

# MONTHLY REVIEW

## *Of Credit and Business Conditions*

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### MONEY MARKET IN APRIL

Money market conditions in April reflected the combined effects of continued pressures on bank reserves, a demand for bank credit accommodation that remained above seasonal expectations despite normal seasonal repayments by some groups of borrowers, and new borrowing by the Treasury. The effect of tight money and high level credit demands was reflected in widespread upward adjustments in bank lending rates and in other short-term market rates of interest. In the long-term area, realignment of market prices related to the Treasury's first offering of a long-term marketable bond in more than seven years contributed to a firming of yields on Government securities and on private debt instruments.

The level of member bank indebtedness to the Reserve Banks seldom fell below one billion dollars during the past month and average daily indebtedness of the member banks was approximately 1.2 billion dollars over the five statement weeks ended in April. This figure is close to the average for the three earlier months this year and was about 700 million dollars greater than the average level of excess reserves carried by member banks in April. As in the several preceding months, the pressure of demand in the market for immediately available reserve balances served to maintain the rate on Federal funds in New York City at 2 per cent (equal to the Reserve Banks' discount rate) on almost every day, and funds were seldom available in adequate volume to satisfy inquiries at this rate.

Yields on short-term Treasury securities moved higher during most of April in line with an evolving pattern of higher market rates and in reaction to an official announcement that at least one billion dollars of new money will be raised by the Treasury over the balance of the fiscal year ending June 30 through additions to the regular weekly bill offerings. The 1.5 billion dollars of Treasury bills dated April 23, which included the first 100 million dollars of the new bills to be offered, were awarded at an average discount of 2.320 per cent, the highest average issue rate on a Treasury bill offering in twenty years. By the end of the month, short-term rates had moved somewhat lower and the bill issue dated April

30 was rolled over at an average rate of 2.243 per cent. Prices of outstanding intermediate to long-term Treasury securities were marked lower during April, as the market adjusted to the Treasury's offering for cash subscription of about one billion dollars of the new fully marketable 3¼ per cent bonds to be dated May 1, 1953 and to be callable on or after June 15, 1978 until final maturity on June 15, 1983. The new bonds traded near ¼ of a point premium during most of the last half of April, but prices sagged below par on the 27th and closed the month at a bid price fractionally below par.

Total loans and investments of the weekly reporting member banks in principal cities declined by nearly 1.4 billion dollars in the four statement weeks ended April 22, bringing to 3.1 billion dollars the total contraction of earning assets of these banks since December 31, 1952. This compares with a contraction of 1.1 billion dollars over the similar period last year. However, the pattern of change differs markedly for the two years, with total loans thus far in 1953 actually increasing by more than 270 million dollars, whereas for the similar period in 1952 loans declined by nearly 400 million dollars. Reporting banks through April 22 this year had reduced their holdings of Government securities by nearly 3.6 billion dollars, while through April 23 last year their Government security holdings were reduced by 1.0 billion dollars. The countercyclical loan expansion this year has resulted to a large extent from the steady and substantial

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**Table I**  
**Weekly Changes in Factors Tending to Increase or Decrease**  
**Member Bank Reserves, April 1953**  
(In millions of dollars; (+) denotes increase,  
(—) decrease in excess reserves)

Factor	Statement weeks ended					Five weeks ended April 29
	April 1	April 8	April 15	April 22	April 29	
<i>Operating transactions</i>						
Treasury operations*	-276	-38	+15	-168	+145	-322
Federal reserve float	-62	-39	+147	-113	-162	-229
Currency in circulation	-154	-26	+27	+31	-65	-187
Gold and foreign account	-38	-19	-6	-11	+67	-7
Other deposits, etc.	-10	+2	+146	-155	+35	+18
Total	-541	-119	+328	-415	+19	-728
<i>Direct Federal Reserve credit transactions</i>						
Government securities	-63	0	+15	-15	0	-63
Discounts and advances	-239	+443	-40	-26	-6	+132
Total	-302	+443	-25	-41	-6	+69
Total reserves	-843	+324	+303	-456	+13	-659
Effect of change in required reserves	+257	+58	-42	+107	+31	+411
Excess reserves	-586	+382	+261	-349	+44	-248
Daily average level of discounts	1,185	1,366	1,236	1,039	1,167	1,199
Daily average level of excess reserves	412	481	591	606	402	498

Note: Because of rounding, figures do not necessarily add to totals.  
\* Includes changes in Treasury currency and cash.

expansion of bank loans to finance, directly or indirectly, consumer purchases on credit.

#### MEMBER BANK RESERVES

During the statement week ended April 1, member banks lost more than 600 million dollars in reserve funds. The largest part of the loss was accounted for by Treasury withdrawals from its balances with depositary banks, in order to redeem the special certificates of indebtedness issued to the Reserve Banks during the March tax period and to rebuild Treasury deposits with the Reserve Banks. In addition to the reserves taken from the market by the Treasury and those drained off by an increase in currency in circulation and other factors, many member banks repaid indebtedness at their Reserve Banks in preparation for their first-quarter financial statements. As a result, on April 1 aggregate reserves of member banks were more than 300 million dollars below requirements. A very large decrease in required reserves during this week largely reflected the withdrawal of deposits in Chicago by depositors switching into Treasury bills and other instruments in efforts to avoid the Cook County, Illinois, personal property tax assessed on April 1.

As Table I shows, member banks resumed borrowing in the week ended April 8; in that week and the remaining statement weeks in the month, the flow of reserves into and out of the banking system followed the customary intramonthly pattern. Over the middle of the month, the banks gained reserves through an increase in float and reduction in currency circulation, and a sizable volume of funds was temporarily provided to the market by these factors and by net outlays from "other" deposits with the Reserve Banks. In the week

ended April 22, however, float again fell off and Treasury and "other" deposits with the Reserve Banks were increased substantially. Despite the heavy loss of reserves in this week, member banks were able to reduce temporarily their borrowing from the Reserve Banks by using excess reserves built up earlier in the week, although, as a result, aggregate reserves at the end of the week were slightly below requirements. New York City banks, in particular, were able to fall back upon large excess reserves accrued early in the week and to repay in full their indebtedness to the Federal Reserve Bank by reducing their reserves to a point 176 million dollars below requirements on April 22. Gains and losses of reserves in the final statement week were approximately in balance, as a further contraction in float was more than offset by gains from other factors.

On balance, member bank reserves—excluding the effect of changes in borrowing—fell by almost 800 million dollars over the five statement weeks ended in April. Required reserves were reduced by over 400 million dollars, but it was necessary for member banks to expand their borrowing from the Reserve Banks by more than 130 million dollars in order to maintain their reserve positions. The drain on reserves from losses to gold and foreign account movements averaged only slightly more than 1 million dollars per week in April as contrasted with 40 million per week in March and 54 million per week in February. This decline in the rate of reserve loss attributable to international money movements resulted mainly from the fact that a larger part of the accretions to foreign official balances in April was invested in United States Government securities rather than from any fundamental shift in international trade.<sup>1</sup> The conversion of foreign balances into gold practically ceased.

#### TREASURY FINANCE AND THE GOVERNMENT SECURITY MARKET

Announcement of the Treasury offering of a new thirty-year, 3¼ per cent bond was made on April 8, and applications for cash subscription to the new issue were received on Monday and Tuesday, April 13 and 14. Announcement was also made on April 8 of the plan to raise about one billion dollars in new money through additions to the regular weekly bill offerings over the balance of this fiscal year. The new bond issue was well received by investors, was looked upon as a possible source of a relatively quick profit by others, and was heavily oversubscribed. On April 22, the Treasury announced that allotments to subscribers would amount to 20 per cent of accepted subscriptions except that subscriptions up to \$5,000 would be allotted in full; a total of 1,070 million dollars of the new bonds was allotted to subscribers, and 118 million dollars were issued to Government investment accounts. An additional volume of the new bonds will be issued in

<sup>1</sup> Beginning with the week ended April 22, data on the changes in the volume of United States Government securities held for foreign official accounts by the Federal Reserve Banks are being published weekly by the Federal Reserve System.

exchange for whatever part of the 1.1 billion dollars of Series F and G Savings bonds maturing in 1953 holders elect to tender for exchange. The Treasury offered holders of these bonds the option of converting into the new  $3\frac{1}{4}$  per cent bonds at any time through April 30.

Trading in intermediate to long-term Government securities was desultory in the early part of April, as the market awaited the announcement by the Treasury of terms on the anticipated long-term bond offering. Prices of outstanding long-term issues had already been marked down to levels which produced a yield of approximately 2.95 per cent in anticipatory adjustment to the expected financing. The terms announced on April 8— $3\frac{1}{4}$  per cent for a thirty-year bond—were favorably received in the market, and the issue immediately went to a premium when “when-issued” trading started. Through April 26, the price hovered about a  $\frac{1}{4}$  point premium, with individual transactions at prices ranging from slightly above par to almost a  $\frac{1}{2}$  point premium. Trading in the new bond tended to be somewhat restricted prior to the announcement of allotments on April 22 because of uncertainty as to the amount that would be allotted on some subscriptions, but somewhat broader two-way trading developed after announcement of allotments, with initial buying interest at least equal to offerings reaching the market. Professional attitudes at this time tended toward caution in view of the belief in the market, supported by word of attempts to police subscriptions, that speculative subscriptions had been substantial and that bonds would be readily available from “free riders”.

Coming at a time when the market already was under pressure, the announcement before the opening of the market on April 27 that the prime loan rate at several New York City banks had been increased had an immediate psychological effect. As a precautionary measure, dealers marked Government bond prices lower in the face of early offers to sell. As prices fell, selling of the new bonds expanded as some holders who had subscribed with the intention of reselling, and other investors, attempted to dispose of their allotments. Some buying by pension funds and other investors continued to reach the market as the price of the issue approached par, but as the pressure of selling continued to broaden and the price fell below par, buying tended to diminish pending clarification of the market situation. Supply and demand for the new bonds were in somewhat better balance on the following day, and during the balance of the month redistribution of the issue was conducted at relatively stable prices. At the close of business on April 30, the  $3\frac{1}{4}$  per cent bond was quoted on the bid side at about  $\frac{3}{32}$  of a point discount from par.

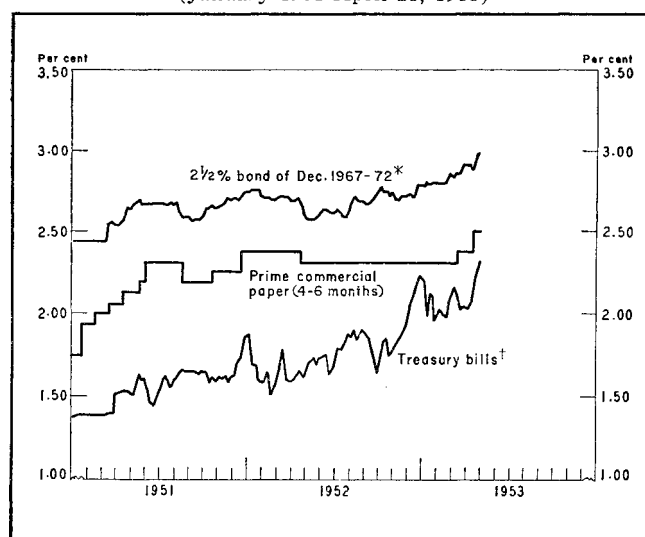
Seeking an appropriate price relationship with the new  $3\frac{1}{4}$  per cent bonds, dealers dropped bid quotations on outstanding issues by as much as  $\frac{3}{8}$  of a point on April 9, and in subsequent trading sessions prices of outstanding intermediate and long-term issues tended to extend the downward

adjustment. Although the volume of actual selling was relatively small, uncertainty as to the potential volume of outstanding securities overhanging the market from investors raising funds to pay for allotments of the  $3\frac{1}{4}$ 's or to buy “when-issued” bonds in the market was an important influence in depressing prices. Prices reached a temporary low point on April 21 at a yield equivalent to roughly 3 per cent for the long-term  $2\frac{1}{2}$  per cent issues (see the accompanying chart). Subsequently, prices recovered part of their earlier losses, largely on professional activity, only to recede sharply in the trading on April 27. The intermediate to long-term taxable issues closed the month down from  $\frac{1}{2}$  of a point to  $1\frac{1}{2}$  points, with declines scaled according to maturity. Partially tax-exempt bonds were off about  $\frac{1}{4}$  of a point to 1 point for the full month.

The Treasury's decision to borrow about one billion dollars in new money through additions to the weekly bill issues came against a background of long-continued bank liquidation of short-term securities as a source of funds to provide for other credit extensions or to repay indebtedness, and an outlook for continued tight money market conditions. Subsequent to the announcement, therefore, yields on Treasury bills and other short-term securities were adjusted sharply higher to a range of 2.25 to 2.35 per cent. Later in the month, some temporary relaxation of money market pressure in New York City tended to reduce bank offerings in the market coincident with an increase in nonbank buying interest and generally small holdings in dealer positions, so that short-term yields receded from their midmonth highs to levels closer to those existing at the beginning of the month. The shorter-term May and June bills were in greatest demand at this time,

#### Market Rates on Commercial Paper and Selected Government Securities

(January 1951-April 23, 1953)



\* Market yield on offer price; Wednesday data.

† Average issue rate; Thursday data.

Sources: U. S. Treasury, Board of Governors of the Federal Reserve System, and Federal Reserve Bank of New York.

reflecting continuing investment for June tax purposes and, possibly, increased emphasis on liquidity in view of uncertainty as to the outlook for near-term interest rate developments.

Higher rates on short-term Government securities were paralleled by upward adjustments in other sensitive money market rates during April. As illustrated in the chart, the rate on top-rated four to six months' commercial paper was raised from  $2\frac{3}{8}$  to  $2\frac{1}{2}$  per cent (toward the close of the month, it tended to move up to  $2\frac{5}{8}$  per cent). Also, although not shown on the chart, bank interest charges on loans secured by stock exchange collateral at several large City banks were increased twice during the month, to  $3\frac{1}{4}$  per cent from  $2\frac{3}{4}$  per cent, and the rate charged dealers in United States Government securities on loans to finance their positions tended to adjust upward from previous levels. On April 27, most large New York City banks and many in other centers announced the increase in their prime commercial loan rate, from 3 per cent to  $3\frac{1}{4}$  per cent. In the longer-term area, yields on corporate and municipal bonds rose during April, largely as an adjustment to the continued heavy volume of new issues and the additional demand for long-term funds represented by the new Treasury bonds. These developments led to some expectation of upward adjustments in mortgage rates, especially for VA and FHA mortgages.

#### MEMBER BANK CREDIT

Between March 25 and April 22, total loans and investments of the weekly reporting member banks decreased by 1,396 million dollars, most of which was accounted for by a net reduction of over one billion dollars in Government security holdings of these banks in the week ended April 1. Loans of the reporting banks fell by only 211 million dollars in this four-week period, including a reduction of 181 million dollars in commercial, industrial, and agricultural loans and an increase of 116 million in "other" (largely consumer) loans. For the first four months of 1953 through April 22, estimated total loans of the weekly reporting banks have increased by 273

million dollars, business loans of these banks have declined by only 234 million dollars, and their "other" loans have been expanded by 470 million dollars. During the similar period in 1952, when the loan contraction was characterized as "less than seasonal", the same banks reported total loans down 396 million, business loans off 544 million, and consumer loans practically unchanged.

Clearly, the largest single factor underlying the contra-seasonal bank loan expansion this spring is the growth in bank loans made directly to consumers. At the same time, the failure thus far of *business* loans to develop the volume of seasonal net repayments that had been expected has contributed to the growth in bank loans. Table II, containing statistics of business loans of reporting banks broken down by business of borrowers, throws some light on business credit developments between June 27, 1951 and April 16, 1952 and between June 25, 1952 and April 15, 1953. Business loans increased by about 220 million dollars more in the last half of 1952 than they had in the last half of the previous year, but through April 15 they had decreased by about 255 million less than they did last year, giving a net additional increase of nearly 480 million dollars for the current July-to-April period.

Much the largest part of the net increase in business loans during the  $9\frac{1}{2}$  months ended April 16, 1952 was in credit advanced to the metals and metal-using industries, largely related to the defense program. Loans to these industries have become less important as the defense plant expansion program has approached completion, and in the current period only 14 per cent of the over-all loan increase has been in this area. The only other industrial category showing a much smaller July-to-April loan expansion than a year before was the public utility industry where, again, a substantial part of last year's loan increase involved defense-related plant expansion. On the other hand, in the current period bank credit has been extended in significantly larger amounts than last year to sales finance companies, to wholesale and retail trade, and to the textile and apparel industries. In the case of the

Table II  
Changes in Commercial and Industrial Loans of a Sample of Weekly Reporting Member Banks  
by Type of Business: Selected Periods  
(In millions of dollars)

Business of borrower	June 27, 1951- Jan. 2, 1952	Jan. 2- Apr. 16, 1952	Net change	June 25- Dec. 31, 1952	Dec. 31, 1952- Apr. 15, 1953	Net change
Manufacturing and mining:						
Food, liquor, and tobacco.....	+ 861	- 530	+ 331	+ 754	- 335	+ 419
Textiles, apparel, and leather.....	- 390	+ 46	- 344	- 40	+ 139	+ 99
Metals and metal products.....	+ 927	+ 944	+ 1,871	+ 1	+ 324	+ 325
Petroleum, coal, chemical, and rubber.....	+ 156	+ 156	+ 312	+ 250	+ 55	+ 305
Other manufacturing and mining.....	+ 145	+ 67	+ 212	+ 36	+ 21	+ 57
Trade—wholesale and retail.....	- 53	- 42	- 95	+ 141	+ 164	+ 305
Commodity dealers.....	+ 707	- 414	+ 293	+ 662	- 379	+ 283
Sales finance companies.....	+ 87	- 391	- 304	+ 544	- 22	+ 522
Public utilities (including transportation).....	+ 274	+ 7	+ 281	- 57	+ 53	- 4
Construction.....	- 112	- 12	- 124	+ 13	+ 3	+ 16
All other.....	+ 45	- 67	- 22	+ 191	- 3	+ 188
Classified changes—net.....	+2,647	-236	+2,411	+2,495	+ 20	+2,515
Unclassified changes—net.....	- 448	- 132	- 580	- 73	- 132*	- 205*
Net change in commercial, industrial, and agricultural loans....	+2,199	-368	+1,831	+2,422	- 112*	+2,310*

\* Excludes increase of 193 million in commercial, industrial, and agricultural loans resulting from revision of series, March 4, 1953.

loans to the sales finance companies, the funds are employed mainly to finance consumer purchases and dealer floor stocks; and, presumably, a good part of the borrowing by retail merchants has been made necessary by a growing volume of customer receivables. Thus, much of the expansion in the business loan category during the past 9½ months has represented,

directly or indirectly, consumer credit. Some expansion of consumer debt is no doubt necessary to market the mounting volume of goods turned out by the nation's greatly enlarged industrial capacity, but the question persists as to whether the present rate of increase is consistent with the maintenance of stability and balanced growth in production and employment.

## BUSINESS DEVELOPMENTS IN THE SECOND DISTRICT

Business activity in this area has been at a very high level in recent months. In general, production and trade in the Second Federal Reserve District (New York State, Northern New Jersey, and Fairfield County, Connecticut) appear to be approximately keeping pace with the marked gains registered in the country as a whole. While some regions and industries within the Second District are currently doing better than others, there are no notable weak spots or problem areas—a condition which was not true a year ago.

This area's economy, in which consumer nondurable goods production and other "light" manufacturing play a dominant role, has traditionally been more stable than that of the rest of the country and has not shown the wide swings characteristic of predominantly agricultural or durable goods manufacturing areas. Thus, this District has not experienced such spectacular gains this spring as areas with a heavy concentration of automobile or appliance production (nor is it as vulnerable to the traditional changes in consumer demand for these products). Similarly, the problems currently confronting cotton or livestock-producing areas have had relatively little impact here (but neither did this region benefit so strongly as those areas from the postwar farm prosperity).

### TRENDS IN MANUFACTURING ACTIVITY

Factory employment in the Second District has risen to the highest level since World War II, and total nonagricultural employment (seasonally adjusted) is the highest on record. Altogether, over 180,000 more persons were at work in the Second District in the opening months of 1953 than were employed here a year earlier. Unemployment claims were considerably lower than last year, and such work-spreading devices as part-time or "skip-week" employment were used far less frequently.

In manufacturing, sharp increases in employment have been confined to the metalworking industries; other industries reported only moderate year-to-year gains. The District's dominant apparel industry has had a relatively good season, but employment has not been appreciably greater than last year. Retailers have tended to order cautiously, placing small initial orders and frequent reorders for the lines which move well. The men's clothing union recently obtained a wage increase of 12½ cents an hour, its first in nearly two and one-half years. The ladies' garment workers are also asking for an increase for the first time since late 1950. In one sense, this

indicates anticipation of favorable developments in the industry since these unions did not press for wage increases in 1951 and 1952 because of poor business in the industry. Employment in the textile, shoe, and glove industries has also shown some recovery after the corrective readjustments that were brought about by last year's inventory glut. In fact, only two major manufacturing industries, chemicals and rubber products, currently employ fewer workers than a year ago.

Defense industries are still increasing employment, but not so rapidly as in 1951 and early 1952. The share of new defense contracts being awarded to firms in the Second District has decreased perceptibly. In the fourth quarter of last year, only 13 per cent of the value of military procurement and construction contracts awarded in the United States went to Second District firms, whereas in the first two years of the Korean war (July 1950 through June 1952) more than one fifth of the prime contracts had been awarded here. Last spring's stretch-out in aircraft procurement has begun to be reflected in a slackening of the growth of the aircraft industry in this District, but, on the whole, employment at aircraft plants is still rising. The cutbacks in the tank program announced last December are expected to begin to affect employment at firms in this District holding contracts or subcontracts later this year. Similarly, a further reduction or stretching-out of the defense program as a result of either a Korean truce or the Federal economy drive might not be reflected in employment and payrolls for some time after a specific revision in the program has been announced. There is an increasing number of reports of defense contracts in this area being completed or nearing completion, as is to be expected from a defense program well into its third year. In some cases, new contracts have been received or are being negotiated; in others, civilian work has been substituted for Government orders, but some firms in the textile and apparel industries anticipate layoffs once current contracts are completed. The electronics industry, which, together with aircraft, dominates the Second District's defense effort, is still expanding rapidly and appears to have sizable order backlogs. A large part of this area's contribution to defense work, however, is in the form of subcontracting by relatively small firms, and hence cannot easily be measured or appraised.

Despite the fact that consumer durable goods comprise a relatively small part of this District's total output, increases in the production of these goods have dominated the improve-

ment in business during the first quarter of 1953, as they have in other industrial areas of the nation. Manufacturers of television sets, automobiles, air conditioning units, and appliances have all stepped up employment and output. As elsewhere, the more plentiful supplies of materials and the drive by manufacturers to get an increasing share of the consumer's dollar have contributed to the expansion in production.

Inventories have been a concern, but not yet a problem, for most Second District businessmen. Such information as is available, including a spot check of a diversified sample of manufacturers by the New York State Department of Labor, points to a healthy relationship between stocks and current sales volume. Virtually all levels of production and distribution—manufacturers, wholesalers, and retailers—report cautious buying, with especially close attention being given to inventories. Some stocks of goods are admittedly very high by historical standards, but they are usually matched by the very high current sales volume. There are reports in this region, however, of growing dealers' stocks of used cars, the less popular makes of new cars, and farm machinery. Stocks of television sets have been accumulating in manufacturers' hands at an increasing rate, and in consequence production began to fall off during April.

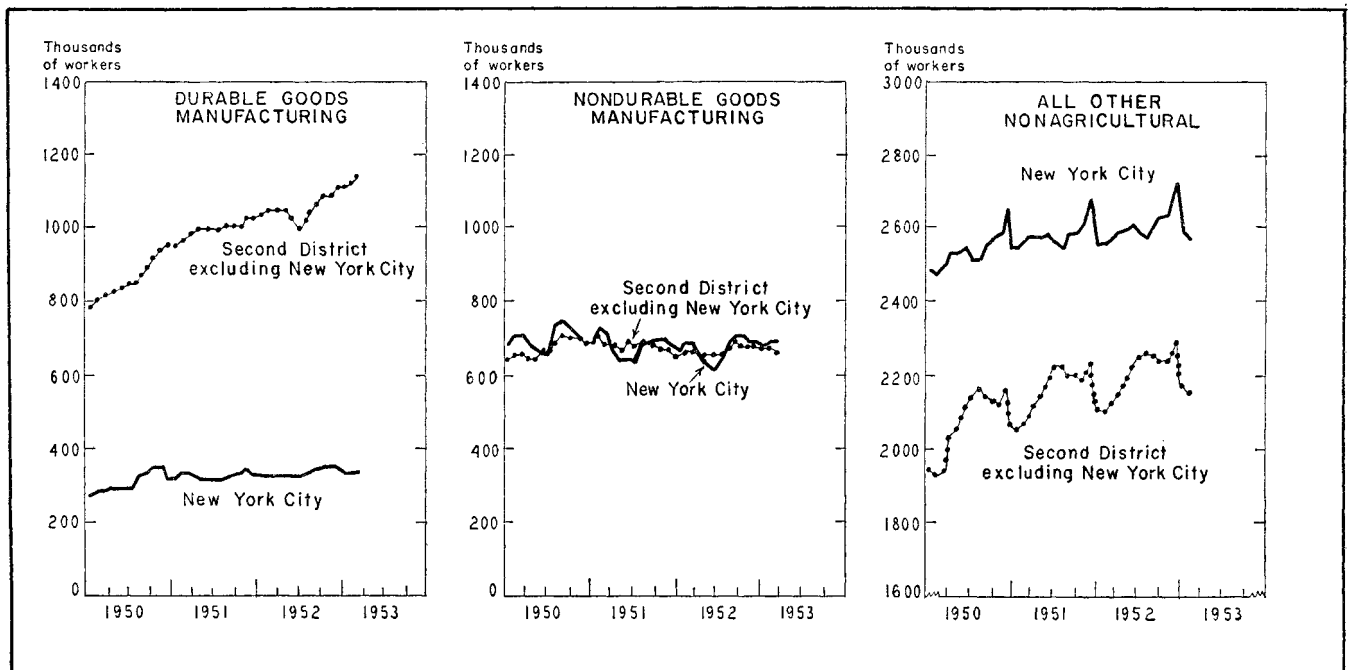
#### REGIONAL DIFFERENCES WITHIN THE DISTRICT

The course of employment and general business conditions in the various regions within the District reflects the types of industries located within each area. As can be seen in the accompanying chart, New York City has about half of the nondurable goods manufacturing workers in the Second District and a greater concentration of service, trade, and other

nonmanufacturing employees than all the rest of the District put together. However, the number of workers producing durable goods is much smaller in New York City than elsewhere in the District. Moreover, the City's durable goods establishments—primarily fairly small metalworking firms—have not received the stimulus from Government defense expenditures and extensive business investment in capital equipment that the large plants in "heavy industries" have. Durable goods employment in New York City was actually slightly smaller in the first quarter of 1953 than it had been in the closing quarter of 1950, while in the rest of the District the gain was 19 per cent. (In the country as a whole, durable goods factories increased employment 14 per cent in this same period.) In recent months, both durable and nondurable goods manufacturing in New York City have shown moderate employment gains over the corresponding 1952 months; the most marked increase in employment occurred at electrical machinery firms, while the only appreciable decline in employment was reported by producers of other types of machinery. The important apparel industry is responsible for the wide seasonal swings in the City's nondurable goods employment but has shown virtually no year-to-year change recently.

In the rest of the Second District, as might be expected, the sharpest increases in factory employment were centered in those areas with a concentration of durable goods plants. Long Island (Nassau and Suffolk Counties) reported a year-to-year increase of more than one fifth, partly because of the gains in the aircraft, instrument, and other defense industries, and partly because of the marked general industrial expansion which has taken place in that area. Year-to-year increases in

Nonagricultural Employment in New York City and the Second Federal Reserve District



Source: Computed at the Federal Reserve Bank of New York from data supplied by the Departments of Labor of New York State, New Jersey, and Connecticut.

manufacturing employment of 5 to 10 per cent were reported in Bridgeport, Elmira, Syracuse, Buffalo, and the Paterson area (Bergen, Morris, and Passaic Counties in New Jersey), and in each case the durable goods industries accounted for nearly all the increase. Defense industries, mainly electronic equipment and aircraft, counted heavily in the rise, but increasing output of automobiles, appliances, and other consumer durable goods also contributed, particularly in the Buffalo and Syracuse areas. Even in areas where production is concentrated more heavily on textiles, apparel, leather goods, and other consumer nondurable items—including Binghamton, Rochester, Utica, and Westchester County—durable goods factories added more workers than did nondurable goods producers. The only portion of the District outside New York City where the year-to-year rise in nondurable goods employment was on a par with that in durable goods was the Newark-Jersey City area (Essex, Hudson, and Union Counties in New Jersey); the only area to report a decline in factory employment was Albany-Schenectady-Troy, where a labor dispute distorted the comparisons.

This District still has two areas classified by the United States Employment Service as areas of "substantial labor surplus"—Utica-Rome and Gloversville—but in both areas conditions have shown definite improvement in recent months. In the Utica-Rome area, hiring for a new electronics plant and increased metalworking employment has helped to offset the continued decline of the textile industry; in Gloversville, the glove industry had a much better season than it did the previous year.

#### LOCALIZED INCREASES IN CONSTRUCTION

The construction industry in the Second District has been favored by the relatively open winter which has enabled contractors to start new projects and to proceed more rapidly than anticipated with those already under way. In particular, home-building activity has been well above last year's level, although the gains have been somewhat spotty. Most of the increase in residential construction has centered in the New York City metropolitan area, particularly Long Island. Some Upstate areas report that the housing market is approaching the saturation point; there are increasing numbers of homes on the market and a greater selling effort is required to dispose of them. Nevertheless, these areas do not appear to have experienced a break in prices. Data on building permits and site inspections for the first quarter of 1953 showed that the number of dwelling units started in the metropolitan area (New York City and the four neighboring counties of Nassau, Suffolk, Westchester, and Rockland) had increased by approximately half over the corresponding 1952 period, but that in Upstate New York the number of permits was down one sixth; contract awards for new homes in Northern New Jersey showed a year-to-year decrease of about one third. Mortgage money may be somewhat harder to get than formerly

—some commercial and savings banks are approaching their legal or self-imposed limits on real estate loans—but the New York City area remained one of the few places in the country where VA loans at 4 per cent were still obtainable.

On the whole, nonresidential construction contracts awarded in this District showed an increase in the first quarter of this year over the comparable months of 1952, but that was chiefly because of the awarding of contracts for the New York State Thruway. The lifting of direct controls on materials and credit has stimulated commercial construction activity; plans have been filed for numerous office buildings and shopping centers in the metropolitan area. Industrial construction and most other types of building, however, are down from 1952.

#### CONSUMER SPENDING STILL HIGH

Retail trade, like most of the business in this area, has been good, but not spectacular. Rainy weather dampened the Easter sales at department stores, and so far this year department stores in the Second District have made a poorer showing compared with 1952 than any of the other Federal Reserve Districts. In recent years, however, changes in shopping habits in metropolitan areas and difficulties of statistical measurement have made department store data for this District less and less indicative of trends in over-all retail sales. In New York City, department store sales showed a year-to-year decline of 5 per cent in the first two months of this year, but the Bureau of the Census reports that large retail stores of all types combined increased their dollar volume 4 per cent in the same period. The Buffalo, Newark, and Rochester areas showed similar discrepancies. In each of these four areas, the greatest gain in sales—an increase of approximately one fourth over 1952—was made by motor vehicle dealers. New car sales appear to be keeping pace with the unusually high rate of production for most of the popular makes, but used car sales are reported to be lagging somewhat. An increasing proportion of consumer durable goods sales appears to be financed by credit. So far, reports of delinquencies have been minor and spotty, and no general lag in collections seems to have developed.

#### AGRICULTURAL DEVELOPMENTS

Second District dairy farmers continue to be squeezed between declining milk prices and high costs. In January and February, New York State farmers received 14 per cent less for milk than they did a year earlier, but dairy farm costs, according to Cornell University figures, were approximately the same as at the beginning of 1952. However, the prolonged rise in costs appears to be coming to an end, largely because of declining feed prices. Moreover, the more efficient farm operators have partially offset this squeeze on income by using labor and equipment more effectively and by obtaining increased production per cow. The pinch has been greatest on the marginal producers. On the whole, deliveries at milk

plants in New York State during the first quarter of 1953 were up 8 per cent from last year. Egg production in New York and New Jersey has increased slightly, mainly because of larger flocks; continued high demand has boosted prices. A survey of planting intentions of New York State farmers—

made before recent heavy rainfall retarded field work—indicated that they plan somewhat larger acreages of feed grains than last year, but about the same acreage of potatoes (an increase on Long Island will be offset by smaller plantings Upstate).

## MEXICO'S ECONOMIC PROGRESS

Since the early 1940's Mexico has made rapid strides in its drive toward economic improvement. Between 1940 and 1952 the country's production of goods and services more than doubled, as industry, communications, and the tourist trade expanded strikingly. Per capita real income increased by more than one half—a particularly impressive achievement since the population rose by over 30 per cent during the same period.

The initial stimulus for this expansion was mainly provided by the high level of export earnings and the scarcity of imported industrial goods that prevailed during the Second World War. In more recent years, government policies specifically designed to foster economic development and to provide greater incentives for individual initiative have become an increasingly important factor in the country's economic growth, although favorable export earnings, a sharp rise in receipts from tourism, and substantial inflows of foreign capital have also played a major role. The influx of foreign capital was in turn facilitated by the absence of exchange control.

The very pace of Mexico's advances, however, has subjected the economy to severe strain. Thus, the growth of the various sectors of the economy has often proceeded at uneven rates, resulting in the emergence of serious bottlenecks in such basic services as transportation and electric power. Rapid inflation, moreover, has led to distortions in the allocation of resources and tended to produce greater inequality in the distribution of incomes, to inhibit savings incentives, and to exert recurrent temporary pressures on the balance of payments that were often overcome only because of favorable factors originating abroad. The virulence of the inflation in recent years may be gauged from the fact that wholesale prices and the cost of living have risen four-to-fivefold since 1940, while the money supply at the end of 1952 stood at more than six times the 1940 figure. In 1951 alone, when price increases were particularly pronounced, the cost of living in Mexico City rose by over 20 per cent; only in the very recent past has there been a slackening in the upward movement of prices.

### THE CHANGING STRUCTURE OF THE MEXICAN ECONOMY

Almost all sectors of the Mexican economy have participated in the gains in production achieved since 1940. Only

mineral production has failed to advance, mainly because of a relative lag of developmental expenditures in this field.<sup>1</sup>

The most significant feature of Mexico's economic expansion in recent years has been the extent to which the structure of the economy has changed in the direction of greater diversification and industrialization. Between 1940 and 1952, the contributions of manufacturing and commercial services to Mexico's national income rose from about 40 per cent to over 50. A key factor in this development was the emergence of new industries and services, although the majority of older industries, as well as Mexico's traditional tourist trade, also went through a period of rapid expansion. Since 1940, such new industries as pharmaceuticals, rayon, and vehicle assembly have sprung up, and many types of financial, educational, and other professional services have become available for the first time. Certain other industries that had had a modest start before the war—notably iron and steel, canning, paper and pulp, and cement—tripled their output within a decade. These new industries, it should be noted, have generally operated under the protection of tariffs and have catered almost exclusively to domestic customers; their relatively high cost structure has thus far prevented them from attempting to compete in international markets.

Although advances in the agricultural sector—from which more than 60 per cent of the country's population still derives its livelihood—have failed to keep pace with the rapid rate of industrial development, a near doubling of farm output occurred between 1940 and 1952. This gain was largely attributable to the production incentives provided by the high prices for Mexican exports as well as by the rising domestic demand for foodstuffs. Agricultural productivity, moreover, increased significantly, partly as a result of land clearing, irrigation, and a gradual improvement in farming methods, but perhaps even more importantly because of a shift to better-yielding crops induced by the changing pattern of foreign demand and the desire of the rapidly growing and relatively prosperous city population for a more varied diet. The shifts in production thus resulted in greater agricultural

<sup>1</sup> The changing structure and investment patterns of the Mexican economy have been analyzed recently in a basic study sponsored by the International Bank for Reconstruction and Development and the Mexican Government (see Combined Mexican Working Party, *The Major Long-Term Trends in the Mexican Economy*, preliminary draft of report scheduled to be published in May under the title of *The Economic Development of Mexico*).



diversification; the output of such products as cotton, cocoa, oilseeds, and certain tropical fruits, which had been produced on only a moderate scale before the war, tripled during this period.

Expansion in the scope of the government's economic activities has paralleled and reinforced these broad structural changes in the private economy. Mexico's irrigation and communication systems, in particular, have had to be greatly strengthened to meet the growing needs for arable land and for industrial and tourist transportation. Between 1940 and 1952, Mexico's network of all-weather highways was extended from 3,000 to 15,000 miles and a number of major irrigation projects were completed. The government-operated petroleum industry and public power projects also significantly expanded their output.

#### MAIN FACTORS IN MEXICO'S ECONOMIC EXPANSION

As noted above, these far-reaching changes in the Mexican economy have been strongly stimulated by highly favorable world market conditions. Since 1940, foreign demand and prices for the chief Mexican exports—minerals and agricultural commodities—have risen to high and generally sustained levels. First stimulated by defense expenditures and rising incomes abroad, then by world-wide reconstruction and high business activity, and since 1950 again by Western rearmament, the value of these exports to the United States alone rose from 57 million dollars in 1940 to 393 million in 1952. Moreover, the flexibility and growing diversity of the Mexican economy facilitated the country's adjustment to the continuously changing conditions in foreign markets for individual commodities; the fact that no single commodity has consistently been Mexico's leading export—in sharp contrast to the trend in most other Latin American countries—is a telling indication of this adaptability. Growing exports, however, were not the only source of high Mexican exchange earnings in the past twelve years; receipts from tourism and from remittances of Mexican agricultural workers in the United States also increased sharply. Net tourist earnings in particular have risen spectacularly: from 22 million dollars in 1940 they increased to just over 100 million in 1948, and in 1952 reached an estimated 200 million.

This rapid growth in the foreign demand for Mexican goods and services, together with a rising influx of foreign investment funds, made possible the expansion of Mexican imports of capital goods upon which industrial development has so strongly depended. The value of machinery and vehicle imports from the United States alone rose from 35 million dollars in 1940 to 286 million in 1952; capital goods imports as a whole accounted for about 40 per cent of all imports in 1952 as against 25 per cent in the early 1940's.

While the favorable trends in foreign exchange receipts over most of the past twelve years thus contributed greatly to the expansion of the Mexican economy, government

policies have also played a major role. These took the form particularly of large-scale financial support for industry and agriculture, tax concessions and protective tariff policies, and the development of public services, special emphasis being given to the needs of the country's growing manufacturing industries.

Much of the financial assistance extended by the Mexican Government to the private economy has been channeled through Mexico's national banks, a group of publicly controlled institutions, each of which specializes in supplementing private credit in a particular sector of the economy. One of these institutions, the Nacional Financiera, has in recent years become a major source of industrial financing. The Nacional Financiera's industrial loans and investments, which are primarily concentrated in those branches of industry where bottlenecks threaten to interrupt development, rose from 77 million dollars' equivalent in 1946 to 169 million at the end of 1951. The Nacional Financiera has also extended technical assistance to industry, aided the growing number of private industrial investment companies, and acted as intermediary in channeling official foreign loans into high-priority projects of the various Mexican Government agencies. Other national banks have engaged in medium-term credit operations for small-scale irrigation projects and the purchase of farm machinery, as well as in the financing of agricultural exports.

Taxation and tariff policies have constituted an integral element of the Mexican Government's program of fostering certain types of industrial development. New industries have been granted tax concessions for up to ten years, and their domestic markets have been protected by high tariffs, supplemented at times by import prohibitions. These policies are mainly an outgrowth of a program followed during the Second World War, when official encouragement and protection was provided for industries producing goods no longer available from abroad. Later, economic diversification itself became an important objective of the government, partly as a precautionary measure against a recurrence of wartime scarcities.

Foreign capital, both private and official, and foreign technical skills have in recent years again become important contributors to Mexican economic progress. Encouraged by the Mexican Government's expressed policy of favoring an influx of private foreign capital, United States direct investments increased from a level of 286 million dollars in 1943 to 400 million in 1950—a development that simultaneously brought to Mexico those technical skills that were urgently needed for the country's new industries. In 1946, the Mexican Government itself resumed large-scale borrowing from official foreign lending institutions. The Export-Import Bank and the International Bank for Reconstruction and Development in particular granted loans to Mexico totaling 262 million dollars in the 1946-52 period, of which 130 million remained undischursed at the end of the latter year. In addition, Mexico has

received 97 million dollars of grants from the United States Government since the end of the Second World War under the Point Four and other technical-assistance programs, the bulk of these funds being applied to the eradication of the hoof-and-mouth disease among cattle.

#### PROBLEMS AND CURRENT DEVELOPMENTS

The problem of fostering a balanced growth of the Mexican economy has been seriously complicated by the persistently severe inflationary pressures of the past decade. For most of the period since 1940, and especially during the Second World War and the early months after the Korean outbreak, rising export and import prices exerted strong upward pressures on domestic price levels. These pressures were, moreover, greatly intensified by internal factors, particularly the heavy outlays of the Mexican Government and industry on capital equipment, the existence of an extremely favorable business outlook created by the country's rapid economic growth, and the pressure on the food supply of the increasing population. Because of the slow growth in tax receipts and private savings, the large capital outlays were in part financed by inflationary means. Moreover, the channeling of savings into government securities and industry has been obstructed by preferences for real estate and quick-yielding commercial investments and by a tradition of hoarding precious metals.

The Mexican authorities have sought to arrest these inflationary pressures through a variety of devices designed to reduce the excessive demand and at the same time encourage an expansion of production. Tax collection and budgetary procedures have been substantially strengthened in recent years, and these changes, together with the high level of exports and of personal incomes, permitted the accumulation of sizable budget surpluses from 1949 to 1951; although a slight deficit was recorded for 1952, this amounted to only about 3 per cent of total expenditures. Since 1948, moreover, the government has placed increased reliance upon foreign loans in an effort to lessen the inflationary impact of the investment outlays of the national petroleum, railroad, and electricity agencies.

In monetary policy, the Mexican authorities have experimented with a wide range of control instruments. A complex system of selective credit controls has been employed, under which commercial banks have been required to utilize specified proportions of their deposits for medium-term production loans to industry and agriculture, and preferential rediscount privileges for such loans have been granted by the central bank. Quantitative credit controls have also been applied, notably when a 100 per cent cash reserve requirement against increases in deposits after June 15, 1951 was imposed on the majority of commercial banks, after the particularly sharp expansion in bank loans and the money supply which followed the outbreak of hostilities in Korea. This requirement has recently been relaxed.

While the Mexican system of credit controls has not yet been fully tested, the results so far achieved have not been entirely successful. Attempts to use selective credit controls to channel credit into "productive" activities without inducing an inflationary expansion of the money supply are, of course, always fraught with inherent dangers, and Mexico's system of selective controls has not been immune from such difficulties. In the aggregate, however, the various credit restrictions probably did contribute to some extent toward the lessening of inflationary pressures during 1952 when wholesale prices declined slightly, while the money supply and the cost of living rose only moderately. It should be noted, nevertheless, that the stabilization of export and import prices during that year, as well as some drawing-down of the large merchandise inventories that had been accumulated as a precautionary measure in the months after the Korean outbreak, have also played a major role in the leveling-off in domestic price levels.

Closely related to the domestic inflation has been the recurrent instability in the foreign exchange situation. While over the period since 1940 exchange earnings have generally been satisfactory, severe balance-of-payments pressures interfered with Mexico's economic progress in the early postwar years when the wartime backlog of consumer and industrial demand for imported goods was released, and large trade deficits were incurred. In combating these difficulties the Mexican authorities employed tariff increases, import prohibitions and, in 1948 and 1949, depreciation of the currency, while preserving the freedom of exchange transactions. Also, the assistance of the International Monetary Fund, and the aid of the United States Treasury through a series of stabilization agreements, were utilized in overcoming the pressures of speculative and seasonal exchange movements. Since mid-1950 unprecedented levels of exchange earnings from agricultural commodities, especially cotton, and a particularly pronounced increase in the inflow of tourist funds and workers' remittances have greatly strengthened the Mexican balance-of-payments position. By February 1953, official gold and foreign exchange holdings had risen to approximately 275 million dollars as against a December 1949 level of 126 million.

Imbalances in economic growth have appeared within both the industrial and the agricultural sectors of the Mexican economy. Thus, although electric-generating capacity was doubled between 1944 and 1951, this increase proved insufficient to meet the even more rapid rise in the demand of manufacturing industries, and underutilization of industrial plant resulted. The lag in building auxiliary roads, as distinct from the construction of major highways, and the delays in the rehabilitation of the railroads had similar effects. In agriculture, the sharpest expansion took place in export crops, while the increase in the production of domestically consumed staples failed to keep pace with the growth in demand that resulted both from the rapid increase in the population and

from the growing incomes. Consequently, food imports, particularly of wheat, have had to be increased in recent years simultaneously with the rise in capital-equipment imports. Moreover, while the irrigation projects to which the government has devoted most of its agricultural investment have yielded significant returns in the more arid areas of the country, agricultural progress has been less satisfactory in the central regions of Mexico, where the major part of the agricultural population lives, and where improvements in farming efficiency will have to be based mainly on soil conservation and educational and technical assistance rather than on greater irrigation.

#### THE ECONOMIC PROGRAM OF THE CORTINES ADMINISTRATION

The recently inaugurated government of President Cortines has, during its first few months in office, placed great emphasis on the need for an orderly and balanced development of the country's economy. The President has repeatedly voiced concern over the fact that advances in agricultural output have lagged behind the pace of industrial expansion, noting that the success of the industrialization program itself might well be imperiled if the farm population—which now constitutes more than 60 per cent of the country's total population but receives only some 20 per cent of the national income—is not permitted to share more fully in the gains accruing to other sectors of the economy. He has made it clear, moreover, that his government will make every effort to assure that further economic advances are accomplished within a framework of monetary stability.

While the outlines of the new government's program have only partially emerged thus far, it has already become apparent that the Cortines administration is prepared to take strong action in order to carry out its stated objectives. The President

recently submitted a balanced budget to Congress, stating that additional expenditures should be undertaken only if tax revenues exceeded the levels foreseen at present. At the same time, the government embarked on a vigorous program of re-examining pending expenditure commitments—particularly those involving activities fostering industrialization—and even took the drastic step early in March of temporarily halting all but the most vital Treasury disbursements until its reassessment of expenditures is completed. The government has also announced that it does not intend to seek new official loans from abroad during its six-year term, though private foreign investments will continue to be welcome.

While government expenditures for industrial purposes are thus apparently to be curtailed, additional funds have been allocated to the agricultural banks to permit an expansion in production loans and in technical assistance activities. Moreover, commercial bank reserve requirements—particularly those applying to deposits above the June 15, 1951 level—were recently eased for banks that are willing to utilize their increased liquidity primarily to extend productive agricultural loans. In addition, a series of other steps to aid agriculture have been instituted within the framework of a two-year emergency farm program.

Although the attainment of greater productivity in agriculture is to be given first priority, the new government has also emphasized that industrial progress is not to be neglected; the stress, however, is to be on more intensive utilization of available equipment through coordination of the heavy investments of recent years and the clearing-away of bottlenecks. It is hoped that such a program, in conjunction with a determined effort to achieve monetary stability, will serve both to consolidate earlier gains and to encourage the further development of Mexico's economic resources in an environment conducive to balanced growth.

### BANK DEBITS AND VELOCITY: ECONOMIC INDICATORS

Over the past few decades, bank debits statistics have achieved a position of prominence among the tools of practical economic analysis. Five of the series of individual business indexes normally included in the table of Selected Economic Indicators published in each *Monthly Review* are national or regional compilations of debits statistics or their derivative—the velocity series. This article focuses attention on the nature and uses of debits statistics, and the recent revision of the debits and velocity series.

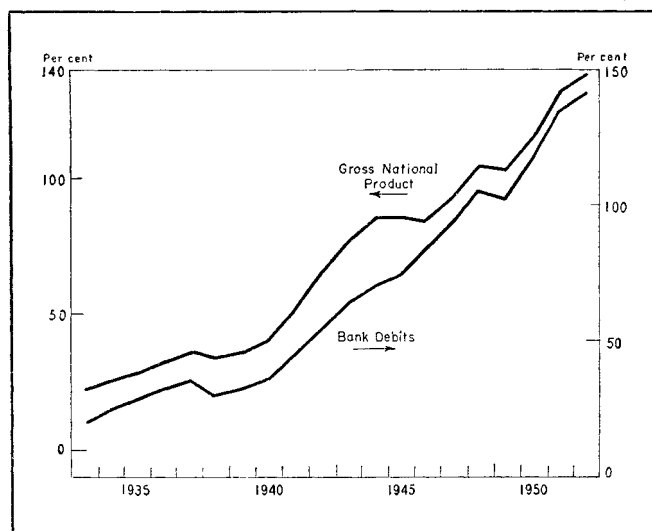
#### THE NATURE AND USES OF DEBITS STATISTICS<sup>1</sup>

Debits are the charges made by banks to the accounts of their depositors. An aggregate of the withdrawals against

<sup>1</sup> A detailed study of debits statistics and a survey of the uses of such data in economic analysis has been prepared at this bank by George Garvy in his recent study, *The Development of Bank Debits and Clearings and Their Use in Economic Analysis*, Board of Governors of the Federal Reserve System, Washington, D. C., 1952. (Copies are available from the Board.)

deposit accounts in payment for goods, services, and financial transactions, the concept is fundamentally one of money value, rather than physical volume. Although debits are frequently used as an indicator of change in general business activity, their primary function is to measure the value of transactions rather than the volume of output. They differ from measures of total output in money terms because debits include checks made in payment not only for finished products but also in connection with all transactions between the raw material stage of production and the sale of the final goods. The total volume of debits is, therefore, several times larger than the total value of goods and services produced. The number of times each dollar of final product is recorded as a debit depends on the number of independent stages through which materials and products pass in the processes of production and distribution, and such stages are, of course, subject to continuing long-run changes.

**Gross National Product and Bank Debits,\* 1933-52**  
(Annual index numbers; 1947-49 average=100 per cent)



\* Debits to total deposit accounts (except interbank) in reporting centers, excluding New York City. Reporting centers number 261 in 1933, 269 in 1934, 271 in 1935, 273 in 1936-41, 333 in 1942-47, and 341 beginning in 1951.

Sources: Indexes computed at the Federal Reserve Bank of New York from data of the U. S. Department of Commerce and the Board of Governors of the Federal Reserve System.

Another distinguishing feature of debits is that they include many checkbook transactions which involve transfers of title to existing property or other assets (including the purchase of stocks and bonds). The heavy concentration of such "financial" payments in New York explains why debits from that center are usually separated from those for the rest of the country. However, many financial transactions elsewhere are, of course, included in the debits figures from outside centers.

Since payments by check constitute so large a part of all money payments in this country, debits statistics offer important information on trends in total money payments. However, the figures are subject to certain influences which tend somewhat to obscure or exaggerate these changes and for which at least a mental adjustment is necessary in order to make meaningful use of the statistics. The long-term secular growth of the economy is somewhat overemphasized in the published debits figures partly because bank mergers and increased branch banking have added banking offices that had not previously reported debits. Primarily, however, this bias reflects the increased use of checks (in preference to cash payments) by individuals of the lower and middle-income groups, and the greater complexity of and specialization within the economy which has raised the level of debits merely by increasing the number of stages (and, hence, check payments) between the purchase of raw materials and the sale of final products. To the extent that the increased diversification takes place within single concerns, however, there may be some offsetting influence tending to reduce bank debits.

Although cyclical swings in economic activity are also reflected in debits, appraisal of the significance of the statistics

again calls for careful judgment. In the upward phase of the business cycle, the level of debits is raised not only by the increased volume of goods and services produced but also by the higher prices at which the goods are sold in the various stages of production; the reverse is the case in the downward phase. The debits series may tend under some conditions to overemphasize cyclical swings, particularly because of the inclusion of debits resulting from financial and speculative transactions which usually exhibit extreme cycle-sensitivity.

Debits statistics mirror the wide seasonal fluctuations that characterize general economic activity in this country: the traditional bulges due to heavy Christmas and Easter shopping, the summer vacation lull, and the agricultural seasons. In addition, however, they record certain seasonal payments which have little, if any, relation to underlying production and distribution, such as the heavy tax payments in quarterly months.

The debits series is one of the most widely used indicators of trade changes, particularly by analysts studying business fluctuation in individual localities. The accompanying chart indicates the rough similarity between changes in gross national product and debits figures for the years 1933-52. In business cycle research and in forecasting, the long history of the debits series increases its utility. Whereas annual GNP figures are available back to 1929, and on a quarterly basis only since 1939, a continuous monthly debits series for 140 centers starting in 1919 was published prior to March 1953. Furthermore, the Department of Commerce does not publish its preliminary estimates of GNP until six or seven weeks after the close of the quarter to which they relate, while final debits figures for a particular month are released about twelve or thirteen days after the end of that month.

The chart illustrates the recent history of the debits series. The level of debits rose steadily during the postwar period, August 1945-August 1948, as swollen deposits, held idle during the war, were used to satisfy the pent-up demand of producers and consumers for goods that became more and more plentiful at increasingly higher prices. The recession period from the latter part of 1948 to the early part of 1950 is reflected in the series as a moderate decline, followed by a sharp upward climb engendered by the outbreak of hostilities in Korea. The gradual tapering-off of the rise during 1951 and 1952 corresponds to the termination of "scare buying" and the adjustment of the economy to the impact of mobilization.

Debits statistics are also used in computing the rate of turnover (or "velocity") of demand deposits. Velocity figures (discussed in some detail below) are themselves an economic indicator of some importance since they measure how actively depositors are using their accounts.

#### THE REVISED SERIES

In March 1953 the monthly debits series was revised to increase the statistical usefulness of the series and to reduce the reporting burden on the banks. The revised series com-

prises debits to demand deposits excluding Government accounts as well as interbank. The elimination of debits to Government and time deposits puts the new monthly series on the same basis as the weekly reporting member bank series issued in the past, which has now been discontinued. The more satisfactory procedure has thus been applied to the monthly data and given considerably expanded coverage—the weekly figures were reported for only 94 cities as against 345 centers covered by the new series.

Debits to Government accounts have been eliminated because, while having considerable effect on the movement of debits statistics, their ups and downs bear no direct relation to the economic activity of the month to which they refer, but rather reflect the manner and timing of the Treasury's transfers of its funds from commercial bank depositaries to its accounts at the Federal Reserve Banks. The elimination of debits to time deposits has little effect on the level of debits since these accounts are usually much less active than demand

deposits. It does, however, improve comparisons between centers for which debits to time deposits represent differing proportions of total debits.

Other minor revisions in the monthly series include the dropping of reports from Albany, the debits for which have shown particularly erratic movements, and the addition of several new centers; the over-all result has been to increase the coverage by three centers. The centers have been regrouped to give a more significant breakdown; New York continues to be shown separately, but the outside centers are now divided into one group of six large cities (Boston, Philadelphia, Chicago, Detroit, Los Angeles, and San Francisco), which accounts for about one third of the debits outside New York City, and another group of the remaining 338 centers.

To give the revised series comparability, the Board of Governors has published a special edition of the annual bank debits release giving monthly estimates for 1952 on the new basis and the percentage changes from the old series for each

SELECTED ECONOMIC INDICATORS  
United States and Second Federal Reserve District

Item	Unit	1953			1952	Percentage change	
		March	February	January	March	Latest month from previous month	Latest month from year earlier
<b>UNITED STATES</b>							
<i>Production and trade</i>							
Industrial production*	1935-39 = 100	242 <sub>p</sub>	240	236	221 <sub>r</sub>	+ 1	+10
Electric power output*†	1947-49 = 100	159	155	150	143	+ 3	+11
Ton-miles of railway freight*†	1947-49 = 100	—	98 <sub>p</sub>	100	107	- 2	- 9
Manufacturers' sales*	billions of \$	25.4 <sub>p</sub>	25.4	24.3	22.1	#	+15
Manufacturers' inventories*	billions of \$	43.8 <sub>p</sub>	43.9	43.8	43.2	#	+ 1
Manufacturers' new orders, total*	billions of \$	25.2 <sub>p</sub>	25.8	24.3	23.4	- 2	+ 3
Manufacturers' new orders, durable goods*	billions of \$	12.8 <sub>p</sub>	13.4	12.1	12.2	- 4	+ 5
Retail sales*	billions of \$	14.4 <sub>p</sub>	14.6	14.1 <sub>r</sub>	13.0	- 1	+11
Residential construction contracts*	1947-49 = 100	174 <sub>p</sub>	182	173	174	- 4	#
Nonresidential construction contracts*	1947-49 = 100	160 <sub>p</sub>	167	201	157	- 4	+ 2
<i>Prices, wages, and employment</i>							
Basic commodity prices†	1947-49 = 100	90.1	88.7	89.7	100.8	+ 2	-11
Wholesale prices†	1947-49 = 100	110.1 <sub>p</sub>	109.6	109.9	112.3	#	- 2
Consumer prices†**	1947-49 = 100	113.6	113.4	113.9	112.4	#	+ 1
Personal income (annual rate)*	billions of \$	—	280.4 <sub>p</sub>	280.6	261.9	#	+ 6
Composite index of wages and salaries*	1939 = 100	—	244 <sub>p</sub>	243	233	#	+ 5
Nonagricultural employment*††	thousands	49,113 <sub>p</sub>	49,109	49,009	47,680	#	+ 3
Manufacturing employment*††	thousands	17,118 <sub>p</sub>	17,027	16,930	16,097	+ 1	+ 6
Average hours worked per week, manufacturing†	hours	41.2 <sub>p</sub>	40.9	41.0 <sub>r</sub>	40.6	+ 1	+ 1
Unemployment	thousands	1,674	1,788	1,892	1,804	- 6	- 7
<i>Banking and finance</i>							
Total investments of all commercial banks	millions of \$	74,780 <sub>p</sub>	76,030 <sub>p</sub>	76,920 <sub>p</sub>	74,690	- 2	#
Total loans of all commercial banks	millions of \$	65,220 <sub>p</sub>	64,070 <sub>p</sub>	63,860 <sub>p</sub>	57,840	+ 2	+13
Total demand deposits adjusted	millions of \$	97,370 <sub>p</sub>	98,340 <sub>p</sub>	100,490 <sub>p</sub>	94,780	- 1	+ 3
Currency outside the Treasury and Federal Reserve Banks*	millions of \$	29,961 <sub>p</sub>	29,866	29,831	28,637	#	+ 5
Bank debits (U. S. outside New York City)*§	millions of \$	95,323	94,124	91,438	83,348	+ 1	+14
Velocity of demand deposits (U. S. outside New York City)*	1947-49 = 100	n.a.	n.a.	n.a.	n.a.	—	—
Consumer instalment credit outstanding†††	millions of \$	19,285 <sub>p</sub>	18,863	18,785	14,550	+ 2	+33
<i>United States Government finance (other than borrowing)</i>							
Cash income	millions of \$	11,040 <sub>p</sub>	6,267	5,230 <sub>r</sub>	10,436	+76	+ 6
Cash outgo	millions of \$	6,948 <sub>p</sub>	5,754	5,442 <sub>r</sub>	6,120	+21	+14
National defense expenditures	millions of \$	4,503 <sub>p</sub>	4,012	4,082	3,905	+12	+15
<b>SECOND FEDERAL RESERVE DISTRICT</b>							
Electric power output (New York and New Jersey)*†	1947-49 = 100	139	137	137	129	+ 2	+ 8
Residential construction contracts*†	1947-49 = 100	—	172 <sub>p</sub>	149	182	+16	+11
Nonresidential construction contracts*†	1947-49 = 100	—	175 <sub>p</sub>	190	200	- 8	+11
Consumer prices (New York City)*†**	1947-49 = 100	111.2	111.1	111.7	110.2	#	+ 1
Nonagricultural employment*	thousands	—	7,640.6 <sub>p</sub>	7,615.2	7,477.7	#	+ 2
Manufacturing employment*	thousands	2,809.7 <sub>p</sub>	2,786.1	2,766.3	2,700.5	+ 1	+ 4
Bank debits (New York City)*§	millions of \$	50,372	50,832	50,046	45,993	- 1	+10
Bank debits (Second District excluding New York City)*§	millions of \$	4,344	4,141	4,134	3,725	+ 5	+17
Velocity of demand deposits (New York City)*	1947-49 = 100	n.a.	n.a.	n.a.	n.a.	—	—

Note: Latest data available as of noon, April 30.  
p Preliminary.  
r Revised.  
n.a. Not available. Series in process of revision.  
\* Adjusted for seasonal variation.

† Seasonal variations believed to be minor; no adjustment made.  
# Change of less than 0.5 per cent.  
§ Revised series. See article starting on page 75.

‡ The seasonal adjustment factors for this series have been revised.  
\*\* Revised series. Back data available from the U. S. Bureau of Labor Statistics.  
†† Revised series. Back data available from the Board of Governors of the Federal Reserve System.

Source: A description of these series and their sources is available from the Domestic Research Division, Federal Reserve Bank of New York, on request.

reporting center. Current monthly releases and future issues of the *Federal Reserve Bulletin* will give revised year-ago figures. At a later date, revised figures estimated back to 1943 will be made available.

The revised series is expected to show little, if any, divergence from the postwar trend of the old series (discussed above), although erratic fluctuations previously caused by debits to Treasury Tax and Loan Accounts will be eliminated. The completed revision for 1952 shows the aggregate national total and the estimates for many of the centers to be about 3 per cent lower on the new basis than on the old. Changes for some centers, however, vary rather widely; the largest reduction occurring in those cities in which Government accounts are most active.<sup>2</sup>

The revised figures appear in this issue of the *Monthly Review* for the first time. The Federal Reserve Bank of New York will continue its practice of adjusting the Board's figures for seasonal variations. New York City debits are excluded from the national series because of the concentration of debits arising from financial transactions in this area. Elizabeth, New Jersey, is the only center to be added in the Second District.

Velocity figures on the new basis will represent almost four times as many centers. The turnover rates for the country excluding New York and for New York City alone have been published in the *Monthly Review* as index numbers, with the period from 1947-49 as base. Since it will take some time to prepare the new indexes, these data will not be included in the Selected Economic Indicators table until later this year. The New York Reserve Bank will continue to adjust the data for seasonal variations.

#### THE NATURE AND USE OF THE VELOCITY SERIES

The rate of turnover of deposits, i.e., velocity, is computed from debits statistics and provides a measurement of the degree to which depositors are using their accounts.

The velocity figure for any given month refers to the rate of turnover of demand deposits (excluding interbank and United States Government accounts). It is derived from the ratio of the total debits to demand deposits for that month

<sup>2</sup> Government accounts have usually been most active in cities which have an office of the Director of Internal Revenue but no Federal Reserve Bank or Branch and in cities having a large number of banks holding Tax and Loan Accounts. The withdrawals from both of these types of Government accounts are usually of large magnitude and are counted as debits twice: first, when the funds are debited to private accounts and then, again, when they are transferred from these Government deposits to the Treasury's account at the Federal Reserve Banks.

to the average of these deposits at the beginning and end of that month. Obviously then, a change in velocity may result from a change in either the total volume of debits or in the amount of deposits, or both.

During most of the past twenty years, institutional developments have seriously limited the significance of velocity figures as a business indicator. These data, while still faithfully recording the degree to which depositors are using their accounts, have often failed to reflect underlying economic conditions. Thus, although during World War II the economy was operating at a peak, velocity declined steadily. Deposits grew with the rising economic activity and also because of Government deficit financing. Debits were sluggish in their upward climb because the Government purchased about two fifths of the gross national product for the war years. With the Government as an ultimate consumer of such magnitude many of the usual intermediate transactions in production and distribution, giving rise to bank debits, were eliminated. Furthermore, the shortage of civilian goods caused the deposits of business and individuals to be used less actively than usual. The lower velocity figures, therefore, largely reflected the fact that the Government was consuming a large part of the annual output, and did not signify that the level of business activity was declining.

The reversal of these conditions in the postwar period resulted in a fairly steady increase in the rate of turnover, and velocity figures began to regain their significance as an economic indicator. With the advent of war in Korea, however, there was a return of complications similar to those of the war period, though of smaller magnitude. Comparisons from month-to-month or for two or more consecutive periods may be significant, but the velocity series cannot appropriately be used in analyzing long-run trends in economic activity. These data are of importance, however, in indicating the rate of use being made of the existing money supply, and in this way serve as one guide in the formulation of the System's monetary and credit policy.

Turnover rates for New York City are often higher and more volatile than those for the rest of the country, chiefly because of the preponderance of financial accounts which are characteristically highly active. Since the end of the war, the velocity movements for New York and outside New York have differed markedly: the latter rose gradually from the end of the war until the end of 1948, but tapered off somewhat until the beginning of 1950 when the slow upward movement was renewed, whereas the New York figures have shown a steady upward movement since 1942.

DEPARTMENT STORE TRADE

In view of the upturn from year-earlier levels made by Second District department store sales during March, there were some expectations that sales might exceed last year for the entire six-week Easter period (which comprises those weeks affected by the shifting date of Easter). However, combined results for the four weeks prior to Easter Sunday (April 5, 1953 and April 13, 1952) and the two weeks following the holiday now indicate that sales fell short of the comparable period in 1952 by approximately 2 per cent. The reduction in District retail volume was due, for the most part, to the year-to-year decline in sales of the New York City department stores; their total Easter season sales decreased by 3 per cent. Aggregate sales of Second District department stores outside the City were unchanged from the previous year's level.

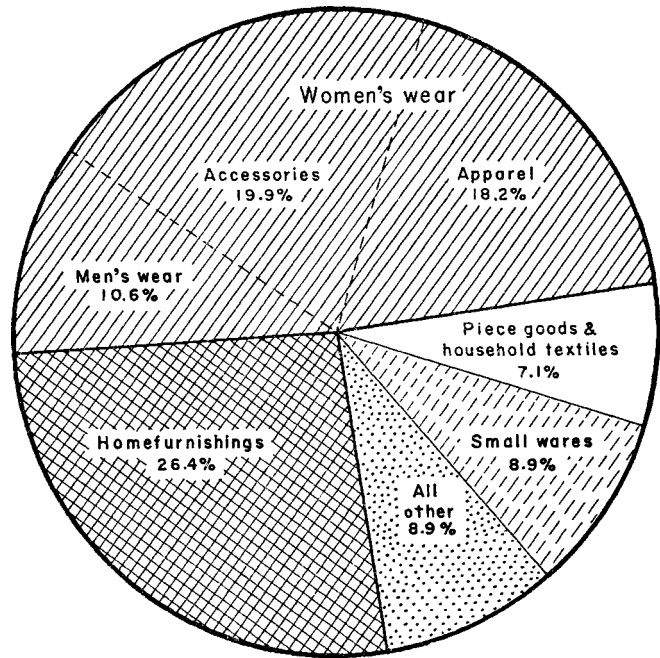
Although District sales for the three weeks ended April 18 dropped below seasonal anticipations, sales in the latter part of the month appeared to have improved notably. Total department store activity for the full month of April is estimated to be 2 per cent above the same month last year, on a seasonally adjusted basis.

DEPARTMENTAL DISTRIBUTION OF 1952 SALES

Apparel purchases usually comprise about half of all sales (in dollar volume) made in Second District department stores, as shown on the chart. Of this, by far the largest portion is composed of sales of women's and misses' accessories and apparel, with men's and boys' wear representing only approximately one fifth of the total apparel segment. Since 1948, men's wear has steadily increased as a percentage of apparel sales and of total department store sales, comprising 10½ per cent of the total in 1952. Women's ready-to-wear departments had been reduced in importance relative to total store sales during 1950 and 1951 (compared with the two preceding years), but in 1952 they rose to 38.2 per cent, approximately the same position they held in 1948.

In comparison with 1951, women's accessory and apparel departments, with a few exceptions, accounted in 1952 for an increased percentage of total sales. Within this group, for the second consecutive year, however, hosiery sales declined in relative importance. The influence of lower hosiery prices on dollar sales volume explains, at least partially, this seemingly contradictory trend in the face of relatively higher interest in other ready-to-wear lines. On the other hand, the percentage of total sales accounted for by the infants', boys', and girls' wear departments rose from 6.3 per cent in 1951 to 6.8 per cent in 1952, reflecting the increased demand for young people's apparel, which resulted primarily from the greater number of children of both school and pre-school age. The millinery department, the blouse, skirt, and sportswear depart-

Percentage Distribution of Department Store Sales by Major Departmental Groups\* in 1952, Second Federal Reserve District



\* Basement departments are included with the corresponding main store departments.

ment, and the apron, housedress, and uniform department also showed better-than-average relative growth among the ready-to-wear lines from 1951 to 1952.

The piece goods and household textiles group declined in relative importance from 1951 to 1952, chiefly because of the record sales of household textiles which had been made during the January 1951 "scare buying". As compared with 1948, however, household textiles accounted for a slightly larger percentage of total sales, while sales of piece goods showed a comparative loss from 2.0 to 1.4 per cent over the five-year period.

The Korean conflict, and the resulting rush to buy durable goods which consumers feared might become scarce, caused the homefurnishing segment of department store sales to increase in 1950 and early 1951, but these departments showed a marked drop in importance in 1952. Although sales of a few homefurnishing departments increased or held their own from 1951 to 1952, the "big-ticket" durable goods departments (with the exception of the furniture department) suffered substantial losses. Within this group, the radio and television departments of District department stores accounted for slightly under 1.5 per cent of total sales in 1952, compared with 2 per cent in 1951 and almost 2.5 per cent in 1950. Major household appliances, which represented almost 2 per cent of the total in 1948, were responsible for only 1

per cent in 1952. Sales of these departments have been affected not only by lowered consumer interest but by the strenuous competition of specialty stores which have succeeded in capturing an increasing segment of the total market for these goods. Sales of domestic floor coverings also accounted for a noticeably smaller share of total District department store sales in 1952.

Unlike the other major durable departments, the furniture department, which showed only a slight drop in its share of the total from 1951 to 1952, still represented a substantially larger portion of total sales than in 1948. The drapery, curtain, and upholstery department which has been gaining in relative size since 1948 showed a further increase from 1951 to 1952, making it the third largest homefurnishing department (representing over 3 per cent of total sales).

A continuation of the same trends in consumer preferences shown by the comparison of 1951 with 1952 is evident in preliminary results for the first quarter of 1953. The major homefurnishing departments, with the exception of the furniture department, yielded a smaller proportion of total sales than in the first quarter of 1952, while the major ready-to-wear departments were generally more important. The women's and misses' dress department, however, represented a lower share of total sales in the first quarter of 1953 than in the comparable three months a year earlier.

Data on department store sales by departmental classifications are widely used as indicators of over-all consumer demand for various types of commodities. For many kinds of merchandise, sales in department stores reflect quite closely the climate of consumer demand. It has become apparent, how-

Distribution of Department Store Sales  
by Departmental Classifications, 1950-52  
Second Federal Reserve District\*

Group	Percentage of total store sales		
	1950	1951	1952
Total store.....	100.0	100.0	100.0
Main store.....	86.4	86.5	86.6
Piece goods and household textiles.....	6.3	6.4	6.2
Small wares.....	8.5	8.5	8.9
Women's wear.....	30.1	30.1	31.7
Accessories.....	16.2	16.1	16.8
Apparel.....	13.9	14.0	14.9
Men's and boys' wear.....	8.2	8.4	8.5
Homefurnishings.....	27.3	27.0	25.2
Miscellaneous.....	6.0	6.1	6.1
Basement store.....	11.0	11.1	11.0
Nonmerchandise.....	2.6	2.4	2.4

\* Detailed distributions of sales by departmental classifications for 1952 for the Second Federal Reserve District are available on request from the Domestic Research Division of the Federal Reserve Bank of New York.

ever, that consumers in this District have shifted their preferences as to the type of store in which they buy certain goods, particularly certain homefurnishing lines. Nevertheless, no data from other types of stores are available on a comparably detailed, current, regional basis. Even for merchandise lines whose sales in department stores may not completely reflect current market developments, these data serve to provide some rough indication of changes between publication dates of similarly detailed *Census of Business* figures for all types of stores, which have usually appeared at intervals ranging from two to five years and are henceforth to be published every five years.

Department and Apparel Store Sales and Stocks, Second Federal Reserve District, Percentage Change from the Preceding Year

Locality	Net sales			Stocks on hand Mar. 31, 1953
	Mar. 1953	Jan. through Mar. 1953	Feb. through Mar. 1953	
Department stores, Second District.....	+ 7	- 1	0	+ 2
New York—Northeastern New Jersey				
Metropolitan Area.....	+ 5	- 3	- 2	+ 1
New York City*.....	+ 3	- 5 (-2)	- 4 (-1)	0
Nassau County.....	+15	—	—	+21
Westchester County.....	+15	+ 6	+ 9	+ 1
Northern New Jersey.....	+10	+ 4	+ 6	+ 4
Newark.....	+ 7	+ 2	+ 3	+ 3
Fairfield County.....	+12	+ 4	+ 9	+12
Bridgeport.....	+12	+ 5	+10	—
Lower Hudson River Valley.....	+16	+ 8	+10	+ 4
Poughkeepsie.....	+18	+ 8	+10	+ 4
Upper Hudson River Valley.....	+ 5	+ 1	+ 3	+10
Albany.....	+ 3	0	+ 2	+16
Schenectady.....	+ 6	+ 2	+ 4	+ 6
Central New York State.....	+13	+ 9	+ 7	+ 4
Mohawk River Valley.....	+11	+ 6	+ 5	+ 9
Utica.....	+11	+ 5	+ 5	+10
Syracuse Metropolitan Area.....	+14	+10	+ 8	+ 1
Northern New York State.....	+22	+15	+14	+ 3
Southern New York State.....	+ 9	+ 3	+ 3	+ 3
Binghamton Metropolitan Area.....	+ 8	+ 2	+ 3	+ 3
Elmira.....	+14	+ 7	+ 6	+ 4
Western New York State.....	+10	+ 5	+ 5	+ 5
Buffalo Metropolitan Area.....	+ 8	+ 4	+ 4	+ 4
Buffalo.....	+ 8	+ 4	+ 4	+ 4
Niagara Falls.....	+ 2	+ 5	+ 4	—
Rochester Metropolitan Area.....	+14	+ 7	+ 6	+ 5
Apparel stores (chiefly New York City).....	+ 7	+ 2	+ 3	+ 6

\* The year-to-year comparisons given in parentheses exclude the data of a Brooklyn department store that closed early in 1952.

Indexes of Department Store Sales and Stocks  
Second Federal Reserve District  
(1947-49 average=100 per cent)

Item	1953			1952
	Mar.	Feb.	Jan.	Mar.
Sales (average daily), unadjusted.....	91	79	78	85
Sales (average daily), seasonally adjusted.....	100	96	97	97
Stocks, unadjusted.....	115	107	101	112 <sup>r</sup>
Stocks, seasonally adjusted.....	110	110	114	108

<sup>r</sup> Revised.



# NATIONAL SUMMARY OF BUSINESS CONDITIONS

(Summarized by the Board of Governors of the Federal Reserve System, April 28, 1953)

Manufacturing and construction activity rose further in March and in April continued at advanced levels. Retail sales remained well above a year ago, with auto sales up sharply from last year and most other lines showing substantial gains. The average levels of wholesale and consumer prices changed little. Demand for bank credit continued strong.

## INDUSTRIAL PRODUCTION

The Board's index of output at factories and mines increased two points further in March to 242 per cent of the 1935-39 average—a level one-tenth higher than a year ago and one-fifth above mid-1950. In April, output has apparently been maintained close to this advanced level.

The rise in March reflected largely continued marked gains in output of metals and metal products. Steel rose to a new record annual rate of 119.5 million tons. Owing mainly to recent sharp expansion in aluminum, nonferrous metals output was about 20 per cent above a year ago. Activity in the automobile, aircraft, and machinery industries expanded further, and output of building materials was maintained in very large volume. While production of most household durable goods rose in March, television production was cut as business stocks began to accumulate and, in April, output has been curtailed considerably further. Steel production also has declined somewhat in April owing to temporary factors.

Output of nondurable goods rose further in March to about the peak rate of early 1951 as activity in the chemical, rubber products, and food industries continued to expand. Output of most other nondurable goods was maintained. In the first three weeks of April, beef production increased further and, despite a decline in pork production, total meat output was estimated at 12 per cent above a year ago.

Output of crude petroleum and its products has been curtailed moderately beginning in March, and coal output has been maintained at relatively low levels.

## CONSTRUCTION

Value of construction contract awards increased seasonally in March for most major categories. Housing units started increased less than seasonally to 97,000 from 77,000 in February; a year earlier 104,000 were started. Value of new construction work for private residential and nonresidential purposes increased further in March.

## EMPLOYMENT

Seasonally adjusted employment in nonagricultural establishments in March continued at the record level of 49.1 million (revised series) and was about 1.5 million above a year ago. Average weekly earnings at factories advanced to \$72.10 in March—8 per cent larger than a year ago. Unemployment declined seasonally to 1.7 million, the lowest March level in the postwar period.

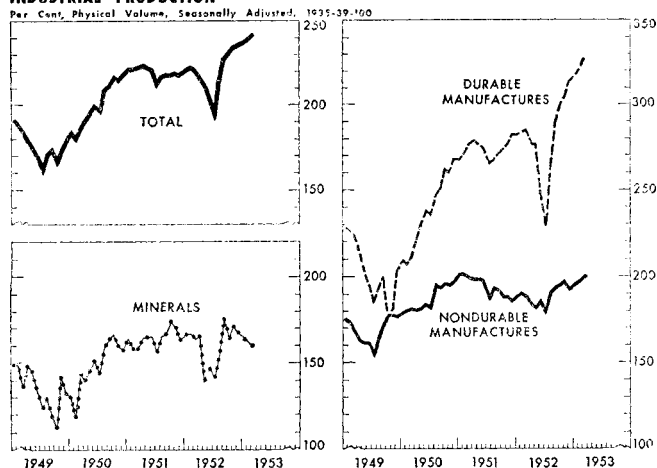
## DISTRIBUTION

Department store sales in March and the first three weeks of April remained above year-ago levels and close to the level of the two preceding months, after allowances for Easter and other seasonal influences. In March, seasonally adjusted sales at other retail outlets continued substantially higher than a year ago. Sales of new and used cars were up sharply from March last year. Stocks at department stores rose less than seasonally in March, according to preliminary estimates, and were only moderately larger than a year ago.

## COMMODITY PRICES

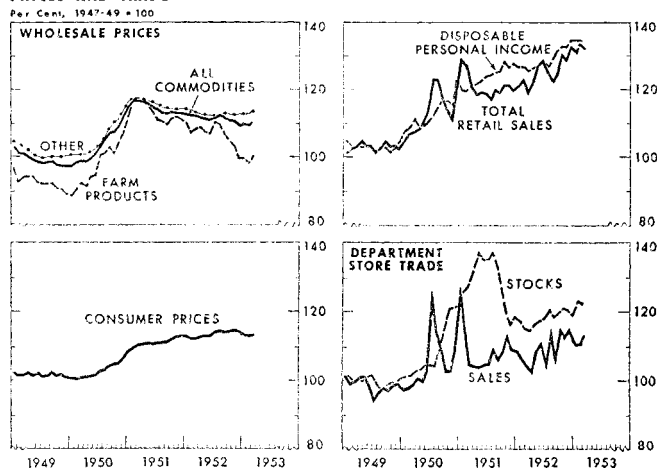
The average level of wholesale prices declined slightly from the latter part of March to the latter part of April. At the end of March, future prices for grains, cotton, wool tops, hides, and rubber declined sharply for a day or two in response to international developments. Decreases in spot prices were more moderate. While prices of most of these commodities

### INDUSTRIAL PRODUCTION



Federal Reserve indexes. Monthly figures, latest shown are for March.

### PRICES AND TRADE



Seasonally adjusted series except for prices. Wholesale and consumer prices, Bureau of Labor Statistics indexes. Total sales and disposable personal income, Federal Reserve indexes based on Department of Commerce data. Department store trade, Federal Reserve indexes.

subsequently firmed, sharp decreases developed in the markets for nonferrous metals and steel scrap. Cattle prices changed little from earlier lows despite a resumption of heavy marketings, and hog prices continued to show a larger-than-seasonal advance.

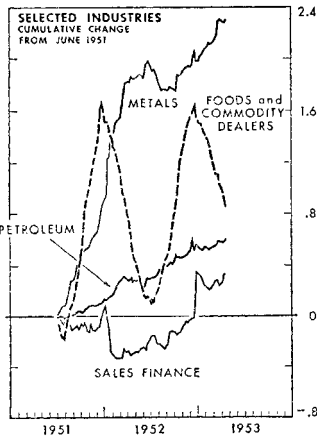
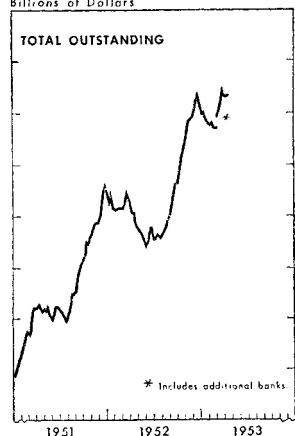
Consumer prices advanced 0.2 per cent in March with most groups of goods and services increasing somewhat, reflecting in part adjustments to the elimination of remaining price controls.

### BANK CREDIT

Demand for bank credit continued strong in late March and the first half of April, although total loans and investments at banks in leading cities declined further as a result of continued large declines in holdings of Government securities. Sales finance companies and trade concerns increased their outstanding bank loans. "Other loans", reflecting in large part consumer spending, continued to expand substantially at weekly reporting banks. Bank loans on real estate and investments in municipal and corporate securities also rose further. Commodity dealers and food processors continued to repay seasonal borrowings.

#### COMMERCIAL LOANS

MEMBER BANKS IN LEADING CITIES  
Billions of Dollars



Data for selected industries reported by over 200 of the largest weekly reporting member banks. Metals includes metal products, machinery, and transportation equipment. Foods (combined with commodity dealers) includes liquor and tobacco. Petroleum includes coal, chemicals, and rubber. Wednesday figures, latest shown are for April 15.

Interest rates charged by commercial banks on short-term business loans averaged 3.54 per cent in the first half of March, as compared with 3.51 per cent in the first half of December. Average rates rose somewhat at banks in the South and West but showed little change elsewhere.

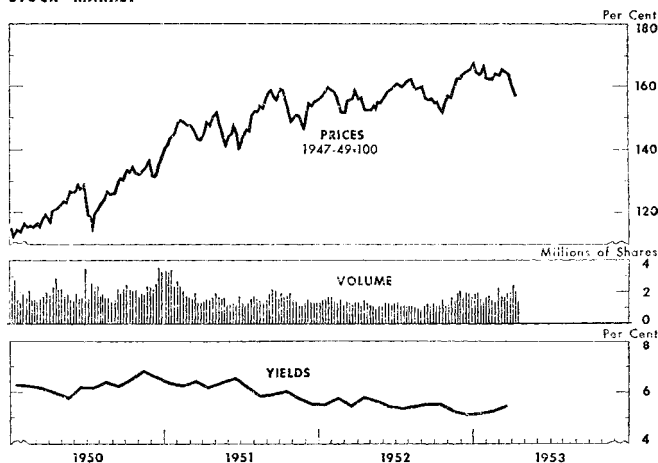
Member bank reserve positions remained generally tight during the first three weeks of April. Member bank borrowing from the Federal Reserve averaged around 1¼ billion dollars, and excess reserves around 600 million.

### SECURITY MARKETS

Yields on Treasury and other high-grade securities advanced further during the first three weeks of April. Common stock prices declined to levels prevailing in the first half of November 1952.

On April 8, the Treasury announced a cash offering of 1 billion dollars of 3¼ per cent bonds of June 1978-83 and also offered the bond in exchange for Series F and G Savings bonds maturing in 1953. The Treasury announced that the total of the regular weekly bill issues would be increased about 1 billion dollars before the end of June.

#### STOCK MARKET



Prices, SEC index for 265 common stocks on 1935-39 base converted to 1947-49 base by Federal Reserve. Volume, New York Stock Exchange average daily volume of trading. Yields, Moody's data for 200 common stocks. Prices and volume are weekly; latest shown are for week ended April 15. Yields are monthly; latest shown are for March.