MONTHLY REVIEW
of Credit and Business Conditions
Second Federal Reserve District

Federal Reserve Agent *Federal Reserve Bank, New York* *May 1, 1933*

Money Market in April

Further substantial improvement in the banking situation has occurred during the past month, and has been reflected in conditions in the New York money market. The return flow of currency to the banks has continued; bank deposits have increased moderately; indebtedness of member banks at the Reserve Banks has been further reduced; bank reserves have shown a renewed increase; and open market money rates have declined considerably. These movements have not been as rapid as in the latter part of March but have proceeded steadily throughout the month. In addition, considerable headway has been made in strengthening the position of banks that were not licensed to resume full operations in March, and increasing numbers of these banks have been reopened as the month progressed.

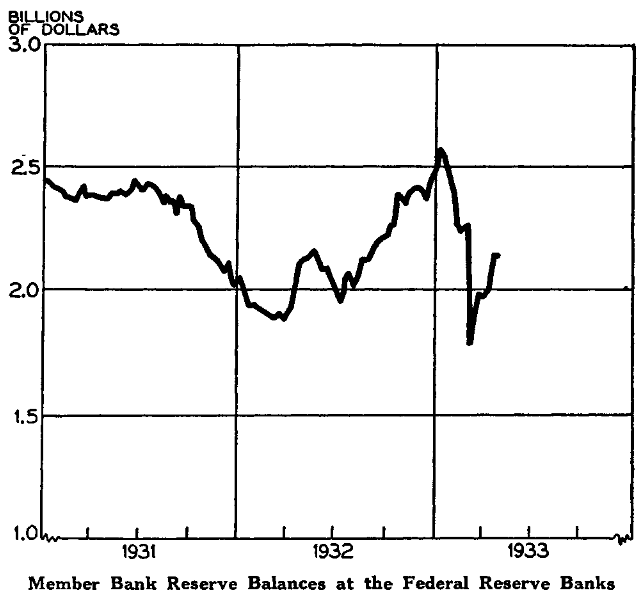
Net receipts of currency at the Reserve Banks during April averaged approximately $100,000,000 a week, and by the end of the month the total return flow since the high point in March was well over $1,500,000,000. Thus all but about $400,000,000 of the increase in currency outstanding between the latter part of January and the early part of March had been canceled by the end of April.

The return flow of gold to the Reserve Banks continued during April, though at a less rapid rate than in March. On April 5 an executive order was issued by the President requiring all holders of gold with certain exceptions to return gold to the Reserve Banks, and providing for the licensing of gold for export or for certain necessary trade uses. About the middle of the month a sudden weakening of dollar exchange led to applications by a number of banks for licenses to export gold. Licenses were granted for a little less than $10,000,000 of gold exports. On April 18, however, the granting of export licenses was terminated and on April 20 an executive order was issued modifying the terms of the order of April 5 and prohibiting gold exports except in the case of gold held under earmark for the account of foreign governments or foreign banks of issue or in certain other exceptional circumstances. Gold exports and earmarking were thus discontinued and dollar exchange showed an irregular depreciation in foreign exchange markets.

Member bank indebtedness showed a further reduction of more than $100,000,000 in the first week of April, but subsequently the repayment of borrowings proceeded slowly. Excluding the indebtedness of banks that have not been licensed to reopen, however, the total amount of member bank borrowings at the Reserve Banks near the end of April was not greatly in excess of the volume during January, and was more than one billion dollars less than at the high point reached early in March.

Maturities of acceptances from Reserve Bank holdings also absorbed a moderate amount of funds during April, but member banks retained a considerable amount of additional funds in their reserves. As the accompanying diagram shows, member bank reserves near the end of April were more than $350,000,000 above the low point of March, but remained nearly [illegible]000 below the January level. Due to a substantial reduction in the reserve requirements of member banks, which resulted from the rapid decline in deposits during February and early March, however, the present volume of member bank reserves is roughly $350,000,000 above requirements. This compares with approximately $600,000,000 of excess reserves early in January.

The reserve position of the Federal Reserve Banks also has been strengthened further during the past month, and has now largely recovered from the effects of the banking crisis. The gold reserves of the System are considerably larger than before the bank holidays, due to the return of hoarded gold coin and gold certificates, and reserve requirements have been reduced by the return flow of Federal Reserve notes to the Reserve



Member Bank Reserve Balances at the Federal Reserve Banks

Banks. Consequently, excess gold reserves of the Reserve System at the end of April were nearly as large as in January, and the ratio of total reserves to combined deposit and note liabilities was above 62 per cent, as compared with a ratio of less than 46 per cent on March 8 and 65 per cent on January 25.

The extent of the recovery in the banking situation since March 8, as compared with the changes which took place during the development of the banking crisis, is reflected in the following summary.

(In millions of dollars)

	Jan. 25	Mar. 8	Apr. 26
Money in circulation	5,611	7,538	5,994
F. R. discounts for member banks	265	1,414	385
Member bank reserves	2,513	1,776	2,136
Total reserves of F. R. Banks	3,460	2,809	3,619
Excess gold reserves of F. R. Banks	1,472	440	1,428
Combined reserve ratio of F. R. Banks	65.4%	45.6%	62.7%

Accompanying these developments there has been a renewed movement of funds to New York from other localities, and as a result nearly half of the excess reserves of all member banks has again been concentrated in New York. This movement has been accompanied by a renewed increase in the balances carried by out-of-town banks with the principal New York City banks. Since early March this increase has amounted to more than $500,000,000, thus restoring more than half of the balances withdrawn prior to the bank holidays. The accumulation of out-of-town balances in New York indicates, however, that the actual ownership of idle funds concentrated in New York is widely distributed. A partial offset to the flow of bank funds to New York has occurred through a fairly substantial withdrawal of funds from New York by the Treasury for disbursement in other parts of the country.

Partly as a result of the increase in balances of out-of-town banks, the net demand and time deposits of New York City banks have increased more than $550,000,000 further during the past month and are nearly $900,000,000 larger than in the first week of March. The total loans and investments of these banks showed little change until the last week of April, however. A large part of the funds received was used to repay indebtedness at the Reserve Bank incurred during the period of bank closings, and the balance remained idle in the form of excess reserves. In the last week of April, the first substantial increase in the total loans and investments of the New York City banks occurred. This increase amounted to $188,000,000 and included a $73,000,000 increase in security loans, a $79,000,000 increase in other loans, and a $36,000,000 increase in investments, largely in Government securities.

Money Rates at New York

	April 29, 1932	Mar. 31, 1933	April 29, 1933
Stock Exchange call loans	2½	3	1
Stock Exchange 90 day loans	*2	2	*1
Prime commercial paper	3¼–3½	2¾–3¼	2–2½
Bills—90 day unindorsed	⅞	2	½
Customers' rates on commercial loans	†4.38	†4.79	†3.88
Treasury securities			
Maturing September (yield)	0.53	0.83	0.32
Maturing December (yield)	0.96	1.09	0.52
Federal Reserve Bank of New York rediscount rate	3	3½	3
Federal Reserve Bank of New York buying rate for 90 day indorsed bills	2½	2	2

* Nominal † Average rate of leading banks at middle of month

Money Rates

The accumulation of funds in New York during April has been accompanied by a considerable further decline in open market rates, as the preceding table shows. The general level of rates at the end of the month, consequently, was only slightly above that prevailing in January.

Bill Market

The investment demand for bankers acceptances continued to be in excess of the supply of bills offered to the market during the first part of April, accompanying the accumulation of excess reserves in the possession of the New York City banks. Accepting and discounting banks generally withheld new bills from the market, and attempted to purchase additional bills. Reflecting this situation and the consequent rapid decline in dealers' portfolios, open market rates were reduced in four steps by a total of 1½ per cent, the rate for 90 day unindorsed bills dropping from 2 per cent to ½ per cent, as compared with the March high of 3⅝ per cent and the February low of ¼ per cent.

Beginning on April 20 the situation in the bill market changed temporarily. Moderately large selling of bills by banks to the discount market caused a rise in dealers' portfolios, and open market rates were advanced ⅛ per cent late on the afternoon of the 20th. The bank selling of bills ceased shortly, however, and within a few days renewed buying of bills by the banks developed and the ⅛ per cent advance was canceled by a corresponding decline on April 25. Dealers' portfolios of bills showed an appreciable reduction following the temporary increase around April 20.

With the New York City banks holding surplus reserves throughout the month, no bills were offered to the Reserve Banks, and as a result the bill portfolio of the System dropped $128,000,000 between the end of March and April 26, chiefly as a result of maturities of domestic bills, although there was also a reduction of $17,500,000 in foreign bills due to the repayment of the balance of the Federal Reserve Banks' participation in the central bank credit to the Reichsbank.

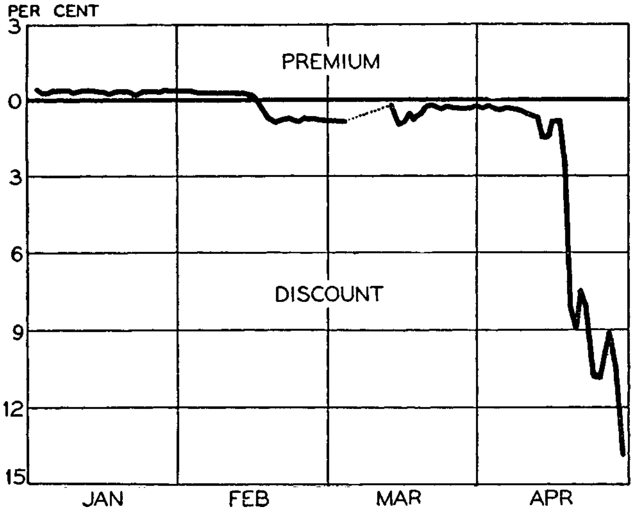
Commercial Paper Market

Open market rates for commercial paper continued to decline in the first half of April, reaching a prevailing range for prime names of 2-2½ per cent, as compared with a high point of 4½ per cent on March 15 and quotations of 1¼-1½ per cent preceding the banking holiday. For the balance of April there was no quotable change in market rates. Dealers generally reported that whatever amounts of new paper they were able to secure from commercial and industrial concerns were quickly absorbed by the bank investment demand.

The exceedingly short supply of open market commercial paper is indicated by reports from the dealers which showed the total outstanding on March 31 at $71,900,000, a decrease of 15 per cent from February and of 33 per cent from March 1932.

Foreign Exchange

During April there was a sharp advance in foreign exchange quotations against the dollar, illustrated in the



Movement of Dollar Exchange (Daily closing premium or discount from par, in terms of the French franc)

accompanying diagram which shows the premium or discount on the dollar from par, computed from quotations against the French franc at the close of each day since the first of this year. Quotations for the principal foreign exchanges, after holding fairly steady in the first part of April, rose suddenly during the Easter holidays abroad. The movement was checked temporarily for a few days by the granting of licenses for the exporting of gold from this country, but after announcement was made on April 19 that no further licenses would be issued by the Secretary of the Treasury for the export or earmarking of gold, with certain specific exceptions, foreign exchange rates advanced rapidly in terms of dollars. The discount on the dollar increased to 8 per cent on the 19th and to nearly 11 per cent by the 25th, showed some recovery, and then at the month-end a renewed decline carried the dollar to a 13¾ per cent discount. Sterling had a net advance of 44 cents for the month, and there were corresponding advances in other foreign currencies which are indicated in the accompanying table.

Closing Cable Rates at New York

Exchange on	Par of Exchange	April 30, 1932	Mar. 31, 1933	April 29, 1933
Belgium	$ .1390	$ .1401	$ .1395	$ .1610
Denmark	.2680	.2010	.1531	.1720
England	4.8666	3.6613	3.4225	3.8650
France	.0392	.03941	.03928	.04543
Germany	.2382	.2382	.2385	.2650
Holland	.4020	.4054	.4035	.4635
Italy	.0526	.0517	.0513	.0596
Norway	.2680	.1862	.1755	.1980
Spain	.1930	.0787	.0845	.0975
Sweden	.2680	.1840	.1815	.2010
Switzerland	.1930	.1940	.1931	.2230
Canada	1.0000	.8938	.8275	.8769
Argentina	.9648	.5865	.5770	.6579
Brazil	.1196	.0685	.0762	.0800
Uruguay	1.0342	.4800	.4775	.5300
Japan	.4985	.3238	.2138	.2400
India	.3650	.2745	.2580	.2912
Shanghai	.....	.3075	.2901	.2425

Gold Movement

During the month of April there was a gain of about $32,000,000 to the monetary gold stock of the United States, due principally to gold released from earmark for foreign account and not exported. The total amount of gold released from earmark during the month was $34,200,000, of which only $7,000,000 was exported, $4,800,000 being shipped to Italy and $2,200,000 to England. In addition, there were gold imports of $4,800,000, largely at San Francisco, which included $3,000,000 from Japan, $1,000,000 from China, and $300,000 from Australia. Furthermore, about $10,000,000 in bullion was added to the monetary gold stock from domestic sources.

These gains to the gold stock were partly offset by exports of $9,000,000 to France and $600,000 to Holland under licenses issued by the Secretary of the Treasury prior to the executive order of April 20 which prohibited the export or earmarking of gold except for certain specific types of transactions.

There was a further return flow of gold coin and gold certificates to the Reserve Banks and its effect on the reserves of the Federal Reserve Banks, in April as in March, was more important than that of foreign transactions. From March 29 to April 26, total gold reserves of the Reserve Banks increased $159,000,000 further, reaching a level $713,000,000 above that of March 8.

Executive Orders Relating to Gold and Foreign Exchange Transactions

Two executive orders relating to gold and foreign exchange transactions were issued by the President during April. The first, issued on April 5, required all persons to deliver on or before May 1, 1933 to a Federal Reserve Bank, or branch, or to any member bank of the Federal Reserve System, all gold coin, gold bullion, and gold certificates owned by them, with certain limited exceptions. The order also authorized the Secretary of the Treasury to issue licenses for certain specified transactions in gold. The permitted transactions included the holding of gold required for legitimate and customary use in industry, profession, or art within a reasonable time; the holding of gold coin and gold certificates not exceeding $100 by any one person, and of gold coins having a special value to collectors; the holding of gold under earmark for foreign governments and foreign central banks; and the licensing of "other proper transactions" not involving hoarding.

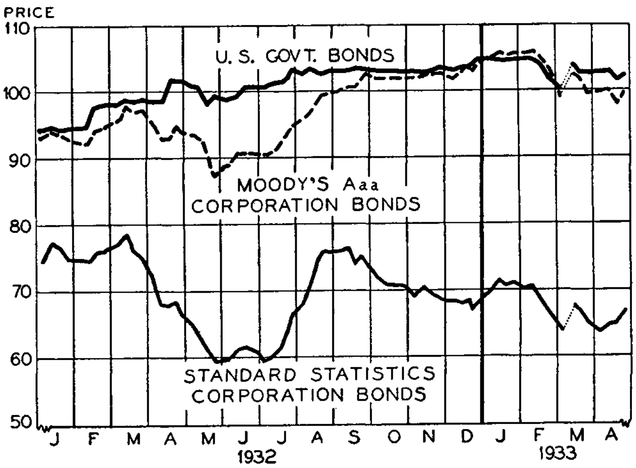
A further order issued on April 20 prohibited until further order the earmarking of gold for foreign account and the export of gold coin, gold bullion, and gold certificates, but authorized the Secretary of the Treasury to issue licenses for the export of gold previously earmarked for foreign governments and foreign central banks, and for certain other limited transactions. The full text of these executive orders is available in Circulars number 1204 and 1214 issued by this bank.

Central Bank Rate Changes

On April 5 the National Bank of Rumania reduced its discount rate from 7 to 6 per cent.

Security Markets

The announcement on April 19 of a virtually complete suspension of licenses for the export of gold was followed by a strong advance in stock prices and an increase in



Price Movements of United States Government Bonds, Highest Grade Domestic Corporation Bonds, and Less High Grade Corporation Bonds

the volume of sales on the Stock Exchange to 5,100,000 shares. The average rise in stock prices on that day amounted to 7 per cent and was followed by a further rise of 10 per cent in prices on the following day and a further increase in trading to 7,100,000 shares. Thereafter trading activity subsided gradually and price movements were irregular, until the closing day of the month when there was a renewed sharp advance. The abrupt rise in prices during the second half of April followed a gradual advancing tendency during the first half; net advances occurred on 9 of the 14 trading sessions during that period, and there was a total rise of about 14 per cent in the general level of stock prices. As a result, stock prices showed an aggregate rise of about 42 per cent for the month, and the general level of prices reached the highest point since last September. All classes of stocks participated in the advance, although industrial shares had by far the greatest percentage rise, followed by railroad and public utility stocks in the order named. Bank stocks also recovered about 20 per cent, following the marked weakness of the two preceding months.

The bond market showed considerable diversity of price movements during April, especially in the movements of high grade and low grade bond issues. During the first half of the month, high grade bonds, including both United States Government and corporate issues, advanced gradually, while lower grade corporate bonds fluctuated irregularly, at first declining slightly and then recovering to about the level prevailing at the end of March.

Shortly after mid-month high grade corporation issues, shown in the next to the top line in the accompanying diagram declined to the lowest levels since last August, and Government bonds also declined, while the lower grade issues, as indicated by the third line in the diagram, advanced, accompanying the strong rise in stocks and commodities. The recession in high grade bonds was short lived, however, for within the next few days prices were up nearly to those of two weeks previous. Meanwhile a continued advance occurred in the lower grade issues, especially in the low priced railroad issues. During the latter half of the month, sales of bonds on the New York Stock Exchange increased considerably above the usual volume of trading.

For the month as a whole, the average price of United States Government bonds was little changed; Liberty Loan issues showed a net rise of 1/4 point while Treasury bonds declined about 1/2 point. Currently available averages of domestic corporation bonds showed net gains of 2 to 4 points, some reaching the level attained for a few days around the middle of March, and a number of the lower grade railroad bonds reached new high levels for the year. Foreign bonds showed considerable strength, accompanying the rise in foreign exchanges, and for the month as a whole were up about 2 points on the average.

New Financing

The total of new corporate and municipal securities publicly offered in April was somewhat above the very small amount floated in March, but the number of issues continued to be extremely small. The only sizable offering was $26,000,000 of Edison Electric Illuminating Company of Boston notes, part maturing in 6 months and part in 3 years.

United States Government financing in April included the flotation of four Treasury bill issues totaling $331,000,000, partly to replace $230,000,000 of maturing issues and partly to provide some new funds. The average rate on Treasury bill sales continued to decline, the April 5 issue going at 1.35 per cent and the last two issues at about 1/2 per cent.

There was also an offering on April 24 of approximately $500,000,000 of 2 7/8 per cent Treasury notes to be dated May 2 and to mature on April 15, 1936. This issue is to provide for a maturity of $239,000,000 of Treasury certificates of indebtedness on May 2 and for interest payments of about $6,500,000, and will supply some additional funds. Subscriptions to the new note issue, in amounts up to $10,000, and subscriptions for which payment in the maturing certificates of indebtedness was offered were allotted in full.

International Movement of Short Term Funds

According to data recently issued by the Department of Commerce, the movement of short term funds between the United States and other countries during 1932, although of considerably smaller magnitude than the exceptionally large movement of 1931, was similar in direction and character. Withdrawals of foreign funds from this country in 1932 amounted to $552,000,000, but were offset in part by a reduction of $181,000,000 in American funds employed abroad, so that the net outward movement of funds was $371,000,000. The reported amounts of foreign funds in this country and of funds due from foreigners at the end of each year from 1929 to 1932 are shown in the following table.

The reduction in the amount of foreign funds in this country during 1932 occurred chiefly through the withdrawal of $291,000,000 in deposits with American banks and of $254,000,000 which had been employed in short term loans and investments in this market, consisting largely of investments in dollar acceptances and United States Treasury securities. Most of the foreign withdrawals occurred during May and June, and were closely associated with the large outward gold movement of that period. These withdrawals were the result of a decision on the part of certain foreign central banks to convert their remaining dollar assets into gold, together with some reduction in foreign commercial balances in this market.

The repayment of American funds employed abroad took place through a reduction of $135,000,000 in foreign short term loans and investments of American banks and a decline of $83,000,000 in dollar acceptances outstanding under credits granted to foreigners. Deposits with foreign banks showed an increase of $37,000,000 during the year. The smaller reduction in American funds abroad in 1932 than in the previous year resulted largely from the increasing difficulties encountered in obtaining repayments of foreign credits, in view of the prevalence of exchange restrictions in foreign countries and the limitations imposed by standstill agreements between debtors in Central Europe and their foreign creditors.

In the three years from the end of 1929 to the end of 1932, the amount of foreign funds in this country was reduced $2,124,000,000, or more than two-thirds. At the end of 1932 such funds amounted to $913,000,000, which is less than the volume of American funds abroad, most of which, however, were not quickly available because of the financial unsettlement in foreign countries. The very large withdrawal of foreign funds from the United States during 1930, 1931, and 1932 was accompanied by a net inward movement of about $100,000,000 of gold. This indicates that, although there were at times large outflows of gold from this country, for the three year period as a whole the withdrawal of foreign funds was entirely offset by the excess of payments due the United States on current commercial and financial transactions, together with repatriation of foreign obligations drawn in dollars, and the repayment of short term obligations to American banks.

Foreign funds in the United States have been further reduced during the current year, and it is believed that the balances which remain are close to the minimum required for the financing of recurring international commercial and financial transactions.

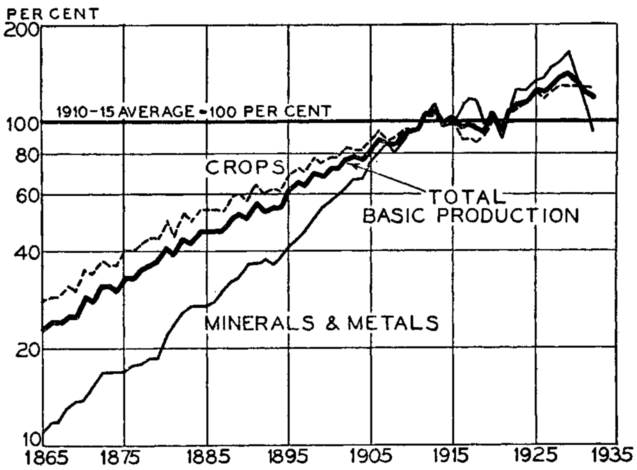
In millions of dollars

	Dec. 31, 1929	Dec. 31, 1930	Dec. 31, 1931	Dec. 31, 1932
Due to Foreigners				
Deposits	1,662	1,640	1,025	734
Advances and overdrafts	27	36	26	31
Short term loans, investments, etc.	1,313	1,046	394	140
Acceptance credits	35	15	20	8
Total	3,037	2,737	1,465	913
Due from Foreigners				
Deposits	210	294	113	150
Advances, overdrafts, loans, short term investments	523	629	677	542
Acceptance credits	884	879	449	366
Total	1,617	1,802	1,239	1,058
Net Short Term Indebtedness to Foreigners on Banking Account	1,420	935	226	145*

* Net indebtedness of foreigners

World Production of Basic Commodities Since 1865

This bank's index of the world production of basic commodities, first presented in these pages for May 1931, has been carried back through 1865 and brought up to date. For the years 1865-1874, ten series of basic pro-



Indexes of Total World Production of Basic Commodities since 1865, and of Crop Production and Output of Minerals and Metals (Plotted on ratio scale to show proportionate changes)

duction were obtainable; beginning with 1875 the list was increased to 15, and by 1894 to 20 commodities; for 1900 and later years 30 items were used, composed of a group of 18 principal crops and a group of 12 leading metals and minerals. The index numbers for the entire period on a 1910-1915 base are plotted in the accompanying diagram on a ratio scale in order to show proportionate fluctuations in the group indexes and the comparative rates of change in various periods.

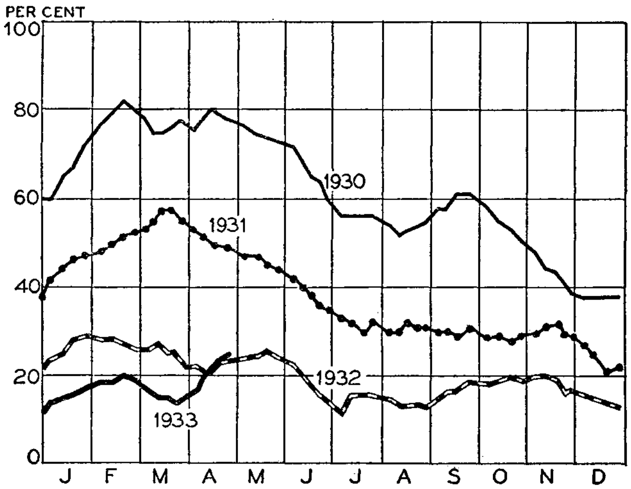
The index of total basic production declined 16 per cent from 1929 to 1932, notwithstanding the stability during these years in the production of crops. This decline constitutes the most severe break in the upward trend of world production during the period for which the index has been computed, and the duration of the decline has been exceeded only in the world war period.

As the diagram indicates, the decline in the total index during the past three years has been due to an unprecedented drop in the production of minerals and metals which has resulted from the world-wide depression. The decline in this group from 1929 to 1932 was approximately 44 per cent. Production in this group of commodities, as the diagram indicates, has increased much more rapidly than crop production during the past 68 years, and a severe decline such as that which has occurred during the past three years has therefore become of increasing importance in its effects on the aggregate of productive activity.

The index of crop production, which includes such commodities as cotton, wool, rubber, silk, and tobacco, in addition to food crops, has shown nothing more than a halt in its upward trend during the past three years. Production of crops showed the principal decline during the world war, but subsequently has resumed an upward trend at least equal in rate to that which had been in progress for a long period of years prior to the war.

Production

The increase in the activity of several leading industries which followed the termination of the bank holiday in the middle of March continued at an accelerated rate during April. Operations in the steel industry, according to the Iron Age estimates, rose sharply to 25 per cent of capacity in the latter part of the month, as



Ratio of Steel Production to Theoretical Capacity (Iron Age data)

compared with a March low of 14 per cent, and for the first time since 1929 exceeded the previous year's level, as the accompanying diagram shows. An expansion of output occurred also in the automobile industry, and a higher level of operations in the smaller industries manufacturing steel products appears to be indicated by the reported increase in demand for steel by such industries. The production of bituminous coal and cotton goods showed declines during April, but the decrease in coal output was in accordance with the seasonal tendency.

Despite moderate gains in the latter part of March, productive activity for that month as a whole, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, showed a decline of 6 per cent from the February level. The index remained, however, 3 per cent above the low point in the summer of 1932. Large declines from February to March occurred in the output of the iron and steel, automobile, bituminous coal, wool, shoe, meat packing, and tobacco products industries. On the other hand, the activity of the flour milling, lead, and silk industries showed sizable gains.

Indexes of Business Activity

Following a substantial recovery during the latter part of March, the level of trade and general business activity showed some additional rise in the first half of April. The movement of merchandise and miscellaneous freight over the railroads increased more than seasonally, while shipments of bulk materials did not show the usual seasonal recession. Department store sales in the Metropolitan area of New York, which had shown a considerably smaller year to year decline in the second half of March than in the first half of the month, were only 6 per cent below a year ago during the first half of April, due partly to the fact that Easter buying this year was deferred until April. Moreover, an increase was reported in retail sales of automobiles, and the production of electric power continued to rise moderately.

The average level of general business activity for March as a whole was substantially lower than in February, according to this bank's seasonally adjusted indexes. The adverse effect of the suspension of bank operations upon retail trade was reflected in large declines throughout the country in sales of department stores, chain stores, and mail order houses. A considerable falling off in the movement of goods to manufacturers and merchants during this period was indicated by declines in railroad car loadings and waterway traffic. Declines occurred also in the indexes of advertising, life insurance sales, and electric power production. Sales of department stores in this district were better maintained than in other sections of the country, and showed considerable improvement in the latter part of the month, so that the seasonally adjusted index for the month as a whole showed no change from the February level.

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

	1932	1933		
	Mar.	Jan.	Feb.	Mar.
Metals				
Pig iron	28	19	18	15
Steel ingots	29	24	26	18
Lead	50	41	35	39
Zinc	40	36	39	39
Tin deliveries	43	44	45	..
Automobiles				
Passenger cars	19	36	25	19*p*
Motor trucks	30	50	29	26*p*
Fuels				
Bituminous coal	75	56	66	55*p*
Anthracite coal	77	65	75	74*p*
Coke	44	39	39	35
Petroleum, crude	73	67	69	71
Petroleum products	63	57	57	..
Textiles and Leather Products				
Cotton consumption *r*	77*r*	76*r*	77*r*	76*r*
Wool mill activity *r*	62*r*	82*r*	86*r*	56*r*
Silk consumption *r*	66*r*	70*r*	55*r*	61*r*
Shoes *r*	91*r*	90*r*	92*r*	84*r*
Foods and Tobacco Products				
Livestock slaughtered	90	86	88	60
Wheat flour	85	97	88*r*	100*p*
Tobacco products	77	75	78	67
Miscellaneous				
Cement *r*	50*r*	34*r*	37*r*	37*r*
Tires	47	34	33	..
Lumber	31	28	23	25
Printing activity	72	59	61	..
Newsprint paper	89	68	68	70

p Preliminary *r* Revised

(Adjusted for seasonal variations, for usual year-to-year growth, and where necessary for price changes)

	1932	1933		
	Mar.	Jan.	Feb.	Mar.
Primary Distribution				
Car loadings, merchandise and misc.	58	55	51	48
Car loadings, other	60	50	55	47
Exports	51	44	41	39*p*
Imports	65	54	48	50*p*
Waterways traffic	40	47	45	40
Wholesale trade	81	82*p*	81*p*	82*p*
Distribution to Consumer				
Department store sales, 2nd Dist.	77	64	66	66
Chain grocery sales	72	62	61	59
Other chain store sales	75	77	73	65
Mail order house sales	59	65	68	53
Advertising	62	51	50	45
Gasoline consumption	73	72	61	
Passenger automobile registrations	27	39*p*	30*p*	
General Business Activity				
Bank debits, outside of New York City	62	58	59	**
Bank debits, New York City	60	50*p*	59*p*	**
Velocity of bank deposits, outside of New York City	77	73	72	**
Velocity of bank deposits, New York City	68	44	51*r*	**
Shares sold on N. Y. Stock Exchange	72	49	53	59
Life insurance paid for	80	80*p*	75*p*	62*p*
Electric power	73	64	63*p*	61*p*
Employment in the United States	68	61	61	58
Business failures	121	100	101	77
Building contracts	21	25	17	12
New corporations formed in N. Y. State	78	81	81	64
General price level*	137	127	124	124
Composite index of wages*	190	173	172*p*	170*p*
Cost of living*	141	130	128	127

p Preliminary *r* Revised * 1913 average=100 ** Data not available

Commodity Prices

Prices of important basic commodities rose considerably during the past month, especially during the period in which the foreign exchanges were rising rapidly. The extent of the rise is illustrated by the accompanying diagram, which shows fluctuations over the past year in four important commodities. The cash price of wheat, which in December had fallen to 43 cents a bushel, advanced substantially to 72 cents, partly in reflection of an estimated winter wheat crop of only 334,000,000 bushels, which is the smallest since 1904. At the April peak the price of wheat was the highest in more than a year. Spot cotton rose as high as 7.65 cents a pound, as compared with a low of 5.70 cents in December and of 5.00 cents last June. Certain other agricultural and imported commodities, including corn, sugar, silk, rubber, and hides, showed substantial advances.

Prices of some of the non-agricultural commodities also rose considerably in April. One of the largest increases was in the price of silver, which is shown in the diagram; this commodity has risen from the record low point of 24 cents an ounce in December to 37 cents in April. Another notable increase was in the price of scrap steel, a commodity sensitive to conditions in the steel industry, which rose to $10.50 a ton, the highest since October 1931. Among other non-agricultural commodities substantial increases occurred in prices of copper, lead, zinc, and tin.

Notwithstanding the rapid rise in prices of a number of important basic commodities, price indexes which include a large number of other commodities have thus far shown comparatively little advance. The Bureau of Labor Statistics weekly index of wholesale commodity prices, for example, was only 1.3 per cent higher on April 22 than at the low point of March 4.

Foreign Trade

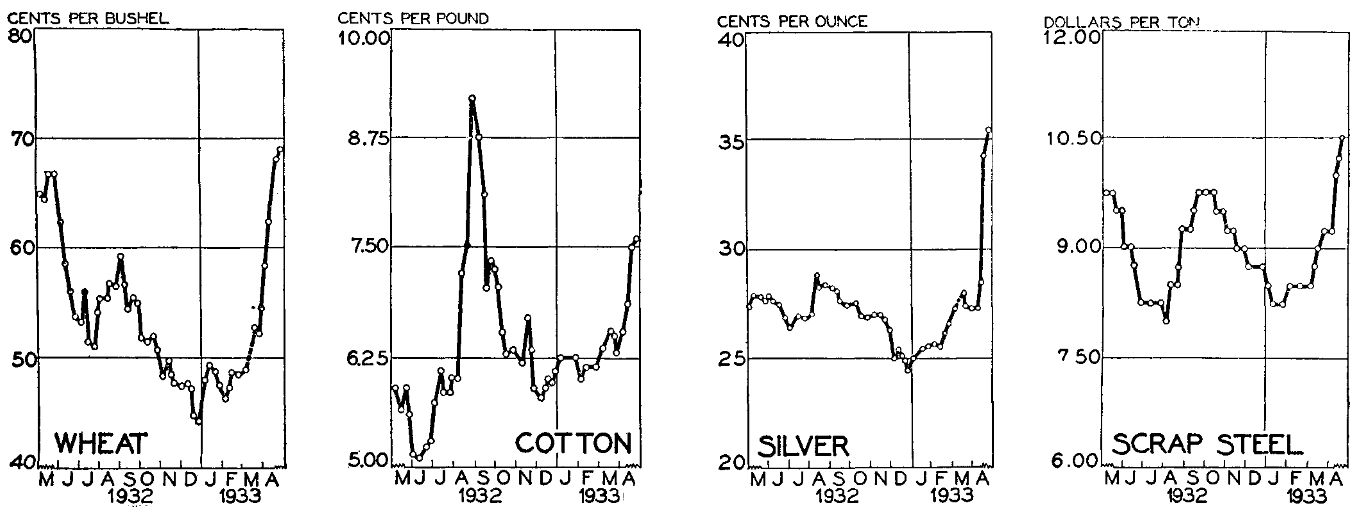
This country's foreign merchandise trade in March showed a considerable gain over the low level of the previous month, which in the case of imports was slightly more than the usual seasonal increase between these two months, while in the case of exports it was slightly less than usual. Exports, valued at $108,000,000, were 30 per cent smaller than a year ago; imports, amounting to $95,000,000, were 28 per cent less than a year ago, the smallest decrease since February 1932.

Exports of semi-finished manufactures were down only 20 per cent from a year ago, and exports of finished manufactures also showed a smaller decrease than in February. In crude materials there was a decrease of 42 per cent, a larger decline than in the previous month, which is partially explained by continued large reductions in the demand for American cotton from China and Japan and by a considerable decrease in the European demand. Exports of crude foodstuffs again showed a very large decline from a year ago—59 per cent.

Among the imports all of the major groups except crude foodstuffs showed smaller reductions from a year previous than in February. The smallest decline was in imports of manufactured foodstuffs, which were 13 per cent below last year. The value of imports of crude materials, chiefly rubber and raw silk, however, remained 34 per cent less than in March 1932. The quantities of crude rubber and raw silk received were below a year ago by 34 and 43 per cent, respectively.

Employment and Payrolls

For the country as a whole a large reduction in working forces and wage payments in manufacturing industries occurred during the period from the middle of February to the middle of March, contrary to the usual seasonal tendency. The Federal Reserve Board's seasonally adjusted index of factory employment declined 5 per cent, and the index of payrolls fell 9 per cent, after allowance for seasonal changes. These declines reduced the employment index to a level 3 per cent under the low point reached in the summer of 1932, while the payroll index was 11 per cent under the 1932 low. After taking account of the usual seasonal changes, employment was reduced also in all of the non-manufacturing industries which report currently to the Bureau of Labor Statistics, including mining, building construction, public utilities, and wholesale and retail trade. In view of this widespread decline in working forces, which apparently was



Price Movements of Important Commodities

due largely to the suspension of banking facilities, it is probable that the number of workers without employment, estimated by the American Federation of Labor at 12,980,000 in February, was increased further to a new high figure of well over 13,000,000 in March. Although no information is available for the period since the middle of March, some increase in employment has probably occurred in keeping with the recovery in the activity of industry and trade.

Building

The total value of building contracts, as reported by the F. W. Dodge Corporation, increased 14 per cent between February and March, owing in part to the longer month and in part to a seasonal increase in residential building contracts. There was a considerable decline in the first half of the month, and although an increase occurred subsequently, residential contracts showed less than the usual increase over February, and contracts for public works and utilities and other non-residential construction declined, in contrast to the customary advance. As compared with a year ago, March contracts were 47 per cent smaller, and the total for the first quarter of the year showed a reduction of 31 per cent. The first quarter total for public works and utilities was only 6 per cent less than in 1932, but other non-residential building was reduced by 34 per cent, and residential contracts were reduced by more than one-half.

During the first three weeks of April residential building showed considerably more than the usual seasonal increase, but public works and utility projects were reduced, instead of increasing seasonally. As a result the daily average amount of total contracts awarded was slightly below the March average.

Department Store Trade

March sales of the reporting department stores in this district were 21 per cent below a year ago, a slightly smaller decline than the average for recent months despite the lack of banking facilities in the early part of the month, and the late date of Easter which delayed until April the Easter buying which last year was done in March. On an average daily basis, the decline in sales was somewhat larger than in February but slightly less than in January and the two preceding months. The declines in average daily sales of the New York, Buffalo, Newark, Bridgeport, Northern New York State, Hudson River Valley, and Westchester department stores were somewhat larger than those reported in February, but the decrease shown by the reporting Syracuse department stores was the smallest in over a year, and the reduction in sales of the Rochester and Capital District stores was slightly smaller than in the previous two months. Sales of the leading apparel stores, however, declined by an unusually large percentage, probably due at least in part to the late Easter trade.

Department store sales in the Metropolitan area of New York for the first half of April were only 6 per cent below a year ago, the smallest year to year decrease to be reported since the summer of 1931. Although this favorable comparison was largely the result of Easter buying, which last year occurred in the preceding month, it appears to indicate a continuance of the improvement noted in the latter part of March.

Department and apparel store stocks of merchandise on hand March 31, at retail valuation, continued to show substantial reductions from a year ago. March collections were slightly slower than in the previous month or in March 1932, possibly as a result of the bank holidays.

Locality	Percentage change from a year ago			Per cent of accounts outstanding February 28 collected in March	
	Net sales		Stock on hand end of month		
	Mar.	Jan. to Mar.		1932	1933
New York	—20.0	—21.3	—26.1	43.0	38.5
Buffalo	—28.5	—29.1	—34.8	40.2	37.9
Rochester	—28.8	—32.2	—27.2	40.3	37.7
Syracuse	—15.0	—18.6	—29.1	24.8	23.9
Newark	—24.7	—26.8	—22.7	39.2	36.3
Bridgeport	—22.6	—25.4	—17.2	31.1	27.4
Elsewhere	—23.8	—25.1	—17.9	29.6	25.4
Northern New York State	—35.3	......	......	....	....
Southern New York State	—18.7	......	......	....	....
Hudson River Valley District	—25.3	......	......	....	....
Capital District	—24.8	......	......	....	....
Westchester District	—31.8	......	......	....	....
All department stores	—21.3	—22.9	—25.8	39.7	36.0
Apparel stores	—31.3	—24.0	—27.5	39.6	35.4

Wholesale Trade

In March, sales of the reporting wholesale firms in this district averaged 20 per cent below a year ago, a somewhat smaller decline than in February. Grocery firms reported the smallest decline in sales since June 1930 and hardware concerns showed the smallest decrease in over a year. In addition, smaller year to year declines than in February were indicated in sales of stationery, shoes, cotton goods, men's clothing, and jewelry. Sales of drugs and silk goods, on the other hand, showed declines from a year ago, following increases in February, and sales of paper and diamonds were somewhat further below a year ago than in the previous month.

Stocks of merchandise on hand at the end of March, although substantially below a year ago in most lines, did not show quite as large declines as in February, except in the case of diamonds. Collections in March of accounts outstanding at the end of February averaged the same in 1933 as in 1932.

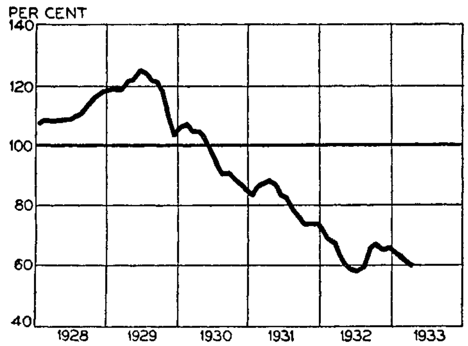
Commodity	Percentage change March 1933 compared with February 1933		Percentage change March 1933 compared with March 1932		Per cent of accounts outstanding February 28 collected in March	
	Net sales	Stock end of month	Net sales	Stock end of month	1932	1933
Groceries	+25.2	+ 1.9	— 1.8	— 6.2	81.9	86.4
Men's clothing	+36.0	......	—19.2	......	34.6	35.2
Cotton goods	+ 9.7	+ 4.2	—28.4	—40.0	27.8	25.1
Silk goods	+ 5.0*	— 6.4*	— 6.0*	—16.4*	56.0	62.9
Shoes	+47.4	......	—39.3	......	41.2	33.9
Drugs	— 6.1	— 0.8	—23.8	—23.7	25.4	19.2
Hardware	+37.9	+ 1.1	—17.4	—24.8	37.0	36.4
Machine tools**	—11.8	......	—58.9	......	....	....
Stationery	+ 6.4	......	—21.2	......	70.4	57.0
Paper	+ 8.9	......	—32.7	......	54.0	41.9
Diamonds	— 3.6	— 4.0	—43.1	—36.6	12.8	13.9
Jewelry	+48.7	+ 2.1	—47.1	—26.8		
Weighted average	+22.6	......	—19.8	......	50.0	50.0

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

Business Conditions in the United States

(Summarized by the Federal Reserve Board)

PRODUCTION and distribution of commodities, which declined during the latter part of February and the early part of March, increased after the middle of the month. The return flow of currency to the Reserve Banks, which began with the reopening of banks on March 13, continued in April. Following the announcement by the President on April 19 that the issuance of licenses for the export of gold would be suspended, the value of foreign currencies in terms of the dollar advanced considerably, and there was increased activity in the commodity and security markets.



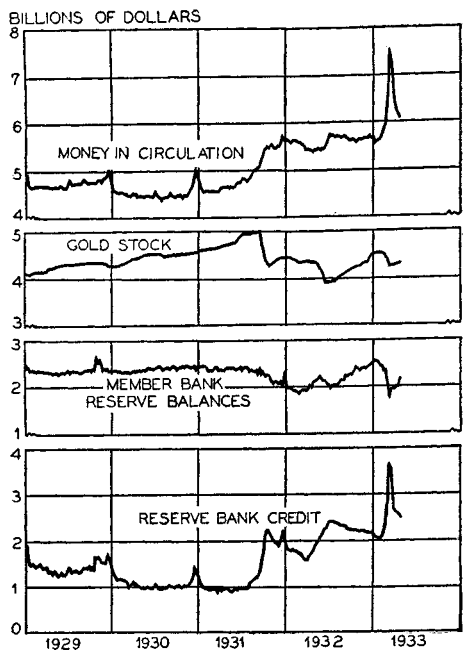
Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variation (1923-25 average=100 per cent)

Production and Employment

Production at factories and mines decreased from February to March, contrary to seasonal tendency, and the Board's seasonally adjusted index declined from 64 per cent of the 1923-25 average to 60 per cent, compared with a low level of 58 per cent in July 1932. At steel mills there was a decline in activity from an average of 20 per cent of capacity in February to 15 per cent in March, followed by an increase to more than 20 per cent for the month of April, according to trade reports. In the automobile industry where there was also a sharp contraction in output when the banks were closed, there was a rapid increase after the reopening of banks. From February to March, production in the food and cotton textile industries showed little change in volume; activity in the woolen industry declined sharply, and there was a reduction in daily average output at shoe factories. At lumber mills activity increased from the low rate of February, while output of bituminous coal declined by a substantial amount.

The volume of factory employment and payrolls showed a considerable decline from the middle of February to the middle of March. Comprehensive figures on developments since the reopening of banks are not yet available.

Value of construction contracts awarded in the first quarter, as reported by the F. W. Dodge Corporation, was smaller than in the last quarter of 1932 by about one-third.



Federal Reserve Bank Credit and Principal Factors in Changes (Wednesday figures; latest date April 19)

Distribution

Volume of freight car loadings, on a daily average basis, declined from February to March by about 7 per cent, reflecting in large part a substantial reduction in shipments of coal. Shipments of miscellaneous freight and merchandise, which usually increase at this season, declined in the early part of March and increased after the middle of the month. Department store sales, which had declined sharply in the latter part of February and in the first half of March, increased rapidly after the reopening of banks.

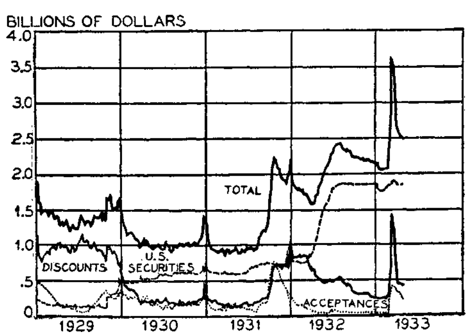
Wholesale Prices

Wholesale prices of leading commodities fluctuated widely during March and the first three weeks of April. In this period grain prices increased sharply and prices of cotton, hides, nonferrous metals, pig iron, scrap steel, and several imported raw materials advanced considerably. During the same period there were reductions in the prices of rayon, petroleum, and certain finished steel poducts.

Bank Credit

Currency returned rapidly to the Reserve Banks and the Treasury following the reopening of the banks, and on April 19, the volume of money in circulation was $1,500,000,000 less than on March 13, when the peak of demand was reached. Funds arising from the return flow of currency were used to reduce the Reserve Banks' holdings of discounted bills by $1,035,-000,000, and their holdings of acceptances by $200,000,000; at the same time member bank reserve balances increased by $390,000,000. As a result of the decline in Federal Reserve note circulation and an increase in Federal Reserve Bank reserves, chiefly through the redeposit of gold and gold certificates, the reserve ratio of the twelve Federal Reserve Banks combined advanced from 46.5 per cent on March 13 to 61.5 per cent on April 19.

Deposits of reporting member banks in New York increased rapidly after the reopening of the banks, and on April 19 net demand deposits were $620,000,000 larger than on March 15, reflecting in part an increase of $380,000,000 in bankers' balances, as funds were redeposited by interior banks.



Reserve Bank Credit (Wednesday figures for 12 Federal Reserve Banks; latest date April 19)

Money rates in the open market, after a temporary advance in the early part of March, declined rapidly, but were still somewhat higher than early in February. By April 21 rates on prime commercial paper had declined from 4½ per cent to a range of 2-2½ per cent; rates on 90-day bankers acceptances from 3⅝ per cent to ⅝ of one per cent, and rates on renewals of call loans on the Stock Exchange from 5 per cent to one per cent.

On April 7 the discount rate of the Federal Reserve Bank of New York was reduced from 3½ to 3 per cent. The bank's buying rate on 90 day bankers acceptances was reduced from 3½ per cent on March 13 to 2 per cent on March 22.