

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

April 1, 1929

Money Market in March

The course of money rates during March reflected a continued demand for funds to finance security transactions at a time when commercial requirements for funds were approaching their spring peak. The volume of brokers loans rose to new high levels during the month and although the additional supply continued to be furnished for the most part by lenders other than domestic banks, increasingly high call loan rates were required to attract sufficient amounts.

In the first week of March, a substantial increase in brokers' borrowings, coincident with the loss of funds to New York which frequently occurs in inter-district settlements early in the month, caused an advance in the call loan rate to 12 per cent. In the second week, a return flow of funds together with a temporary gain of funds to the market due to Government redemptions of maturing securities in excess of tax collections caused a decline to 6 and 7 per cent. Subsequently as income taxes were collected rates advanced to 9 and 10 per cent, and, in the final week month-end demands and transfers to other districts following a renewed increase in brokers' borrowings to new high levels caused an advance to 20 per cent, the highest call loan rate since February 1920.

Commercial rates continued to move to higher levels. An insufficient investment demand to absorb the supply of new paper at the rates prevailing at the beginning of the month, and the difficulty experienced by dealers in obtaining the funds with which to carry their portfolios, were reflected in a net increase in rates on bankers acceptances of $\frac{1}{4}$ per cent. There was also a gradual upward revision of commercial paper rates, the net effect of which was a general advance of $\frac{1}{4}$ per cent. Rates charged on commercial loans directly to customers by leading New York City banks were also advanced $\frac{1}{4}$ per cent in several instances. The net changes in the various money rates during the month and during the past year are shown below.

Money Rates at New York

	Mar. 30, 1928	Feb. 28, 1929	Mar. 28, 1929
Call money	*4 $\frac{1}{2}$ -5	*6 $\frac{1}{2}$ -10	*8-20
Time money—90 day	4 $\frac{3}{4}$	7 $\frac{3}{4}$	**8 $\frac{1}{2}$
Prime commercial paper	4-4 $\frac{1}{4}$	5 $\frac{1}{2}$ - $\frac{3}{4}$	5 $\frac{3}{4}$ -6
Bills—90 day unindorsed	3 $\frac{3}{4}$	5 $\frac{1}{4}$	5 $\frac{1}{2}$
Customers' rates on commercial loans	†4.31	†5.50	†5.60
Treasury certificates and notes			
Maturing June 15	3.24	4.45	4.89
Maturing September 15	4.67	4.88
Federal Reserve Bank of New York			
rediscount rate	4	5	5
Federal Reserve Bank of New York			
buying rate for 90 day bills	3 $\frac{3}{8}$	5 $\frac{1}{8}$	5 $\frac{1}{2}$

* Prevailing rate for preceding week

† Average rate of leading banks at middle of month

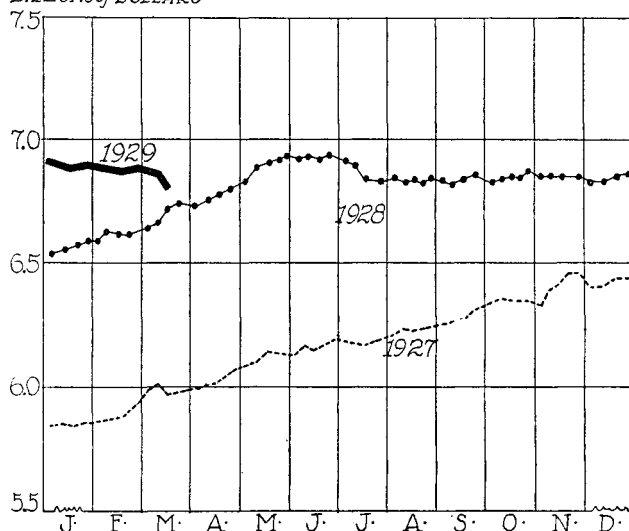
** Nominal quotation

EXPANSION OF TIME DEPOSITS HALTED

Accompanying the rapid increase in brokers loans for "others," the accumulation of time deposits in weekly reporting member banks, which had been proceeding steadily and rapidly for several years, has ceased entirely for nearly a year. The diagram below shows that time deposits in these banks are now the smallest since the end of April last year and that the recent trend has been slightly downward. While the precise source of funds placed in the call loan market by "other lenders" is not known, it appears not unlikely that the high rates offered for call loans during the past year have attracted funds that would otherwise have been placed in time deposits in member banks.

The tendency in the security holdings of reporting banks has been somewhat similar to that of time deposits. There was some liquidation during the latter half of last year, and investments of banks in this district and elsewhere have shown a renewed decline during the past two months until subscriptions to the new issue of Treasury certificates on March 15 caused a temporary rise in security holdings. On March 20 the investments of reporting banks in the Second District were 58 million dollars smaller than a year previous, and in other districts were 119 million smaller. Holdings of U. S. Government securities were somewhat larger than a year ago, while holdings of other securities were considerably smaller. This absence of increase in bank investments has been an important adverse influence upon the bond market.

BILLIONS of DOLLARS

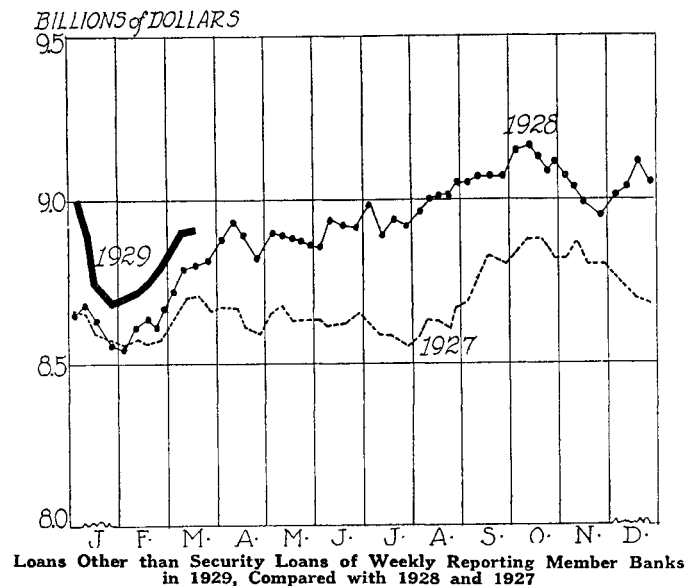


Time Deposits of Weekly Reporting Member Banks January 1927 to March 1929

Loans on securities made by banks in this district have shown irregular fluctuations but little net change since the liquidation of temporary year-end borrowings in the first half of January, but security loans of reporting banks in other districts have shown a gradual but steady increase and are now more than 250 million dollars larger than at the beginning of the year. The increase has been principally in direct loans to customers and very little in loans to brokers.

COMMERCIAL CREDIT REQUIREMENTS

An active demand for short-term credit to finance agriculture and business has been reflected during the past two months in a substantial increase in the loans other than security loans made by reporting member banks to their customers. The increase since the end of January has amounted to 226 million dollars, an increase nearly as large as that which occurred in the corresponding period last year and considerably larger than that of previous years. Banks in the Second District increased loans of this type 190 million dollars between January 30 and March 20, and smaller increases occurred in most of the other districts.



BILL MARKET

The supply of new bills offered to the market increased substantially in March and during the first three weeks of the month was considerably in excess of the investment demand. Reflecting this situation, the dealers' portfolios of bills mounted somewhat above the low levels at the end of February. On March 21, dealers' bid and offered rates were advanced $\frac{1}{4}$ per cent, and on March 25, a further $\frac{1}{8}$ per cent. At $5\frac{5}{8}$ per cent for unendorsed 90 day bills and at correspondingly increased rates for other maturities, the buying demand for bills increased to such an extent that on March 27 the dealers' rates were lowered by $\frac{1}{8}$ per cent, thereby canceling the increase instituted two days before. Dealers' portfolios toward the end of the month again were down to a relatively low figure which compared closely with their holdings a month earlier.

During March, bill maturities from the Reserve System's portfolio exceeded new purchases by about \$120,000,000, following a somewhat smaller reduction in February, and at the end of March the System's portfolio of purchased bills was over \$135,000,000 smaller than a year ago.

The American Acceptance Council survey of the volume of dollar acceptances outstanding in this country shows that the total on February 28 was \$1,228,000,000, a decrease of \$51,000,000 from the figure for the end of January. Notwithstanding this decrease, the volume was \$172,000,000 higher than a year ago.

COMMERCIAL PAPER MARKET

Open market commercial paper rates advanced further during March from a range of $5\frac{1}{2}$ - $5\frac{3}{4}$ per cent at the beginning of the month to $5\frac{3}{4}$ -6 per cent at the close. The offering of the higher rates for prime material, which became general shortly after the middle of the month, resulted, however, in no appreciable increase in the bank investment demand for paper. In view of the limited interest evidenced in dealers' offerings by the banks throughout the country, leading commercial paper houses were not anxious to acquire additional supplies of new paper from industrial and mercantile concerns.

Reports received by this bank from 23 commercial paper firms indicate that the outstandings of paper increased 1 per cent further during February, and at the end of that month totaled \$411,000,000. As compared with a year ago, the amount of financing being transacted through the commercial paper market is $27\frac{1}{2}$ per cent smaller.

Central Bank Rate Changes

Since the discount rate of the Federal Reserve Bank of New York was last raised on July 13, 1928, sixteen central banks have changed their official rates, twelve revising them upward and four downward. In the latter category are Bulgaria and Greece, which were encouraged to take this step by the success of their respective stabilization programs, Germany, where funds had for some time been abundant, and Chile where the central bank discount business was being transferred from the trading community to the member banks. The central banks which have increased their rates in this period are: Austria, England, Finland, Hungary, Italy, the Netherlands, Spain, and Sweden, in Europe; India and Java, in the Far East; and Colombia and Peru, in South America. There is no doubt that in every case the reason for the increased rate can be traced directly or indirectly to the influence of higher money rates in New York, especially the high call loan rates.

During the month just ended, central bank rates were increased as follows:

Bank of Italy, from 6 to 7 per cent on March 14, the last prior change having been an increase of $\frac{1}{2}$ per cent on January 7, 1929. The new rate is the result of stringency in the money market following upon a necessary contraction in circulation and deposits, due to the gradual reduction of the bank's reserve assets. The Netherlands Bank rate went up 1 per cent to $5\frac{1}{2}$ per cent on March 25, the earlier rate having been in force

since October 13, 1927. The statements of this bank have recently shown a heavy increase in the bill portfolio, and a loss of foreign assets consequent upon the pressure upon guilder exchange in New York and London. The Reserve Bank of Peru increased its rate, which had been 6 per cent since May 17, 1928, to 7 per cent on March 6; and the Bank of the Republic of Colombia raised its rate to 8 per cent on March 18 from 7 per cent, where it had stood since May 15, 1924.

Foreign Exchange

The general weakness of the foreign exchanges in March was strikingly illustrated by the course of the exchanges of two countries whose central banks raised their discount rates a full point during the month. On March 1 the Dutch guilder was quoted at \$.4005, fifteen points below par, around which level it was maintained until the announcement of the increased bank rate on March 25, when it rose to \$.4009, and relapsed the next day to \$.4007, where it stood at the close of the month. The rise in the Bank of Italy rate failed in even greater degree to improve their exchange: the lira opened at \$.0523 23/32, fell away to 9/32 on March 9, rose to 59/64 upon the announcement of the rate rise on the 14th, and slid off to \$.0523 21/64 towards the end of the month.

Gold shipments also were made in certain cases without being followed by material strengthening of the exchanges. The reichsmark started the month at \$.2372 43/64; it was down to \$.2372 1/32 on March 8, recovered somewhat on the announcement of the shipments of gold to New York, fell after the arrival of the gold, and reached a new low at \$.2371 1/2 at the close of the month. The Argentine peso was another exchange which was not advanced by the shipment of gold: despite two arrivals, one on March 14 and another on the 27th, it failed to recover the loss of 12 points sustained between the first and the 13th of the month. The Canadian dollar, 17/32 off at the beginning of March, dropped to a discount of 57/64 on the 14th and fluctuated widely, closing the month at 31/64 off. The Spanish peseta, which has been subject to abnormal influences, touched a new low for this year at \$.1465 on March 8; it later rose 44 points on March 14-15, slumped again, and recovered to \$.1514.

The pound sterling in March was dull and steady. It opened the month at \$4.85 1/4, fell on the 9th to \$4.85 7/16, and closed the month at \$4.85 15/64. French francs were steady, firming slightly toward the end of the month, which is usual as the French banks generally bring home some of their foreign balances at such times. With the exception of the continued weakness of the Japanese yen, which fell off some 50 points by the 6th and recovered 30 points to \$.4458 on March 29, the other exchanges require no special mention.

Gold Movement

The effects of high money rates in New York and consequent weakness in the foreign exchanges were reflected in a continued inflow of gold during March. Two shipments from Germany aggregating \$16,486,000, two from Argentina totaling \$4,500,000, and one from

Canada of \$1,500,000 made up the bulk of United States imports of gold in March, and exports were negligible.

Preliminary totals for the month are: imports \$23,000,000; exports, \$1,000,000; net decrease in earmarkings, \$7,500,000; net gain to the country, \$29,500,000. The net gain of gold since January 1 is calculated at \$37,500,000.

New Financing

Total domestic new security issues in February were slightly smaller than in the previous month, but were about one-third larger than in February 1928, according to a compilation of the Commercial and Financial Chronicle. Excluding refunding issues, the increase over a year ago amounted to about 60 per cent; municipal and State financing was much smaller than last year, while domestic corporate issues were virtually twice as large. Notwithstanding the large offerings of new securities in recent months, it appears that domestic mercantile and industrial corporations have been receiving comparatively small amounts of new working capital from the proceeds of these issues.

An analysis made by the Standard Statistics Company indicates that out of a total volume of over \$2,500,000,000 of new securities issued during the first two months of this year, the net amount of new capital paid into the treasuries of commercial and industrial corporations in this country from the proceeds was less than one-fifth of that amount—about \$493,000,000. The large remainder in these months included a wide variety of issues; securities of investment trusts and holding companies, the proceeds of which were to be used for the purchase of other securities; securities issued to refund maturing securities of the same type, or to replace securities of another type (for instance, common stocks issued to replace bonds); securities issued to replace bank loans, sometimes with the result of substituting non-interest-bearing stocks for interest-bearing indebtedness; securities issued in exchange for previously existing securities, in cases of mergers and consolidations; stocks of banks, insurance companies, and other financial organizations.

For comparative purposes a similar study of security issues in the first two months of 1925 was made. The results indicated that out of a total of \$900,000,000 of new issues in that period, \$543,000,000 represented actual new capital for commercial and industrial purposes. An important factor in the large increase in other issues between the two periods was an increase from \$132,000,000 in January and February 1925 to \$1,282,000,000 in the same months of 1929 in the amount of new issues floated by investment trusts, holding and financial operating companies, and banks and insurance companies. These figures indicate that the proportion of the proceeds of new issues used to promote financial operations has increased greatly, while the proportion used to finance industry and trade directly has been much reduced.

This bank's compilation of new foreign issues floated in this market during February indicates a slight increase over January, but a volume less than half that floated in February 1928.

Business Profits

Reports of earnings of 574 industrial and mercantile concerns show that net profits of these companies in 1928 totaled 24 per cent more than in 1927, and 15 per cent more than in 1926, the previous high year of industrial profits. These figures are perhaps somewhat more favorable than would be shown by a more complete tabulation. The 574 companies included constitute, of course, only a small fraction of all industrial establishments in the country and in the past the returns from all companies have presented a less favorable situation than have the returns from the companies included in these compilations.

The course of industrial profits during 1928 appears to have differed somewhat from that of the two previous years, when in each year the peak was reached in the second quarter, and was followed by sharp declines in the third and fourth quarters. In 1928, third quarter earnings were slightly above those of the second quarter and profits in the final quarter showed much less reduction from those of the preceding quarter than in 1926 or 1927.

An important part of the very large gain in 1928 profits over the previous year was due to recoveries that occurred in the profits of a limited number of groups, including the oil companies, whose 1928 profits were nearly twice as large as in the previous year but approximately the same as in 1926; the steel and motor accessories industries; the meat packing concerns, which virtually recovered the ground lost in 1927; and the copper companies, which doubled their net earnings from 1927 to 1928, following a moderate decline in 1927. Similar recoveries were also reported by the machine and machine manufacturing, metal and mining (exclusive of coal and copper), and paper groups. The building supplies and coal companies showed some improvement in 1928, but failed to regain the 1926 level.

Important groups that showed a further expansion of net profits from 1927 to 1928, following an increase in 1927 from the preceding year, were the motor concerns, a number of the food and food products companies, and the tobacco, printing and publishing, amusement, clothing, chemical and drug, electrical equipment, radio,

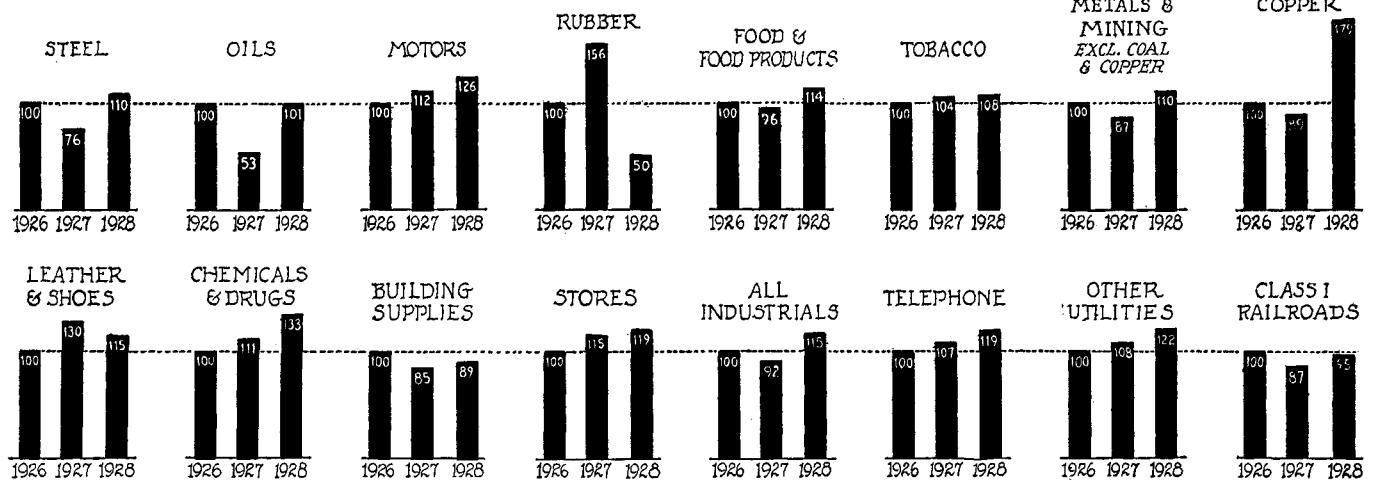
shipping, and stores groups. The rubber companies showed a large reduction in net profits from 1927 to 1928, and leather and shoe, silk, and miscellaneous textile concerns likewise reported declines, following increases in the previous year. The only important type of company to have a continued decline through the two years was the railroad equipment group.

Net operating income of telephone and other public utility companies continued to increase in 1928, and at a faster rate than in 1927. Net operating income of Class I railroads was 10 per cent larger than in 1927, but remained smaller than in 1926.

(Net profits in thousands of dollars)

Corporation Groups	Number	1925	1926	1927	1928
Steel companies	28	160,302	214,618	162,452	236,019
R. R. equipment	15	23,322	45,502	35,860	27,478
Oils	46	347,058	369,740	194,525	371,472
Motors	19	243,502	293,934	327,834	371,207
Motor accessories (excl. tires)	29	48,200	41,099	37,080	61,554
Rubber	14	88,789	38,129	59,389	19,046
Bakery products	7	39,556	40,240	43,212	46,455
Dairy products	6	9,870	10,965	11,489	15,830
Confectioners	8	9,912	8,863	7,421	8,801
Meat packing	6	35,363	31,373	18,695	31,079
Other misc. food products	31	98,475	114,252	116,842	131,203
Tobacco	15	91,077	98,302	102,253	106,455
Leather and shoes	13	24,962	23,187	30,078	26,748
Paper	8	8,195	8,439	8,007	10,256
Printing and publishing	11	26,780	27,157	29,037	33,274
Amusement	10	22,255	23,965	26,600	37,616
Clothing	6	5,139	4,822	5,149	7,479
Silk	8	6,613	5,445	5,770	4,220
Other misc. textiles	28	15,339	6,439	20,473	15,351
Metal and mining (excl. coal and copper)	24	61,094	67,247	58,451	73,948
Coal	13	8,506	14,222	700	6,838
Copper	11	24,191	39,952	35,368	71,508
Machine and machine mfg.	35	46,508	56,441	53,358	58,765
Chemical and drugs	21	69,880	86,001	95,542	114,503
Electrical equipment	8	41,028	42,306	42,766	50,611
Radio	5	4,036	8,349	10,779	23,398
Realty	7	12,683	16,000	15,974	16,841
Shipping	6	3,224	4,209	4,370	4,834
Building supplies	37	108,360	111,188	94,160	98,889
Stores	31	110,464	122,581	140,341	146,304
Miscellaneous industries	68	145,325	178,149	193,464	243,920
Total 31 groups	574	1,940,008	2,153,116	1,987,439	2,471,902
Telephone (net operating income)	94	186,778	212,225	227,566	252,244
Other public utilities	95	*	715,153	775,177	868,703
Total public utilities	189		927,378	1,002,743	1,120,947
Total 33 groups	763		3,080,494	2,990,182	3,592,849
Class I R. R. (net operating income)	184	1,138,632	1,253,004	1,085,142	1,193,134

* Not available



Annual Net Profits of Industrial, Mercantile, and Public Utility Corporations, and Net Operating Income of Class I Railroads in 1928, Compared with 1927 and 1926 (1926 = 100 per cent)

Security Markets

Stock prices drifted irregularly during the first part of March, but, around the middle of the month, representative industrial stock averages again rose to new high levels. Shortly after the 15th, the market showed a downward tendency, which culminated in a sharp break in stock prices in the last week of the month. From the lowest levels reached on this reaction there was a substantial recovery, but at the end of the month the general average of stocks and the industrial average remained about 2 and 3 per cent, respectively, below the mid-March levels. Average prices of railroad and public utility stocks at the end of the month were $6\frac{1}{2}$ and $4\frac{1}{2}$ per cent, respectively, below their highest levels reached in late January and early February. The turnover on the New York Stock Exchange on one day rose to over 8 million shares, a new high figure, and for the month averaged about 4.8 million shares daily, a considerably heavier volume of sales than in February.

Buying interest in bonds continued limited in March, and, except for a slight rally around the middle of the month, prices declined further. Domestic corporation bond prices dropped about one point further on the average, and reached the lowest level since April 1926. The current decline in bond prices which began in the spring of last year and which has been in progress ever since, with the exception of a period of partial recovery from August to November of last year, has accompanied progressively firmer money conditions.

Foreign Trade

Exports of merchandise showed less than the usual seasonal decline in February, while imports showed a slight increase. Exports, valued at \$444,000,000, were larger than in the corresponding month of any year since 1921; imports, valued at \$371,000,000, were larger than in February of any year since 1926.

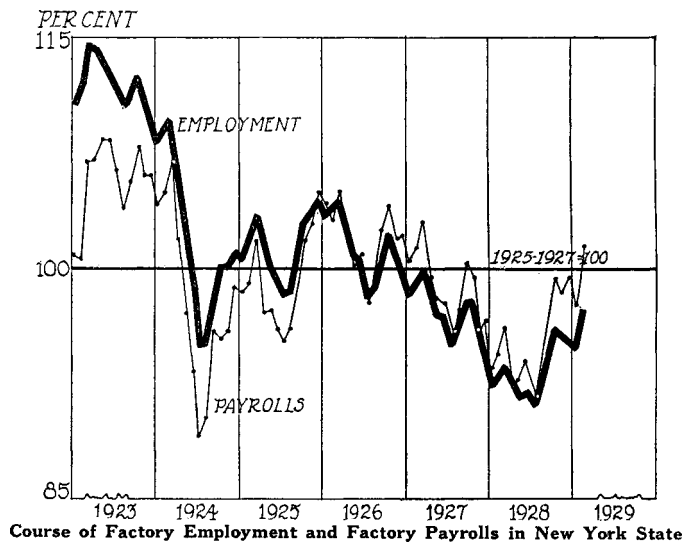
Exports of finished manufactures as a whole continued to show large gains—about 37 per cent over February of last year. All other groups of exports, except crude materials, also increased. Grain shipments abroad were larger, both in volume and in value, than a year ago, although seasonally less than in January. The value of the exports of total petroleum products also showed a considerable gain over February 1928. Compared with a year ago, the volume of exports of raw cotton was somewhat smaller, but the volume of cotton manufactures was larger, and, as a result, there was a slight increase in the total value of the exports of cotton and its finished products.

Increases over a year ago in the value of imports were general among the principal groups. The largest dollar gain, however, was in the imports of crude materials. The volume of crude rubber receipts surpassed the previous monthly high record in January, and was more than double the rather small volume of a year ago, but the lower price of rubber this year partly offset the effect of the increase in quantity. Raw silk was imported in smaller volume than in January or in February a year ago.

Employment and Wages

Factory employment both in New York State and in the country as a whole increased more than usual in February, and this bank's index, adjusted for the usual seasonal variations, equaled that of last August, which was the highest since September 1927. In New York State the increase in the number of factory workers employed was the largest February increase since 1922. The increase may be attributed partly to the early occurrence of Easter this year and partly to further improvement in the metals industries.

As is shown in the accompanying diagram, the number of employees in New York State factories has increased substantially from last year's low levels; payrolls also have shown a considerable increase, and reached the highest level since March 1927. The larger increase in payrolls than in the number of workers employed reflects a renewed increase in individual earnings, which have shown a general upward tendency for several years, and in February were only slightly below the record established in December 1928.



Course of Factory Employment and Factory Payrolls in New York State

Building

Building contracts in the New York and Northern New Jersey district declined further in February and were only a little more than half as large as a year ago. The reduction from February 1928 was the result primarily of a curtailment of residential building activities, including a reduction in hotel contracts to a very small amount and a decline of nearly one-half in apartment house contracts.

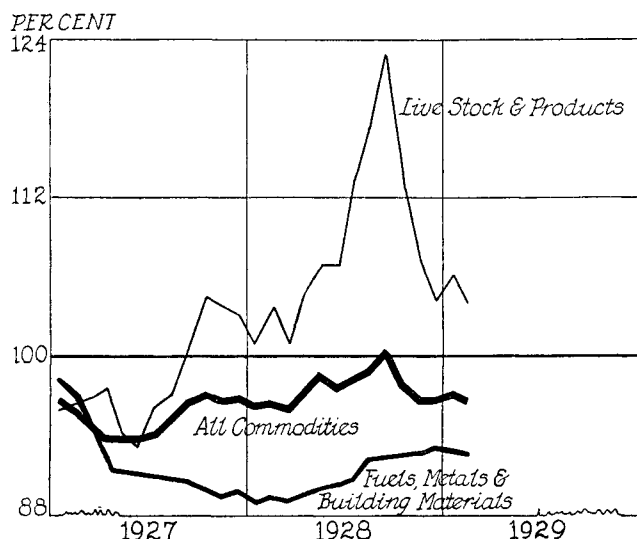
For 37 States east of the Rockies the F. W. Dodge report indicates that the total volume of building and engineering contracts awarded during February was 22 per cent smaller than in February 1928, following a decline of 4 per cent in January, and the weekly reports have indicated a daily average of building contracts during the first three weeks of March about one-fifth smaller than a year ago. The February decline was due chiefly to large reductions in the New York and Chicago districts, and was attributed principally to a large reduction in speculative residential building.

Residential building contracts in February were 46 per cent below the unusually large volume of a year ago, and were also somewhat smaller than in the corresponding month of the previous four years. Contracts for public works and utilities were close to the February 1928 volume, and all the other principal classes of non-residential construction were larger than a year ago. Tendencies in March were much the same, residential building contracts remaining smaller than a year ago.

Commodity Prices

The Bureau of Labor Statistics all commodity wholesale price index declined in February to the level of November and December, which was about midway between the 1926 average and the low level of the spring months of 1927. The February decline was almost entirely accounted for by renewed weakness in live stock, meats, and hides. Among other commodities, declines in fuels, farm products, and some of the textiles were nearly balanced by continued advances in metals and building materials, and an upturn in grains. The metals group reached the highest level since March 1925.

As is shown in the accompanying diagram, the recent wide fluctuations of live stock and their products, including hides, and leather and leather products, have been a major factor in the movement of the general commodity price index. The 1928 high point of September and the subsequent decline in the Bureau of Labor Statistics index were almost, if not entirely, a result of the sharp advances and declines in live stock and their products. Metals, fuels, and building materials have shown the most consistent advances during the past year; a rather steady downward trend in these groups from the close of 1926 to January 1928 was followed by a gradual but steady upward movement until in December 1928 they averaged 4 points above the level of January 1928, though they remained more than 7 points below the 1926 average. Since December, however, declines in fuels have offset increases in metals and building materials, so that the upward movement in the combined index for these groups has not continued. In March tendencies in commodity prices have continued to be highly irregular.



U. S. Bureau of Labor Statistics Wholesale Commodity Price Index and Group Indexes for Commodities Which Have Most Largely Affected the Composite Recently (1926 = 100 per cent)

Production

Productive activity in leading industries showed practically no change in February from the high level of January, after adjustment is made for the usual seasonal changes. Average daily production of pig iron increased to the highest level for any February excepting 1925, and after seasonal and growth allowance was the largest for any month since May 1926. Average daily production of steel ingots reached a new high record not only for February but for any month, and after seasonal and growth allowance was the largest since December 1925. Average daily production of bituminous coal increased, whereas usually there is a decline, and anthracite coal increased slightly. Total petroleum production reached a new high level for the month of February.

Production of passenger automobiles increased further to a new high level, about 1.7 per cent above the previous record of last August, but output of motor trucks increased less than is usual in February.

Cotton consumption, after seasonal and growth allowance, increased to the highest level since November 1927, but silk consumption declined somewhat from the high level of January. Declines were also shown, after seasonal allowance, in production of newsprint paper, lumber, cement, and tobacco products, and in animal slaughterings.

According to current trade reports, it appears that, in spite of some irregularity, productive activity as a whole continued at a high level in March. The steel mills continued to operate at close to capacity, and it seems to be practically assured that total March production will break all previous monthly records. Production of automobiles and of copper also appears to have been in unusually large volume, and output of lumber showed a seasonal expansion.

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

	1928		1929	
	Feb.	Dec.	Jan.	Feb.
<i>Producers' Goods</i>				
Pig iron	105	113	113	116
Steel ingots	115	118	113	122
Cotton consumption	104	94	106	107
Woolen mill activity*	88	93	96	95p
Silk consumption*	124	112	127	109
Petroleum	115	113	116	118p
Bituminous coal	86	89	92	99
Coke	100	109	112	110
Lumber	103	83r	89	79
Copper, U. S. Mines	104	122	120r	130
Lead	107	98	105	
Zinc r	94r	89r	83r	111r
Tin deliveries	88	114	141	100
Leather, sole	112	104	104	102
Cement	114	126	136	106
Paper, total	109	102	108	
Wood pulp	109	99r	109	
<i>Consumers' Goods</i>				
Hogs slaughtered	126	103	106	96
Cattle slaughtered	100	75	91	85
Sheep slaughtered	114	99	108	103
Calves slaughtered	98	85	87	77
Farm produce shipped	105	97	109	103
Wheat flour	115	93.	103	103
Sugar meltings, U. S. ports	76	135	113	90
Gasoline	99	103	101	
Anthracite coal	85	92	106	107
Paper, newsprint	95	89	91	86
Printing activity	104	110	115	
Tobacco products	107	105	117	107
Boots and shoes	103	84	96	93p
Tires	126	118	129	
Automobile, passenger	128	102	171r	175
Automobile, truck	92	82	164	155

* Seasonal variation not allowed for p Preliminary r Revised

Indexes of Business Activity

It appears that both primary distribution and retail trade increased in February after allowing for the usual seasonal changes.

February indexes of business activity are compared with those of recent months and a year ago in the following table.

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

	1928		1929	
	Feb.	Dec.	Jan.	Feb.
Primary Distribution				
Car loadings, merchandise and misc.	104	98	101	103
Car loadings, other	96	91	98	104
Exports	90	89	99	105 _p
Imports	107	106	114	117 _p
Panama Canal traffic	102	86	95	
Wholesale trade	102	98	104	100 _p
Distribution to Consumer				
Department store sales, 2nd Dist.	97	101	96	101
Chain grocery sales	100	93	96	
Other chain store sales	102	108	92	99
Mail order sales	89	113	96	102
Life insurance paid for	100	103	106	104
Advertising	98	93	95	98
General Business Activity				
Bank debits, outside of N. Y. City	102	115	108	112
Bank debits, New York City	135	183	185	187
Velocity of bank deposits, outside of New York City	104	121	121	125
Velocity of bank deposits, New York City	138	201	202	210
Shares sold on N. Y. Stock Exchange	196	330	442	313
Postal receipts	95	89	85	87
Electric power	107	103 _r	106	
Employment in the United States	96	98	98	99
Business failures	114	96	102	102
Building contracts, 36 States	151	111	123	108
New corporations formed in N. Y. State	127	112	120	119
General price level	173	178	179	179
Composite index of wages	221	226	224	225
Cost of living	170	171	172	170

_p Preliminary _r Revised

Wholesale Trade

The average February sales of reporting wholesale firms in this district were only slightly higher than a year ago, due partly to one less business day than in February 1928. Increases continued to be reported in sales of drugs, paper, machine tools, and shoes; the increase in the shoe sales was one of the largest in recent years. Jewelry sales, following decreases for nine consecutive months, showed a substantial increase over a year ago, while the sales of diamonds showed a small decline for the first time in four months. Decreases com-

Commodity	February 1929 compared with January 1929		Percentage Change February 1929 compared with February 1928		Per cent of Accounts Outstanding January 31 Collected in February	
	Net Sales	Stock end of month	Net Sales	Stock end of month	1928	1929
Groceries	-12.7	- 0.2	- 4.1	+ 4.6	70.5	65.8
Men's clothing	+54.2		-11.1		40.7	41.4
Cotton goods—Jobbers	+24.3	+ 6.9	- 7.8	- 7.8		
Silk goods*	- 9.4	- 4.6 _r	- 3.1	+15.5 _r	48.3	43.2
Shoes	+13.4	+ 4.8	+17.4	-17.3	34.8	29.3
Drugs	-22.7	+ 7.4	+ 9.7	+21.6	44.9	39.0
Hardware	- 2.6	+ 3.1	- 9.9	- 9.7	41.7	37.4
Machine tools**	+15.1		+67.4			
Stationery	- 9.8		- 5.8		74.9	76.4
Paper	- 4.0		+ 3.2		66.3	64.4
Diamonds	-26.0		- 3.5		25.2	26.2
Jewelry	+29.8	-1.5	+ 7.0	- 5.3		
Weighted Average	+ 7.8		+ 0.9		50.9	47.8

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

pared with sales in February 1928 were reported also in sales of groceries, men's clothing, cotton goods, silk goods, hardware, and stationery.

Stocks of groceries, silk goods, and drugs continued to show an increase over last year, while stocks in most other lines showed decreases. Collections averaged somewhat slower than in February 1928, only three groups showing an increase.

Department Store Trade

Leading department stores in this district reported only a slight increase in total sales in February as compared with a year ago, due to one less selling day this year, but their average daily sales showed an increase of about 5 per cent. Newark and Bridgeport showed the largest increases, while New York City showed little change, and the Northern New York State, Hudson River Valley, and Westchester divisions reported substantial declines. The Capital District showed an increase in department store sales for the first time since last July.

Stocks of merchandise on hand at the end of February were slightly larger than a year previous. The percentage of outstanding charge accounts collected during the month was about the same as in February 1928.

Locality	Percentage Change February 1929 compared with February 1928		Per cent of Accounts Outstanding January 31 Collected in February	
	Net Sales	Stock on hand end of month	1928	1929
New York	- 0.4	+ 1.8	53.9	54.6
Buffalo	- 2.5	- 1.1	50.0	48.3
Rochester	- 4.5	+ 0.8	40.3	39.3
Syracuse	- 1.4	+ 4.3		
Newark	+11.8	+ 6.4	47.4	46.7
Bridgeport	+ 5.9	- 1.4		
Elsewhere	- 4.2	- 1.4	34.1	38.4
Northern New York State	-13.6			
Central New York State	- 5.4			
Southern New York State	- 3.7			
Hudson River Valley District	- 9.8			
Capital District	+ 1.5			
Westchester District	- 7.7			
All department stores	+ 0.8	+ 2.0	49.5	49.8
Apparel stores	+ 2.6	- 6.7	47.7	44.9

Comparisons of sales and stocks in February with those of last year are given in the following table.

Commodity	Net Sales Percentage Change February 1929 compared with February 1928		Stock on Hand Percentage Change February 28, 1929 compared with February 29, 1928	
	Net Sales	Stock on hand	1928	1929
Musical instruments and radio	+26.0		-33.8	
Toys and sporting goods	+14.9		- 4.4	
Women's and Misses' ready-to-wear	+ 8.4		- 4.2	
Shoes	+ 7.2		+12.5	
Cotton goods	+ 6.0		- 2.3	
Women's ready-to-wear accessories	+ 3.6		- 1.7	
Furniture	+ 3.5		+ 7.5	
Luggage and other leather goods	+ 3.5		+ 6.6	
Men's furnishings	+ 2.9		- 6.5	
Linens and handkerchiefs	+ 1.9		- 0.3	
Books and stationery	+ 1.4		- 4.9	
Home furnishings	+ 1.0		+17.9	
Hosiery	- 2.1		+ 0.9	
Toilet articles and drugs	- 3.2		+ 8.0	
Men's and Boys' wear	- 4.8		+ 8.4	
Silverware and jewelry	- 6.1		- 6.4	
Silks and velvets	- 6.3		- 6.5	
Woolen goods	-25.8		-22.3	
Miscellaneous	-10.5		- 8.0	

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

INDUSTRY and trade continued active in February and the first part of March and there was a growth in the volume of bank loans. Borrowing at Reserve Banks increased during the period and money rates advanced further.

PRODUCTION

Production continued at a high rate throughout February and the first half of March and was substantially above a year ago. Automobile output was at a record rate in February, and there was also an unusually high daily average production of copper and iron and steel. Large output in the iron and steel industry reflected demands from manufacturers of automobiles, machine tools, and agricultural implements, and from railroad companies. Preliminary reports for the first half of March indicate further expansion in automobile and iron and steel production. During February the daily average output of coal and crude petroleum also increased, and production of cotton and wool textiles continued large, while silk output declined somewhat from the unusually high level of January. There was also some decline from January in the production of lumber and cement, and in the output of meat packing companies.

The high rate of activity in manufacturing during February was reflected in a larger than seasonal increase in factory employment and payrolls, both of which were considerably above the level of February 1928.

Building activity declined further in February, and the value of contracts awarded was over 20 per cent smaller than a year ago. Residential building contracts showed the largest decline in comparison with February 1928, while those for public works and utilities were only slightly smaller in value, and commercial and industrial building awards increased. During the first half of March there was some seasonal increase in total building awards, but they continued to be substantially below a year ago.

DISTRIBUTION

In February shipments of commodities by rail increased more than is usual for the season, reflecting larger loadings of coal and coke and miscellaneous freight, which includes automobiles. During the first two weeks of March, freight-car loadings continued to increase.

Sales of wholesale firms were generally smaller in February than a year ago. In comparison with January, sales of dry goods, shoes, and furniture increased seasonally, while sales of groceries and hardware were smaller. Department stores reported about the same daily volume of sales in February as in the preceding month, and larger sales than a year ago.

PRICES

The general level of wholesale prices declined slightly in February, and was approximately the same as a year ago. The decline from January reflected primarily decreases in the prices of hides and leather, livestock, and meats, and small declines in the prices of wool, cotton, and woolen goods. The influence of these declines on the general average was partly offset by increases in the prices of copper, lead, iron and steel, rubber, and grain.

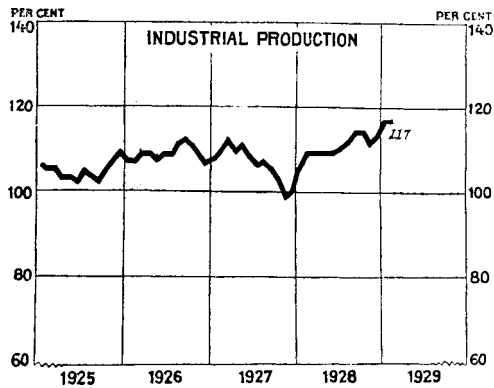
During the first two weeks of March, prices of wool and petroleum continued to decline, and rubber prices receded somewhat after a marked rise in February, while leather prices declined sharply. Prices of copper rose further and there were small increases in prices of hides, raw cotton, and certain grades of lumber.

BANK CREDIT

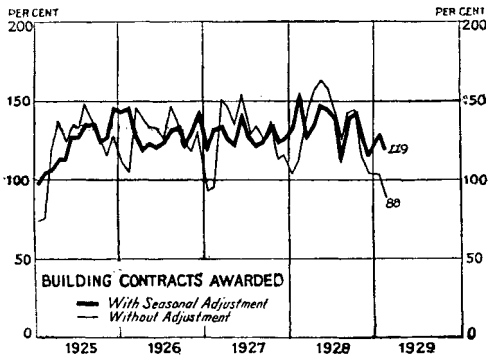
Between the middle of February and the middle of March there was a rapid growth of loans at member banks in leading cities. The increase was in loans chiefly for commercial purposes, which on March 13 were more than \$200,000,000 larger than four weeks earlier. Investments of the reporting banks declined further during the period.

Total volume of Reserve Bank credit declined somewhat between February 20 and March 20, reflecting for the most part some further gold imports from abroad. Member bank borrowing at Federal Reserve Banks was nearly \$80,000,000 larger on March 20 than four weeks earlier, while acceptances showed a further decline of about \$120,000,000 during the period. Security holdings showed relatively little change.

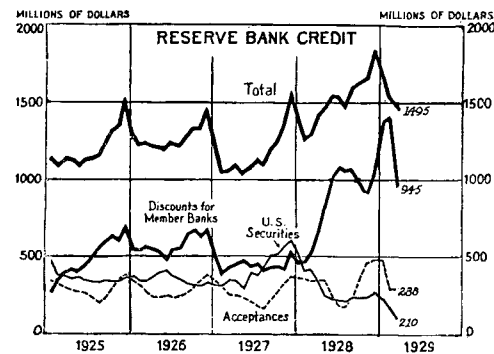
Money rates continued to advance. Rates on 4-6 month commercial paper rose from 5½-5¾ to 5¾-6 per cent and rates on 90 day bankers acceptances increased from 5 to 5¼ per cent on February 13 to 5½ per cent on March 21. Open market rates for collateral loans also increased.



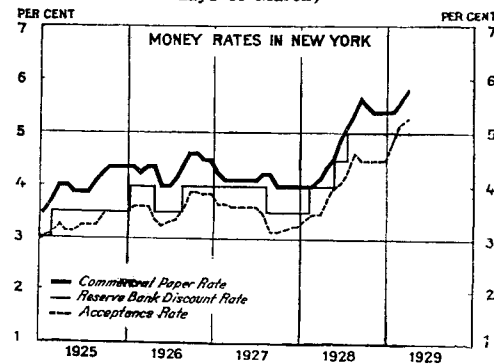
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variations (1923-25 average = 100 per cent)



Federal Reserve Board's Indexes of Building Contracts Awarded, Based on Reports of the F. W. Dodge Corporation (1923-25 average = 100 per cent)



Reserve Bank Credit: Monthly Averages of Daily Figures for 12 Federal Reserve Banks (Latest Figures are Averages of First 21 days of March)



Money Rates in the New York Market