

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

May 1, 1930

Money Market in April

During April there was no evidence of unusual ease in the money market, such as appeared for a brief period in March. In the bond market, activity diminished and bond prices receded slightly; in foreign exchanges, with a few exceptions, the April tendency was slightly downward; in gold movements, the inflow to the United States which in March appeared to be nearing an end, was resumed.

These tendencies appear to have represented in part simply a reaction from the rapid decline in money rates due to Treasury operations at the March tax period, and from movements stimulated by that decline. The temporary surplus of funds which appeared in the third week of March suddenly vanished, and during April, while money was relatively cheap, there was little indication of the presence in the New York money market of surplus funds seeking employment. Call loan rates, which had declined as low as 2 per cent on the Stock Exchange in March, held at $3\frac{1}{2}$ to 4 per cent in April, and 90 day Stock Exchange time loan quotations advanced from the March low of $3\frac{3}{4}$ per cent to 4 and $4\frac{1}{4}$. In acceptance rates, the upward revision near the end of March was followed by a further net advance in April, so that in the latter part of the month 90 day unendorsed bills were quoted at $2\frac{7}{8}$ per cent, as compared with a recent low of $2\frac{1}{2}$ per cent.

A factor in the somewhat less easy money conditions of April, in addition to the reaction from temporary

Money Rates at New York

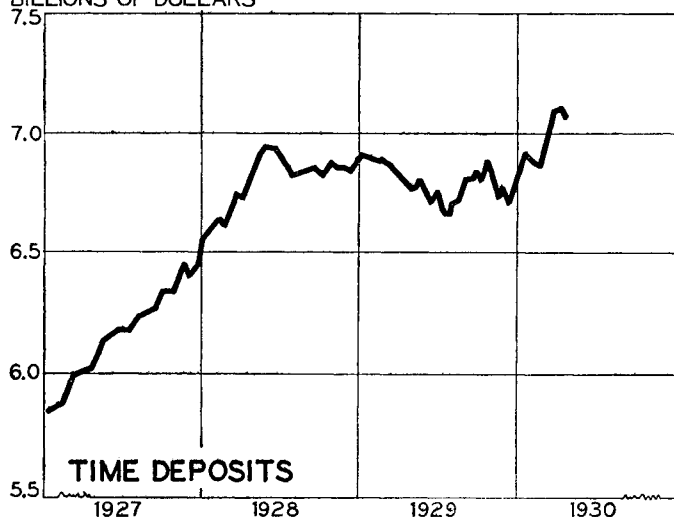
	Apr. 30, 1929	Mar. 31, 1930	Apr. 29, 1930
Stock Exchange call loans.....	*8-16	*3½-4	*3½-4
Stock Exchange 90 day loans.....	8½	4	4
Prime commercial paper.....	6	3½-4	3½-4
Bills—90 day unendorsed.....	5½	2½	2½
Customers' rates on commercial loans..	†5.73	†4.93	†4.61
Treasury certificates			
Maturing September 15 (yield).....	4.94	2.77	3.02
Maturing December 15 (yield).....	4.92	2.47	3.19
Federal Reserve Bank of New York re-discount rate.....	5	3½	3½
Federal Reserve Bank of New York buying rate for 90 day bills.....	5½	3	3

* Range for preceding week † Average rate of leading banks at middle of month

conditions during the tax period, was the continued large demand for funds to finance security trading. During the four weeks ended April 23, total brokers loans placed by New York City banks for their own account, for out-of-town banks, and for other lenders increased nearly \$400,000,000, bringing the total increase since January 29 to about \$875,000,000. This was an increase about as rapid as any that have occurred in the past two years.

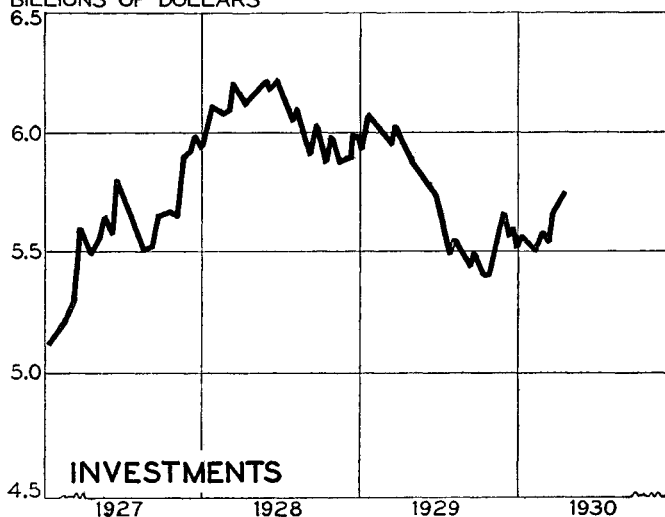
In other directions, however, there have been indications of conservatism in the use of funds. Loans of reporting member banks of the type which presumably represents chiefly business credit declined further, and on April 16 were nearly \$400,000,000 smaller than on the last report date in January, whereas in the corresponding period last year these loans increased more than \$400,000,000. In addition, loans on securities made directly to bank customers, which were increased rather than reduced at the time of the break in the stock market

BILLIONS OF DOLLARS



Time Deposits in Weekly Reporting Member Banks in Leading Cities

BILLIONS OF DOLLARS



Total Investment Holdings of Weekly Reporting Member Banks in Leading Cities

last autumn, have been liquidated gradually but steadily, and are now considerably smaller than at the beginning of the year.

A further development in banking trends has been a renewed increase in time deposits, which, as is shown in the first diagram on the preceding page, have been moving upward during the past few months at about the same rate as in the period preceding June 1928. Similarly, reports received by this bank from 30 leading savings banks in the Second Federal Reserve District have shown during the past four months an increase rather more rapid than usual for the time of year. In the past two years, during the period of high money rates and unusually active employment of funds in the security markets, the increase in savings deposits and in other time deposits was halted and finally turned into a decline, but the upturn of the past few months appears to represent a resumption of a movement which might be considered the normal trend of growth.

The indebtedness of member banks at the Reserve Banks has been reduced further during the past month to the smallest volume since November 1924, chiefly as the result of continued gold imports. All these changes have tended to put the member banks in a position in which they could again increase their investments, and within the past two months there has been a fairly substantial increase in the investment portfolios of reporting member banks, which is shown in the second diagram on the preceding page. Almost invariably during recent years, such an upturn in bank investments has followed within a few months a movement toward easier money conditions, and has been a factor tending to strengthen the bond market at such times.

BILL MARKET

Reflecting a supply of bills that continued to be large relative to the investment demand, the bill dealers on April 1 made another upward revision in rates which brought the 90 day offering quotation to $2\frac{7}{8}$ per cent. As the general demand for bills failed to show an improvement by the middle of the month and dealers' portfolios remained large, open market rates were advanced again, and the offering rate for 90 day unendorsed bills became established at 3 per cent, or the same as the Reserve Bank's buying rate for endorsed bills of that maturity. Following this, demand for bills increased somewhat and was noticeably better in the latter part of the month, while the supply of bills offered to the market gradually decreased. Effective April 29, rates for 3 to 6 months bills reverted to the quotations prevailing before the advance of the middle of the month while rates for short bills were unchanged. The Reserve System's total portfolio of bills showed only minor changes for the month, as an excess of purchases of short bills over maturities from the Reserve Bank's holdings was somewhat more than offset through a repurchase by the dealers of a substantial amount of bills which they had sold the New York Bank under repurchase agreement.

The volume of bills outstanding underwent a further seasonal decline of \$85,000,000 during March. The total decline from the December peak of outstandings has

amounted to 11 per cent this year, as compared with 6 per cent in the corresponding period of 1929, but the amount remaining outstanding on March 30, 1930, at \$1,539,000,000, was \$334,000,000 larger than a year ago. The smallest decrease from February to March was in the group of acceptance credits representing foreign shipments or storage of goods. Nearly two-thirds of the increase over a year ago in total outstandings represented an increased volume of this type of acceptance business.

(In millions of dollars)

Classification	March 1929	March 1930
Based on Goods Stored in or Shipped between		
Foreign Countries.....	267	467
Exports.....	387	466
Imports.....	360	314
Domestic Warehouse Credits.....	124	219
Dollar Exchange.....	50	58
Domestic Shipments.....	17	15
Total.....	1,205	1,539

COMMERCIAL PAPER MARKET

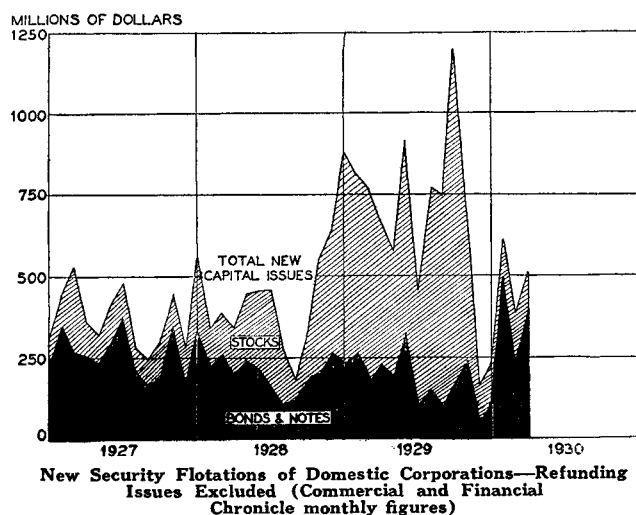
Open market commercial paper continued throughout April to be quoted at a range of $3\frac{3}{4}$ -4 per cent. As the month progressed, however, there was evidence of a slightly firmer tendency than in the latter part of March. Prime paper became somewhat more difficult to dispose of at the lower rate, so that toward the end of April the larger proportion of the sales was being made at 4 per cent. Although, as compared with the previous month, there was some decline in investment demand for commercial paper on the part of the banks generally, the scarcity of paper of the kind that ordinarily would command the lowest market rate was a factor in limiting sales at $3\frac{3}{4}$ per cent.

During March a further increase of \$72,000,000, or 16 per cent, occurred in the amount of commercial paper outstanding through the 21 dealers who report to this bank. After six months of continuous increase, outstandings reached on March 30 a total of \$529,000,000, an amount virtually twice as large as at the low level of last September. The end of March total was 37 per cent above the volume outstanding in March 1929, and was the largest for any month since May 1928.

New Financing

Final figures on security issues for new capital purposes in March show a total of \$775,000,000, which was \$253,000,000 more than in February and slightly more than in January, but materially less than in March 1929, when the volume of offerings was much expanded by the large amount of stock issues, including investment trust financing. The accompanying diagram indicates that, while stock issues during the first quarter of this year have continued in much reduced quantities, bond flotations by domestic corporations have been in materially larger volume than in some time; the increase over the first three months of 1929 has amounted to nearly 70 per cent.

State and municipal issues in March were nearly twice as large as in February, and the total for the first quarter was \$86,000,000 in excess of the flotations a year ago. Considerable amounts of the proceeds of these is-



sues are to finance public construction projects recently authorized. In the field of foreign financing, the amount of new capital raised, including financing by domestic corporations which use the funds in foreign countries, was in considerably larger volume than in the preceding month. The foreign flotations in the first three months of 1930 were decidedly larger than in the last two quarters of 1929, and also larger than in some preceding periods in the past two years.

(In millions of dollars)

	1928	1929	1930
1st quarter.....	327	244	260
2nd quarter.....	523	267	
3rd quarter.....	144	108	
4th quarter.....	250	144	
Total.....	1244	763	

Preliminary compilations of new issues offered during April indicate that bonds continued to predominate in the public security offerings of domestic and foreign borrowers. In the domestic corporate division, there was, as in March, a substantial volume of railroad issues, while industrial and public utility bond financing was of moderate amount. Municipal and State borrowings, including \$31,550,000 of bond issues of the State of New York, which were taken by private account and of which there was no public offering, were well up to the March volume. Foreign issues were considerably enlarged by the offering of \$50,000,000 of Argentine Government six months notes, and by the \$35,000,000 State of San Paulo (Brazil) Coffee Realization Loan. There was one large preferred stock flotation publicly offered during the month, that of \$60,000,000 by the Republic Steel Co., at a price to yield 6.30 per cent. In addition to the public offerings, the American Telephone and Telegraph Co. announced that at least \$235,000,000 of common stock would be offered to its stockholders as of May 23, 1930. Payment for subscriptions will not begin until August 1. This piece of financing constitutes a record amount for an American corporation.

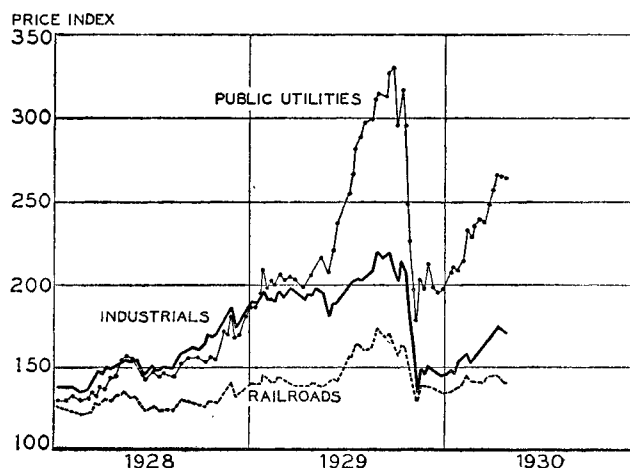
Security Markets

Following the activity of the first three weeks of March, bond trading slackened and prices turned down-

ward in the closing part of that month, and this trend persisted throughout April, and by the end of the month bond prices had lost about one point, or about half of the March advance. The downward tendency of bond prices during April accompanied slightly firmer money conditions, and also a continuance of fairly large new security flotations.

United States Government bonds declined somewhat more than did corporate issues and at the end of April were practically back to the levels of early March. Leading foreign issues, on the other hand, had smaller proportionate decreases than either domestic corporate or United States Government bonds, for the March advance of over two points was followed by an average reaction of only $\frac{3}{4}$ of a point.

During the first two weeks of April, prices of industrial and utility stocks continued to advance, and the volume of trading on the New York Stock Exchange was in excess of 5 million shares daily. At the height of this movement a general average of stock prices showed a net recovery of 58 per cent of the loss sustained in the 1929 break. Public utility shares as a group appeared to have regained about 63 per cent of their loss and industrials 55 per cent, while railroad shares showing a 41 per cent recovery were somewhat lower than at the end of March. During the third week of April no further advance was made, and, for the balance of the month, prices were irregularly lower. The week-to-week movements of the three principal classes of stocks are indicated in the accompanying diagram.



Price Movements of Industrial, Railroad, and Public Utility Stocks (Standard Statistics Company weekly indexes)

Bank Earnings and Expenses in 1929

This bank's annual study of the operating ratios of representative member banks in this district indicates that, notwithstanding the high level of interest rates, the past year was not an unusually profitable one for the banks.* Gross earnings, it is true, increased, and the ratio of such earnings to total available funds was well above the average for the past six years, especially in the case of the large city banks. Losses, however, showed

* Circular No. 975 containing these operating ratios for selected banks, grouped according to size and according to the proportion of time deposits, will be sent on request.

a considerable increase, so that the percentage of gross earnings left for net profits was in many cases noticeably smaller than in previous years. The only exceptions were the groups of large banks, both in New York City and elsewhere in this district, having loans and investments in excess of \$10,000,000; these banks showed a slight increase in the percentage of earnings left for net profits after expenses, charge-offs, and recoveries.

The increase in gross earnings of the selected banks in 1929 was due partly to an increase in the proportion of loans to investments, since the rate of return on loans is usually somewhat higher than on investments, and partly to higher loan rates during the past year. The New York City banks, whose interest charges fluctuate more widely in response to changing money conditions, showed an increase from a little over 5 per cent in 1928 to 6 per cent in 1929 in the rate of income from loans, but the smaller banks, which tend to keep their interest rates relatively stable, showed only a slight increase. The percentage of gross earnings obtained from profits on securities sold declined further in 1929, accompanying the continued decline in bond prices, but income from trust departments showed a noticeable increase, especially for the larger banks.

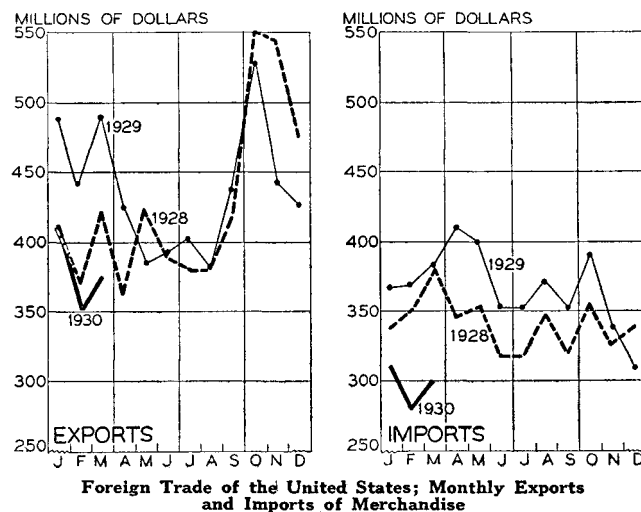
Current expenses, including salaries, interest payments, and other expenses, took a somewhat smaller proportion of gross earnings in 1929 than in 1928, especially in the case of large New York City banks. In many cases, however, the declines in expense ratios were more than offset by increases in losses charged off, chiefly on investments. The result was that for all selected banks combined the percentage of gross earnings left for net profit was 19.5 per cent in 1929 as compared with 22.2 per cent in 1928, and 23.1 per cent in 1927.

A general tendency to increase the proportion of capital funds to deposits appeared in all groups of banks having loans and investments of \$500,000 or more. For all groups combined, the ratio of capital funds to gross deposits was 16.9 per cent in 1929 as compared with an average of 15.6 per cent for the preceding six years; in the case of New York City banks the proportion was increased in 1929 to 20.4 per cent as compared with an average for the previous six years of 14.4 per cent. Due partly to the increase in capital, and partly to the lower ratio of net profit to gross earnings, the average rate of profit on capital funds for all selected banks combined was lower in 1929 than in either of the two previous years.

Foreign Trade

March exports of merchandise, valued at \$374,000,000, showed a seasonal gain over February, but were \$116,000,000 smaller than a year ago, the largest decline that has occurred in several years. Imports, valued at \$300,000,000, also were seasonally larger in March than in the previous month, but remained smaller than in the corresponding month of any year since 1922.

Compared with a year ago, the largest decrease in actual dollar value among the main groups of exports was in finished manufactures, but the export group showing the heaviest percentage decline for this period was crude foodstuffs. Exports of crude materials, largely raw cotton and tobacco, had the smallest percentage de-



cline in value from a year ago. Quantity shipments abroad of raw cotton showed a much smaller decline from last year in March than in February, due to an increase of 19 per cent between the two months, which is contrary to the usual seasonal movement.

Among the imports, manufactured foodstuffs, chiefly sugar, declined 39 per cent in value from a year ago, and crude materials, principally raw silk and crude rubber, showed a decline of 27 per cent. Quantity receipts of raw silk decreased 17 per cent from March 1929, and receipts of crude rubber 16 per cent.

The accompanying diagram shows the month-to-month movement of exports and imports, compared with the past two years.

Central Bank Rate Changes

The movement in the direction of lower money rates was continued during April by reductions in the central bank rates of Sweden, Switzerland, Italy, and Finland. The Swedish Riksbank, effecting its fourth half per cent reduction from the 5½ per cent level ruling last September, lowered its rate to 3½ per cent on April 3. The Swiss National Bank rate, which had stood unchanged at 3½ per cent since October 1925, was reduced to 3 per cent effective April 3. The Swiss franc has been one of the strong exchanges in recent months and the national bank has lately been receiving gold from Paris and London on arbitrage account. The rate of the Finland Bank was lowered from 7 to 6½ per cent on April 29, the first change since November 1928. On April 24 the Bank of Italy rate was lowered from 6½ to 6 per cent, following a reduction from 7 to 6½ per cent on March 3.

The Imperial Bank of India effected a seasonal reduction of its rate from 7 to 6 per cent on April 3. Press reports state that the National Bank of Yugoslavia lowered its rate from 6 to 5½ per cent on April 15. A nominal bank rate of 6 per cent has been ruling in Yugoslavia since the end of the war.

Foreign Exchange

The month of April was marked by no conspicuous change in the position of the foreign exchanges. During most of the month the tendency in sterling, Canadian

dollars, and Japanese yen was downward, and toward the close of the month quotations were somewhat lower than at the end of March. Most of the other currencies have shown little change, but in general have been firm. Guilders at \$0.4025½ gained more than 10 points and stood well above their parity of \$0.4020. The reichsmark, the belga, the Swiss franc, and the Swedish crown were appreciably above par. Of the exchanges quoted in the accompanying table the Spanish peseta, the Argentine and Brazilian currencies, and the Shanghai tael are below the levels of a year ago.

Cable Rates

Country	April 30, 1929	March 31, 1930	April 28, 1930
Belgium.....	\$.1389	\$.1396	\$.1397
England.....	4.8534	4.8650	4.8622
France.....	.0391	.0391	.0392
Germany.....	.2371	.2388	.2388
Italy.....	.0524	.0524	.0524
Netherlands.....	.4021	.4014	.4026
Spain.....	.1447	.1246	.1241
Sweden.....	.2673	.2689	.2689
Switzerland.....	.1926	.1936	.1939
Canada.....	.9920	.9998	.9991
Argentina.....	.9560	.8787	.8834
Brazil.....	.1192	.1165	.1185
Japan.....	.4495	.4945	.4938
Shanghai, tael.....	.6025	.4713	.4713

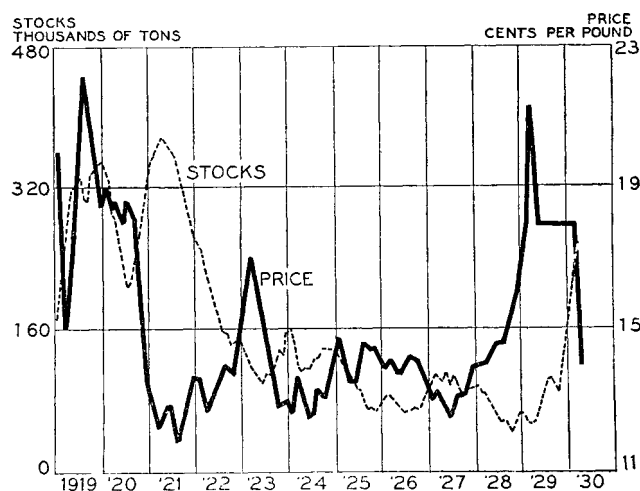
Gold Movement

Continued receipts of gold from Brazil, amounting to \$25,000,000, and the receipt of \$2,400,000 from Peru made up the bulk of the imports at the Port of New York during the first 29 days of April. In addition, \$10,000,000 of gold from Brazil and \$1,000,000 from Uruguay are expected to arrive on April 30. Imports of gold at San Francisco from the Far East continued, \$15,600,000 arriving from Japan and \$3,900,000 from China. Total receipts from Japan in this movement now amount to about \$94,600,000, and receipts from Brazil total \$57,700,000, including the import of the 30th. As exports were negligible and no change occurred in gold earmarked for foreign account, it appears that there will be a net gain to the country's gold stock in April of more than \$57,600,000. Since the first of January net imports and changes in earmarked gold have resulted in a total gain of approximately \$194,000,000 of gold.

In April, there was a gain in gold holdings at the Bank of England of about £8,000,000, accounted for mainly by the arrival of £6,000,000 from Australia, making a total of £17,000,000 received from that source in the current movement. As a result of arbitrage operations, Berlin drew gold from London and Paris in April and some gold reached Switzerland from both those centres.

Commodity Prices

The outstanding event in commodity price movements during April was a reduction in the domestic price of copper to 14 cents from the 18 cent level that had been quoted for practically a year. Developments in the copper situation during recent years are shown in the accompanying diagram. In late 1928 and early 1929, stocks of copper fell to the lowest levels of the post-war period, at a time when demand was extremely large, and the price was advanced rapidly until in March 1929 it



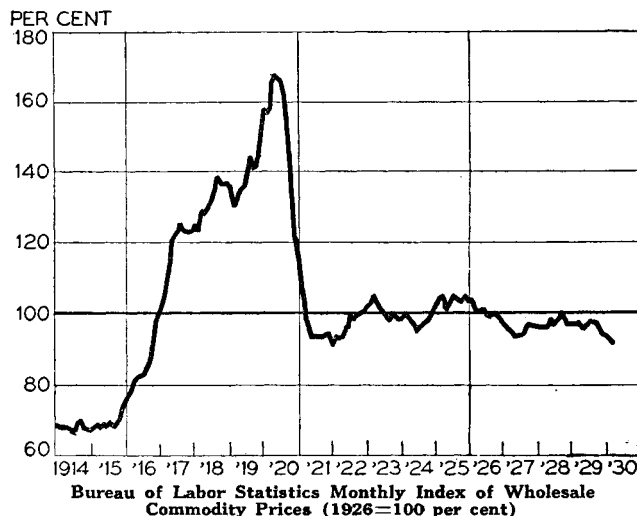
Domestic Price of Refined Copper, and Refinery Stocks Held in North and South America, Monthly 1919 to 1930

reached for a few days the unusual level of 24 cents. The reduction to 18 cents which followed shortly afterwards still left the price much above the quotations of most preceding years. Since the 18 cent level was established, however, the demand for copper has declined drastically, accompanying the decline in general business activity, and in spite of curtailment in production, stocks of copper have mounted to the highest levels reached since early in 1922.

Other commodities likewise declined in April. New lows for recent years were established by domestic wool, raw silk, rubber, finished steel, lead, tin, and zinc.

The relation between the recent decline in commodity prices and preceding movements is illustrated in the following diagram, which shows movements in the Bureau of Labor Statistics index of wholesale prices since 1914. In March, this index for the first time dropped below the lowest level reached in 1922, and was the lowest since 1916.

An unusual occurrence, both in February and March, was that each of the ten groups composing the Bureau of Labor Statistics index showed a decline from the preceding month. Several of these groups reached the low-



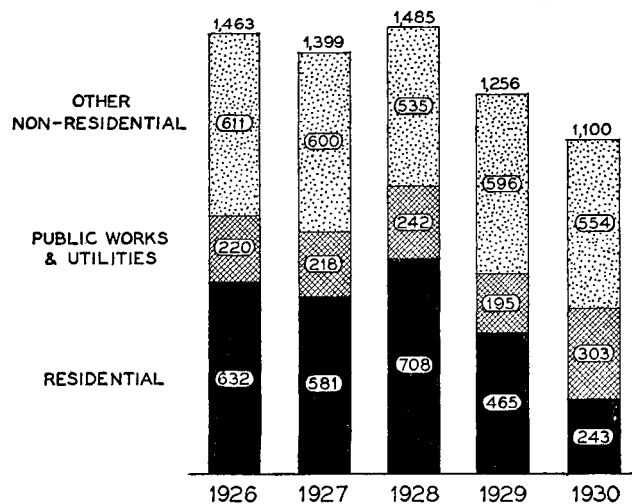
Bureau of Labor Statistics Monthly Index of Wholesale Commodity Prices (1926=100 per cent)

est levels since 1927, while the textile products group was the lowest since 1917, and the fuel group since 1916. Chemicals and drugs, one of the smaller groups, was lower than at any time since 1915, and the miscellaneous group, which is largely influenced by fluctuations in the price of crude rubber, was the lowest for any time during the period for which the present index is available, that is, from 1913.

Building

A seasonal increase of 45 per cent from February to March in building contracts awarded in 37 States was reported by the F. W. Dodge Corporation. Compared with a year previous, there was a decrease of only 5 per cent, but this comparison is with a period which already had shown considerable curtailment of building activity. Largely because of the downward trend of building during 1929, the year-to-year decreases reported for the first three months of 1930 have become progressively smaller. In March, as in the two previous months, public works and utility projects showed a considerable increase over a year previous, which offset only in part the continued small volume of residential contracts.

A comparison of building contracts during the first quarter of 1930 with those of the corresponding period in each of the previous four years is shown in the accompanying diagram. The value of contracts for all kinds of building and engineering work was 12 per cent less than the total for the first quarter of 1929, and was further below the contract totals of the first quarter of other recent years. Residential building was 48 per cent smaller than in 1929 and only about one-third of the 1928 first quarter volume. Contracts for public works and utilities, however, exceeded by 55 per cent the total for the first quarter of 1929, and also were larger than in preceding years, while contracts for other types of building, such as commercial and industrial, which are grouped as "other non-residential," showed only a moderate decline from the totals for 1926, 1927, and 1929 and were somewhat larger than in the first quarter of



Building Contracts Awarded in 37 States Classified by Principal Types of Construction; First Quarter 1930 Compared with Corresponding Period of Previous Four Years (F. W. Dodge Corp. figures, in millions of Dollars)

1928. The diagram also indicates a change in the relative importance of the three main classes of construction; residential building has declined from 37 per cent of the total in 1929 to 22 per cent in 1930, while public projects have increased from 16 to 28 per cent, and other non-residential from 47 to 50 per cent.

For the whole New York and Northern New Jersey district, construction work during the first three months of 1930 has been 6 per cent smaller than last year, or one-half of the percentage decline shown in the total for all districts of the country from which reports are collected.

During the first three weeks of April, building contracts appear to have shown little of the usual seasonal expansion, and average daily awards were about 32 per cent below the figure for the comparable weeks of 1929.

Production

In the aggregate, it appears that productive activity in March, after seasonal adjustment, lost part of the gain made in February. Production indexes generally remained above the lowest levels reached in December, but continued well below the high levels which prevailed at this time last year. The March production index of the Federal Reserve Board, in which no adjustment is made for the usual year-to-year growth, declined about 2 per cent from February, and was 11 per cent lower than a year ago.

Contraction was rather general in the metal industries. Output of steel ingots, following the large increase in production in February, declined 3 per cent in March, when usually there is a considerable seasonal increase, and curtailment occurred also in the production of cop-

(Adjusted for seasonal variations and usual year-to-year growth)

	1929	1930		
	Mar.	Jan.	Feb.	Mar.
Metals				
Pig iron.....	117	94	101	101
Steel ingots.....	118	91	109	99
Copper, U. S. mines.....	128	92	87	83p
Lead.....	98	79	89	93p
Zinc.....	94	83	81	78
Tin deliveries.....	112	84	73	115
Automobiles				
Passenger cars.....	146	87	88	90p
Motor trucks.....	135	99	109	117p
Fuels				
Bituminous coal.....	79	87	81	70p
Anthracite coal.....	73	103	100	67p
Coke.....	114	104	103	103p
Petroleum, crude r.....	113r	105r	107r	100r
Petroleum products.....	98	92	94	
Textiles and Leather Products				
Cotton consumption.....	104	89	86	83
Wool mill activity.....	96	75	75	67p
Silk consumption.....	103	104	108	98
Leather, sole.....	94	113	118	109p
Boots and shoes.....	96	93	87p	85p
Foods and Tobacco Products				
Livestock slaughtered.....	92	90	94	89
Wheat flour.....	98	94	95	94
Sugar meltings, U. S. ports.....	95	93	75	75
Tobacco products.....	100	99	102	98
Miscellaneous				
Cement.....	103	108	110	111
Tires.....	121	87	87r	
Paper, newsprint.....	86	91	92	84
Wood pulp.....	102	108	114	

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per and of zinc. Average daily production of pig iron showed about the usual seasonal increase, while tin deliveries were much larger than in February.

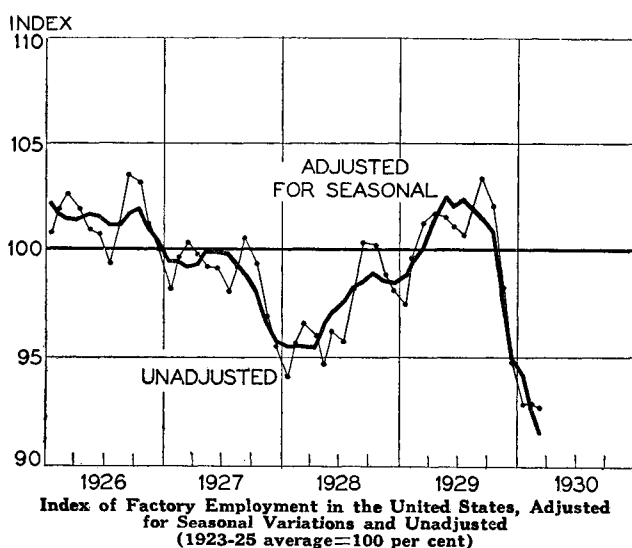
Production of automobiles increased slightly more than usual in March, but remained 31 per cent under the high level of a year previous, and was also under the line of growth which has been derived from production during past years. The fuel industries operated at a much lower rate than in February, with substantial declines shown in output of bituminous and anthracite coal and of petroleum. This bank's combined index of textile production declined to the lowest level since the summer of 1924; mill consumption of raw cotton decreased more than usual, and other declines after seasonal adjustment were shown in wool mill activity and in silk consumption. The tendency in other industries also was toward some contraction in activity.

On the basis of preliminary data, it appears that daily output of steel increased in April, when usually there is a seasonal decline, but the data for production in other industries showed no consistent change.

Employment and Wages

Factory employment in the United States showed a slight decline between the middle week of February and the middle week of March, when usually a seasonal upswing is in progress. Ordinarily, employment is about 2½ per cent higher in March than in January, but this year the March level was under that of January, as is shown in the accompanying diagram. This bank's seasonally adjusted index, also shown, consequently declined in March to a new low level on the current movement, a level considerably lower than any reached in the 1927-28 recession, and for the first time lower also than in 1924. In New York State, factory employment was practically unchanged in March, but, after allowance for the usual seasonal increase, also declined to the lowest level in several years.

A similar picture is presented by two other indexes of employment conditions. The rate of voluntary labor turnover in March showed a smaller increase than usual



over January and February, and was less than half as high as a year previous. The ratio between orders for workers and applications for employment at New York State employment bureaus showed a moderate seasonal increase in March, but this ratio as well as the rate of labor turnover, after adjustment for the usual increase at this time of year, appears to have been the lowest in recent years.

Factory payrolls in New York State increased 1¼ per cent in March, somewhat less than the usual March increase, and remained smaller than in either of the two preceding years. Average weekly earnings of employed factory workers in New York State increased seasonally in March, and, though smaller than a year previous, remained above the 1928 level.

In the first three weeks of April, the employment bureau ratio of orders for workers to applications for work increased somewhat, but continued to make an unfavorable showing as compared with 1928 or 1929.

Indexes of Business Activity

There was no marked change in business activity between February and March. Car loadings of merchandise and miscellaneous freight showed somewhat less than the usual seasonal increase in March, and remained considerably under the levels of the past two years; in the first two weeks of April, however, this type of railroad traffic, possibly in response to the influence of Easter business, advanced to about the 1928 level, though remaining under the high level of the corresponding weeks of 1929. March loadings of heavy bulk freight were considerably smaller than in February, and a further seasonal decline occurred in the first two weeks of April. Foreign trade in March remained well below that of the corresponding month in the past two years.

(Adjusted for seasonal variations and usual year-to-year growth)

	1929	1930		
	Mar.	Jan.	Feb.	Mar.
Primary Distribution				
Car loadings, merchandise and misc.	99	92	94	91
Car loadings, other	87	90	89	77
Exports	110	85	84	87p
Imports	110	104	97	92p
Panama Canal traffic	90	82	80	79
Distribution to Consumer				
Department store sales, 2nd Dist.	107	98	99	104
Chain store sales, other than grocery	102	89	96	93
Life insurance paid for	107	111	106	109
Advertising	99	86	89	87
General Business Activity				
Bank debits, outside of New York City . .	113	98	98	101
Bank debits, New York City	194	117	126	142
Velocity of bank deposits, outside of New York City	128	115	115	116
Velocity of bank deposits, New York City . .	216	129	143	159
Shares sold on N. Y. Stock Exchange . . .	338	241	267	299
Postal receipts	84	80	79	73
Electric power	98	97	94p	
Employment in the United States	102	96	94	93
Business failures	101	111	116	118
Building contracts, 37 States r.	98r	88r	90r	88r
New corporations formed in N. Y. State . .	109	96	101	93
Real estate transfers	86	69	69	70
General price level*	180	174	173	173
Composite index of wages*	227	227	226	228
Cost of living*	171	170	170	168

p Preliminary r Revised *1913 average=100

Chain Store Trade

Total sales in March of the reporting chain store organizations were 5.5 per cent less than a year ago, the first decrease in recent years, reflecting in part the late date of Easter. Grocery chains continued to report an increase in sales, but the increase was the smallest since September. Substantial declines, following increases in February, were reported in the sales of ten cent stores and variety chains, and the sales of chain drug systems decreased from a year ago for the first time since April 1928. Unusually large decreases were reported in the sales of shoe and candy chain systems.

Type of store	Percentage change March 1930 compared with March 1929		
	Number of stores	Total sales	Sales per store
Grocery.....	+ 3.2	+11.7	+ 8.2
Ten cent.....	+ 8.2	- 8.5	-15.4
Drug.....	+ 7.4	- 2.3	- 9.0
Shoe.....	+ 9.1	-35.0	-40.4
Variety.....	+20.8	- 9.5	-25.0
Candy.....	- 7.1	-28.4	-22.9
Total.....	+ 7.1	- 5.5	-11.8

Department Store Trade

March sales of the reporting department stores in this district showed a 6 per cent decrease from a year ago. A large factor in the decline was the lateness of Easter, which delayed most of the Easter trade until April this year, whereas it was done in March last year. All localities reported decreases in sales—New York City showed a decline in sales for the first time since February 1929, and decreases varying from about 7 per cent to about 22 per cent were reported in other sections of the district. The sales of the leading apparel stores showed an especially large decrease, the largest, in fact, for any month in several years.

Stocks of merchandise on hand in department stores were 2 per cent smaller than in March last year. Collections on charge accounts outstanding continued to be slower than last year, but compared more favorably with a year ago than in February.

Locality	Percentage change March 1930 compared with March 1929		Per cent of accounts outstanding February 28 collected in March	
	Net sales	Stock on hand end of month	1929	1930
New York.....	- 4.1	+ 0.8	48.0	47.0
Buffalo.....	- 8.9	- 7.7	...	...
Rochester.....	- 9.3	- 5.1	38.4	39.2
Syracuse.....	-15.3	+ 2.6	...	...
Newark.....	- 9.4	-14.9	46.5	43.7
Bridgeport.....	-12.6	+ 0.3	36.1	39.9
Elsewhere.....	-12.1	- 3.8	37.3	37.4
Northern New York State.....	-22.2	...	...	...
Central New York State.....	- 6.6	...	...	...
Southern New York State.....	-15.8	...	...	...
Hudson River Valley District.....	- 8.7	...	...	...
Capital District.....	-11.3	...	...	...
Westchester District.....	- 8.5	...	...	...
All department stores.....	- 6.2	- 2.2	46.7	45.5
Apparel stores.....	-16.3	- 1.5	48.2	44.2

March sales and stocks in the principal departments are compared with those of last year in the following table. Reflecting the late Easter, it will be noted that the apparel departments are prominent among those showing the largest decreases in sales.

	Net sales percentage change March 1930 compared with March 1929	Stock on hand percentage change March 31, 1930 compared with March 31, 1929
Cotton goods.....	+ 8.4	+ 2.3
Furniture.....	+ 8.3	+ 1.5
Toilet articles and drugs.....	+ 6.1	- 3.4
Home furnishings.....	+ 2.8	- 1.6
Musical instruments and radio.....	+ 2.7	+ 4.5
Linens and handkerchiefs.....	+ 2.2	+ 5.7
Toys and sporting goods.....	+ 1.9	+ 1.7
Books and stationery.....	+ 0.3	+11.1
Hosiery.....	- 2.0	- 6.6
Silverware and jewelry.....	- 3.8	- 5.1
Silks and velvets.....	- 9.1	-12.1
Women's and Misses' ready-to-wear.....	- 9.2	+ 3.8
Women's ready-to-wear accessories.....	-10.0	+ 9.9
Men's furnishings.....	-11.2	+ 0.1
Luggage and other leather goods.....	-13.3	+ 3.0
Woolen goods.....	-13.8	-12.0
Shoes.....	-14.7	- 8.8
Men's and Boys' wear.....	-29.9	+ 1.3
Miscellaneous.....	- 3.3	-12.8

Wholesale Trade

March sales of wholesale dealers in this district averaged about 15 per cent below a year ago, a considerably larger decline than in January or February. As in February, grocery sales were the only type that showed an increase compared with a year previous. The sales of men's clothing, cotton goods, shoes, and hardware showed substantial decreases, and smaller declines were reported in the sales of silk goods, drugs, stationery, and paper. No doubt a part of the March reductions in sales of clothing and shoes was due to the later date of Easter this year, and a part may have been due to unseasonably cold weather. Very large decreases were again reported in the sales of the jewelry and diamond dealers. Machine tool orders reported by the Machine Tool Builders Association also remained far below the volume of a year ago.

Stocks of groceries, cotton goods, and hardware were smaller than a year previous, but stocks held by silk, shoe, and drug dealers remained larger than last year. Collections were reported to be slower than a year ago for the sixth consecutive month.

Commodity	Percentage change March 1930 compared with February 1930		Percentage change March 1930 compared with March 1929		Per cent of accounts outstanding February 28 collected in March	
	Net sales	Stock end of month	Net sales	Stock end of month	1929	1930
Groceries.....	+ 8.1	- 1.5	+ 1.2	- 3.5	73.4	75.6
Men's clothing.....	- 8.4	-24.4	...	...	45.3	38.0
Cotton goods.....	+ 3.1	+ 2.1	-19.7	- 9.7	31.3	29.3
Silk goods.....	+ 9.9*	+ 3.7*	- 6.1*	+15.3*	49.3	47.8
Shoes.....	+34.8	-10.6	-21.3	+14.8	37.1	36.9
Drugs.....	+10.3	+ 1.0	- 8.5	+19.4	42.5	34.4
Hardware.....	+29.6	+ 1.5	-12.3	-11.5	44.4	46.4
Machine tools**.....	+ 6.4	...	-45.8	...	...	...
Stationery.....	+ 5.1	...	- 4.8	...	72.8	74.8
Paper.....	+13.2	...	- 4.9	...	65.7	64.6
Diamonds.....	-11.7	+10.4	-50.8	-28.9	28.1	26.4
Jewelry.....	+ 6.3	+ 1.5	-36.7	- 9.1		
Weighted average..	+ 8.4	.....	-14.6	.....	52.0	50.4

* Quantity not value. Reported by Silk Association of America

** Reported by the National Machine Tool Builders Association

FEDERAL RESERVE BANK OF NEW YORK

MONTHLY REVIEW, MAY 1, 1930

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

INDUSTRIAL production declined in March, while factory employment and payrolls showed little change, and wholesale prices continued to decline. There was an increase in construction, as is usual at this season. Interest rates continued to decline in the first three weeks of March, but later became somewhat firmer.

PRODUCTION

Production in basic industries declined in March, contrary to the usual seasonal trend. Average daily output of steel, coal, and copper decreased substantially, while output of cotton and wool textiles declined at about the usual seasonal rate. Production of automobiles and lumber increased.

For the first quarter of the year, taken as a whole, output of basic industries was considerably smaller than in the unusually active first quarter of 1929 and smaller than in any other first quarter since 1925. In the steel and automobile industries output for the first three months, though smaller than in 1929, was about the same as in the corresponding months in 1928, while in most of the other major industries it was smaller than in either of the two preceding years.

Building contracts awarded increased substantially in March as is usual at this season, according to reports of the F. W. Dodge Corporation. In comparison with a year ago, a large increase in contracts for public works and utilities was more than offset by a decrease in residential building. Average daily awards in the first half of April were somewhat larger than in March, but continued smaller than a year ago.

EMPLOYMENT

Factory employment and payrolls, which usually increase during March, changed little from February and continued to be considerably smaller than in other recent years. The number of workers employed in the automobile industry increased somewhat less than is usual at this season and reductions in employment and in earnings were reported in the iron and steel, machinery, and car building industries.

DISTRIBUTION

Freight car loadings, which have been at low levels in recent months, did not show the usual seasonal increase during March. Department store sales continued in smaller volume than a year ago.

WHOLESALE PRICES

Wholesale prices, which began to decline last summer, continued to move downward in March to the lowest level since 1916, the decline reflecting chiefly sharp decreases in prices of agricultural products. Prices of imported raw materials, such as sugar, coffee, and silk, fluctuated around the low levels reached in February. The price of silver advanced slightly from the low point reached early in March.

In the last week in March and the first week in April there were advances in prices of agricultural products, especially grains and cotton, while the price of steel declined. On April 15, the price of copper was sharply reduced, and in the same week prices of a number of other important commodities also declined.

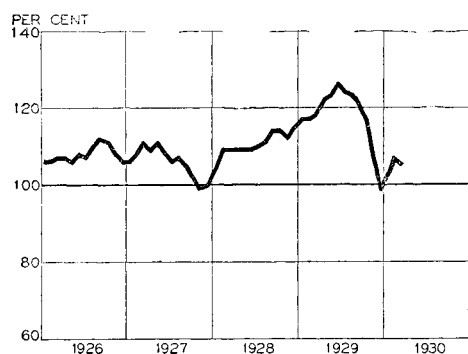
BANK CREDIT

At member banks in leading cities total loans and investments increased in the four-week period ended April 16, reflecting a growth of \$184,000,000 in loans on securities and of \$80,000,000 in investments, offset in part by a further decrease of \$186,000,000 in "all other" loans.

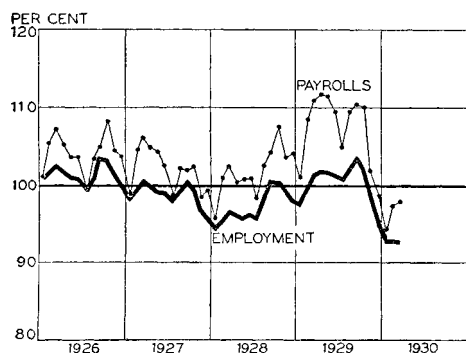
Member bank indebtedness at the Reserve Banks and total Reserve Bank credit declined further between the weeks ended March 15 and April 12, reflecting primarily additional imports of gold from the Orient.

In the third week of March money rates in the open market reached the lowest levels since 1924, but in the next three weeks were somewhat firmer. Rates on commercial paper declined to a range of 3½-4 per cent on March 24 and remained steady at that level; rates on 60-90 day bankers acceptances were reduced to 2½ per cent on March 20 but later advanced to 3 per cent. Bond yields, after declining during most of March, increased gradually in the first half of April.

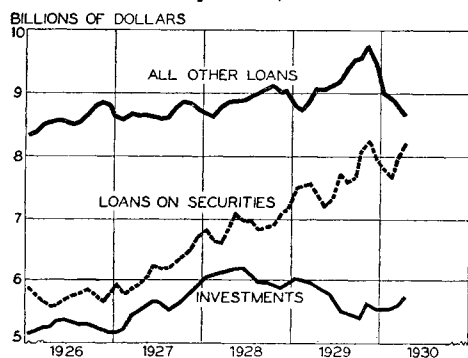
During April the rediscount rates of the Federal Reserve Banks of Richmond, Atlanta, St. Louis, Minneapolis, and Dallas were reduced to 4 per cent, the rate prevailing at all of the Reserve Banks except New York where the rate is 3½ per cent.



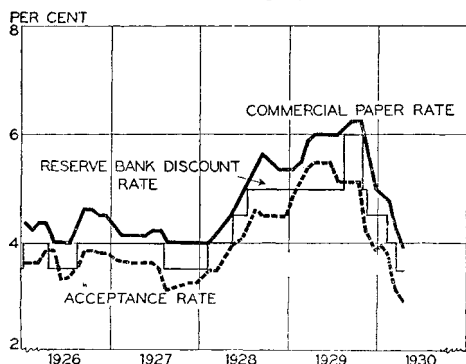
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variations (1923-25 average=100 per cent)



Index Numbers of Factory Employment and Payrolls, without Adjustment for Seasonal Variations (1923-25 average=100 per cent)



Monthly Averages of Weekly Figures for Reporting Member Banks in Leading Cities (Latest figures are averages of first 3 weeks of April)



Money Rates in the New York Market (April rates are averages for the first 20 days)