

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

November 1, 1928

#### Money Market in October

Accompanying a continued large volume of trading in stocks at rising prices, loans to brokers and dealers in securities, placed by New York City banks, have risen successively to new high levels in each of the past 4 weeks, and on October 24 were more than 200 million dollars above the previous high point of June 6. As the first part of the diagram below indicates, however, the increase during the recent months has not involved any marked expansion in bank credit. Total loans on stocks and bonds made by reporting member banks, which include direct loans to customers, as well as open market loans to brokers, have risen somewhat since August, but remain below the levels of May and early June.

Loans placed by the New York banks for customers other than out-of-town banks have supplied nearly all of the additional demand since May. These loans, which are shown in the second part of the diagram, have not involved an expansion of bank credit, nor an increase in bank deposits, but have meant, rather, an increasingly intensive use of bank funds. This is reflected in the extraordinarily high velocity, or rate of turnover, of deposits in New York City, which is shown in the final section of the chart. The velocity of deposits in New York, according to this bank's calculation, which is based on the ratio of bank debits to demand deposits, has been running much higher than in any recent year, and in September was nearly 25 per cent higher than a year

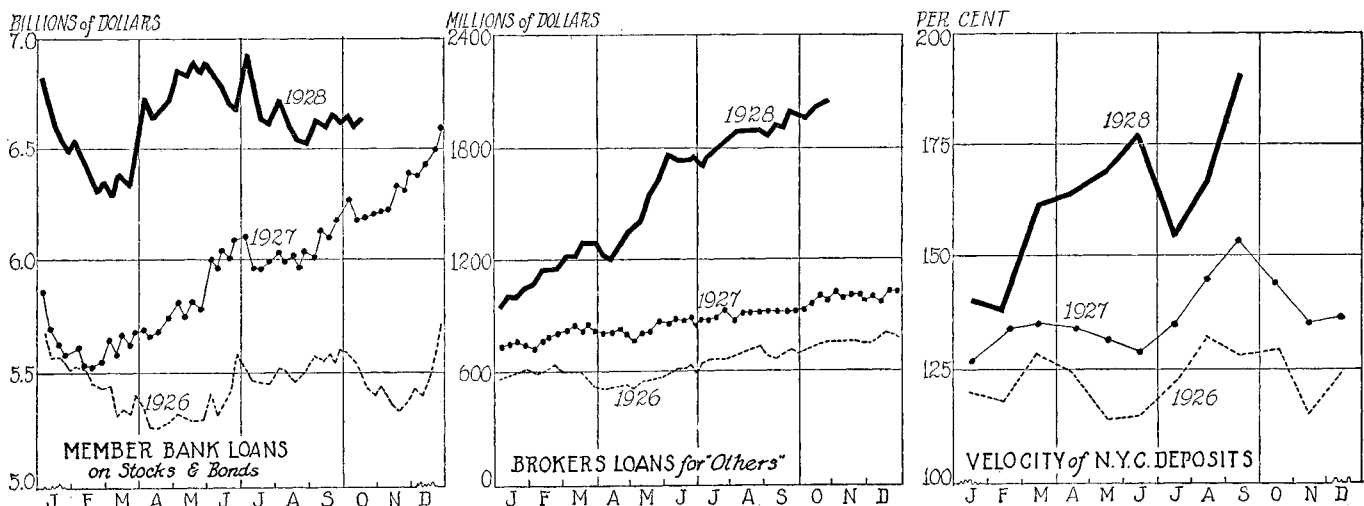
ago and nearly 50 per cent higher than in September 1926.

This high rate of turnover of deposits seems to give support to the assumption that a considerable part of the increase in brokers loans placed for "others" has represented the lending of less active deposits to brokers who put them into very active use. While the increase in these loans does not now result in an increase in the volume of bank credit, it constitutes a potential claim on the banks, which find the demands upon them increased at any time when these lenders withdraw funds from the market.

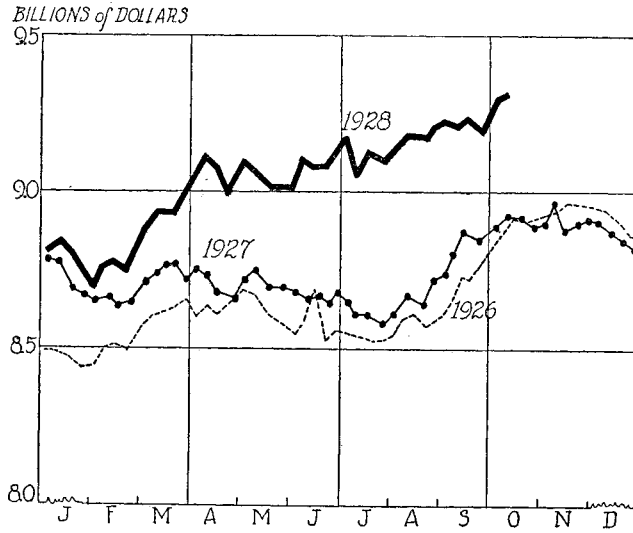
#### AUTUMN COMMERCIAL REQUIREMENTS

The autumn increase in currency circulation has been at least as large as the seasonal movement of other years, and in the third week of October the volume of currency in circulation in the United States was about 150 million dollars above the seasonal low point in the latter part of July. This has constituted a dollar-for-dollar drain on the reserves of member banks.

Bank loans other than those secured by stocks and bonds, the seasonal fluctuations of which reflect mainly the variations in agricultural and commercial requirements, have shown less than the usual increase from July to October, both in this district and in the country as a whole. This may be due at least partly to the fact that these loans increased, instead of showing the usual decrease, during the summer. There has been a moderate increase during the past month, however, as is



Loans on Stocks and Bonds of All Reporting Member Banks; Loans to Brokers and Dealers in Securities Placed by New York City Banks for Customers other than Out-of-town Correspondent Banks; and Rate of Turnover of New York City Bank Deposits (1919-1925 average = 100 per cent).



Reporting Member Bank Loans, other than Loans Secured by Stocks and Bonds, 1928 compared with 1926 and 1927.

shown in the diagram above, and the accompanying increase in deposits has caused some increase in the required amount of member bank reserves.

Both this increase in reserve requirements and the additional currency demand have been met by the reserve funds paid out by the Reserve Banks through seasonal purchases of acceptances. The amount of acceptances offered to the Reserve Banks has been unusually large this season—sufficiently large so that member banks have been enabled to use part of the proceeds to reduce their indebtedness at the Reserve Banks during the latter part of the month. Accompanying this reduction in member bank indebtedness, there has been a slight easing in the money market, which is reflected in the following table principally in reductions in time money rates and in yields on short-term U. S. Government securities.

Money Rates at New York

	Oct. 31, 1927	Sept. 28, 1928	Oct. 29, 1928
Call money.....	*3½	*6-8	*6-8
Time money—90 day.....	4¼	7¼	7¼
Prime commercial paper.....	4	5½	5½
Bills—90 day unindorsed.....	3¼	4½	4½
Customers' rates on commercial loans.....	†4.31	†5.47	†5.47
Treasury certificates and notes			
Maturing December 15.....	2.52	4.73	4.44
Maturing March 15.....	3.01	4.81	4.58
Federal Reserve Bank of New York rediscount rate.....	3½	5	5
Federal Reserve Bank of New York buying rate for 90 day bills.....	3¼	4½	4½

\* Prevailing rate for preceding week

† Average rate of leading banks at middle of month

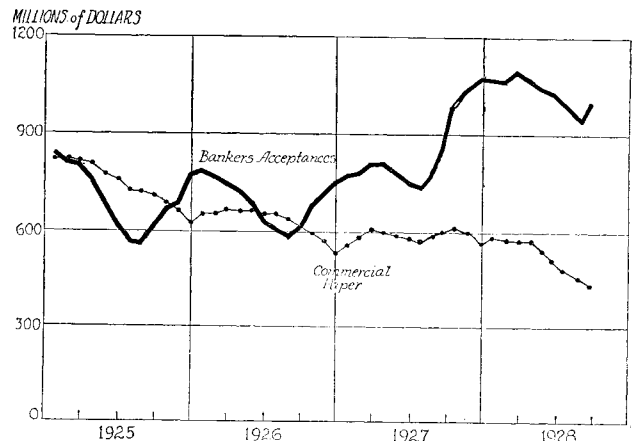
### BILL MARKET

The supply of bills coming into the market continued large throughout the entire month of October, reflecting the usual seasonal increase in drawings to finance the movement of cotton and other agricultural commodities. Investment demand for bills was considerably smaller than the available supplies until after the middle of the month when more active foreign buying appeared, and dealers' portfolios at the end of the month were

somewhat larger than at the end of September. Reflecting the creation of large amounts of new bills, dealers' offerings to the Reserve Banks also were heavy, and the System's portfolio of bills showed a constant increase throughout the month and on October 24 amounted to about 400 million dollars, or 100 million more than the holdings at this time last year. Ninety day unindorsed bills continued to be offered at 4½ per cent, unchanged since August 31, and there was no change in rates for other maturities until late in the month when 5 and 6 months' bills were reduced ⅛ per cent due to a shortage in the supply of these particular maturities.

Following the usual seasonal decline during the spring and summer, the volume of bankers bills outstanding increased during September to \$1,004,000,000, an amount \$140,000,000 larger than on September 30, 1927, and \$390,000,000 larger than on the corresponding date of 1926. During the past year, the largest increases have been in acceptances arising from exports from this country or based on goods stored in or shipped between foreign countries. There has also been a smaller increase in acceptances covering import transactions.

The accompanying diagram indicates that while a diminishing amount of commercial credit is being supplied through the open market for commercial paper, an increasing amount of the financing of crop movements and foreign trade is being done through the acceptance market.



Amount of Outstanding Bankers Acceptances Reported to American Acceptance Council, and Amount of Outstanding Commercial Paper Reported by 24 Dealers to Federal Reserve Bank of New York.

### COMMERCIAL PAPER MARKET

Investment demand for commercial paper was rather inactive until the third week of October, when a number of the country banks of up-State New York, Pennsylvania, New England, and the Middle West came into the market for moderate amounts of paper. Slightly heavier buying by New York City banks for the account of out-of-town correspondents was also reported. As a result of the increased demand and the difficulty that dealers generally continued to have in acquiring new supplies of paper from commercial and industrial concerns, open market lists of paper towards the end of the month were reported to have been extremely small. Outstandings of commercial paper at the end of September were down further to \$430,000,000, according to

reports received from 24 leading dealers. This amount is 6 per cent smaller than at the end of the preceding month, and 28 per cent smaller than a year ago. The selling rate for the bulk of the prime names was unchanged throughout October at 5½ per cent, and there continued to be transactions in the less well known names at 5¾ per cent.

### Credit to Bank of Poland

As reported last October, the Federal Reserve Bank of New York, in association with all other Federal Reserve Banks, participated in a credit arrangement granted by various banks of issue to the Bank of Poland in furtherance of the plans which were completed last year for the stabilization of the Polish currency on a gold basis. Under the terms of this arrangement, the Federal Reserve Bank of New York agreed, for a period of one year, to purchase from the Bank of Poland, if desired, up to a total of \$5,250,000 of prime commercial bills. Following a request of the Bank of Poland, the Federal Reserve Bank of New York and all of the other Federal Reserve Banks have agreed to extend their participation for a period of one year from October 13, 1928. Each of the foreign banks of issue participating in the original arrangement has agreed to do likewise.

### Central Bank Rate Changes

Two banks of issue altered their official discount rates during October. On the 2nd, the National Bank of Hungary raised its rate from 6 per cent to 7 per cent. The earlier rate had been in effect since August 26, 1926. Between September 30, 1927 and September 30, 1928 the Hungarian institution reduced its visible foreign exchange reserve by about 50 per cent from 93 million to 47 million pengoes. In the same period it has been subject to rather heavy drafts for domestic trade requirements, the bill portfolio expanding from 310 to 398 million pengoes.

On October 23 the Central Bank of Chile reduced its rediscount rate for member banks from 6½ to 6 per cent, and its discount rate to the public from 7½ to 7 per cent. The higher rates had been in effect since December 17, 1927. The only notable alteration in the composition of the bank's assets in recent months has been the transfer of a rather large proportion of discount accommodation from the public to member banks. Since the end of June, discounts effected directly for the trading community have fallen by 2,420,000 pesos, while rediscounts to member banks have increased by roughly 2,340,000 pesos.

### Foreign Exchange

Except for a brief recovery around the 10th of the month, sterling exchange was weak throughout October and subject to narrow but frequent fluctuations. The range of quotations was \$4.84 13/16 to \$4.85¼, or close to our gold import point from London. The resultant movement of gold from London to New York was relatively small, however, partly because of the strong German demand which took most of the gold coming into the London market. Furthermore, sterling did not decline for more than temporary

periods to the level which would make it profitable to withdraw gold from the Bank of England if interest were calculated at the high rates prevailing in New York. Reichsmarks weakened in mid-month following the substantial gold shipments from London, but recovered to par on the 18th and showed some firmness thereafter. Lire were firm and in demand, probably due in part to the replacement of tourist requirements by immigrant remittances, but the Italian exchange remained slightly below par. Pressure on the Dutch guilder due to seasonal influences as well as the attraction of interest rates in New York, was still manifest. In general, a little heaviness was displayed by most of the European exchanges, although the only marked decline recorded was that of the Spanish peseta, which has continued under pressure since the middle of August.

The position of the Canadian exchange, which is at a discount of about 1/32, whereas ordinarily at this time of year it is at a premium, shows the preponderant influence of attractive money rates over the pressure of seasonal requirements. Toward the end of the month the Argentine peso evinced a firmer tendency consequent upon the report of gold shipments to New York. Among the Far Eastern exchanges the feature was the rapid appreciation of the yen in the second half of the month, probably due to reports favoring the raising of the gold embargo. The range was \$4560 to \$4738. The rupee appreciated also, continuing a movement begun in August.

Country	Cable rates		
	October 31, 1927	September 29, 1928	October 30, 1928
Austria.....	.1408	.1408	.1406
Belgium.....	.1393	.1389	.1390
England.....	4.8692	4.8495	4.8491
France.....	.0392	.0391	.0391
Germany.....	.2388	.2383	.2382
Italy.....	.0546	.0523	.0524
Netherlands.....	.4029	.4011	.4010
Norway.....	.2635	.2666	.2665
Switzerland.....	.1929	.1925	.1924
Canada.....	1.0012	.9999	.9998
Argentina.....	.9703	.9559	.9570
Brazil.....	.1193	.1194	.1194
India.....	.3641	.3638	.3648
Japan.....	.4652	.4575	.4695
Hong Kong, dollar	.4922	.4978	.5002
Shanghai, tael....	.6238	.6363	.6407

### Gold Movement

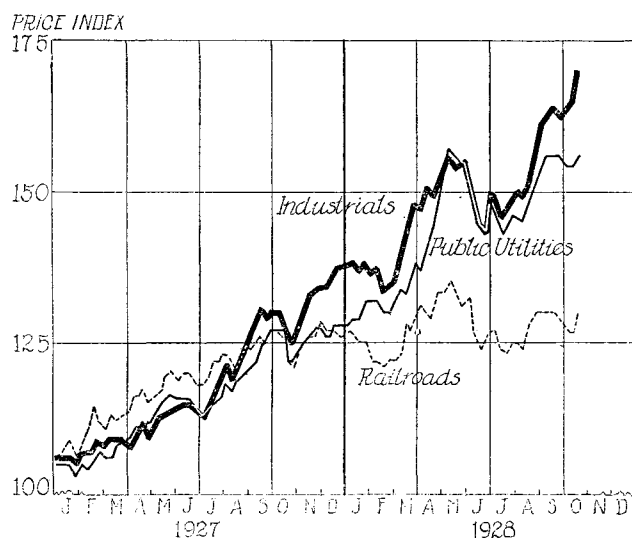
For the second time since August 1927 the net result of exports, imports, and earmarkings shows a gain of gold to this country, amounting in October to \$12,370,000. The bulk of the incoming gold was received from England as a result of the position of sterling exchange below the outgoing gold point from London for New York. Aside from the English shipments, the only gold movement of consequence was the receipt of \$1,000,000 from the Argentine Republic. Preliminary figures are as follows: imports \$11,698,000; exports \$528,000; net release of gold from earmark \$1,200,000; net gain to the country \$12,370,000.

London has continued to be the chief center of interest as regards gold movements. In the current movement of gold from London to the United States, which began on September 20, £3,000,000 has been shipped here. The movement of gold from London to Germany began

on July 24 and has thus far (October 30) involved £13,700,000. Besides the proceeds of purchases in London, the gold stock of the Reichsbank has been augmented by Russian deliveries and amounts, as reported on October 23, to \$598,000,000, an increase of \$86,000,000 since July 24, and of about \$160,000,000 in the past year.

### Security Markets

Stock price movements continued highly irregular during most of October, but as the result of a strong advance around the middle of the month, average prices reached new high levels. Prices of industrial stocks, as measured by averages of a large number of stocks, showed a net advance of some 7 points during the month. Railroad and public utility stocks declined slightly during the first part of the month, but a subsequent advance left average prices near the end of the month at about the same levels as at the end of September.



Prices of 325 Industrial Stocks, 33 Railroad Stocks, and 35 Public Utility Stocks (Standard Statistics Company indexes).

The accompanying diagram, based on the Standard Statistics Company weekly indexes of stock prices, shows that industrial stocks are higher than at any time in the past, and are about 36 per cent higher than a year ago. The trend of public utility stocks during most of the year has been somewhat similar, but in the last two months the advance has not been continued as in the industrials; current prices of utilities are about the same as in May, and are 28 per cent higher than a year ago. Railroad shares, on the other hand, have remained somewhat below their high levels of May, and recent quotations have been about the same as at this time last year.

Domestic corporation bonds were steady during October; in fact, prices have shown little change since the middle of September, up to which time prices had recovered about 1 point from the August low levels. Foreign bonds were virtually unchanged in October and remained close to the lowest levels of the year. United States Government long-term bonds responded to the somewhat easier money conditions with a moderate net rise.

### New Financing

Complete figures of new security issues reported by the Commercial and Financial Chronicle, were much closer to the level of 1927 in September than in August. The total for the month proved to be only \$90,000,000 smaller than a year ago, and of this decline more than one-half was due to a reduction in refunding operations. Domestic corporations obtained \$32,000,000 more new capital than during the corresponding month of 1927, for, while bond issues were slightly smaller, this decline was more than offset by larger stock offerings. The principal reduction was in municipal and State financing; foreign takings of new capital were also somewhat smaller than in September 1927.

Although new security offerings during October continued in about the same volume as in the preceding month, the totals for both domestic and foreign financing appear to have fallen considerably short of the heavy volume floated in October 1927. Stock issues continued to constitute a relatively large proportion of the total new financing, amounting in October to more than one-third of all public offerings during the month.

### Foreign Trade

Exports of merchandise during September, valued at \$426,000,000, showed less than the usual seasonal increase over August and were unchanged from those of a year ago, notwithstanding some advance in commodity prices during the year. Large increases over September 1927 occurred in exports of crude materials, including chiefly raw cotton, and also in exports of finished manufactures, but these gains were offset by declines in exports of semi-manufactures and foodstuffs.

Merchandise imports, valued at \$321,000,000, declined both from August and from a year ago. The principal decline in each case was in imports of crude materials. Imports of raw silk were about one-fourth less in quantity than in August and were smaller than in September of any previous year since 1923. A considerably lower level of raw silk prices than a year ago also contributed to the reduction in the value of silk imports. Receipts of crude rubber, excepting in April 1927, were the largest in quantity ever recorded in a single month, but the increase over a year ago was more than offset by the lower prices prevailing this year.

### Production

Industrial activity continued at a high level during September. Total production of a number of commodities declined from the August levels, but in most cases this was due to the smaller number of working days in September, which was an unusually short month this year because of the occurrence of five Sundays. When allowance is made for the length of the month, productive activity generally showed at least the usual seasonal expansion. Average daily production of automobiles reached a new high record for all time; daily production of steel ingots reached a new high level for the month of September; bituminous coal output increased to a level above that of a year ago, and anthracite production was closer to last year's volume than in a number of months; consumption of cotton showed a further

increase, and silk consumption was larger than in any month since March.

During October, employment at the Detroit automobile center averaged somewhat below the September level. Weekly reports indicate that other leading industries at least held previous gains. Steel mill operations were close to 90 per cent. of capacity, production of both anthracite and bituminous coal averaged considerably higher than in September, and production of lumber and cotton goods increased further.

(Computed trend of past years=100 per cent; adjusted for seasonal variations)

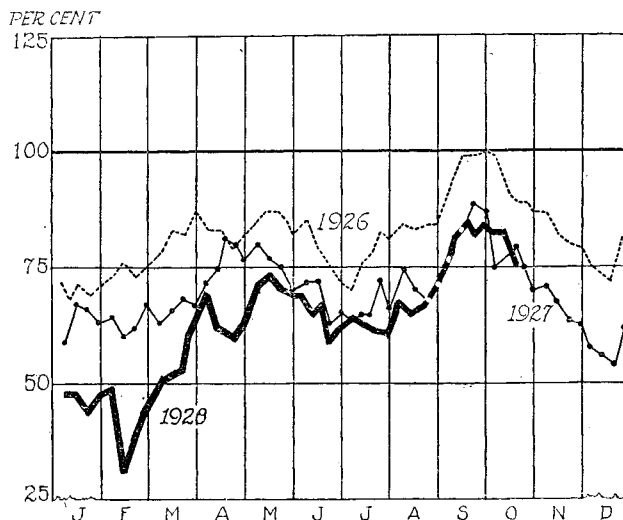
	1927	1928		
	Sept.	July	Aug.	Sept.
<b>Producers' Goods</b>				
Pig iron	96	106	105	105
Steel ingots	94	105	114	119
Cotton consumption	116	80	94	90
Woolen mill activity*	95	78	81	87 <sub>p</sub>
Silk consumption*	128	110	117	118
Petroleum	117	106	110	108 <sub>p</sub>
Bituminous coal	83	79	79	82
Coke	97	99	100	101
Lumber	101	92	95 <sub>r</sub>	84 <sub>p</sub>
Copper, U. S. mines	98	108	109	114
Lead	105	92	98 <sub>r</sub>	106
Zinc	103	97	104	102
Tin deliveries	96	83	114	105
Leather, sole	109	123	120 <sub>r</sub>	111
Cement	134	132	134	132
Paper, total	103	100	106	99 <sub>p</sub>
Wood pulp	97	99	107	100 <sub>p</sub>
<b>Consumers' Goods</b>				
Hogs slaughtered	94	86	90	92
Cattle slaughtered	97	87	91	88
Sheep slaughtered	99	103	108	108
Calves slaughtered	81	73	80	75
Farm produce shipped	99	103	102	89
Wheat flour	91	87	95	85
Sugar meltings, U. S. ports	110	83	95	115
Gasoline	100	101	104	...
Anthracite coal	94	62	90	90
Paper, newsprint	94	86	88	83
Printing activity	102	113 <sub>r</sub>	111	...
Tobacco products	108	105	116	105
Boots and shoes	114	115	118	100 <sub>p</sub>
Tires	100	126	125	...
Automobile, passenger	93	134	155	145
Automobile, truck	82	129	131 <sub>r</sub>	129

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

### Employment and Wages

A further improvement in employment conditions occurred during September. The total number of factory operatives had a further seasonal increase, in New York State to the highest level this year, and in the country as a whole to the highest level since October 1927. In New York State the automobile factories and woolen mills showed the largest increases in employment compared with a year ago, and the iron and steel and non-ferrous metals showed moderate increases, while most of the other industries continued to show declines.

Further indication of better employment conditions appeared in the average rate of voluntary labor turnover reported by the Metropolitan Life Insurance Co. In September this rate of labor turnover was the highest in two years, apparently indicating that employees are finding conditions more favorable to seeking other positions than in a number of months. The ratio of orders for workers to applications for employment at New York State Employment Offices, as shown in the accompanying diagram, has been fairly high during recent weeks.



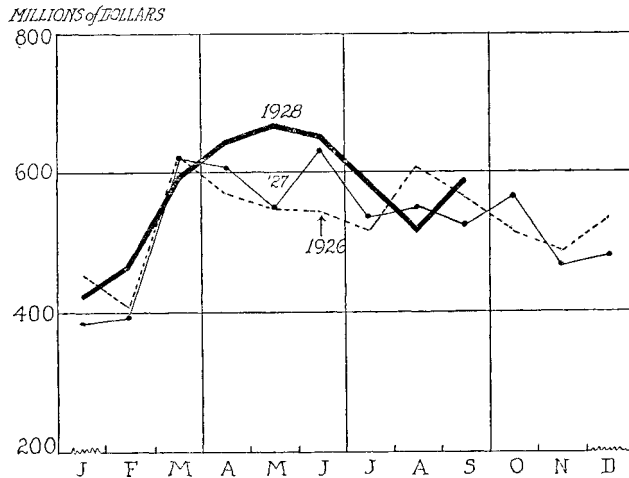
Ratio of Workers Called for to Registrations for Employment at New York State Employment Offices.

Average weekly earnings of factory workers in New York State increased further in September and were higher than in any previous month, with the exception of March 1927. Total wage payments also increased and were closer to the level of a year previous than at any time since September 1927.

### Building

After declining in the two previous months to levels below those of a year ago, building and engineering contracts awarded in the New York and Northern New Jersey district during September increased 22 per cent over the August total, and 46 per cent over that of September 1927, according to the F. W. Dodge Corporation report. The substantial increase over last year reflected chiefly larger contracts for residential building, and for public works and utilities, which included large subway contracts.

Construction contracts awarded in the 37 states east of the Rockies also increased in September, following a decrease each month since May, and reached a total 13 per cent larger than a year ago and also slightly larger than in September 1926, as the diagram on page 86 shows. Building contracts awarded in September are usually somewhat smaller than in August, but this year the inclusion of a very large power development and three other large industrial projects, as well as the New York subway contracts, resulted in making the total of contracts awarded larger than for any previous September. Without these unusually large projects, the total for September would have been slightly smaller than in either the previous month or September 1927. Figures showing the amount of new floor space contracted for, which largely exclude engineering projects where floor area is of little or no significance, instead of advancing in September as did valuation figures, continued the decline that began in June. Floor space figures throughout the year have been consistently higher than in 1927, though in the last few months the span has become much smaller than in the second quarter of the year.



Building Contracts Awarded in 37 States in 1928 Compared with 1926 and 1927 (F. W. Dodge Corporation figures).

A continuation of active building operations in October is reported; the daily average of contracts awarded during the first 26 days of the month was about 5 per cent larger than during the corresponding period of last year. During the first nine months of this year the total amount of building and engineering contracts awarded in the New York and Northern New Jersey district has been 7½ per cent larger than in the corresponding period of 1927, and the total for the 37 states from which reports are received has been 7 per cent larger.

## Crops

Crop prospects on the whole showed little change on October 1 from the prospects of two months previous, following the substantial improvement of July. The only important change during August and September was a reduction of more than 100 million bushels in the expected production of corn, which was the result chiefly of dry weather in Nebraska and South Dakota, and of storm damage in some of the Atlantic Coast States. The cotton crop estimate also was lowered somewhat as the result of unfavorable weather conditions throughout most of the producing states during September. The indicated production of a majority of the other important crops was increased slightly, as is shown in the accompanying table. Farm output in general is expected to be above both the actual harvest of last year and the average harvest of the past five years.

(In millions)

Crop	1923-1927 Average Harvest	1927 Harvest	Indicated by Condition		
			July 1 1928	Aug. 1 1928	Oct. 1 1928
Corn, bushels.....	2,752	2,774	2,736	3,030	2,903
Wheat, bushels.....	808	873	800	891	904
Oats, bushels.....	1,348	1,184	1,320	1,442	1,453
Barley, bushels.....	209	264	303	344	351
Potatoes, white, bushels...	384	407	444	460	464
Tobacco, pounds.....	1,336	1,211	1,312	1,358	1,353
Hay, tame, tons.....	93.1	106.5	84.4	88.8	92.7
Apples, total, bushels.....	183	123	178	179	178
Cotton, bales.....	14.2	13.0	...	14.3	14.0

## Indexes of Business Activity

Average daily carloadings, both of merchandise and of bulk freight, showed more than the usual seasonal

increase in September and were larger than a year ago. Retail trade also was unusually active, and this bank's indexes of department store and chain store sales increased substantially. The very large volume of trading in stocks is reflected in bank debits, especially in New York City, and also in the indexes of velocity of bank deposits. Other business indexes showed mixed increases and decreases.

(Computed trend of past years=100 per cent; adjusted for seasonal variations)

	1927 Sept.	1928		
		July	Aug.	Sept.
<b>Primary Distribution</b>				
Car loadings, merchandise and misc.....	105	103	102	104
Car loadings, other.....	96	91	93	97
Exports.....	100	108	100	95 <sup>p</sup>
Imports.....	114	104	110	103 <sup>p</sup>
Panama Canal traffic.....	96	83	89	85
Wholesale trade.....	99	97	101	95
<b>Distribution to Consumer</b>				
Department store sales, 2nd Dist.r.....	101 <sup>r</sup>	102 <sup>r</sup>	93 <sup>r</sup>	107 <sup>r</sup>
Chain grocery sales.....	106	103	103	104
Other chain store sales.....	105	100 <sup>r</sup>	97 <sup>r</sup>	109
Mail order sales.....	110	132	137	132
Life insurance paid for.....	111	104	107	97
Advertising.....	102	94	97	96
<b>General Business Activity</b>				
Bank debits, outside of N. Y. City.....	109	104	104	111
Bank debits, New York City.....	145	142	149	165
Velocity of bank deposits, outside of N. Y. City.....	109	114	113	120
Velocity of bank deposits, New York City.....	153	154	166	190
Shares sold on N. Y. Stock Exchange.....	234	186	293	398
Postal receipts.....	93	87	90	84
Electric power.....	106	108 <sup>r</sup>	108	...
Employment in the United States.....	99	97	99	98
Business failures.....	101	101	115	104
Building contracts, 36 States.....	134	126	110	142
New corporations formed in N. Y. State	112	120	108	100
General price level.....	173	176	176	178
Composite index of wages.....	222	222	223	224
Cost of living.....	169	172	172	173

<sup>p</sup> Preliminary. <sup>r</sup> Revised.

## Commodity Prices

In the past three months the wholesale commodity price index of the Bureau of Labor Statistics has advanced steadily, and in September reached the highest level since June 1926. There was some net increase among agricultural commodities, as sharp increases in live stock prices more than offset declines in grains and in cotton, but the most significant feature has been the strength in the other commodities, which are influenced more by business than by crop conditions. Last March, following a steady decline of many months, these commodities generally were 6 per cent below the 1926 average, but between that time and September they have shown a steady recovery. The most substantial increases during the period were in petroleum and its products, which had been at very low levels, and in copper which has advanced to the highest level in several years. Moderate price advances occurred also in iron, lumber, and coal.

During October, agricultural commodities were irregularly lower than in the preceding month, the largest movement being a 30 per cent drop in the price of hogs. The other commodities, however, generally held previous gains, and in some instances, such as copper, showed further advances.

### Department Store Trade

Notwithstanding the fact that there was one less business day in September this year than in 1927, sales of leading department stores in this district showed an increase which largely compensated for the August decline. The cooler weather stimulated sales of seasonable merchandise, and most of the apparel departments were among those showing increases over September 1927. Apparel stores also reported substantial increases. Nearly all sections of the district participated in the increase.

As the following table shows, stocks of merchandise were generally smaller at the end of September than a year previous. With sales larger than last year, the rate of stock turnover was considerably higher than in September 1927. The percentage of outstanding charge accounts collected during the month was about the same as last year.

Locality	Percentage Change September 1928 compared with September 1927		Per Cent of Accounts Outstanding August 31 Collected in September	
	Net Sales	Stock on hand end of month	1927	1928
New York.....	+ 4.5	- 2.4	48.7	49.4
Buffalo.....	+ 5.6	- 4.0	53.6	52.3
Rochester.....	+ 7.5	- 3.1	35.1	37.5
Syracuse.....	- 2.5	- 2.4	32.2	43.8
Newark.....	+ 3.4	- 4.5	40.4	40.0
Bridgeport.....	+13.7	- 5.5	.....	.....
Elsewhere.....	+ 2.9	- 7.6	33.1	34.4
Northern New York State.....	+ 2.2	.....	.....	.....
Central New York State.....	+ 0.4	.....	.....	.....
Southern New York State.....	+ 9.2	.....	.....	.....
Hudson River Valley District.....	+ 4.3	.....	.....	.....
Capital District.....	- 2.6	.....	.....	.....
Westchester District.....	+ 3.0	.....	.....	.....
All department stores.....	+ 4.3	- 3.2	44.5	44.9
Apparel stores.....	+ 8.7	- 3.9	43.8	42.4
Mail order houses.....	+21.9	.....	.....	.....

Sales and stocks in principal departments are shown in the following table.

	Net Sales Percentage Change September 1928 compared with September 1927	Stock on Hand Percentage Change September 30, 1928 compared with September 30, 1927
Musical instruments and radio.....	+15.6	-19.3
Shoes.....	+14.1	+11.0
Cotton goods.....	+12.7	- 8.7
Women's and Misses' ready-to-wear.....	+11.9	-13.8
Women's ready-to-wear accessories.....	+ 7.9	- 2.1
Men's and Boys' wear.....	+ 6.5	+ 4.6
Home furnishings.....	+ 3.4	+ 7.9
Books and stationery.....	+ 3.4	+ 5.1
Linens and handkerchiefs.....	+ 0.8	- 2.5
Men's furnishings.....	+ 0.7	- 7.8
Hosiery.....	+ 0.6	+10.3
Furniture.....	- 0.6	- 7.6
Toilet articles and drugs.....	- 0.6	+ 5.7
Silverware and jewelry.....	- 4.3	- 5.1
Luggage and other leather goods.....	- 7.1	-13.0
Toys and sporting goods.....	- 9.5	+11.8
Woolen goods.....	-11.6	-13.4
Silks and velvets.....	-12.4	- 0.4
Miscellaneous.....	- 4.7	- 3.9

### Chain Store Sales

Total sales of reporting chain store systems showed a larger increase over a year ago in September than in

either of the two previous months, notwithstanding the fact that there was one less selling day in September this year than in 1927. The increases were particularly large in variety chains, which deal largely in apparel, and in shoe chains. The ten cent store chains also reported substantial increases. Apparently due in part to the shorter month, sales of candy chains showed a fractional decline from a year ago, despite a considerable increase in the number of stores, sales of tobacco chains were slightly smaller, and sales of grocery chains showed the smallest increase so far this year.

Type of Store	Percentage Change September 1928 compared with September 1927		
	Number of Stores	Total Sales	Sales per Store
Grocery.....	+ 1.1	+ 5.6	+ 4.4
Ten cent.....	+ 9.1	+10.9	+ 1.6
Drug.....	+ 5.3	+ 1.8	- 3.3
Tobacco.....	+ 4.4	- 0.6	- 4.8
Shoe.....	+ 9.9	+22.3	+11.3
Variety.....	+18.1	+24.6	+ 5.5
Candy.....	+16.8	- 0.3	-14.6
Total.....	+ 5.4	+10.8	+ 5.2

### Wholesale Trade

Reflecting a continued heavy demand for industrial equipment, machine tool orders increased further in September and were nearly 2½ times as large as in September 1927. Sales of wholesale paper dealers in this district also increased considerably, as compared either with the previous month or a year ago. Although there were seasonal increases over August in other lines, sales in most cases showed at least slight declines compared with a year ago, some of which may be attributed to the shorter business month this year.

Stocks of silk goods and drugs remained considerably larger than last year, and stocks held by hardware dealers continued to be slightly larger; stocks of groceries, cotton goods, and shoes, however, were smaller than a year ago. Collections in most lines were somewhat slower than in September 1927.

Commodity	Percentage Change September 1928 compared with August 1928		Percentage Change September 1928 compared with September 1927		Per cent of Accounts Outstanding August 31 Collected in September	
	Net Sales	Stock end of month	Net Sales	Stock end of month	1927	1928
Groceries.....	+ 3.3	+ 3.6	- 4.0	- 6.9	75.2	69.3
Men's clothing.....	- 7.6	.....	- 2.7	.....	36.2	35.1
Women's dresses.....	+ 8.3	.....	- 1.8	.....	.....	.....
Women's coats and suits.....	- 9.4	.....	-17.5	.....	.....	.....
Cotton goods—Jobbers.....	+ 2.2	- 4.1	-10.4	- 6.3	32.6	31.9
Cotton goods—Commission.....	+18.7	.....	+ 3.3	.....	.....	.....
Silk goods.....	- 0.4	- 1.6*	- 0.7	+14.7*	44.3	43.9
Shoes.....	-13.8	- 6.2	-24.3	-15.3	34.6	30.3
Drugs.....	+22.8	- 2.5	- 0.8	+12.1	42.9	41.4
Hardware.....	+12.0	- 0.5	- 9.9	+ 2.5	45.0	44.0
Machine tools**.....	+10.0	.....	+149.8	.....	.....	.....
Stationery.....	+ 3.8	.....	- 2.6	.....	63.4	64.9
Paper.....	+27.6	.....	+24.2	.....	55.1	60.0
Diamonds.....	+10.7	.....	- 3.6	.....	.....	.....
Jewelry.....	+27.9	+ 3.8	-22.2	- 0.9	23.4	23.9
Weighted Average.....	+ 2.9	.....	+ 0.1	.....	49.2	46.9

\*Quantity not value. Reported by Silk Association of America.  
 \*\*Reported by the National Machine Tool Builders' Association.

**Business Conditions in the United States**

(Summarized by the Federal Reserve Board)

**V**OLUME of production and distribution of commodities increased seasonally in September and was larger than a year ago. There was a further advance in the general price level. Loans of member banks in leading cities increased in September and October in response to the seasonal demand for commercial credit.

**PRODUCTION**

Industrial production increased further in September, and the output of manufactures was in larger volume than in any previous month. Factory employment and payrolls also increased. Production of iron and steel and of automobiles was unusually large during September and October, although there has recently been some curtailment of operations in these industries. There were also increases in September in the activity of the textile, meat-packing, and tire industries, and in the output of coal, petroleum, and copper, while lumber production showed a decline.

Building contracts awarded, after declining in volume for three months, increased considerably in September and exceeded all previous records for that month. The increase was due chiefly to certain large contracts for industrial plants and subway construction. During the first three weeks of October awards exceeded those for the same period last year, the excess being especially large in the eastern districts.

Department of Agriculture estimates of this year's crop yields indicate that the production of all crops in the aggregate will exceed last year's output by about 5 per cent. The corn crop is estimated at 2,903,000,000 bushels, or 5 per cent above last year's production. The October 8 estimate indicated a cotton crop of 13,993,000 bales, or 446,000 bales less than was forecast on September 8, compared with a yield of 12,955,000 in 1927.

**TRADE**

Department store sales increased considerably in September and were larger than a year ago, reflecting in part the influence of cooler weather. Inventories of department stores at the end of the month were smaller than on the same date of last year. Wholesale distribution in all leading lines except meats was somewhat smaller than in September 1927. Freight-car loadings showed more than a seasonal increase in September and continued large in October. Shipments of miscellaneous commodities in recent weeks have continued in larger volume than in previous years.

**PRICES**

Wholesale commodity prices increased further in September and the Bureau of Labor Statistics index advanced to 100.1 per cent of the 1926 average. Increases, which were largest in farm products and foods, occurred in nearly all groups except hides and leather and textiles, which showed slight declines. Since the latter part of September there have been decreases in the prices of livestock and meats, grains, wool, and hides, and increases in cotton, silk, rubber, and iron and steel.

**BANK CREDIT**

Demand for bank credit for commercial purposes increased between the middle of September and the middle of October reflecting seasonal activity in trade and the marketing of crops. There was also a growth in loans to brokers and dealers in securities, though total loans on securities of reporting member banks showed little change.

During the four weeks ended on October 24, a growth of about \$40,000,000 in the total volume of Reserve Bank credit in use was due chiefly to continued increase in the demand for currency, offset in part by a small inflow of gold from abroad. Reserve Bank holdings of acceptances increased by about \$140,000,000 during the period, while the volume of discounts for member banks declined by about \$100,000,000. United States security holdings remained practically unchanged.

Open market rates on commercial paper and on bank acceptances remained unchanged between the middle of September and the latter part of October, while rates on security loans declined in October.

