those for railway traffic, though traffic remained approximately at normal as measured by the computed trend. Noteworthy changes among indexes of distribution to consumer included a decline in department store trade, and in sales by mail order houses. The index of chain store sales, however, remained unchanged.

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

|  | 1923 | 1924 |      |     |
|--|------|------|------|-----|
|  | May  | Mar. | Apr. | May |
| <b>Primary Distribution</b>                      |      |      |      |     |
| Car loadings, merchandise and miscellaneous..... | 108  | 108  | 110  | 99  |
| Car loadings, other.....                         | 119  | 113  | 102  | 100 |
| Wholesale trade, Second District.....            | 100  | 97   | 97   | 86  |
| Exports.....                                     | 83   | 84   | 90   | 91  |
| Imports.....                                     | 130  | 102  | 112  | 110 |
| Grain exports.....                               | 143  | 73   | 75   | 65  |
| Panama Canal traffic.....                        | 150  | 138  | 129  | ... |
| <b>Distribution to Consumer</b>                  |      |      |      |     |
| Department store sales, Second District*.....    | 99   | 90   | 95   | 93  |
| Chain store sales*.....                          | 99   | 96   | 97   | 97  |
| Mail order sales.....                            | 110  | 85   | 105  | 99  |
| Life insurance paid for.....                     | 105  | 103  | 112  | 102 |
| Amusement receipts.....                          | 108  | 104  | 113  | 108 |
| Magazine advertising.....                        | 98   | 91   | 102  | 102 |
| Newspaper advertising.....                       | 103  | 96   | 95   | 94  |
| <b>General Business Activity</b>                 |      |      |      |     |
| Bank debits, outside of New York City.....       | 113  | 102  | 107  | 105 |
| Bank debits, New York City.....                  | 105  | 104  | 105  | 109 |
| Postal receipts.....                             | 104  | 96   | 102  | 101 |
| Electric power.....                              | 112  | 109  | 109  | ... |
| Employment, N. Y. State factories.....           | 103  | 99   | 97   | 93  |
| Business failures.....                           | 96   | 104  | 108  | 113 |

\*--Allowance made for late Easter.

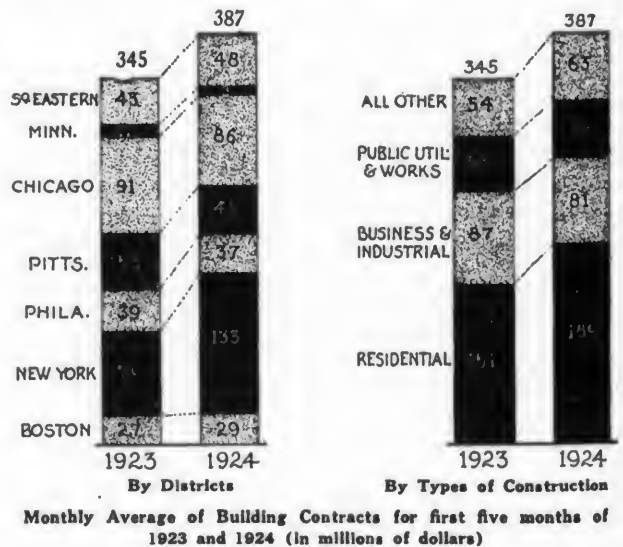
Notwithstanding the large decline in production and certain phases of distribution, the index of bank debits outside of New York remained at a relatively high level, and that of debits in New York City showed a substantial increase. Postal receipts also were slightly above the computed trend, but employment in New York State factories showed a continued decline. There was a further increase in the percentage of business failures to the number of firms in business.

## Building

Contracts for building construction awarded during May in 36 States were 13 per cent. smaller than in April and 3 per cent. smaller than in May a year ago, according to the F. W. Dodge Corporation. The decline from April resulted chiefly from a decrease of 35 per cent. in the New York District, following the very large reduction during April in building permits issued in New York City. For all other reporting sections awards in May were practically the same as in April.

The decline in the New York District was due largely to a further decrease in residential awards, which accounted for 49 per cent. of the total construction in May, compared with an average of 60 per cent. in the preceding four months. Both in this district and in other reporting districts, however, residential awards continued to be larger than last year.

Notwithstanding the considerable decline in May, the monthly average of total contracts awarded throughout the country during the first five months of this year was 12 per cent. larger than for the corresponding period of last year. The following diagram, comparing the average monthly contract awards both by sections of the country and by types of construction, indicates the importance of residential building, particularly in the New York District, in these totals.



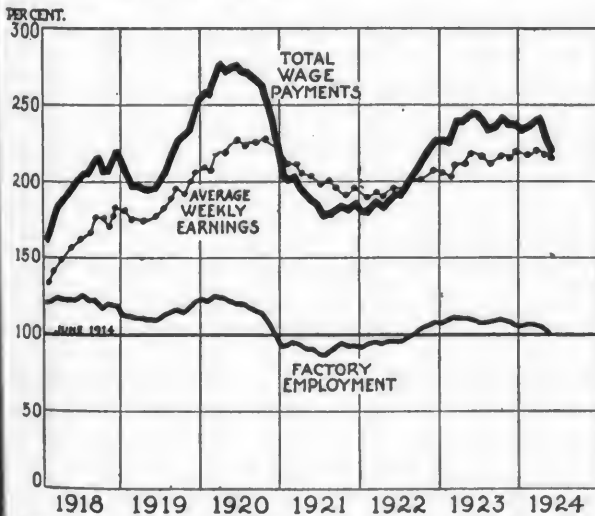
**Employment and Wages**

The decline in factory employment that became marked in April was still more pronounced in May. A reduction of 4 per cent. was reported by both the New York State and Federal Labor Departments, which, added to the previous month's decline, makes the largest decrease in employment since the end of 1920. Since a year ago, the decrease has amounted to about 11 per cent.

State employment offices report that farm work, building, and road construction continue to absorb many workers released by other industries. The ratio of requests for workers to applications for work, however, after a temporary rise in the early spring, has been declining steadily.

Factory employment has been maintained most consistently in the building materials and railway equipment and repair industries. Activity continues to be at a low level in the textile and clothing industries, and there have been additional declines in the metal working industries, especially those connected with automobile manufacturing, and in home furnishings lines, such as furniture, pianos, and rugs.

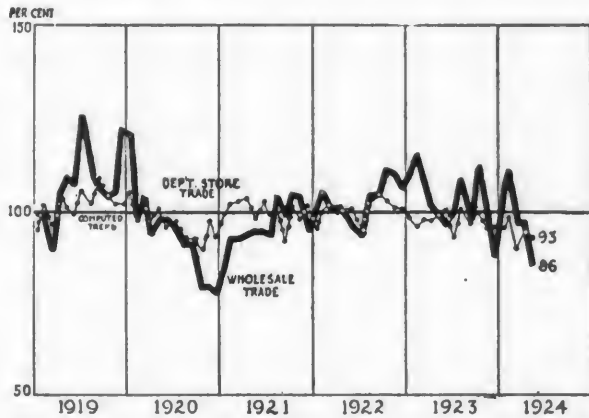
Average weekly earnings of factory workers in May declined for the first time in nearly two years and were slightly lower than in May a year ago. The accompanying diagram, comparing employment, total payrolls, and average weekly earnings in New York State factories, indicates that earnings have shown unusual stability during the past year, varying less than 2 per cent. above or below the May average. Such declines as have occurred apparently have been due chiefly to reduced working time, rather than to wage cuts. Throughout the active business of 1923 and the first months of 1924 the number of workers in the factories of this State, and the total payrolls, were considerably smaller than at the high point reached in 1920. The average weekly earnings of those employed, however, stood close to the 1920 level.



Changes in Employment, in Total Wage Payments, and Average Weekly Wage Earnings in New York State Factories—Latest figure May (June 1914 = 100 Per cent.)

**Wholesale Trade**

Sales in eleven lines of wholesale trade in this district averaged 11 per cent. smaller in May than in May 1923, according to reports from 163 dealers. The actual volume of sales was the smallest since July 1922, and this bank's index, in which allowance is made for seasonal variation and price changes, was 14 per cent. below the trend of past years and at the lowest point since January 1921. The movement of the index is shown in the accompanying diagram.



Monthly Sales of Wholesale Dealers and Department Stores in the Second Federal Reserve District. Seasonal Variation Allowed For. (Computed Trend = 100 Per cent. Latest figures May)

Cotton goods sales were the smallest for this time of year in five years, and sales of clothing, especially dresses and men's clothing, also showed unusually large decreases. Sales of silk goods, while smaller than last year, decreased much less than those of cotton goods. Hardware sales continued to show less favorable comparisons with last year, while those of machine tools were 20 per cent. smaller than in May 1923.

Only in drugs did sales exceed those of last May, although stationery sales were maintained at the same level as a year ago. The following table compares sales for the different lines in May of the past five years.

| Commodity                        | Dollar Value of May Sales<br>(May 1923=100 Per cent.) |      |      |      |      |
|----------------------------------|---|------|------|------|------|
|                                  | 1920  | 1921 | 1922 | 1923 | 1924 |
| Drugs.....                       | 87  | 84   | 90   | 100  | 113  |
| Stationery.....                  | 129   | 81   | 86   | 100  | 100  |
| Groceries.....                   | 157   | 90   | 90   | 100  | 99   |
| Hardware.....                    | 114   | 74   | 84   | 100  | 92   |
| Jewelry.....                     | 156   | 69   | 63   | 100  | 91   |
| Dry goods.....                   | 110   | 96   | 87   | 100  | 91   |
| (a) Cotton.....                  | 116   | 103  | 95   | 100  | 84   |
| (b) Silk.....                    | 104   | 88   | 78   | 100  | 97   |
| Diamonds.....                    | 136   | 46   | 73   | 100  | 83   |
| Shoes.....                       | 152   | 91   | 77   | 100  | 82   |
| Machine Tools.....               | 177   | 29   | 34   | 100  | 80   |
| Clothing.....                    | 103   | 70   | 74   | 100  | 74   |
| (a) Men's.....                   | 152   | 77   | 84   | 100  | 73   |
| (b) Women's dresses.....         | 60  | 58   | 69   | 100  | 57   |
| (c) Women's coats and suits..... | 81  | 74   | 65   | 100  | 92   |
| Weighted average.....            | 129   | 84   | 84   | 100  | 89   |

**Department Store Business**

Department store sales in this district in May were 1 per cent. larger than in May 1923. For some years department store business has been growing at the rate of about 8 per cent. a year and the May increase of only 1 per cent. over May last year is the smallest increase over the previous year since July 1922, except in March, when sales were delayed by the late Easter. This bank's index of sales, after allowance for seasonal variation and price changes, stood at 93 per cent. of normal as indicated by the trend of past years. The diagram on the preceding page shows the recent course of this index in conjunction with the index of wholesale trade.

Sales of furniture continued larger than a year ago, but those of house furnishings, such as rugs, draperies, lamps, and decorative articles showed a decrease. Sales of women's ready-to-wear goods and hosiery were also substantially larger than last year, but sales of other types of wearing apparel showed only small increases or declines.

|  | Per cent. Change in Sales over May 1923 | Per cent. Sales of each Dept. to Sales of all Departments |
|--|---|---|
| Women's ready-to-wear.....             | + 7.9                                   | 13.2  |
| Furniture.....                         | + 6.6                                   | 6.1   |
| Hosiery.....                           | + 5.5                                   | 3.3   |
| Cotton goods.....                      | + 4.2                                   | 4.5   |
| Men's and boys' wear.....              | + 2.7                                   | 7.0   |
| Women's ready-to-wear accessories..... | + 1.7                                   | 17.0  |
| Woolen goods.....                      | + 0.8                                   | 1.4   |
| Home furnishings.....                  | - 1.0                                   | 15.4  |
| Shoes.....                             | - 4.3                                   | 3.6   |
| Silk goods.....                        | - 5.7                                   | 5.1   |
| Miscellaneous.....                     | + 5.6                                   | 23.4  |

Stocks of merchandise on hand on June 1 were 2 per cent. larger than a year previous, compared with an increase of 5 per cent. in each of the previous four months, and an average increase of 10 per cent. in the months from September to January. The number of sales transactions was 2½ per cent. larger than a year ago, and the average sales check \$2.81, compared with \$2.87 in May 1923.

Sales by mail order houses were 7 per cent. smaller in May than in May a year ago, compared with an increase of 10 per cent. in April. After allowing for the usual seasonal variation and price changes, mail order sales were approximately normal, as determined by the trend of past years, compared with 5 per cent. above in April. The following table gives the detailed

|                    | Net Sales During May (May 1923=100 Per cent.) |      |      |      |      | Stock on Hand June 1 (June 1, 1923=100 Per cent.) |      |      |      |      |
|--------------------|---|------|------|------|------|---|------|------|------|------|
|                    | 1920  | 1921 | 1922 | 1923 | 1924 | 1920  | 1921 | 1922 | 1923 | 1924 |
| New York.....      | 107   | 88   | 92   | 100  | 101  | 111   | 94   | 95   | 100  | 101  |
| Buffalo.....       | 90  | 90   | 92   | 100  | 98   | 107   | 97   | 93   | 100  | 96   |
| Newark.....        | 92  | 83   | 83   | 100  | 110  | 115   | 87   | 86   | 100  | 102  |
| Rochester.....     | 91  | 89   | 88   | 100  | 97   | 122   | 87   | 85   | 100  | 92   |
| Syracuse.....      | 96  | 91   | 88   | 100  | 105  | 141   | 111  | 93   | 100  | 107  |
| Bridgeport.....    | 109   | 98   | 92   | 100  | 103  | 115   | 94   | 98   | 100  | 98   |
| Elsewhere, 2dDist. | 100   | 91   | 93   | 100  | 94   | 96  | 91   | 90   | 100  | 103  |
| Apparel.....       | 84  | 89   | 93   | 100  | 99   | 91  | 84   | 93   | 100  | 111  |
| All dept stores..  | 101   | 88   | 91   | 100  | 101  | 110   | 92   | 93   | 100  | 102  |
| Mail order houses. | 90  | 61   | 72   | 100  | 93   | ...   | ...  | ...  | ...  | ...  |

changes in department store sales and stocks in this district for May.

**Chain Store Sales**

Sales in May by all types of chain store systems were 12 per cent. larger than in May 1923, due in large part to the opening of new stores. In the cases of ten cent and tobacco stores, however, there were increases also in the sales per store. This bank's index of chain store sales for May stood at 97 per cent. of the computed trend, a figure identical with that for April. The following table shows the detailed changes for the different types of stores.

| Type of Store  | Number of Stores |          | Dollar Value in Percentages |          |          |          |          |       | Per cent. Change in sales per store May 1923 to May 1924 |
|----------------|------------------|----------|-----------------------------|----------|----------|----------|----------|-------|--|
|                | May 1923         | May 1924 | May 1920                    | May 1921 | May 1922 | May 1923 | May 1924 |       |  |
| Dry goods..... | 438              | 575      | 69                          | 72       | 79       | 100      | 120      | - 8.8 |  |
| Ten Cent.....  | 1,827            | 1,930    | 75                          | 73       | 84       | 100      | 114      | + 7.5 |  |
| Grocery.....   | 15,057           | 18,171   | 81                          | 64       | 77       | 100      | 112      | - 7.1 |  |
| Candy.....     | 129              | 142      | 77                          | 79       | 84       | 100      | 111      | + 1.1 |  |
| Shoes.....     | 301              | 367      | 103                         | 94       | 87       | 100      | 106      | -13.4 |  |
| Tobacco.....   | 2,747            | 2,758    | 99                          | 95       | 94       | 100      | 105      | + 4.6 |  |
| Drug.....      | 309              | 317      | 90                          | 91       | 90       | 100      | 102      | - 0.7 |  |
| Total.....     | 20,808           | 24,260   | 81                          | 71       | 81       | 100      | 112      | - 4.1 |  |

**Crops**

According to the June report of the Department of Agriculture the average condition of crops was lower at this season than in any of the past twelve years for which composite figures are available. The condition of the cotton crop was placed at 65.6, the lowest in over 50 years, excepting only 1920, and 5.4 points lower than a year ago. The combined spring and winter wheat crop at 76.0 was 3.9 points lower than a year ago, and this decline in condition together with a reduction of 8 per cent. in acreage planted forecasts a wheat crop 12 per cent. smaller than last year. The following table in millions of bushels compares the June forecasts of yields this year with the final estimates for 1923 and with a five year average.

| Crop              | (millions of bushels)     |              |                    |
|-------------------|---------------------------|--------------|--------------------|
|                   | 1918-1922 Average Harvest | 1923 Harvest | 1924 June forecast |
| Winter wheat..... | 625                       | 572          | 509                |
| Spring wheat..... | 256                       | 213          | 184                |
| All wheat.....    | 881                       | 786          | 693                |
| Oats.....         | 1,303                     | 1,300        | 1,232              |
| Barley.....       | 186                       | 198          | 160                |
| Rye.....          | 78                        | 63           | 63                 |
| Peaches.....      | 44                        | 46           | 53                 |

Following the publication of the June estimates, wheat prices advanced 10 cents a bushel to \$1.24, the highest level in a year. Corn rose to 99 cents on June 26, or about 20 cents higher than in the first week of June. Cotton on the other hand held steady despite the low condition and at 30.50 cents on June 26 was about 1 cent below the average price in May.