MONTHLY REVIEW
of Credit and Business Conditions
Second Federal Reserve District

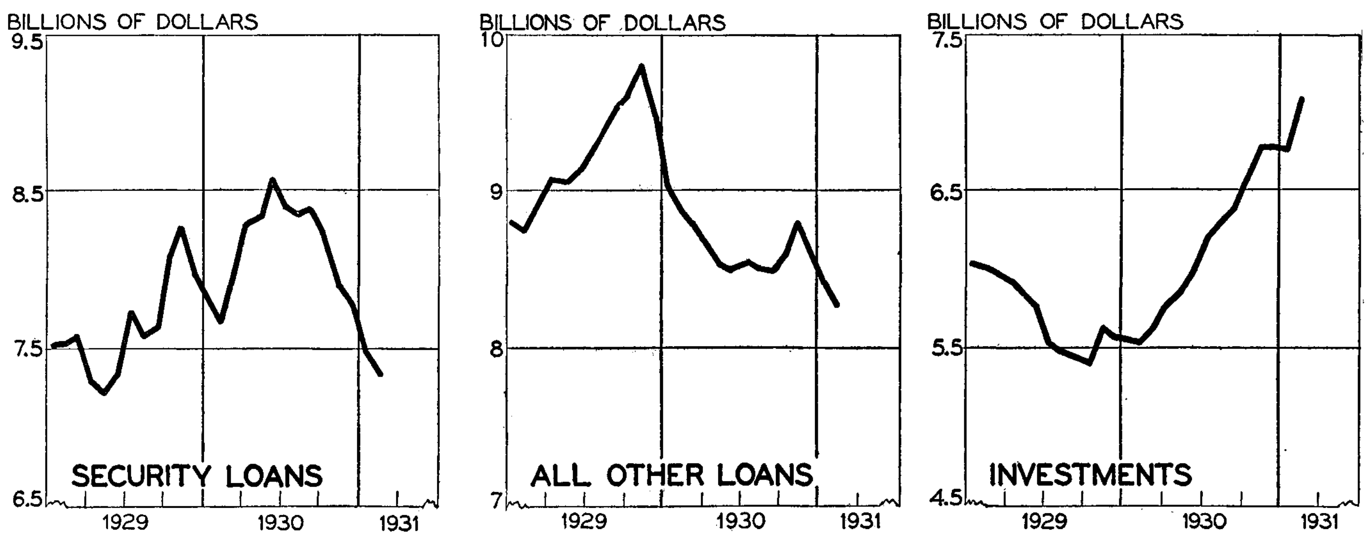
Federal Reserve Agent | *Federal Reserve Bank, New York* | *March 1, 1931*

Money Market in February

Conditions in the New York money market during the past month have been, on the whole, slightly firmer than in January. The large excess of bank reserves over requirements which persisted during most of January was much reduced and at times was replaced by a shortage, making necessary occasional recourse to the Reserve Bank. This change in conditions reflected partly a small increase in the demand for currency, but more largely a further retirement of Federal Reserve credit. Acceptance holdings of the Reserve Banks declined slightly further during the first half of February; Government security holdings were reduced slightly; and discounts for member banks were reduced somewhat further to the smallest volume since last October. Gold imports continued, though in reduced volume.

There has been no indication as yet of an unusual demand for funds for business purposes such as would materially affect conditions in the money market. Currency requirements, after reaching the usual low point at the end of January, have shown approximately the usual seasonal expansion, but loans of reporting member banks other than security loans, which reflect largely short-term commercial borrowing, have not shown the tendency toward expansion which in past years has frequently appeared in February; in fact, during the past month there has been a further substantial reduction in such loans, largely caused, however, by a decline in the acceptance holdings of New York City banks, which are included in this classification.

The demand for funds on the part of business organizations apparently continues to be chiefly a demand for capital. New security issues in February were not large, due to unsettlement in the market in the face of prospective Treasury financing for a payment to veterans. There were indications that the volume of new bond offerings would have been materially larger, had conditions in the bond market been such as to facilitate their absorption. The limited demand by business for bank loans and the ample supply of funds are reflected in the changes in the loans and investments of reporting member banks which are charted below. During February the investments of banks, which include a substantial proportion of United States Government obligations and a variety of other bonds and notes, many of them short-



Loans on Securities, All Other Loans, and Investments of Weekly Reporting Member Banks
(Monthly averages of weekly data; February figures preliminary)

term, increased about $325,000,000, making a total increase since the low point of October 1929 of about $1,700,000,000. During approximately the same period, the "all other" loans which include short-term commercial borrowing have been reduced about $1,600,000,000.

The security loans of the reporting banks also showed a further slight reduction during February to the smallest volume since the early part of 1929, notwithstanding some increase in the loans of these banks to security brokers and dealers during the month. The total security loans of the reporting banks have been reduced approximately $1,300,000,000 since last June, although security brokers and dealers now receive a larger proportion of their funds from these banks than at any previous time in recent years.

The total volume of credit extended by these banks which are located in the principal cities has shown little net increase during the past two years, and in the same period there has been a substantial reduction in the loans and investments of banks in smaller localities throughout the country. Consequently, the total volume of bank credit extended by all banks of the country is estimated by the Federal Reserve Board to have been approximately $3,000,000,000 less at the end of December 1930 than in October 1929.

Money Rates

Call loan rates were virtually unchanged during February, but rates charged for time loans on Stock Exchange collateral were advanced slightly near the end of the month. Acceptance rates, after a decline early in the month, advanced again to the same levels as at the end of January, and yields on short-term Government's rose somewhat, reflecting in part the weakness in prices of long-term Government obligations which has accompanied the discussions concerning the Treasury financing that will be required as the result of increased loans to war veterans. Contrary to the general tendency, commercial paper rates declined slightly further during February.

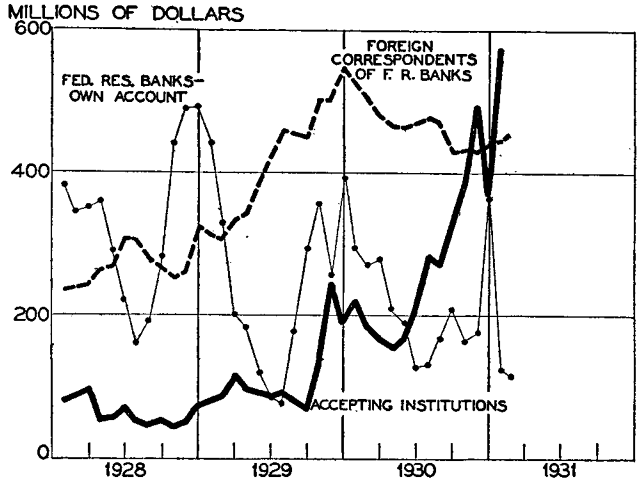
Money Rates at New York

	Feb. 28, 1930	Jan. 30, 1931	Feb. 27, 1931
Stock Exchange call loans	*4–4½	*1½	*1½
Stock Exchange 90 day loans	4¾	††1¾–2	††2–2¼
Prime commercial paper	4½–4¾	2½–2¾	2½
Bills—90 day unindorsed	3¾	1½	1½
Customers' rates on commercial loans	†5.07	†3.65	†3.81
Treasury certificates			
Maturing June 15 (yield)	2.98	1.10	1.21
Maturing September 15 (yield)	3.24	1.19	1.32
Federal Reserve Bank of New York rediscount rate	4	2	2
Federal Reserve Bank of New York buying rate for 90 day indorsed bills	3¾	1⅝	1⅝

* For preceding week †† Nominal † Average rate of leading banks at middle of month

Bill Market

Holdings of acceptances by the accepting banks and bankers that report to the American Acceptance Council



Holdings of Acceptances by Federal Reserve Banks for Own Account, Amount Held by Federal Reserve Banks for Foreign Correspondents, and Holdings by Accepting Banks and Bankers

increased $200,000,000 during January, following a reduction of $122,000,000 in the final month of 1930. Their holdings on January 31 reached $571,000,000, by far the largest amount of bills these banks have ever held as investments. As the accompanying diagram shows, this increase was accompanied by a large reduction in the Reserve Banks' bill holdings for their own account.

The volume of dollar acceptances outstanding showed a seasonal decline in January, and at the end of that month the total of $1,520,000,000 was $36,000,000 smaller than in December 1930 and $173,000,000 below the January 1930 figure. Decreases in all of the principal classes of acceptances contributed to the decline from December and only acceptances based on goods stored in or shipped between foreign countries remained larger than a year ago.

Due to the continued withholding of bills from the discount market by the accepting institutions during the first few days of February, dealers' portfolios remained at a low figure, and a ⅛ per cent reduction in open market rates was effected, thereby canceling the advance of late January. In a further effort to attract bills with which to fill investment orders, another reduction of ⅛ per cent in rates was made by all dealers on February 6, and at this level—1¼ per cent for unindorsed bills of 90 day maturity—bill rates reached a new low yield in the history of the bill market in this country.

The temporary appearance around the middle of the month of a slightly firmer money situation, as a result of the absorption of the excess reserves which the New York City banks had possessed during most of January, caused these banks to dispose of some of the large volume of bills held at the end of January, and dealers' portfolios rose moderately. The dealers then reversed their rate position by raising all maturities ⅛ per cent, and, when a considerable further increase in their portfolios occurred, they raised their rates by another 1/8 to the level prevailing at the opening of the month, which was more nearly in accord with the Federal Reserve buying rate. In addition to the increased sales of bills to the dealers, the banks also offered bills from their portfolios to the Reserve Bank for the purpose of retiring temporary borrowings which had been incurred in balancing their reserve position. During the latter part of the month, dealers' portfolios were somewhat reduced, due to an increased investment demand for bills, principally foreign orders.

The Federal Reserve System's portfolio of bills continued to decline through February 11, and, although some increase occurred in the succeeding two weeks, Reserve Bank holdings at the close of the month were moderately lower than at the end of January.

Commercial Paper Market

The tendency in open market commercial paper rates was gradually downward throughout February, with the consequence that the prevailing rate for prime names reached 2½ per cent shortly after the middle of the month, as compared with 2½-2¾ per cent which was quoted as the going range at the end of January. In addition, some business was done at 2¼ per cent and certain names continued to sell at 2¾ per cent. Bank investment demand for paper throughout the country continued to be active and was well in excess of the supply of new paper that came into dealers' portfolios from commercial and industrial concerns.

Reflecting the limited volume of paper available in the market, the amount outstanding through the 20 dealers reporting to this bank declined 9 per cent further during January. The January 31 outstandings of $327,000,000 were 19 per cent below the figure for the corresponding date in 1930, the first year-to-year decline to be shown in twelve months. Not since 1921 have January outstandings failed to show some increase over the figure for December, which usually marks the seasonal low point.

Treasury Financing in March

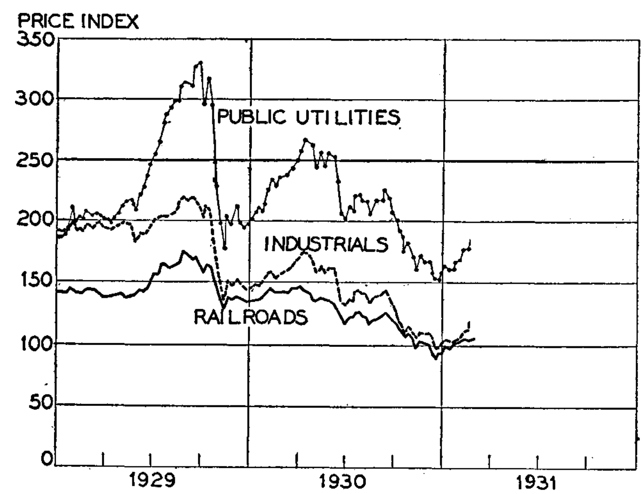
The volume of funds to be raised by the United States Government on March 16 is unusually large, due to the fact $1,100,000,000 of 3½ per cent Treasury notes, Series A and B—1930-1932, have been called for payment on that date, together with the prospect of increased disbursements on account of loans to World War veterans against their adjusted service certificates, and also the expectation of reduced receipts from taxes on 1930 income.

In order to meet these requirements, the Treasury has announced the offering of a total of $1,400,000,000 of new securities. These include approximately $500,000,000 of 3⅜ per cent Treasury bonds, due March 15, 1943, but redeemable on or after March 15, 1941; $600,000,000 of one-year Treasury certificates of indebtedness, bearing 2 per cent coupons; and $300,000,000 six-months Treasury certificates, yielding 1½ per cent. The offering is thus adjusted to meet the varying needs of investors as to types and maturities of securities. The announcement states that subscribers offering Treasury notes which have been called for redemption on March 16 in payment for the bonds and one-year certificates will be given preferred allotment.

Security Markets

Throughout the month of February the stock market held rather consistently firm and for part of the time prices exhibited distinct strength. Around the end of January stock price averages were about 10 per cent above the mid-December low, but by the close of February this recovery had been increased to about 25 per cent, and prices were the highest since last October. As is shown in the accompanying diagram, the February advance was general; industrial and public utility shares rose about 11 and 13 per cent, respectively, and railroad stocks, which had made a considerable recovery in January, advanced slightly in February. More widespread interest in the stock market also appeared in the larger turnover of shares on the New York Stock Exchange. After the first week of the month trading averaged 3,800,000 shares and on several days was well in excess of 4 million shares.

Domestic corporation bond prices moved within narrow limits during February, following the check to the



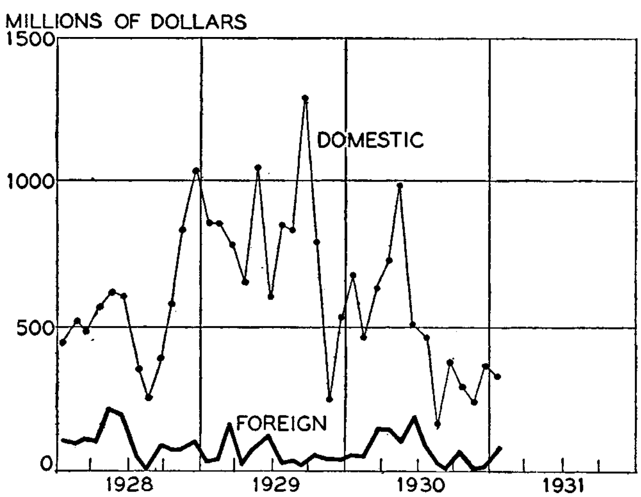
Price Movements of Industrial, Railroad, and Public Utility Stocks (Standard Statistics Company weekly indexes)

upward movement that occurred during the closing days of January. The tendency was gradually upward, however, and an average advance of ¾ of a point carried the general level of corporate bond prices to a point about half-way between the high of last September and the lowest point reached in December. Foreign bond quotations varied but little during the month, showing no decided trend in either direction.

The United States Government bond market again was subject to unsettling influences. When it appeared early in the month that veterans' bonus legislation which would necessitate a very large flotation of bonds by the Treasury would probably not be enacted, United States Government bonds advanced vigorously and by the 10th of the month had recovered nearly three-fourths of the loss sustained in the preceding week. Shortly afterward, prices began to decline again, but the drop was more gradual than in the final week of January, since the veterans' relief measure then under discussion in Congress involved a smaller expenditure by the Treasury than the initial proposals. As the net result of these movements, the average price of the eight outstanding Government bonds stood near the end of the month about 1½ points below the highest level of this year, and about half a point above the lowest level reached in February.

New Financing

The total volume of new security issues floated during January reached $606,000,000, the largest amount since last June. Of this total, $416,000,000 represented new capital, and $190,000,000 was for refunding purposes. Refunding operations have not been conducted on as large a scale since September 1929. In the new capital issues, domestic corporate offerings showed a further substantial increase, but issues by States and municipalities fell to an unusually small amount; consequently, total domestic offerings declined slightly from December to January, but the volume remained above the comparatively low levels of the last five months of 1930, as the accompanying diagram indicates.



Offerings of Securities to Provide New Capital (Commercial and Financial Chronicle figures for domestic issues, excluding financing by investment trusts, etc.; Federal Reserve Bank of New York data for foreign issues)

Flotations of foreign securities in this market, also shown in the diagram, were larger in January than in any month since July. The data covering foreign issues include financing by American corporations in cases where the funds were for use abroad, but exclude private banking credits placed in this country on behalf of foreign borrowers where no offering of securities was involved.

The total of new securities offered during February was well below the January volume, both in the domestic and foreign categories. Public utility and State and municipal financing constituted the larger part of the domestic issues. Railroad issues were very small, and, as for some months past, there appeared to be little demand for new capital on the part of industrial companies. The small volume of foreign issues was composed entirely of Canadian financing.

Foreign Exchange

The movement of the major exchanges in February was irregular and divergent. Sterling firmed up to $4.86 9/32 on the 7th, dipped gradually to $4.85 9/16 on the 20th, and thereafter firmed again around the month-end. French francs were irregularly strong until the 9th, but weaker through the rest of the month. The reichsmark moved through a narrow range and was persistently weak at 5 to 6 points below its parity of $0.2382. The Swiss franc, which for twelve months had been above par and frequently close to the gold export point from this country, weakened in the second half of February and declined to $0.1925¾ on the 26th. Another currency which declined during the month was the guilder, which sold at $0.4010¾ on the 26th, showing a loss of seven and a half points for the month. The Scandinavian exchanges varied; rates on Norway and Denmark firmed slightly, but the Swedish rate around the month-end was two or three points below its high of $0.2679½ on the 7th. All three were below par. The belga remained above par throughout the month. The peseta slumped to $0.0969 on the 13th, but recovered steadily thereafter to $0.1072 on the 24th, its highest quotation since mid-December. Canadian dollars gained a little, closing at about 1/64 discount. The yen was steady within the narrow range of $0.4944 to $0.4946. The Brazilian milreis was off from $0.0880 to $0.0850, but the Argentine peso recovered to $0.7518 from a mid-January low of $0.6757.

Gold Movement

Receipts from South America constituted the bulk of the gold imported at the Port of New York during February, $9,300,000 coming from Argentina and $1,100,000 from Uruguay. At San Francisco, $2,700,000 was received from China. There was in addition a gain of $2,500,000 to the country's gold stock through a decrease in gold held under earmark for foreign account. As exports were negligible, a preliminary estimate indicates a gain of about $16,500,000 for the month.

French withdrawals of gold at the Bank of England ceased during February, and the Bank was able to show an increase in its gold holdings due to the reported receipts of £750,000 from South Africa and £300,000 from

Brazil. Of the South African gold offered in the market approximately £1,800,000 was obtained by France and £700,000 by Belgium. About 65,000,000 reichsmarks of gold were received by Germany from Russia during the latter part of January and in February.

Central Bank Rate Changes

On February 6 the Bank of Sweden lowered its rate from 3½ to 3 per cent, the last previous change having been a reduction from 4 to 3½ per cent on April 3, 1930.

On January 29 the rate of the National Bank of Bulgaria was lowered from 10 to 9 per cent. This was the first change made since July 2, 1929, when the rate was moved upward from 9 to 10 per cent.

Production

An expansion in productive activity of at least seasonal proportions was reported in several lines during February. Steel ingot output rose to 52 per cent of theoretical capacity, as against 47 per cent at the end of January, and production of cotton goods, anthracite coal, and crude petroleum also showed increases from the January level; output of bituminous coal, however, declined.

In January the total volume of industrial production showed an expansion of close to the usual proportions from the low levels reached at the year-end. Among the metal industries, output of both pig iron and of steel increased slightly more than is usual for the month, so that this bank's seasonally adjusted indexes showed advances for the first time in a number of months, but curtailment of output was general among the non-ferrous metal producers. Following the sizable expansion of automobile output in December, a further small increase in output occurred in January, bringing the level of activity in this industry well above its low point of last autumn.

Production of bituminous coal declined sharply late in January, so that the total output for the month was lower than in December, in contrast to the usual seasonal increase; crude petroleum output also was reduced, but production of anthracite coal increased slightly. Textile mills operated at somewhat higher levels than in December, although in the case of silk the increase was less than seasonal. Output of other industries showed no consistent change from December to January, after seasonal adjustment.

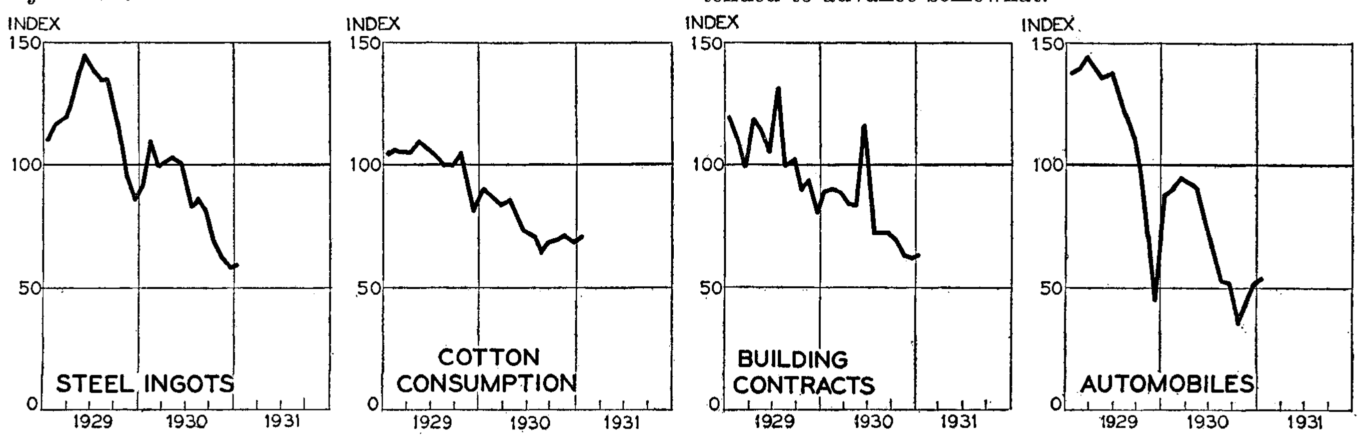
(Adjusted for seasonal variations and usual year-to-year growth)

	1930			1931
	Jan.	Nov.	Dec.	Jan.
Metals				
Pig iron	94	62	55	57
Steel ingots	91	62	57	59
Copper, U. S. mines	92	74	69	64*p*
Lead	79	73	81	69
Zinc	83	55	54	51
Tin deliveries	84	89	119	102
Automobiles				
Passenger cars	87	36	48	50*p*
Motor trucks	99	83	78	79*p*
Fuels				
Bituminous coal	87	73	71	66*p*
Anthracite coal	103	83	88	91*p*
Coke	97	75	71	70
Petroleum, crude	105	83	82	79*p*
Petroleum products	92	79	77	
Textile and Leather Products				
Cotton consumption	89	71	68	71
Wool mill activity	75	62	58	62*p*
Silk consumption	104	115	111	101
Leather, sole	107	95	98	88*p*
Boots and shoes	101	75	77*p*	77*p*
Foods and Tobacco Products				
Live stock slaughtered	90	89	90	92
Wheat flour	92	97	91	92
Sugar meltings, U. S. ports	93	114	74	72
Tobacco products	99	90	96	89
Miscellaneous				
Cement	108	83	81	81
Tires	77	54	51	
Printing activity	100	84	88	
Paper, other than newsprint	98	81		
Paper, newsprint	102	83	87	88
Wood pulp	99	81	80*p*	

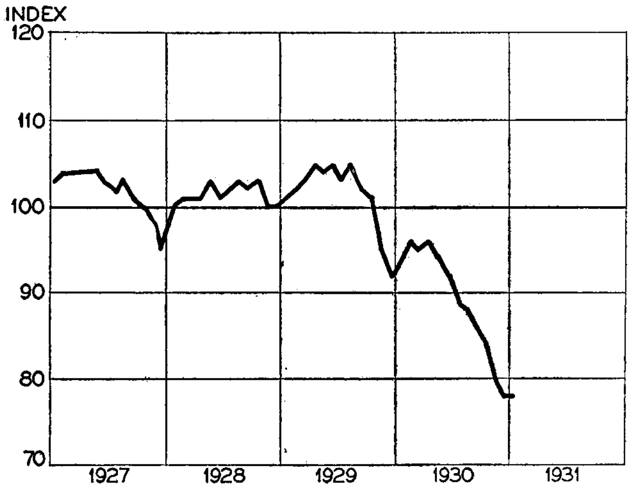
p Preliminary

Indexes of Business Activity

A few important indicators of business activity showed signs of greater stability in January and the first part of February. During most of January, merchandise and miscellaneous car loadings continued, after seasonal adjustment, at the level that had generally prevailed since early December, and in the first two weeks of February, the seasonally adjusted figures averaged slightly higher than in January. Average daily department store sales declined slightly less than usual in January from the December level, both in this district and in the country as a whole, and preliminary indications were that there was little change in this district during the early part of February. The January indexes of building contract awards, life insurance paid for, and advertising also tended to advance somewhat.



Production of Steel Ingots and Automobiles, Cotton Consumption, and Building Contract Awards, Adjusted for Seasonal Variation and Year-to-Year Growth



Railroad Car Loadings of Merchandise and Miscellaneous Freight, Adjusted for Seasonal Variation and Year-to-Year Growth

On the other hand, car loadings of bulk freight expanded less than usually in January, and larger than seasonal declines were shown in bank debits, security trading, and postal receipts. The increase of new corporate enterprises in New York State was less than the usual December to January increase, and the number of business failures rose to a level exceeding that of any previously recorded January.

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

	1930			1931
	Jan.	Nov.	Dec.	Jan.
Primary Distribution				
Car loadings, merchandise and misc.	94	80	78	78
Car loadings, other	98	78	80	76
Exports	85	63	60	60*p*
Imports	104	90	91	78*p*
Panama Canal traffic	82	72	62	
Distribution to Consumer				
Department store sales, 2nd Dist.	98	87	85	87
Chain store sales, other than grocery	89	89	85	84
Life insurance paid for	111	88	88	89
Advertising	92	80	76	77
General Business Activity				
Bank debits, outside of New York City	98	87	91	88
Bank debits, New York City	117	92	103	89
Velocity of bank deposits, outside of New York City	115	94	95	97
Velocity of bank deposits, New York City	129	87	95	83
Shares sold on N. Y. Stock Exchange	241	166	196	159
Postal receipts	99	87	90	88
Electric power	97	83	84*p*	
Employment in the United States	98	83	82	80
Business failures	111	113	123	132
Building contracts	88	63	62	63
New corporations formed in N. Y. State	84	83	80	78
Real estate transfers	69	59	60	
General price level*	174	161	158	157
Composite index of wages*	227	219	219	216
Cost of living*	170	161	159	158

p Preliminary *1913 average=100

Building

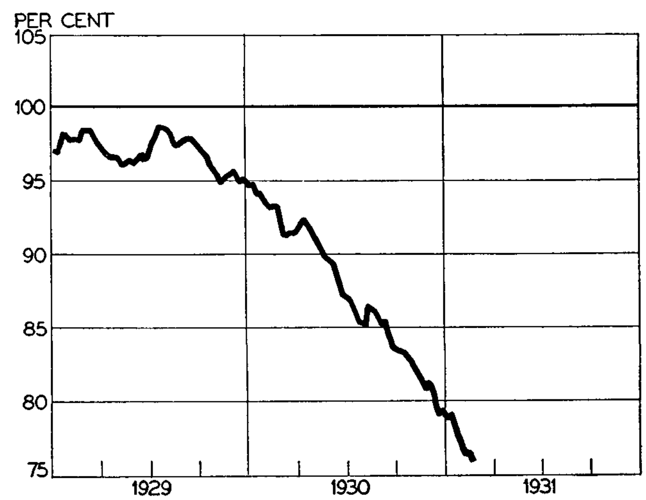
During January, the volume of building contracts awarded in the 37 States included in the F. W. Dodge Corporation survey was 9 per cent smaller than the amount of work contracted for during December, but as this decline was slightly less than the usual seasonal contraction between these two months the index of building contracts computed by this bank advanced 1 point. For the past three months this index has held within a narrow range, although it has been at the lowest levels relative to the computed trend since 1921. The moderately favorable showing of January was due to an increase in public works and utilities undertakings, as both residential and non-residential building contracts declined from December to January. During the first three weeks of February, more than a seasonal advance in building contract awards was reported, chiefly as a result of larger contracts for residential building work.

As compared with the level of a year previous, January contract awards continued to show a substantial reduction; total contracts were down 30 per cent, and public works and utilities and other non-residential work were down more than that amount, but residential building showed a decline of only 18 per cent. Residential building in recent months has been fluctuating at a low level but in general the changes have been largely confined to seasonal fluctuations, following a decline of more than two years' duration. Several of the districts from which construction contract figures are collected by the F. W. Dodge Corporation showed increases over the totals reported in January 1930; these localities were the Southern Michigan, Kansas City, New Orleans, and St. Louis districts.

While the total volume of building contracts in Metropolitan New York and vicinity continued to show a considerable decline from the level of a year previous—a reduction of nearly one-fourth in January—contracts for residential work were approximately 20 per cent above a year ago. Public works and utilities, on the other hand, reversed the tendency of December and were 30 per cent smaller than a year ago, and other non-residential building contracts in this territory were 46 per cent below the volume of January 1930.

Commodity Prices

The tendency in commodity prices was predominantly downward again during February, and the weekly index shown in the accompanying diagram continued to decline rather rapidly. Few important commodities showed increases for the month as a whole. Raw cotton, the most conspicuous exception, continued the advance which began in December, and touched 11.35 cents a pound, which is 1.90 cents above the low of the middle of December.



Weekly Movements of General Commodity Prices (Index of the National Fertilizer Association; 1926-28=100 per cent)

No significant change occurred in the price of wheat, but most other important agricultural commodities declined. Live stock generally showed marked weakness, and the price of hogs reached a new low level for recent years. Hides dropped 1½ cents further to 7 cents a pound, or less than one-third of the peak price of 1929. Silk reacted sharply, following its January gain, and rubber, wool, corn, and sugar also showed declines for the month as a whole; rubber equaled its record 1930 low, and wool and corn established new low levels for many years.

Scrap steel dropped 50 cents a ton, thus canceling all of the gain made just after the turn of the year, but later recovered 25 cents; the Iron Age composite price of pig iron receded further to $15.71 a ton, the lowest figure since 1915. The non-ferrous metals declined early in the month, but subsequently recovered slightly. Copper equaled its previous low of 9½ cents, but in consequence of a marked stimulation of foreign and domestic buying at this level, recovered to 10⅜ cents. Similarly, the price of lead was reduced further to a new low figure, 4.50 cents a pound, but subsequently recovered to 4.60 cents. Silver dropped as low as 25¾ cents an ounce, followed by an advance to 27⅜ cents. Zinc receded to its previous low of 3.95 cents, but later recovered somewhat; tin, on the other hand, showed a slight upward tendency.

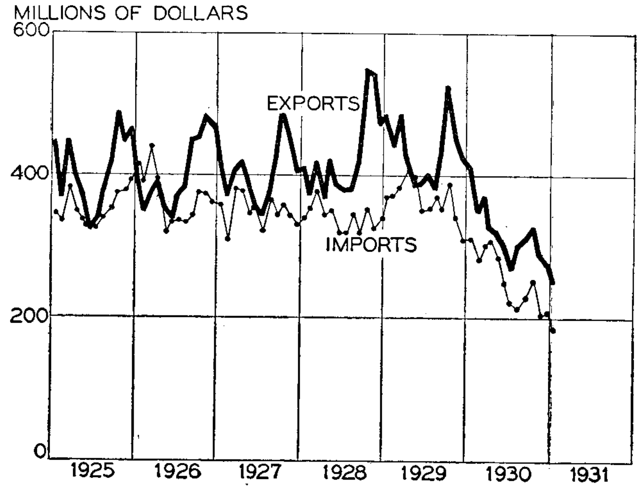
The wholesale commodity price index of the Bureau of Labor Statistics declined in January to 77.0 per cent of the 1926 average. This brought the total decrease since the peak of July 1929 to 21 per cent.

Foreign Trade

During January, the value of this country's foreign merchandise trade continued the downward course of the past fifteen months, which, as the accompanying diagram indicates, has been interrupted only by seasonal increases in a few months. Compared with a year previous, both exports and imports showed slightly larger percentage decreases than in any month during the past year. Exports, valued at $250,000,000, and imports, at $183,000,000, were 39 and 41 per cent, respectively, below the levels of a year ago. The decline from December in each case was about $25,000,000. In the case of exports, this reduction was not much larger than the usual seasonal movement, whereas in the case of imports the decline was contrary to the seasonal tendency.

In general the heaviest percentage reductions in foreign trade values during January occurred in the raw material group, which no doubt is partly explainable by wider fluctuations in the prices of basic commodities than in prices of finished or semi-finished products. Exports of raw materials, including a large proportion of raw cotton, totaled 44 per cent less than a year ago, and imports of raw materials, chiefly raw silk and crude rubber, were 45 per cent smaller. Partly and wholly manufactured exports and imports continued to be more than one-third smaller in value than last year.

The quantity of raw cotton shipped abroad was 28 per cent smaller, and the value 57 per cent less, than in January 1930. Exports of grains decreased nearly 60 per cent in volume and about two-thirds in dollar value. Quantity imports of crude rubber were 22 per cent less than a year ago, but raw silk and coffee importations increased 14 and 13 per cent, respectively.



Foreign Trade of the United States; Monthly Exports and Imports of Merchandise

Employment and Wages

The number of workers employed in factories, both in New York State and in the country as a whole, showed a further decline of more than seasonal proportions in January, and reached a new low level for recent years. Outside of factories, it appears that the situation also was unfavorable, for weather conditions interfered with out-of-door operations, and the United States Employment Service reported that there were large surpluses of both skilled and unskilled workers.

The indications of data on the relative availability of jobs were somewhat mixed. On the one hand, the rate of voluntary labor turnover in factories, after reaching in December a new low level for the twelve years for which the figures are available, showed an unusually large increase for January. On the other hand, the number of persons who applied to the New York State Employment Bureaus for work was larger in January than in December, while the number of orders for workers was smaller, so that the ratio of applications to available jobs fell to a new low level. In the first two weeks of February, this ratio showed a small recovery, which was at least partly of a seasonal nature.

Payroll and wage data indicate further reductions in the income of industrial employees in January. Factory payrolls in New York State dropped 4 per cent further, whereas the average December to January decline in past years has been a little over 1 per cent. Average weekly earnings of factory employees declined to the lowest level since 1923.

Department Store Trade

January sales of reporting department stores in this district were 7.6 per cent smaller than in 1930. Substantial decreases in sales continued to be reported in New York City, Buffalo, Syracuse, Bridgeport, Southern New York State, Hudson River Valley, and the Capital District, while the declines in sales in the other sections of this district were much smaller, ranging from 1 per cent to 5 per cent. The leading apparel stores reported sales 5 per cent below January 1930, as compared with a decline of more than 8 per cent in December.

Stocks of merchandise on hand at the end of January, valued at retail prices, were nearly 10 per cent below last year, the largest reduction in a number of years. The rate of collections on charge accounts during the month was slightly lower in January 1930, but compared more favorably with a year ago than in December.

Locality	Percentage change January 1931 compared with January 1930		Per cent of accounts outstanding December 31 collected in January	
	Net sales	Stock on hand end of month	1930	1931
New York	— 8.6	— 8.2	51.6	52.6
Buffalo	— 5.8	—14.3	51.2	48.8
Rochester	— 2.6	— 7.3	49.7	49.3
Syracuse	— 7.9	— 6.7	34.0	33.1
Newark	— 2.6	—15.1	49.6	45.9
Bridgeport	— 6.7	— 8.4	41.6	40.8
Elsewhere	— 9.3	—10.8	41.8	39.9
Northern New York State	— 4.8	....	....	....
Southern New York State	—13.2	....	....	....
Hudson River Valley District	—12.6	....	....	....
Capital District	— 9.0	....	....	....
Westchester District	— 1.2	....	....	....
All department stores	— 7.6	— 9.5	50.1	49.5
Apparel stores	— 4.9	—13.0	50.7	47.3

As the following table shows, the principal apparel departments were among those showing the more favorable comparisons of sales with those of a year ago, while the furniture, home furnishings, and musical instrument and radio departments were among those showing the larger reductions in sales.

	Net sales percentage change January 1931 compared with January 1930	Stock on hand percentage change January 31, 1931 compared with January 31, 1930
Toilet articles and drugs	+10.9	— 7.0
Toys and sporting goods	+10.4	— 7.1
Men's and Boys' wear	+ 4.1	—14.1
Men's furnishings	+ 1.7	—15.9
Woolen goods	+ 1.6	—31.8
Women's and Misses' ready-to-wear	— 0.7	—21.3
Women's ready-to-wear accessories	— 1.1	—11.0
Hosiery	— 1.2	—19.1
Linens and handkerchiefs	— 1.4	+ 0.2
Silverware and jewelry	— 3.8	— 9.1
Cotton goods	— 4.7	— 9.6
Luggage and other leather goods	— 7.8	—20.8
Shoes	— 8.3	—15.7
Furniture	— 9.6	—13.5
Silks and velvets	— 9.9	—16.7
Books and stationery	—10.7	—15.0
Home furnishings	—11.5	— 7.4
Musical instruments and radio	—51.3	+ 9.0
Miscellaneous	—15.4	—15.4

Wholesale Trade

The volume of January sales by wholesale dealers in this district averaged 25 per cent below a year ago. The sales of cotton goods, shoes, hardware, stationery, paper, and jewelry continued to be substantially smaller than a year previous, and the sales of men's clothing showed the largest decrease from a year previous during the period covered by this bank's records. Drug firms reported a 6 per cent decline compared with a year ago in January, following an increase in December, and the sales of groceries were 14 per cent smaller than a year previous. Wholesale diamond dealers reported January sales almost 50 per cent smaller than in 1930, and machine tool orders, reported by the National Machine Tool Builders Association, declined further to about one-third the volume of last year. Yardage sales of silk, reported by the Silk Association of America, increased for the third consecutive month; however, the increase in January was comparatively small.

The value of stocks of merchandise held at the end of January in all reporting lines, with the exception of drugs, remained substantially smaller than a year ago. Collections in January this year were only slightly smaller than in 1930.

Commodity	Percentage change January 1931 compared with December 1930		Percentage change January 1931 compared with January 1930		Per cent of accounts outstanding December 31 collected in January	
	Net sales	Stock end of month	Net sales	Stock end of month	1930	1931
Groceries	— 4.9	— 2.1	—13.6	—17.5	73.1	75.4
Men's clothing	+13.2	....	—44.2	....	45.8	41.9
Cotton goods	—42.8	+ 0.7	—29.1	—35.1	32.3	32.7
Silk goods	+29.0*	— 5.0*	+ 2.1*	—15.3*	47.9	46.4
Shoes	—30.7	+20.4	—27.5	—32.4	39.7	38.8
Drugs	+21.3	+ 0.7	— 6.4	+29.8	33.7	36.4
Hardware	—34.1	+ 6.5	—22.9	—14.0	51.6	46.2
Machine tools**	— 2.8	....	—63.2	....	....	....
Stationery	— 2.8	....	—24.2	....	73.2	71.1
Paper	+ 3.7	....	—24.1	....	57.2	53.9
Diamonds	—30.6	— 8.0	—48.4	—17.5	43.8	37.6
Jewelry	—57.2	—10.5	—35.4	—30.4		
Weighted average	— 4.8	....	—25.2	....	52.9	51.7

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

Chain Store Trade

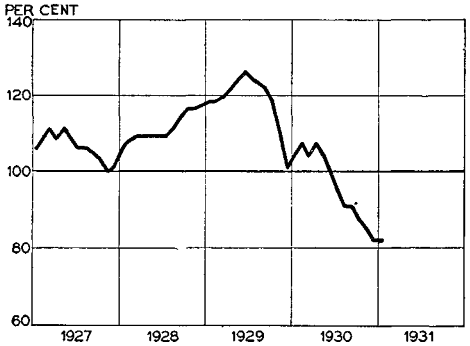
Total sales in January of the reporting chain store organizations were 1.3 per cent less than a year ago, the smallest decrease since last September. The sales of ten cent chain systems were 4 per cent larger than a year previous, the first increase in sales since April. The daily rate of sales of drug, shoe, and variety chains declined considerably less from a year ago than in December, while in groceries and candy the decreases in sales showed no material change from December.

After allowing for the change in the number of stores operated, ten cent chains were the only type of chain stores that reported an increase; however, the average decrease in sales per store of all reporting chain systems showed the smallest decline since May 1930.

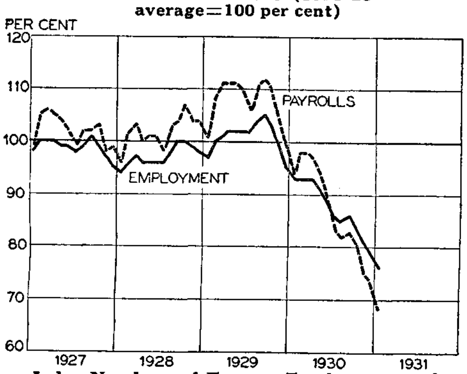
Type of store	Percentage change January 1931 compared with January 1930		
	Number of stores	Total sales	Sales per store
Grocery	+ 5.4	— 2.4	— 7.4
Ten cent	+ 4.2	+ 4.3	+ 0.1
Drug	— 3.3	—12.0	— 9.0
Shoe	+ 7.7	—14.1	—20.3
Variety	+ 7.4	— 4.0	—10.6
Candy	— 2.0	—26.8	—25.3
Total	+ 4.9	— 1.3	— 6.0

FEDERAL RESERVE BANK OF NEW YORK

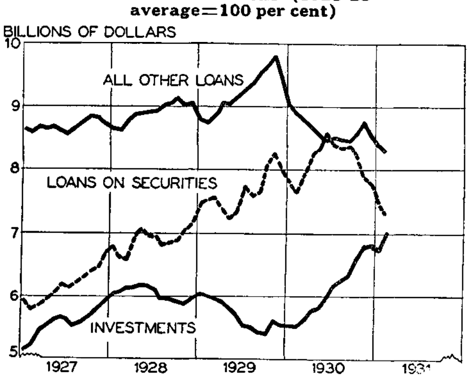
MONTHLY REVIEW, MARCH 1, 1931



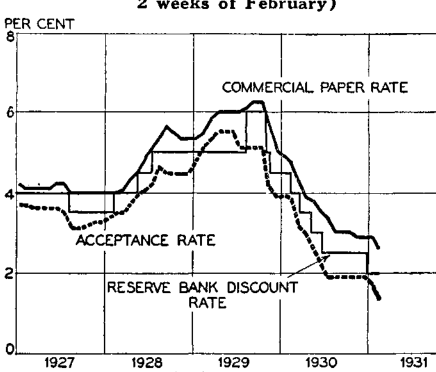
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variations (1923-25 average=100 per cent)



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 2 weeks of February)



Money Rates in the New York Market (February rates are averages for the first 19 days)

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

INDUSTRIAL activity increased in January by slightly less than the usual seasonal amount, and factory employment and pay rolls declined. Money rates in the open market declined further from the middle of January to the middle of February.

Production and Employment

The Board's index of industrial production, which is adjusted for seasonal variation, showed a decrease of less than 1 per cent in January, compared with declines of 3 per cent in November and in December. Activity in the steel industry, which was at a low level in December, increased during the following month by considerably more than the usual seasonal amount; output of automobiles, which had shown an unusual increase in December, increased less in January than in the corresponding month of other recent years. The cotton and wool textile industries were more active in January, while the output of copper, petroleum, and coal declined.

The number of wage earners employed at factories was smaller in the pay roll period ending nearest the 15th of January than in the preceding month, reflecting in part extended year-end shut-downs. There were large declines in employment at foundries and at establishments producing hosiery, women's clothing, lumber, brick, cement, and tobacco products; employment in the men's clothing, leather, and agricultural implement industries increased somewhat more than usual for the season. Factory pay rolls were considerably reduced in January.

Value of contracts awarded for residential building continued to decline in January, according to the F. W. Dodge Corporation, while contracts for public works and utilities increased. In the first half of February the daily average of contracts awarded for residential building increased.

Distribution

Volume of freight car loadings was reduced further in January, contrary to the usual seasonal tendency, reflecting decreases in shipments of coal, merchandise, and miscellaneous freight. Department store sales, which always show a sharp reduction from December to January, declined by less than the estimated seasonal amount.

Wholesale Prices

The general level of wholesale commodity prices declined further by 2 per cent in January, according to the Bureau of Labor Statistics. Prices of many leading agricultural products, and of copper, and silver decreased substantially, while prices of cotton and silk advanced. In the first half of February the price of cotton continued to rise and in the middle of the month copper also advanced, while the price of silver declined to new low levels and prices of livestock continued to decrease.

Bank Credit

Volume of credit at member banks in leading cities showed little change from January 14 to February 11, further declines of $200,000,000 in loans on securities and of $115,000,000 in all other loans being largely offset by an increase of $310,000,000 in the banks' holdings of investments.

In the first three weeks of February bank suspensions declined sharply and a number of banks, previously suspended, resumed operations.

Volume of Reserve Bank credit outstanding decreased by $175,000,000 between the weeks ended January 17 and February 14, reflecting a reduction of $70,000,000 in member bank balances and $80,000,000 in money in circulation, together with an increase of $25,000,000 in the stock of monetary gold. The principal reduction has been in acceptance holdings of the Reserve Banks.

Money Rates

Money rates in the open market continued to decline after the middle of January and by the middle of February were at new low levels. The prevailing rate on prime commercial paper declined to a range of 2½-2¾ per cent; and the rate on bankers acceptances was reduced to 1¼ per cent, but subsequently advanced to 1½ per cent.