

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

May 1, 1928

Money Market in April

DURING recent weeks there has been a renewal of the rapid expansion of bank credit which occurred last year. In 1927 the total loans and investments of all banks, including commercial banks and trust companies, private banks, and savings institutions, increased 7 per cent, or more than 3½ billion dollars, to nearly 56 billion dollars. The rate of increase in the loans and investments of reporting banks in leading cities, which is shown in the accompanying diagram, was even more rapid, amounting to nearly 9 per cent. This expansion in bank credit compares with an estimated increase in the total volume of production and trade of the country of not more than 2½ per cent during the past year, and an average yearly growth of about 4 per cent during the past thirty years.

The increase since February 21 in the loans and investments of weekly reporting banks, which represent 40 per cent of the total resources of all banks in the United States, has amounted to 800 million dollars, or nearly 4 per cent—an increase in two months about three-fourths as large as the average annual increase during the past five years. The seasonal expansion of commercial borrowing accounted for part of the increase, but during the last month a renewed increase in security loans has been the principal factor. These recent changes in the loans and investments of weekly reporting member banks are summarized below:

(In millions of dollars)

	February 21	April 18	Change
Commercial loans	8,748	9,070	+322
Loans on stocks and bonds	6,300	6,693	+393
Investments	6,527	6,618	+ 91
Total	21,575	22,381	+806

ABSORPTION OF RESERVE FUNDS

One important result of the credit expansion of the past year has been a rapid absorption of reserve funds. The increase in loans and investments of member banks during 1927 was accompanied by an expansion of deposits, which increased the reserve requirements of these banks by approximately 180 million dollars, as compared with an average annual increase during the past five years of 110 million. A renewed increase in reserve requirements of member banks during recent weeks has accompanied the expansion of loans, and has been a factor in the continued tightening of the money market.

Other factors during the past month have been a continued loss of gold, and a further reduction in Reserve

Bank security holdings. All of these factors have had the effect of increasing member bank indebtedness at the Reserve Banks and of raising money rates. The close relationship between member bank indebtedness and money rates is shown in the diagram on the following page.

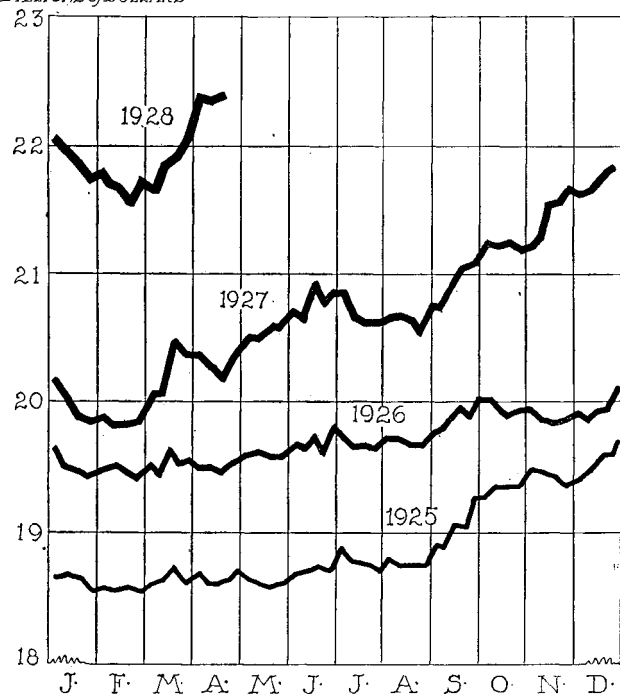
In most cases, money rates at the end of April are higher than at the corresponding time of any year since 1923. It will be noted, however, that the rates on commercial borrowing are lower relative to those of previous years than are rates on security loans, which have been in greatest demand.

Money Rates at New York on April 30 each year

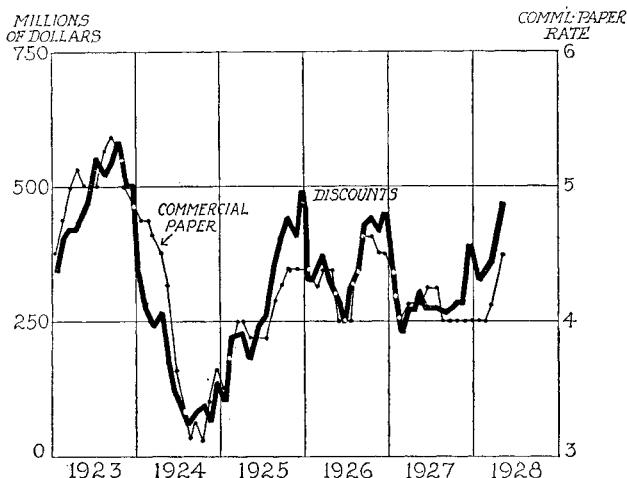
	*Call money	Time money (90 day)	Prime commercial paper	Bills (90 day undorsed)
1923	4½ - 6	5¼	5¼ - 5½	4½
1924	3½ - 4½	4¼ - 4½	4½ - 4¾	3¾
1925	3½ - 4½	3¾ - 4	4	3½
1926	3 - 4½	4 - 4¼	4 - 4¼	3½
1927	4 - 5	4¾	4 - 4¼	3½
1928	5 - 6	5	4½	3½

*Range for preceding week.

BILLIONS of DOLLARS



Growth of Total Loans and Investments of All Reporting Member Banks, 1925 to 1928.



Discounts of Federal Reserve Banks for Member Banks in Principal Cities, Compared with Commercial Paper Rates.

CALL MONEY MARKET IN APRIL

Call loan rates have been very irregular during the past month. An advance to 6 per cent occurred early in April as the combined result of Easter currency requirements, the periodic withdrawal of funds from New York which occurs early in each month, an increase in reserve requirements, and a resulting rise in borrowings of New York City banks from the Reserve Bank to the highest level since 1923. During the second and third weeks of the month there was some retirement of currency and a heavy movement of funds to New York from other districts which resulted in a reduction in call loan rates to 4½ per cent on several days, and an increase in brokers' loans placed by New York banks for out-of-town banks to the highest level ever recorded. The total amount and distribution of brokers' loans on April 18 were as follows:

Loans to Brokers and Dealers placed by New York City banks (In millions of dollars)

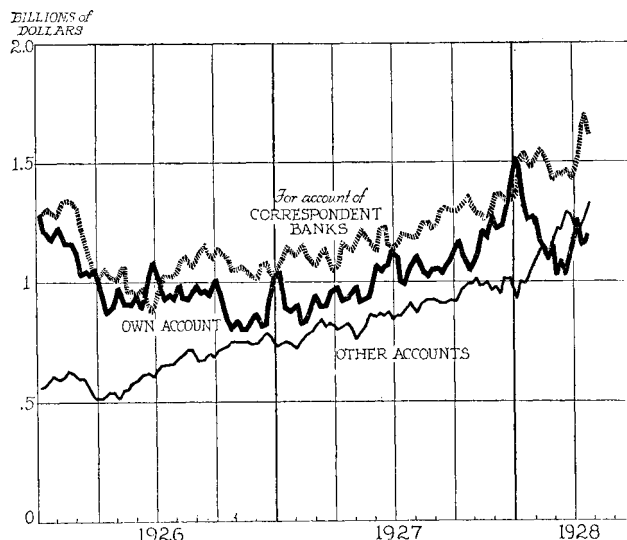
For own account	1,163
For account of out-of-town banks	1,703
For account of others	1,263
Total	4,129

This inflow of funds to New York was accompanied by increased borrowing from the Reserve Banks in districts other than New York. The rediscount rates of the Boston, Chicago, St. Louis, Richmond, and Minneapolis Reserve Banks were advanced from 4 to 4½ per cent, and in the latter part of the month there was a movement of funds from New York, which was reflected in a reduction in brokers' loans placed for out-of-town banks, and call money advanced to 5 per cent and on April 30 to 6 per cent.

The New York Reserve Bank's buying rate on bills was advanced ⅛ per cent during the month, so that the rate on 90 day bills at the end of April was 3¾ per cent; the rediscount rate remained unchanged at 4 per cent.

BILL MARKET

The supply of bills offered to the market during the first week of April was unusually large, but subsequently decreased during the balance of the month to a more moderate volume. Although dealers' sales of bills to



Loans to Brokers and Dealers in Securities Placed by New York City Reporting Member Banks.

domestic investing institutions were somewhat irregular, open market portfolios were reduced considerably by heavy purchases of bills for foreign account after the middle of the month. A further general advance of ⅛ per cent in dealers' rates occurred at the middle of April, and later rates on all maturities except the 30 and 90 day bills were increased an additional ⅛ per cent. At the close of the month, 90 day unindorsed bills were offered at 3⅞ per cent, as compared with 3¾ per cent at the end of March; 30 day bills were also up ⅛ per cent; and other maturities of bills showed a net advance of ¼ per cent for the month.

COMMERCIAL PAPER MARKET

The amount of commercial paper outstanding through 25 dealers at the end of March totaled \$569,000,000, a figure only slightly larger than a month earlier and 6 per cent below the outstandings of a year previous. In April also, supplies of paper were small as dealers generally reported that commercial borrowers were making only limited demands on them for accommodation. The principal development in the commercial paper market was an advance of at least ¼ of one per cent in rates. At the opening of the month the bulk of the prime names were being offered at 4¼ per cent, but soon afterward names priced at 4½ per cent appeared in dealers' lists, and by the end of the month the prevailing rate reached the 4½ per cent level, and the firmer tendency of the market was indicated by some transactions at 4¾ per cent. These current rates for commercial paper are the highest since the latter part of 1926. The bank investment demand, which had been rather quiet in previous weeks, increased somewhat with the advance in rates.

Gold Movement

The gold export movement continued during April with total shipments of about \$94,800,000. Imports totaled about \$3,800,000, and there was a net release of approximately \$45,700,000 from earmark during the month; so that the net gold loss for the month was about \$45,300,000. This makes the net loss to the country

about \$345,000,000 since the beginning of the export movement in September.

The export movements to Argentina and Brazil and the shipments of earmarked gold to France continued during April; further exports to Italy and Uruguay were made; and the strength of sterling exchange led to another small export of gold to England. The shipment of about \$5,000,000 of gold received in February from Russia and refused by the Assay Office was transferred by the consignors to Germany. The only important import movement was the receipt of \$3,400,000 from Greece.

The destination of the largest shipments from New York during April and the total amounts sent to those countries since September 1 last are given in the following table:

(In thousands of dollars)

	April 1928*	Sept. 1, 1927 to April 30, 1928*
Argentina.....	\$ 3,500	\$117,090
Brazil.....	1,680	54,994
France.....	71,741	132,540
Germany.....	5,358**	26,881**
Italy.....	6,000	12,000
United Kingdom.....	1,465	11,033
Uruguay.....	3,000	11,000

*April figures preliminary, covering Port of New York only.
**Including \$5,201,000 previously received from Russia.

The monthly changes in the country's stock of gold in consequence of exports, imports and earmarking transactions during 1927 and the first four months of 1928 are given below:

Gain or Loss to Gold Stock
(In millions of dollars)

Month	Through Imports or Exports	Through Earmarking	Total
1927			
January.....	+ 44	+ 20	+ 64
February.....	+ 20	+ 3	+ 23
March.....	+ 11	- 2	+ 9
April.....	+ 12	- 1	+ 11
May.....	+ 32	- 95	- 63
June.....	+ 13	- 1	+ 12
July.....	+ 9	..	+ 9
August.....	+ 6	- 2	+ 4
September.....	- 11	- 9	- 20
October.....	- 9	- 25	- 34
November.....	- 53	- 40	- 93
December.....	- 68	- 8	- 76
Total.....	+ 6	-160	-154
1928			
January.....	- 14	+ 6	- 8
February.....	- 11	+ 3	- 8
March.....	- 95	+ 36	- 59
April.....	- 91*	+ 46*	- 45*
Total, 4 months.....	-211*	+ 91*	-120*

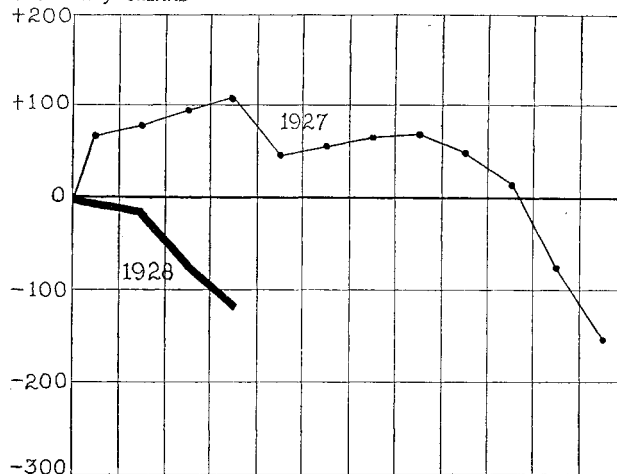
*Preliminary

Foreign Exchange

The pound sterling at \$4.8803 reached the highest point thus far in 1928. One of the factors contributing to this strength in sterling has presumably been the purchase by American interests of bonds of the British Funding Loan of 1960-1990 in preparation for the listing of that issue upon the New York Stock Exchange.

A number of other European exchanges were likewise strong during April. Norwegian quotations stimulated by the report that the gold standard would be reestablished on May 1, rose to 26.77 cents, only three points below parity. Both Danish and Swedish rates were maintained at several points over par, reichsmarks continued about ten points above par, and Dutch guilders at 40.32 cents reached their highest point since January.

MILLIONS of DOLLARS



Cumulative Gold Movement, including Exports, Imports and Earmarking Transactions, 1928 compared with 1927.

The French franc continued unchanged, the Belgian belga was quoted at 13.97 cents throughout the month and the Italian lira weakened slightly to 5.27 cents. Swiss rates, although still slightly under par, were stronger than in March, but the Spanish peseta, which receives no official support, declined to 16.65 cents, the lowest quotation this year.

Argentine and Brazilian rates, although still strong, eased slightly from the level of the previous month. The Canadian dollar ranged from a discount of 3/64 to a premium of 7/64, which was below the level reached in April 1927.

In the Far East, the rupee was slightly higher than in March and Chinese rates, reflecting the rise in silver prices, were stronger than at any time since last January. The Japanese yen on the contrary declined toward the close of the month to 47.07 cents.

Discount Rates Abroad

The Bank of Italy, after reducing its rate on March 5 to 6½ per cent from 7 per cent which had been effective since the middle of 1925, made a further cut on April 2 to 6 per cent. The Bank of Latvia as of April 2 established a rate of 6 per cent to banks charging their customers not more than 11 per cent and 7 per cent to banks charging their customers 11 to 12 per cent.

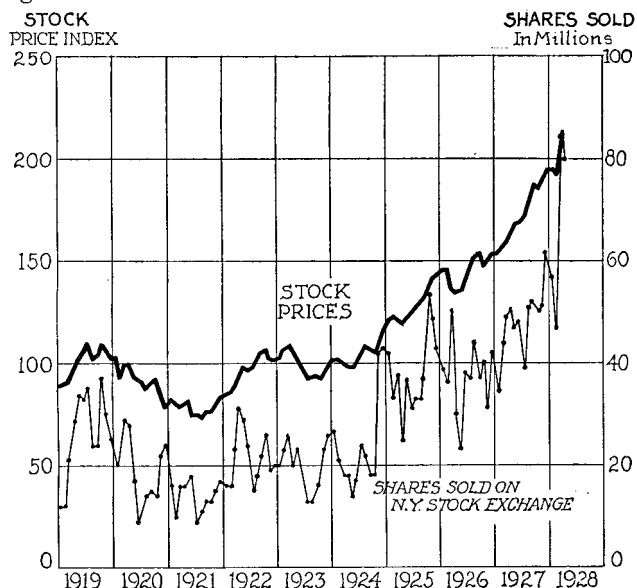
The Bank of Sweden advanced its rate from 3½ to 4 per cent effective May 1, the first advance by a central bank this year. Eight institutions have announced reductions, the Banks of Italy and Norway having made two such changes since the first of the year.

Country	Rate	In Effect Since	Country	Rate	In Effect Since
Austria.....	6	Jan. 28, 1928	Japan.....	5.48	Oct. 10, 1927
Belgium.....	4 ½*	Nov. 16, 1927	Latvia.....	6-7	Apr. 2, 1928
Bulgaria.....	10	Aug. 31, 1924	Lithuania.....	6	Nov. 9, 1927
Czechoslovakia.....	5	Mar. 8, 1927	Netherlands.....	4 ½	Oct. 13, 1927
Denmark.....	5	June 24, 1926	Norway.....	5 ½	Mar. 27, 1928
England.....	4 ½	Apr. 21, 1927	Poland.....	8	May 13, 1927
Estonia.....	7 ½	Jan. 2, 1928	Portugal.....	8	July 27, 1926
Finland.....	6	Nov. 24, 1927	Rumania.....	6	Sept. 4, 1920
France.....	3 ½	Jan. 19, 1928	Russia.....	8	July 1, 1923
Germany.....	7	Oct. 4, 1927	South Africa.....	5 ½	Jan. 9, 1928
Greece.....	10	June 6, 1927	Spain.....	5	Mar. 23, 1923
Hungary.....	6	Aug. 26, 1926	Sweden.....	4	May 1, 1928
India.....	7	Dec. 22, 1927	Switzerland.....	3 ½	Oct. 22, 1925
Italy.....	6	Apr. 2, 1928	Yugoslavia.....	6	July 26, 1921

*Previously given by error as 5 per cent.

Security Markets

Further bidding up of stocks in continued very active trading occurred during the first half of April, and average prices reached new high levels. Following the middle of the month, however, there was a gradual decline in stock prices and a slowing down in the volume of trading on the exchanges. Towards the end of April, the advance in the stock market was resumed, and industrial stocks rose to within a few points of the high levels reached earlier in the month, and railroad shares to higher levels than at any time in the past. Recent levels of stock prices and of the volume of sales, relative to those of previous years, are shown in the accompanying diagram.



Index of Prices of 228 Stocks (Standard Statistics Company index) and Volume of Sales on the New York Stock Exchange.

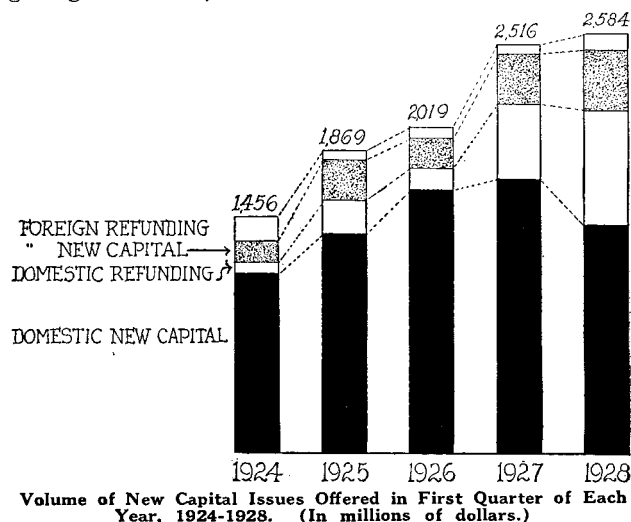
After a period of stability during the first ten days of April, bond prices in general tended to decline somewhat, in response to firmer money conditions. Corporation bonds, with the exception of public utility issues, declined about $\frac{1}{2}$ point on the average, and foreign bonds, after showing numerous advances early in the month to the highest levels of the year, also receded somewhat. United States Government obligations, always the most sensitive to changes in money rates, showed declines for the month ranging up to $\frac{5}{8}$ of a point in the case of the long term Treasury issues.

New Financing

Due chiefly to a number of very large offerings by public utility companies, the total volume of new securities floated during April was larger than in the previous month or in April a year ago. Industrial offerings, about one-half of which were in the form of stock issues, increased slightly, but the amount of railroad, and state and municipal financing was much smaller than in the previous month. Foreign offerings in this market were of approximately the same amount as in March, but were considerably below the total of April a year ago; the principal offerings were the major part of a \$55,000,000 Kingdom of Denmark loan, and a \$12,000,000 City

of Copenhagen, Denmark, flotation—both issues offered at a price to yield less than 5 per cent.

Security offerings during the first quarter of this year totaled \$2,584,000,000, an amount only slightly larger than last year, but materially larger than in the corresponding quarter of any other year. As the accompanying diagram shows, there has been a considerable change



from last year in the nature of the financing; domestic new capital issues were 286 million smaller than in the first quarter of 1927, while refunding issues were 257 million larger. Foreign offerings, both for new capital and refunding purposes, however, were somewhat larger than in 1927. The demand for new capital from domestic and foreign sources combined during the first quarter of this year was nearly 235 million smaller than in the same period of last year.

Foreign Trade

Total foreign merchandise trade during March was larger in dollar value than a year ago, due partly to higher prices, and was also seasonally larger than in February. Exports, valued at \$423,000,000, showed more than the usual seasonal increase and imports, valued at \$382,000,000, a somewhat smaller increase than is usual in March.

Shipments of raw cotton continued to decline and the total since August 1, 1927 has amounted to about one-third less in volume than in the corresponding period of the previous crop year. The value of cotton exports in March also showed a decline of 22 per cent as compared with last year, but for the past eight months the decline in value was only about 9 per cent owing to the higher prices received for the 1927 crop. The value of the cotton manufactures exported during this period has shown an 11 per cent gain. Exports of automobiles were valued at \$10,000,000 more than in either the previous month or March 1927. Grain exports, however, were smaller in volume and value than a year ago.

Quantity imports of crude rubber, raw silk, and coffee were larger than in February and were also substantially larger than a year ago. The increase in the volume of rubber imports, however, was not sufficient to offset the effect of the decline of nearly 50 per cent in price.

Production

Following an increase in production in January and February from the low levels that prevailed at the close of 1927, changes in the activity of leading industries were irregular in March. A few industries, notably passenger automobiles and silk, showed further advances; production of passenger automobiles was larger than at any time since August 1926, and raw silk consumption reached the highest level ever attained. Most of the other leading industries, however, either were unchanged or showed declines for the month. After seasonal adjustment, cotton consumption and the output of motor trucks remained at comparatively low levels, and the production of tires declined from the high volume of February. Cement production was below the preceding year for the first time since February 1927, and the output of newsprint paper continued at a level considerably lower than a year ago.

During April, there have been increases in the output of petroleum and of anthracite coal; about the usual seasonal expansion apparently has taken place in automobile production; and production of lumber has continued in substantial volume. On the other hand, the output of cotton goods has held at the relatively low levels of the past few months; steel mills, after continuing for some weeks the fairly large production of March, have commenced to curtail operations; and bituminous coal production has shown a decline somewhat larger than is usual at this time of the year.

This bank's indexes in the following table are adjusted for seasonal variations and year-to-year growth.

(Computed trend of past years=100 per cent)

	1927		1928	
	Mar.	Jan.	Feb.	Mar.
<i>Producers' Goods</i>				
Pig iron	114	95	105	104
Steel ingots	112	101	115	109
Cotton consumption	115	94	104	95
Cotton movement	161	67	65	89
Woolen mill activity*	91	89	88	86 _p
Silk consumption*	133	125	124	140
Petroleum	120	111	115	87
Bituminous coal	122	84	86	100
Coke	107	99	100	101 _p
Lumber	96	98	103	96
Copper, U. S. mines	96	97	104	100
Lead	108	100	107	100
Zinc	98	90	93	114
Tin deliveries	97	90	88	109
Leather, sole	111	97	112 _r	106
Cement	124	141	114	107 _p
Paper, total	108	100	110	100 _p
Wood pulp	109	99	108	
<i>Consumers' Goods</i>				
Hogs slaughtered	97	103	126	128
Cattle slaughtered	109	89	100	94
Sheep slaughtered	108	108	114	106
Calves slaughtered	99	95	98	83
Farm produce shipped	100	101	105	95
Wheat receipts	95	108	107	134
Corn receipts	78	103	116	158
Wheat flour	100	101	115	103
Sugar meltings, U. S. ports	108	108	76	88
Gasoline	106	93	99	76
Anthracite coal	83	84	85	95
Newsprint	103	89	95	91
Printing activity	102	105	104	105
Tobacco products	106	105	107	100 _p
Boots and shoes	100	93 _r	103	117 _p
Tires	113	108 _r	126	128
Automobile, passenger	125	104	128	132
Automobile, truck	101	89	92	86

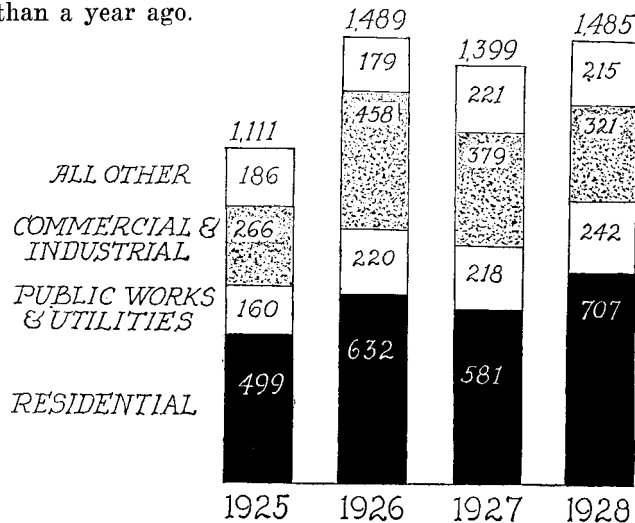
*Seasonal variation not allowed for.

_pPreliminary

_rRevised

Building

March contracts awarded for building and engineering projects in the 37 states east of the Rockies showed a seasonal increase of 27 per cent over February, but were 5 per cent smaller than the very large volume of March a year ago. The total amount of construction work awarded between the first of this year and the end of March was 6 per cent larger than during the corresponding quarter of 1927, however, and was nearly as large as the record volume reported by the F. W. Dodge Corporation for the corresponding period of 1926. A continuance in April of active building operations was indicated by reports for the first three weeks of the month, which, on a daily basis, averaged slightly higher than a year ago.



Building Contracts Awarded in 37 States (F. W. Dodge Corporation Figures) in First Quarter of Each Year, 1925-1928. (In millions of dollars.)

The principal increase over a year ago continued to be in residential building. This increase followed even larger increases in the preceding two months, so that residential building for the quarter was 22 per cent larger than last year, and was the principal element in the expansion of building activity. This is shown in the accompanying diagram, which also indicates that public works and utilities projects have continued somewhat larger than a year previous, but that commercial and industrial building has been smaller.

Indexes of Business Activity

It appears that in general the distribution of goods showed less than the usual seasonal increase during March, and this bank's indexes in most cases remained lower than a year ago. Exports of merchandise showed an advance after seasonal allowance, but there were declines in imports of merchandise, in retail trade, and in average daily freight car loadings.

Indexes of financial activity, however, advanced to very high levels, reflecting the unusually heavy trading in stocks. In April also the principal increase in activity has been in financial transactions rather than in general business.

This bank's indexes, in which allowance is made for year-to-year growth, seasonal variations and price changes are shown on the following page.

(Computed trend of past years=100 per cent)

	1927	1928		
	Mar.	Jan.	Feb.	Mar.
Primary Distribution				
Car loadings, merchandise and misc.	108	102	104	103
Car loadings, other	99	93	96	92
Exports	98	85	90	97 ^p
Imports	109	102	107	104 ^p
Panama Canal traffic	97	85	102	86
Wholesale trade	99	100	102	...
Distribution to Consumer				
Department store sales, 2nd Dist.	98	99	104	98
Chain grocery sales	103	101	103	102
Other chain store sales	102	98	102	100
Mail order sales	99	96	98	97
Life insurance paid for	119	98	113	111
Advertising	99	87	98	95
General Business Activity				
Bank debits, outside of N. Y. City	106	107	102	107
Bank debits, New York City	129	142	135	159
Velocity of bank deposits, outside of New York City	106	109	104	111
Velocity of bank deposits, New York City	135	140	138	162
Shares sold on N. Y. Stock Exchange	168	234	196	281
Postal receipts	97	88	95	90
Electric power	106	102 ^r	107	...
Employment in the United States	100	95	96	95
Business failures	111	108	114	115
Building contracts	134	140	151	125
New corporations formed in N. Y. State	120	117	127	115
Real estate transfers	100	93	101	92
General price level	170	173	173	174
Composite index of wages	223	221	221	223

^pPreliminary. ^rRevised.

Commodity Prices

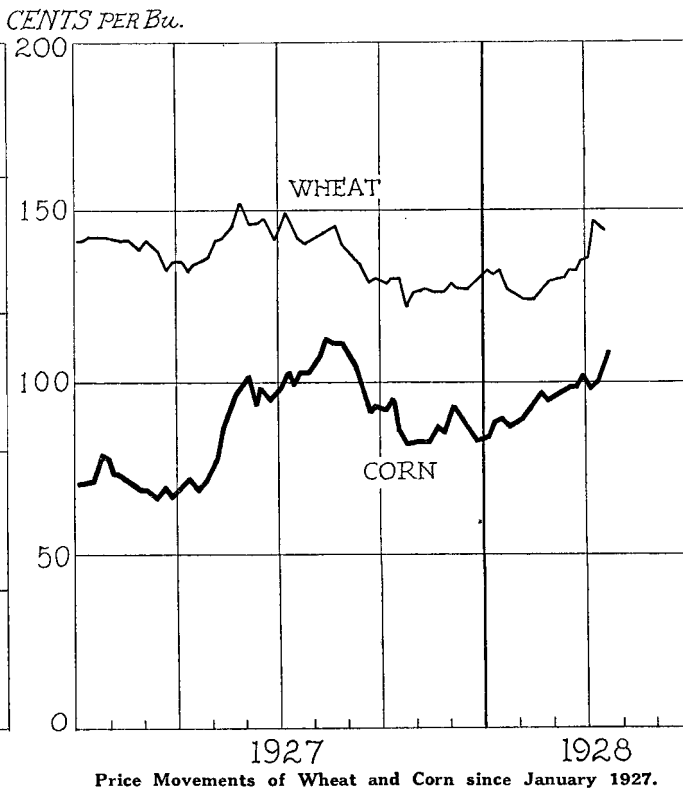
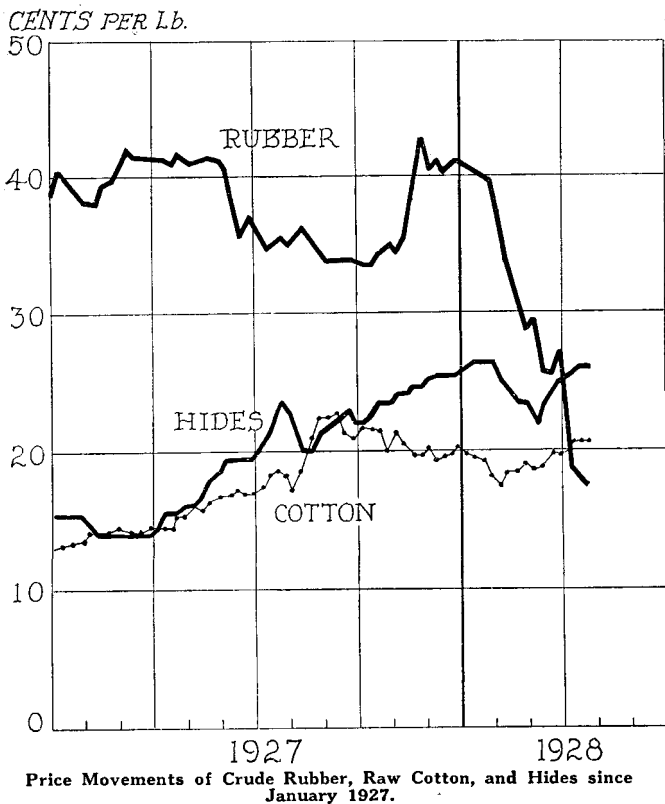
The general index of wholesale prices which is computed by the United States Bureau of Labor Statistics declined slightly in March to a level about 1½ per cent below that of last October. Since the middle of March, however, this bank's index of basic commodity prices has shown a substantial recovery, advancing 4 per cent to the highest level since October 15.

The upturn of the past month has been of an irregular character, for, as the accompanying diagrams show, a number of cross-movements have taken place in individual commodities. Rubber, following the abandonment of the Stevenson plan restrictions on shipments, declined rapidly, and on April 21 sold at less than one-half of its value on February 4. The large decline in the price of this commodity has been more than offset, however, by substantial advances in a number of others. A sharp recovery occurred in the price of hides, which on April 21 was close to the high level of January, and cotton has shown a slow but steady advance. The price of wheat advanced very sharply, following a Government report of poor condition of the winter crop, and corn in general has shown an upward tendency since last December; both commodities are now close to the highest levels reached during 1927.

Employment

After an advance during February of more than seasonal proportions, factory employment increased slightly less than usual in March, and in New York State remained about 6 per cent below the level of a year ago.

Although the seasonal expansion in factory employment from January to March was not unusually large, it was sufficient to relieve to some extent the unemployment prevalent during the winter. A seasonal increase in building also has provided employment for a number of workers, and the State Employment Service reports evidence of a further increase during recent weeks. The ratio of orders for workers to applications for employment at New York State employment offices advanced sharply during March, and in the week ended April 7 was closer to the corresponding week of the preceding year than at any time since last July; there was a slight decline however in the two weeks following April 7.



Wholesale Trade

Average sales of reporting wholesale dealers in this district were smaller in March than a year previous, following moderate increases in January and February. Machine tool orders continued much larger than last year and moderate increases were reported also in sales of drugs, stationery, and jewelry, but sales in all other reporting lines were smaller than in March 1927. Sales of hardware showed an unusually large decline, and sales of women's apparel and diamonds also were much smaller than a year ago.

Stocks of merchandise held by dealers in cotton goods, drugs, and hardware were larger than last year, while shoe stocks were somewhat smaller, and in other reporting lines there was little change.

Commodity	Percentage Change March 1928 compared with February 1928		Percentage Change March 1928 compared with March 1927		Per cent of Accounts Outstanding February 29 Collected in March	
	Net Sales	Stock end of month	Net Sales	Stock end of month	1927	1928
Groceries	+12.6	+ 0.2	- 1.0	+ 0.9	77.4	78.9
Men's clothing	+ 2.2	...	- 5.2	...	44.1	38.9
Women's dresses	- 5.4	...	-22.0	...	...	...
Women's coats and suits	+ 7.1	...	-16.8	...	...	...
Cotton goods—Jobbers	- 8.1	+ 0.4	- 3.8	+ 8.8	36.2	31.5
Cotton goods—Commission	+13.7	...	- 6.2	...	...	...
Silk goods	+ 5.3	...	- 5.3	...	48.9	48.7
Shoes	+ 2.2	- 8.8	- 1.4	- 6.5	34.0	34.0
Drugs	+30.7	+ 0.6	+ 1.3	+ 7.9	46.7	42.5
Hardware	+15.0	+ 8.9	-13.3	+11.3	44.6	42.5
Machine tools*	+10.5	...	+46.3	...	...	...
Stationery	+11.0	...	+ 5.0	...	71.1	81.8
Paper	+ 9.9	...	+ 5.0	...	65.9	67.3
Diamonds	- 4.4	+5.3	-10.3	0	27.1	32.2
Jewelry	+20.9	...	+ 7.0	...	...	...
Weighted Average	+12.1	...	- 4.6	...	53.0	52.2

*Reported by the National Machine Tool Builders' Association.

Chain Store Sales

Sales in most lines of chain store business compared more favorably with those of last year in March than in February. Especially large increases were reported by shoe and variety stores, probably due in part to the earlier date of Easter this year, and increases in grocery, ten cent store, and candy chains also were somewhat larger than in February.

The March increases in sales per store were unusually large in several types of stores, and the decline in average sales of candy stores was the smallest in 5 months.

Type of Store	Percentage Change March 1928 compared with March 1927		
	Number of Stores	Total Sales	Sales per Store
Grocery	+ 2.4	+19.9	+17.0
Ten cent	+ 9.3	+13.7	+ 4.0
Drug	+ 3.6	+ 5.4	+ 1.8
Tobacco	+ 0.5	- 3.4	- 4.0
Shoe	+11.6	+22.3	+ 9.6
Variety	+16.2	+32.0	+13.5
Candy	+ 8.8	+ 3.7	- 4.6
Total	+ 4.6	+15.7	+10.7

Department Store Trade

Sales of reporting department stores in this district continued in moderate volume during March. For the entire district the increase over last year was slightly under 3 per cent, although, owing to the earlier date of Easter, it is probable that more of the Easter business was done in March this year than last year. Nearly all sections of the district reported moderate increases over March 1927 sales. The increase in sales of apparel stores continued to be somewhat larger than in department stores.

Stocks of merchandise on hand in department stores at the end of March were somewhat smaller than a year previous, and the rate of stock turnover continued higher than last year. The rate of collections on charge accounts also continued to exceed that of a year previous.

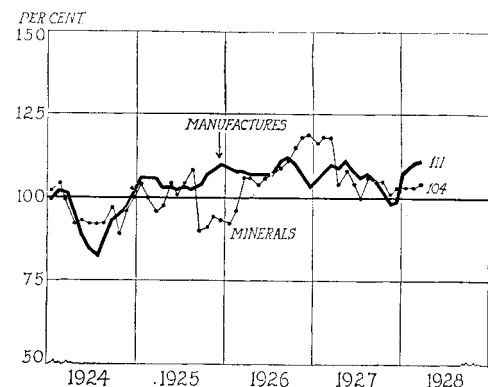
Locality	Percentage Change March 1928 compared with March 1927		Per cent of Charge Accounts Outstanding February 29 Collected in March	
	Net Sales	Stock on hand end of month	1927	1928
New York	+ 2.4	- 3.1	48.3	54.9
Buffalo	+ 2.6	+ 6.1	54.6	55.5
Rochester	+ 4.0	+ 0.8	39.1	38.6
Syracuse	+ 2.4	+ 0.1	...	...
Newark	+ 3.2	- 0.4	47.9	46.1
Bridgeport	+ 5.7	- 9.2	...	...
Elsewhere	+ 2.5	- 6.7	35.9	38.4
Northern New York State	+ 3.4	...	...	...
Central New York State	+ 3.3	...	...	...
Southern New York State	- 4.9	...	...	...
Hudson River Valley District	+ 4.4	...	...	...
Capital District	+ 5.7	...	...	...
Westchester District	+10.4	...	...	...
All department stores	+ 2.6	- 2.3	47.1	50.6
Apparel stores	+ 6.4	- 0.5	46.4	49.8
Mail order houses	+ 1.4	...	...	...

Shoes and hosiery were among the departments showing the largest increases in March as compared with a year ago, but sales in other apparel departments appear to have been somewhat irregular. Comparisons of sales and stocks in March with those of last year are presented for leading departments in the following table.

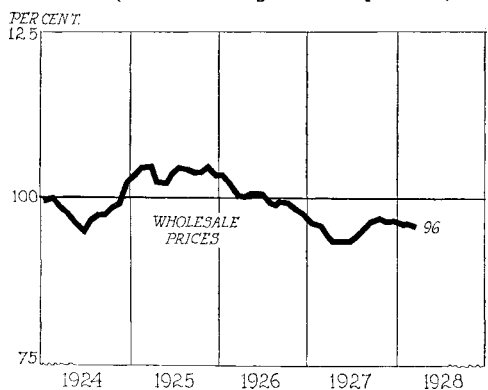
	Net Sales Percentage Change March 1928 compared with March 1927	Stock on Hand Percentage Change March 31, 1928 compared with March 31, 1927
Shoes	+15.6	+10.7
Books and stationery	+12.1	- 1.5
Furniture	+ 6.8	- 2.7
Hosiery	+ 6.4	+ 0.1
Toilet articles and drugs	+ 6.2	- 1.8
Cotton goods	+ 5.4	- 5.2
Men's furnishings	+ 4.8	- 8.7
Luggage and other leather goods	+ 4.0	-20.1
Women's ready-to-wear accessories	+ 3.8	- 7.2
Toys and sporting goods	+ 2.8	+ 0.3
Women's and Misses' ready-to-wear	- 0.1	- 7.1
Men's and Boys' wear	- 0.5	- 4.3
Linens and handkerchiefs	- 0.6	- 7.5
Home furnishings	- 1.2	0
Woolen goods	- 1.3	-15.2
Silverware and jewelry	- 3.8	- 1.4
Silks and velvets	-11.2	- 7.2
Musical instruments and radio	-24.4	-33.6
Miscellaneous	- 5.0	- 2.9

Business Conditions in the United States

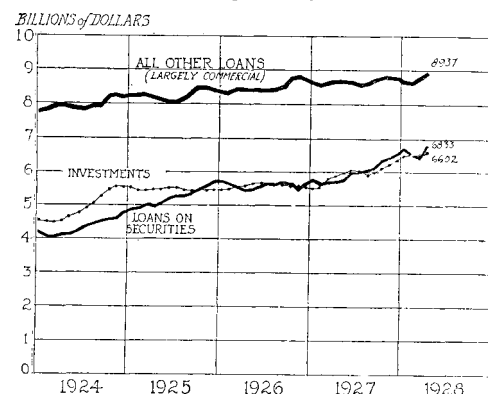
(Summarized by the Federal Reserve Board)



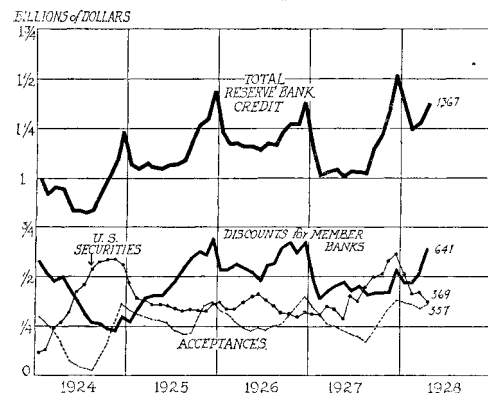
Index Numbers of Production of Manufactures and Minerals, Adjusted for Seasonal Variations (1923-25 average = 100 per cent).



Wholesale Price Index of United States Bureau of Labor Statistics (1926 average = 100 per cent).



Monthly Averages of Weekly Figures for Member Banks in 101 Leading Cities (Latest figures are averages for three weekly report dates in April).



Reserve Bank Credit: Monthly Averages of Daily Figures for 12 Federal Reserve Banks (Latest figures are averages of first 23 days of April).

INDUSTRIAL production during March was in about the same volume as in February and there was a seasonal increase in the distribution of commodities. Wholesale prices remained practically unchanged. During the past month there have been increases in bank credit in use and in member bank borrowings at the Reserve Banks, and open market money rates have shown further advances.

PRODUCTION

Production of manufactures was maintained during March at the high level reached in February, and the output of minerals also showed little change. Production of passenger automobiles and trucks during March totaled 413,000, the largest output recorded for any month since August 1926, and production schedules in automobile plants continued large during April. Activity in the iron and steel industry was also maintained at a high level during March and April, and lumber production was in larger volume than a year ago. Cotton and wool consumption declined in March, but silk deliveries were the largest on record. There was some decline in meat packing and in the production of sole leather, and the output of boots and shoes in March showed less than the usual seasonal increase. Mining of bituminous coal decreased during March by less than the usual seasonal amount, but as the result of a strike in certain Middle Western mines, production in the early weeks of April was considerably curtailed. Building contracts awarded were smaller in March than a year ago, while those for the first three weeks in April were in about the same volume as in the corresponding period of last year. As a result of large contracts during the first two months of this year, total awards for the year to April 20 exceeded those for the same period of 1927. Contracts for residential buildings and for public works have been especially large.

TRADE

Sales of wholesale firms increased less than usual in March and were somewhat smaller than in the same month of last year. Sales of department stores, on the other hand, after allowance is made for customary seasonal changes and the early date of Easter, were about the same in March as in the preceding month and in March 1927. Stocks of merchandise carried in March by wholesale firms were larger, while those of department stores were smaller, than at this time last year.

The volume of freight car loadings showed more than the usual seasonal increase in March, but declined in the first two weeks of April. Loadings continued smaller than a year ago for all classes of commodities except grains and live stock.

PRICES

The general level of wholesale commodity prices showed little change in March, the index of the Bureau of Labor Statistics declining slightly from 96.4 to 96 per cent of the 1926 average. There were decreases in the prices of livestock, dairy products, meats, coal, and rubber; prices of grains, cattle feed, cotton, and steel on the other hand, advanced. During the first three weeks in April, there were further substantial increases in the prices of grains and more moderate advances in flour, hogs, cotton, and lumber, while prices of cattle and rubber declined.

BANK CREDIT

Between March 21 and April 18 total loans and investments of member banks in leading cities increased by about \$410,000,000, reaching the highest level on record. The advance was largely in loans on securities which showed an increase of nearly \$380,000,000 and in April were close to the high point of the first of the year. Loans for commercial purposes continued the increase which began in February and notwithstanding a small decline during the last week of the period were nearly \$350,000,000 larger on April 18 than at the end of January.

The volume of Reserve Bank credit in use increased by \$180,000,000 during the five weeks ended April 25, reflecting increased reserve requirements of member banks and a further net outflow of gold amounting to more than \$50,000,000. Reserve Bank holdings of securities were reduced by about \$80,000,000 during the period, while discounts for member banks increased by \$230,000,000. Acceptance holdings also showed a small increase.

A firmer tendency in the money market was evidenced at the end of March and during April by further increases in rates on call and time loans on securities, and by increases of from 4-4¼ per cent to 4½ per cent in the rates on commercial paper and from 3½ per cent to 3¾ per cent in the rate on 90 day bankers acceptances. Between April 20 and April 25 discount rates were raised from 4 to 4½ per cent at the Boston, Chicago, St. Louis, Richmond, and Minneapolis Federal reserve banks.