

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

December 1, 1928

Money Market in November

After declining in the three preceding months to comparatively small proportions, gold movements again became a factor of some consequence in the money market during November. The November movements were the largest since July and resulted in a net loss of 19 million dollars. A total of about 27 million dollars of gold was received during the first 21 days of November, which brought the total receipts since the import movement began in September to 42 million dollars. Of this amount 37½ million came from England and 4½ million from Argentina.

In the latter part of the month the leading foreign exchanges became somewhat firmer and were above the levels at which gold shipments to this country would yield a profit. Consequently, no further shipments of any size to the United States were reported after the 15th of the month. A reversal of the gold movement occurred after November 21, when the first gold exports of the season to Canada were made, and when a substantial amount of gold was earmarked for foreign account. These new movements took a total of about 47 million dollars from the gold stock of the country, and more than offset, in the money market, the gold import movement earlier in the month.

As the accompanying diagram shows, the import of gold this autumn was small in comparison with the large outflow of the past year. Following the renewed outflow in the latter part of November, the monetary gold stock of this country at the present time is less than 15 million dollars larger than at the end of June, and is about 485 million smaller than at the end of May 1927.

Money rates were slightly easier in November partly because of gold imports during the first three weeks of the month, and partly because of a somewhat smaller demand for additional Reserve Bank credit than is usual at this time of year, and further increases in the acceptance holdings of the Reserve Banks, due to the large volume of bills outstanding and the generally high level of interest rates. As a consequence, member banks were enabled to repay a part of their borrowings from the Reserve Banks, and were in a position to lend a little more freely. An increasing proportion of commercial paper was sold in the open market at 5¼ per cent, as compared with a prevailing rate of 5½ per cent in October; acceptance rates remained steady. Yields on short-term Government securities declined about ½ per cent, in some cases to under 4 per cent in the third week of November, but later advanced somewhat. Apparently reflecting a continued strong demand for additional loans, rates on security loans showed no material change

from those of October and the tendency at the end of the month was toward higher levels. The following table compares money rates near the end of November with those of a month previous and a year ago.

Money Rates at New York

	Nov. 30, 1927	Oct. 31, 1928	Nov. 28, 1928
Call money.....	*3½-4½	*6-8	*6½-9
Time money—90 day.....	4½	7	7
Prime commercial paper.....	4	5½	5¼-½
Bills—90 day unindorsed.....	3½	4½	4½
Customers' rates on commercial loans.....	†4.28	†5.47	†5.47
Treasury certificates and notes			
Maturing March 15.....	3.10	4.63	4.30
Maturing June 15.....	3.17	4.44	4.20
Federal Reserve Bank of New York rediscount rate.....	3½	5	5
Federal Reserve Bank of New York buying rate for 90 day bills.....	3½	4½	4½

* Prevailing rate for preceding week

† Average rate of leading banks at middle of month

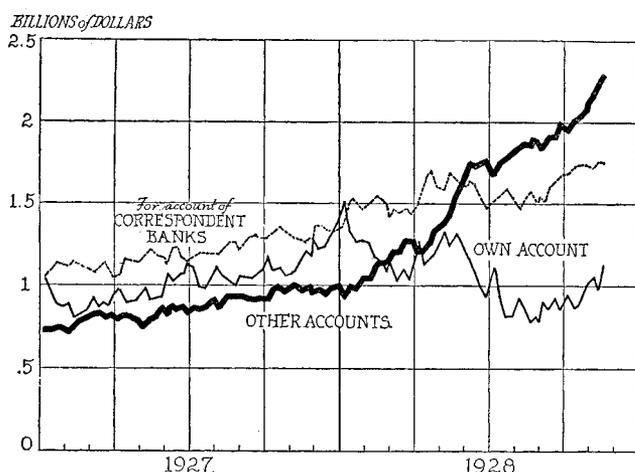
CHANGES IN MEMBER BANK CREDIT

The strong demand for security loans continued to be the dominant factor in changes in member bank credit.

BILLIONS of DOLLARS



Monetary Gold Stock of the United States, End of Each Month since December 1926 (November 1928 estimated).



Loans to Brokers and Dealers in Securities Placed by New York City Banks for Own Account, for out-of-town Correspondent Banks, and for Others.

Loans to brokers and dealers in securities made by New York City banks for their own account increased further during the past month, and on November 21 were 300 million dollars larger than in the latter part of August, but remained slightly below the highest point of last May. The total loans and investments of these banks have also remained somewhat below the May levels, as their investments have been reduced about 100 million dollars since that month, and loans other than those secured by stocks and bonds have shown practically no net change.

Outside of New York the tendency appears to have been similar. Loans to brokers and dealers in securities placed by New York banks for out-of-town correspondent banks increased approximately 200 million dollars from the latter part of August to November 21 and are larger than in May. This figure includes, however, not only loans for account of both member and non-member out-of-town banks, but also loans placed by those banks for the account of their customers. The total loans and investments of reporting member banks in principal cities other than New York showed no such liquidation during the summer as did New York member banks and the subsequent expansion has carried them to new high levels.

As the accompanying diagram shows, funds from sources other than the New York banks and their correspondent banks have continued to play an important part in the financing of the security markets and are now larger than ever before. These loans have considerably more than doubled during the past year and are now over three-fourths as large as the combined loans made by New York banks for their own account and for out-of-town banks.

BILL MARKET

Although the supply of new bills during November was considerably less than the unusually large volume created in October, offerings to the market nevertheless continued rather heavy, as is usual at this season of the year. Reflecting the smaller increase in the supply than in October, offerings of bills to the Reserve Banks also were smaller, and the bill holdings of the System increased only 44 million up to November 21, as against

an increase of 156 million during October. Demand for bills, principally by foreign investors, was rather well sustained, and dealers' portfolios at the end of November were smaller than a month earlier. Open market rates for bills were unchanged; the offered rate on the 90-day maturity has been steady at $4\frac{1}{2}$ per cent for the past three months.

COMMERCIAL PAPER MARKET

The bank investment demand for commercial paper was reported active throughout November. Open market rates for prime names eased slightly, and the selling range became $5\frac{1}{4}$ - $5\frac{1}{2}$ per cent, the lowest level since mid-August. There continued to be a dearth of new paper coming into dealers' portfolios from commercial and industrial concerns. At the end of October, the amount of commercial paper outstanding through 24 leading dealers was down to \$427,000,000, or 30 per cent less than the outstandings a year ago. The decline from the end of September to the end of October was less than 1 per cent, however; this is the smallest month-to-month decrease since April, when a small increase occurred.

Central Bank Rate Changes

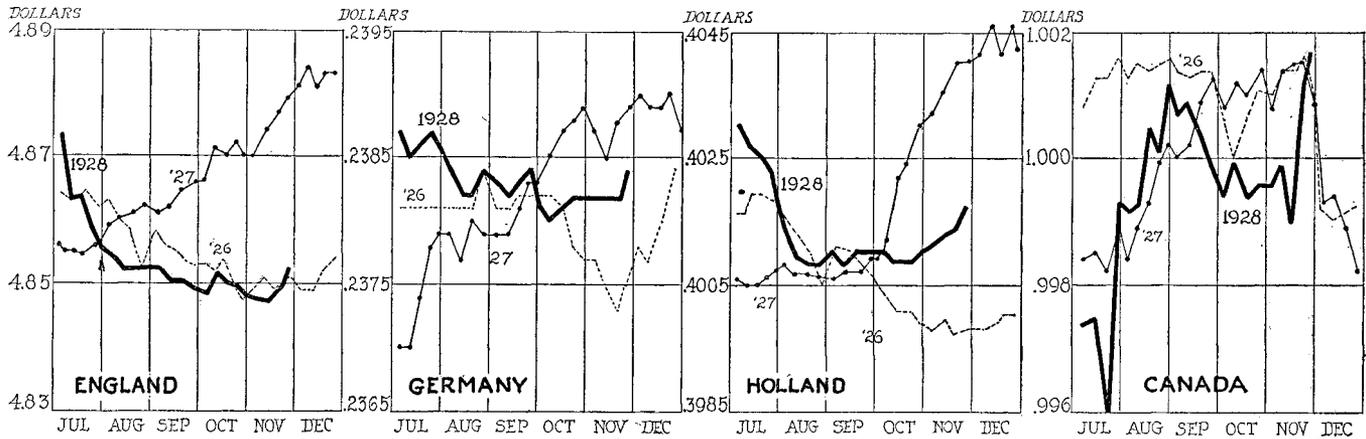
Following a one-half per cent rise on August 7, the Bank of Finland raised its discount rate on November 15, again by one-half per cent, to 7 per cent. Recent economic trends which might have led to this decision are: an adverse trade balance, a considerable expansion of central and commercial bank credit, and a contraction of more than 50 per cent in the volume of the Bank's foreign assets.

On the same day a rise in the discount rate of the Imperial Bank of India from 5 to 6 per cent became effective. Last year this bank raised its rate from 5 to 6 per cent on December 8 and again to 7 per cent on December 22. Such changes are attributable to the seasonal movement of Indian exports, which commonly bring about an extension of credit through the winter period.

Foreign Exchange

The foreign exchanges in the latter part of November appear to reflect some relaxation in the autumn demand for payments to America as well as slightly lower money rates in New York. Probably as a result of these influences a number of exchanges were perceptibly firmer here during the second half of the month. Chief attention was again concentrated upon sterling, not because of any radical movement, but because of the susceptibility of London to gold withdrawals. Fairly consistent weakness in the first two weeks brought the pound sterling down to the season's low level at $\$4.84\frac{3}{4}$ on the 14th and permitted an inflow of gold from England in November amounting to \$25,000,000. Reacting upward, sterling crossed $\$4.85$ on the 22nd and reached $\$4.85\frac{1}{4}$ on the 27th, making gold shipments unprofitable.

In the last days of the month the reichsmark moved upward to $\$0.2384$, or two points above par. The Dutch guilder, quoted at $\$0.4010$ on the 5th, firmed to $\$0.4018$ on the 28th. The fluctuations of the Spanish peseta, which moved through a range of thirty points in October, were very slight in November, this exchange



British, German, Dutch, and Canadian Exchanges at New York in the Autumn of 1928, Compared with 1926 and 1927.

holding steadily at \$0.1612 during the second half of the month. Slight gains were made by the Swiss and Norwegian exchanges, and various European currencies were reported in steady demand in the last week of the month.

Canadian exchange rose to a premium on November 19 for the first time since September, the usual seasonal appreciation of this exchange having hitherto been adversely affected by the attraction of New York money rates. However, exports of Canadian grain are reported to have been very heavy recently and probably account for the sudden shift in the Canadian rate from a discount to a premium. The Argentine peso continued its upward trend, rising eleven points in the month to \$0.9586. It is now above the gold export point for New York.

The Japanese yen slipped back from a high of \$0.4670 on November 1 to \$0.4587 on the 28th, or approximately its position in mid-October.

Argentine closed the movement from that country. With the rather abrupt rise of Canadian exchange on the 19th, an efflux of gold began which took \$22,000,000 to Canada between November 21 and 28. A new earmarking movement also developed in the latter part of the month, which caused a net increase of \$25,000,000 in the amount of gold held under earmark for foreign account.

Foreign Trade

Exports of merchandise in October, valued at \$555,000,000, were the largest for any month since January 1921. All groups of exports were seasonally larger than in September, and all, except crude foodstuffs, showed considerable gains over a year ago. The largest increase over September occurred in the autumn exports of crude materials, chiefly raw cotton; the largest increase over last year was in exports of finished manufactures, especially automobiles. Grain shipments abroad were larger than in recent months, but remained smaller than last year, due no doubt partly to heavy grain production this year in Canada, and also in Europe.

Imports, valued at \$357,000,000, showed more than the usual seasonal increase over September but remained practically the same as in October 1927. Compared with September there were increases in all groups of imports, the largest of which was an increase of about 19 per cent in finished manufactures. Increases over last year in the value of imports of manufactured goods and semi-manufactures were offset by declines in imports of crude materials and foodstuffs. The quantity of crude rubber imported during October was somewhat smaller than in September, but was substantially larger than in October 1927; however, the increase in quantity continued to be more than offset by the lower level of rubber prices. Raw silk imports were slightly larger in volume than in September but were somewhat smaller than in October 1927; silk prices were higher than in either the previous month or a year ago.

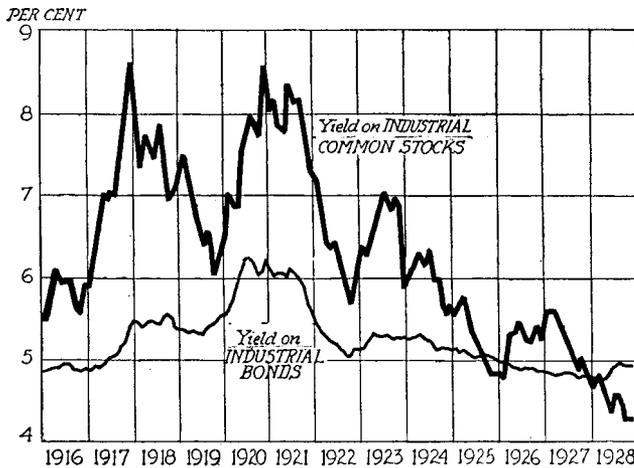
Security Markets

The stock market was strong during most of November, and sales were much larger than in any previous month. On several days the volume exceeded 6 million shares, and on most full trading sessions after Election

Country	Cable Rates		
	November 30, 1927	October 31, 1928	November 28, 1928
Austria	\$.1410	\$.1406	\$.1406
Belgium	.1397	.1390	.1390
England	4.8779	4.8485	4.8517
France	.0393	.0391	.0391
Germany	.2388	.2382	.2384
Italy	.0543	.0524	.0524
Netherlands	.4040	.4010	.4018
Norway	.2658	.2665	.2666
Switzerland	.1928	.1924	.1927
Canada	1.0009	.9996	1.0015
Argentina	.9718	.9574	.9583
Brazil	.1192	.1196	.1194
India	.3656	.3649	.3640
Japan	.4577	.4656	.4587
Hong Kong, dollar	.5011	.5005	.4999
Shanghai, tael	.6386	.6416	.6405

Gold Movement

A substantial gold import movement during the first three weeks of November was followed by a reversal of the movement in the latter part of the month, and the net result of imports, exports, and earmarkings during the first 28 days of November shows a loss of gold to this country amounting, according to preliminary calculations, to \$19,000,000. As reported above, the weakening of sterling made it profitable for American buyers to import approximately \$25,000,000 from London. The last of these purchases was made in London on November 13. A shipment of \$2,500,000 received from the



Average Yield on 33 Dividend Paying Industrial Common Stocks Compared with Yield on 15 High Grade Industrial Bonds. (Source: Standard Statistics Co.)

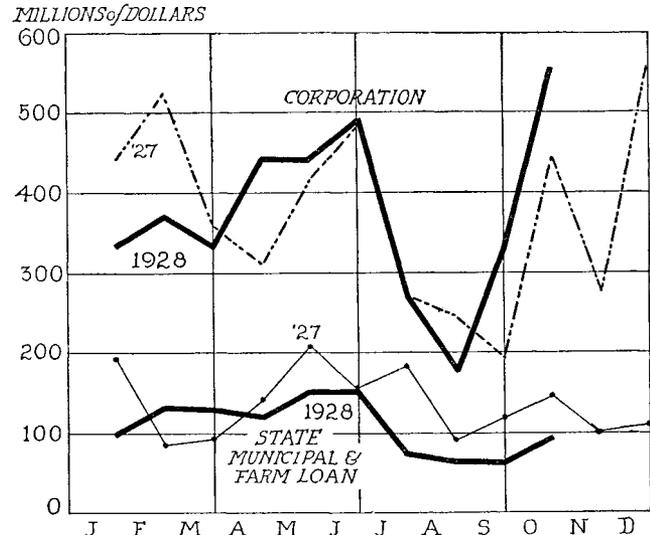
Day the turnover was above 5 million shares. Practically all groups of stocks showed some net gain for the month, and in a number of individual issues the advances were very large. Representative averages of industrial stocks advanced 18 points or more to new high levels, public utilities stocks advanced substantially above the previous high levels of May, and railroad stocks, which had shown little movement in recent months, advanced to higher levels than ever before.

As the accompanying diagram indicates, the recent advances in industrial common stocks have reduced the average yield on these shares to the lowest level in many years. Meanwhile, yields on industrial bonds have advanced somewhat in recent months; so that stock yields are now considerably below the yields on high grade bonds. On only two occasions since the beginning of the war has such a situation prevailed—in late 1925 and early 1926, and again early this year—and in these instances stock yields remained below bond yields for only a short period.

The trend of domestic corporation bond prices continued slightly upward during the first part of November, but subsequently prices receded a little and by the end of the month were at levels little different from those at the end of October. For the month as a whole, average prices fluctuated at levels about $1\frac{1}{4}$ points above the extreme August low and about $2\frac{1}{2}$ points below the January high levels of the year. Price movements of foreign bonds were relatively small. There was a further advance in long-term United States Government issues, and current prices averaged about $1\frac{1}{2}$ points above the mid-summer low levels.

New Financing

Final figures on security flotations during October showed a decline of more than 20 per cent compared with a year ago. Half of the decline, however, was due to a much smaller volume of refunding issues than in October 1927, and a considerable part of the remainder was due to a reduction in offerings of foreign securities in this market. As the accompanying diagram indicates, the amount of new capital obtained by domestic corporations in October was larger than last year, and in most



New Security Issues in 1928 Compared with 1927; Domestic Corporation Issues, and State, Municipal, and Farm Loan Issues (Refunding Issues Excluded). (Source: Commercial & Financial Chronicle)

of the recent months has compared favorably with a year ago.

While firmer money conditions have made the sale of bonds more difficult, the strength in stocks has been favorable to the sale of new stock issues, and an increase in this method of financing has more than offset the decline in bonds. Offerings of State, municipal, and farm loan bonds in the period from April to October have been in somewhat smaller volume than a year ago, and foreign financing during the past four months has been much curtailed.

The total of new securities offered publicly in November appears to have been in about the same volume as a year ago. The number and relative importance of stock issues increased further during the month—in one week of the period stock offerings exceeded the amount of new bonds offered. Due principally to \$55,000,000 of New York City issues, the total volume of State, municipal, and farm loan issues was larger than a year ago, for the first time in some months. The New York City issues of corporate stock and bonds were sold at an interest cost to the city of 4.2002 per cent, the highest rate paid by this city since December 1921. Offerings of foreign securities were only about one-half as large as in November of last year, but present indications are that the total amount of security offerings by domestic corporations, including refunding issues, will prove to have been about the same as a year ago.

Employment and Wages

Factory employment showed a further seasonal increase in October. In New York State, employment remained slightly smaller than a year ago, but has shown a much larger increase from the beginning of the year than is usual. In the country as a whole the number of factory workers employed was larger than in the preceding year for the first time since September 1926. The ratio between workers called for and registrations for employment at New York State Employment Offices showed a seasonal decline in October and November, but remained slightly above the level of a year ago.

Employment in iron and steel mills of New York State increased further above the 1927 level, and in the machinery and electrical equipment industry exceeded that of a year ago for the first time in many months. In the textile industries, employment in the woolen and worsted and silk mills has increased above the levels of either 1926 or 1927, but employment in the cotton and knit goods mills remains well below the levels of the past two years. There has been a seasonal decline in employment in building material industries since September, and the usual seasonal curtailment has occurred in out-of-door activities.

Business Profits

Third quarter net earnings of 210 industrial and mercantile concerns showed an increase of 36½ per cent over the corresponding quarter of last year, which, however, was a period in which corporation earnings had shown some decline from those of the previous year. These tabulations frequently exaggerate the increase in corporation profits, due to the fact that statements that are issued early tend to include a large proportion of reports which make favorable showings. However, it is noteworthy that third quarter earnings of these companies showed an increase over second quarter earnings, whereas in recent years, earnings have usually shown a declining tendency in the third quarter.

The largest percentage increases over last year were reported by the motor accessories companies, which tripled their profits, and the oil and copper companies, the profits of which were more than double those of a year ago. Other groups showing substantially larger profits were the steel, machine and machine manufacturing, automobile, mining and smelting (other than coal), and miscellaneous companies. All other groups also reported at least small increases with the exception of the railroad equipment, coal, and amusement companies.

Net profits of these 210 companies for the first nine months of this year have been 18 per cent larger than in the corresponding period of 1927, and about 11 per cent larger than in 1926. Telephone and other public utility companies continued to report net earnings around 10 per cent larger than a year ago, both for the third quarter and for the completed nine months. Net operating income of the principal railroads increased in the third quarter to a larger figure than a year ago, but

remained somewhat smaller than in 1926. The accompanying diagram compares the course of industrial, public utility, and railroad earnings during the past three years.

(Net profits in millions of dollars)

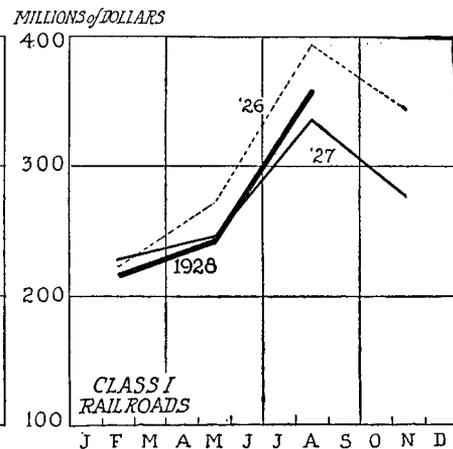
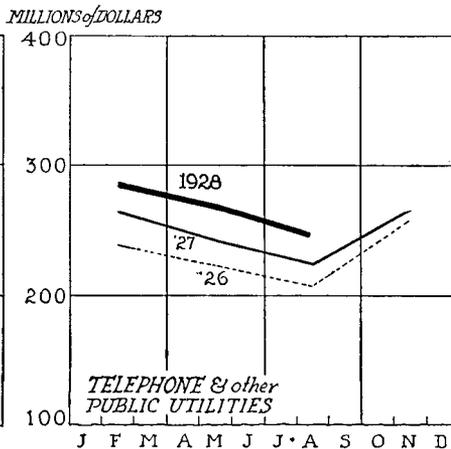
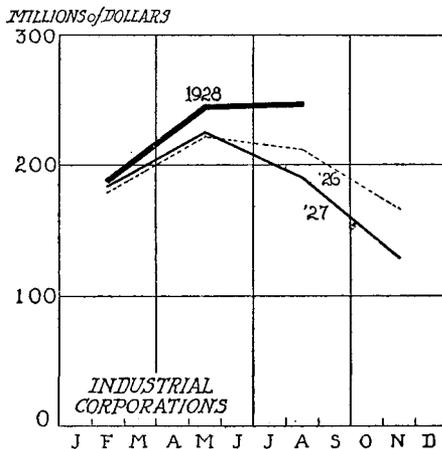
Corporation Groups	Number	Third Quarter		Nine Months		
		1927	1928	1926	1927	1928
Motors.....	11	81	101	218	248	300
Motor accessories.....	15	4	11	25	18	28
Oil.....	24	21	43	129	61	77
Steel.....	14	33	49	143	119	130
Railroad equipment.....	5	4	3	16	13	9
Food and food products.....	25	36	38	98	103	109
Tobacco.....	5	3	3	6	8	7
Machine and machine mfg.....	16	7	10	27	23	27
Chemicals.....	9	15	17	33	39	43
Building supplies.....	13	7	9	21	20	21
Amusement.....	7	6	6	14	15	17
Coal.....	7	2	2	6	7	4
Copper.....	5	6	14	19	19	33
Other mining and smelting.....	12	5	8	20	18	22
Miscellaneous.....	42	52	66	130	141	179
Total 15 groups.....	210	282	380	905	852	1,006
Telephone.....	87	55	61*	155	173	189*
Other public utilities.....	95	170	188	515	561	618
Total public utilities.....	182	225	249*	670	734	807*
Class I railroads.....	185	337	358	891	810	820

* Partly estimated

Building

Awards of building and engineering contracts in the New York and Northern New Jersey district continued to increase in October; the total for the month was 21 per cent larger than for September and 12 per cent larger than for October 1927, according to the F. W. Dodge Corporation report. The increases over a month earlier and a year ago were due almost entirely to larger contracts for public works and utilities, which included a \$43,000,000 water supply project and an \$8,000,000 subway contract in New York City. Contracts for commercial buildings also showed an increase over the previous month and a year ago, but residential contracts, while in slightly larger volume than in September, were 18 per cent smaller than a year ago.

During the first ten months of this year the total volume of building contracts awarded in the 37 reporting states has been 7 per cent larger than a year ago. During the first three weeks of November, however, a reduc-



Quarterly Profits of 105 Industrial Corporations, and 182 Public Utility Corporations, and Net Operating Income of 185 Class I Railroads in 1928 Compared with 1926 and 1927.

tion in the daily average of contracts, as compared with the corresponding period of 1927, indicated a considerably lower level of building operations.

Indexes of Business Activity

Domestic retail trade increased less than usual in October following the large volume of September, but foreign trade increased more than usual. Average daily car loadings of merchandise and miscellaneous freight declined slightly; loadings of bulk freight showed about the usual seasonal increase.

An extremely large volume of financial activity is reflected in the establishment of a new high record for sales of stocks on the New York Stock Exchange, and a new high record for October for bank debits in New York City. The velocity of bank deposits also was very high.

This bank's indexes of business activity, in which allowance has been made for year-to-year growth, for the usual seasonal variations, and where necessary for price changes, are shown below.

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

	1927	1928		
		Oct.	Aug.	Sept.	Oct.
Primary Distribution				
Car loadings, merchandise and misc.....	103	102	104	103
Car loadings, other.....	92	93	97	97
Exports.....	97	100	94	105 ^p
Imports.....	114	110	102	109 ^p
Panama Canal traffic.....	101	89	85	..
Wholesale trade.....	93	101	95	..
Distribution to Consumer				
Department store sales, 2nd Dist. ^r	94 ^r	93 ^r	106 ^r	94
Chain grocery sales.....	105	103	104	101
Other chain store sales.....	108	97	109	101
Mail order sales.....	102	137	132	115 ^p
Life insurance paid for.....	101 ^r	94 ^r	101 ^r	98
Advertising.....	100	97	96	95
General Business Activity				
Bank debits, outside of New York City.....	106	104	111	106
Bank debits, New York City.....	136	149	165	164
Velocity of bank deposits, outside of New York City.....	110	113	120	117
Velocity of bank deposits, New York City.....	144	166	190	188
Shares sold on N. Y. Stock Exchange.....	204	293	398	389
Postal receipts.....	90	90	84	88
Electric power.....	104	109 ^r	107	..
Employment in the United States.....	98	99	98	98
Business failures.....	102	115	104	115
Building contracts, 36 states.....	139	110	142	136
New corporations formed in N. Y. State.....	112	108	100	126
General price level.....	173	176	178	177
Composite index of wages.....	222	223	224	224
Cost of living.....	169	172	173	172

p Preliminary r Revised

Production

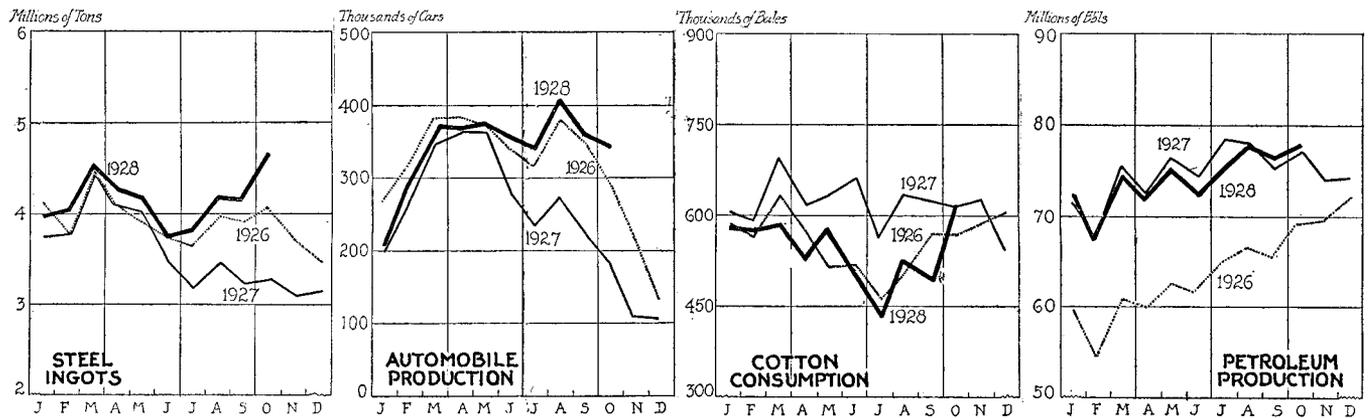
Productive activity continued in October at a high level. Output of passenger automobiles and trucks declined about 4 per cent from September, but was 82 per cent above the level of a year ago. Steel ingot production established a new high record, and pig iron production was the largest for any October excepting the war years of 1916 and 1918. Production of coal and of coke increased more than usual, and copper established a new post-war high record. Mill consumption of silk declined from the high level of September, but woolen mill activity and consumption of cotton increased sharply; cotton consumption was larger than a year ago for the first time since last November, and wool activity was the highest since December 1926.

In November, productive activity was generally at a lower level, but the decline appears to have been no larger than is usual for that month.

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

	1927	1928		
		Oct.	Aug.	Sept.	Oct.
Producers' Goods				
Pig iron.....	92	105	105	110
Steel ingots.....	84	114	119	118
Cotton consumption.....	105	94	90	104
Woolen mill activity*.....	97	81	87	98 ^p
Silk consumption*.....	112	117	118	109
Petroleum.....	117	110	110	109 ^p
Bituminous coal.....	82	79	83 ^r	88
Coke.....	95	100	101	106
Lumber.....	95	88 ^r	78	81 ^p
Copper, U. S. mines.....	99	109	114	121
Lead.....	98	98	105 ^r	99
Zinc.....	104	104	102	101
Tin deliveries.....	96	114	105	101
Leather, sole.....	103	120	111	116
Cement.....	125	134	132	123
Paper, total.....	98	105 ^r	100	..
Wood pulp.....	94	107	99	..
Consumers' Goods				
Hogs slaughtered.....	85	90	92	105
Cattle slaughtered.....	91	91	88	81
Sheep slaughtered.....	102	108	108	119
Calves slaughtered.....	88	80	75	81
Farm produce shipped.....	94	102	89	99
Wheat flour.....	91	95	85	95
Sugar meltings, U. S. ports.....	111	95	115	124
Gasoline.....	100	104	106	..
Anthracite coal.....	101	90	90	115
Newsprint.....	87	88	83	91
Printing activity.....	103	108 ^r	108	..
Tobacco products.....	102	116	105	113
Boots and shoes.....	100	119 ^r	102	102 ^p
Tires.....	98	125	134	141 ^p
Automobile, passenger.....	69	155	145	124
Automobile, truck.....	95	131	133 ^r	138

* Seasonal variation not allowed for p Preliminary r Revised



Production of Steel, Passenger Automobiles, and Petroleum, and Mill Consumption of Cotton in 1928 Compared with 1926 and 1927.

Wholesale Trade

October reports on wholesale trade in this district showed a larger average increase over a year previous than in any other month in the past three years. One more selling day than in October 1927 accounted for a minor part of the increase. Substantial increases in the clothing trades, which have reported smaller sales than a year ago in most of the recent months, were an important factor, and more active trade was reported also in a number of other lines.

Commission house sales of cotton goods showed the largest increase over a year previous in more than a year, and jobbers' sales showed a small increase. The grocery, drug, stationery, and diamond trades reported larger sales than a year ago, following decreases in September, and the shoe, hardware, and jewelry trades showed smaller decreases than in September. Machine tool sales continued in more than double the volume of a year ago.

Commodity	Percentage Change October 1928 compared with September 1928		Percentage Change October 1928 compared with October 1927		Per cent of Accounts Outstanding September 30, Collected in October	
	Net Sales	Stock end of month	Net Sales	Stock end of month	1927	1928
Groceries.....	+18.4	+18.4	+ 6.7	+ 3.4	77.7	78.5
Men's clothing.....	- 9.7	...	+22.2	...	34.8	38.1
Women's dresses.....	- 8.7	...	+47.0	...	...	...
Women's coats and suits	+23.6	...	+ 2.8	...	...	...
Cotton goods—Jobbers	+ 6.6	- 6.1	+ 1.9	- 5.6	32.2	35.6
Cotton goods—Commission	- 3.4	...	+13.0	...	...	...
Silk goods.....	- 7.3	+ 5.4*	- 4.2	+17.6*	49.0	46.2
Shoes.....	- 9.2	+ 0.8	- 0.5	-16.8	49.0	48.9
Drugs.....	+25.3	- 7.5	+ 4.1	+17.0	46.9	44.8
Hardware.....	+14.5	+ 1.4	- 2.7	+ 4.6	48.0	48.8
Machine tools**	+ 7.1	...	+113.0	...	...	...
Stationery.....	+22.1	...	+ 8.8	...	69.3	68.1
Paper.....	+18.3	...	+ 6.9	...	68.1	63.1
Diamonds.....	+19.5	+ 4.4	+13.7	+ 2.4	22.1	23.4
Jewelry.....	+45.5	...	- 4.1	...	...	...
Weighted Average...	+ 7.2	...	+15.0	...	52.4	53.1

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

Chain Store Sales

Chain grocery systems in this district reported substantial increases over October 1927 in total sales and in average sales per store. Ten cent, tobacco, shoe, and variety chains all showed smaller increases in total sales in October than in September, however, and after allowance for the larger number of stores operated, all types other than grocery chains showed smaller sales per store than a year ago.

Type of Store	Percentage Change October 1928 compared with October 1927		
	Number of Stores	Total Sales	Sales per Store
Grocery.....	+ 0.3	+13.8	+13.4
Ten cent.....	+ 9.4	+ 5.4	- 3.6
Drug.....	+ 7.9	+ 2.6	- 5.0
Tobacco.....	+ 5.0	- 3.3	- 8.0
Shoe.....	+ 9.1	+ 4.2	- 4.5
Variety.....	+18.0	+15.8	- 1.8
Candy.....	+16.0	+ 1.9	-12.2
Total.....	+ 5.3	+ 8.3	+ 2.9

Department Store Trade

Total sales of reporting department stores in this district were more than 4 per cent larger in October than a year ago, about the same increase as in September. However, the average daily rate of sales was only slightly larger than last year in October, as compared with an increase of about 9 per cent in September. Newark stores reported a substantially higher daily rate of sales than in October 1927, but most of the other localities in the district showed little if any increase. Apparel stores continued to report much larger sales than a year previous.

Stocks of merchandise showed a moderate increase during the month in preparation for the holiday trade, but were no larger at the end of October than a year previous. Consequently, the rate of stock turnover remained slightly larger than a year ago. Collections against charge accounts were at about the same rate as in October 1927.

Locality	Percentage Change October 1928 compared with October 1927		Per cent of Accounts Outstanding September 30 Collected in October	
	Net Sales	Stock on hand end of month	1927	1928
New York.....	+ 4.4	+ 1.3	53.4	53.7
Buffalo.....	- 1.0	- 3.0	43.0	44.4
Rochester.....	+ 1.7	- 2.1	44.0	47.1
Syracuse.....	+ 5.3	+ 2.4	...	...
Newark.....	+12.9	+ 0.8	46.6	46.3
Bridgeport.....	+ 2.2	-11.3	...	...
Elsewhere.....	- 0.8	-10.6	38.7	40.5
Northern New York State.....	+15.3	...	...	...
Central New York State.....	- 9.3	...	...	...
Southern New York State.....	+ 3.3	...	...	...
Hudson River Valley District.....	- 4.7	...	...	...
Capital District.....	- 1.3	...	...	...
Westchester District.....	+ 1.4	...	...	...
All department stores.....	+ 4.8	- 0.2	49.6	49.9
Apparel stores.....	+14.2	+ 2.0	48.8	48.3

Substantial increases compared with October 1927 were reported in sales of musical instruments and radio receivers, shoes—especially women's—furniture and home furnishings, and women's apparel, and there were moderate increases in various other departments.

	Net Sales Percentage Change October 1928 compared with October 1927	Stock on Hand Percentage Change October 31, 1928 compared with October 31, 1927
Musical instruments and radio.....	+69.4	-36.7
Shoes.....	+16.4	+18.2
Home furnishings.....	+12.6	+ 9.8
Books and stationery.....	+11.9	+ 6.7
Furniture.....	+10.8	- 4.1
Women's ready-to-wear accessories.....	+ 9.8	+ 1.6
Hosiery.....	+ 9.3	+ 4.6
Luggage and other leather goods.....	+ 7.7	- 5.6
Women's and Misses' ready-to-wear.....	+ 7.6	+ 3.8
Cotton goods.....	+ 7.6	- 2.8
Men's furnishings.....	+ 7.5	- 6.8
Toilet articles and drugs.....	+ 6.9	+13.6
Linens and handkerchiefs.....	+ 6.7	- 0.9
Toys and sporting goods.....	+ 3.9	+ 9.9
Silverware and jewelry.....	+ 0.8	- 9.1
Men's and Boys' wear.....	- 2.6	+ 7.1
Woolen goods.....	- 5.9	-10.3
Silks and velvets.....	- 7.5	- 6.0
Miscellaneous.....	+ 7.9	- 6.4

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

INDUSTRY continued active in October and the distribution of commodities was in large volume. Wholesale commodity prices declined sharply owing chiefly to decreases in the prices of farm products. Member bank credit in use increased in October and November, while Reserve Bank credit outstanding showed little change. Conditions in the money market were somewhat easier.

PRODUCTION

Industrial production continued in October at the high level of September and considerably above the level of a year ago. Output of minerals increased over September, while the production of manufactures declined slightly. Factory employment and payrolls increased to the highest level since early in 1927. The production of pig iron was particularly large in October and the first half of November, and the output of steel continued in record volume. Automobile production declined considerably in October after exceptional activity in September, and showed further reduction in November, as is usual at this season. Activity increased in October in meat-packing and in the textile industries, with the exception of silk. Copper mining and smelting continued at a high level, and the output of coal and petroleum increased by more than the usual seasonal amount, while the production of zinc declined. There was also a decline in the output of lumber and building materials.

Building contracts awarded continued to increase in October and were larger than in that month of any previous year, but declined sharply during the first two weeks of November. The increase in October was due principally to large contracts for engineering and industrial projects.

The November cotton crop estimate of the Department of Agriculture was slightly larger than the October estimate and indicated a yield of 14,133,000 bales, 1,178,000 more than the production of 1927. Ginnings of the current crop prior to November 14 totaled 11,320,302 bales, compared with 10,894,912 in the similar period of a year ago. Indicated yields of wheat, corn, oats, potatoes, and tobacco were larger than the 1927 crops, while estimates of hay, rye, and flaxseed were smaller.

TRADE

Department store sales in October were in about the same volume as in the same period in the preceding year, but showed somewhat less than the seasonal increase from the high level of September. Inventories of these stores increased during the month, but continued smaller than a year ago. The volume of distribution at wholesale was larger than in September and showed a substantial gain over October 1927. Freight car loadings continued larger in October and November than a year ago, reflecting chiefly large loadings of miscellaneous freight.

PRICES

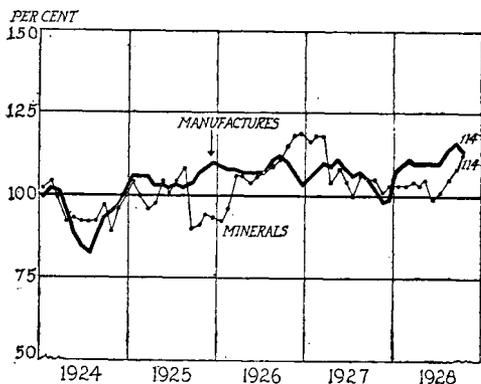
Wholesale commodity prices declined in October after a continuous increase for three months, and the Bureau of Labor Statistics index for October, at 97.8 per cent of the 1926 average, was over 2 per cent below that for September. This decline reflected chiefly large decreases in prices of farm and food products and hides and leather. Prices of industrial commodities increased slightly, with small gains recorded in metals, building materials, and chemicals and drugs. The principal increases occurred in prices of iron and steel, copper, and raw silk. During the first three weeks of November prices of cotton, pig iron, copper, and petroleum increased, and prices of most farm and food products, except corn, pork, and sugar, recovered somewhat after the October decline.

BANK CREDIT

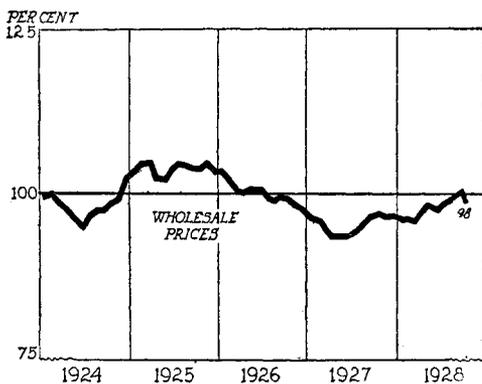
Between October 24 and November 21 there was a considerable increase in loans and investments of member banks in leading cities, but at the end of this period the total was still below the large volume outstanding at the middle of the year. Loans chiefly for commercial purposes remained at a high level during the period and loans on securities showed further growth, reflecting a marked increase in the volume of loans to brokers and dealers in securities. Investments showed further decline.

During the four weeks ended November 21 there was little change in the volume of Reserve Bank credit in use. Reserve Bank holdings of acceptances increased further and discounts for member banks declined.

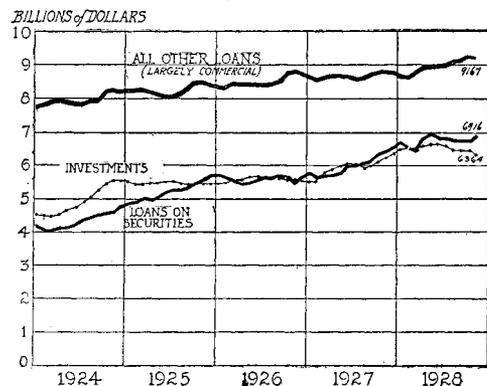
During the last week of October and the first three weeks of November conditions in the money market were somewhat easier; the rate on four to six months commercial paper declined from a level of $5\frac{1}{2}$ per cent to a range of from $5\frac{1}{4}$ to $5\frac{1}{2}$ per cent, and rates on call and time loans in the open market also declined slightly.



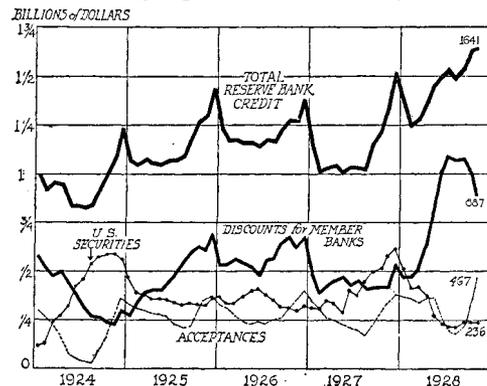
Index Numbers of Production of Manufactures and Minerals, Adjusted for Seasonal Variations (1923-25 average = 100 per cent).



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 3 Weekly Report Dates in November).



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