

# MONTHLY REVIEW

## of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

October 1, 1925

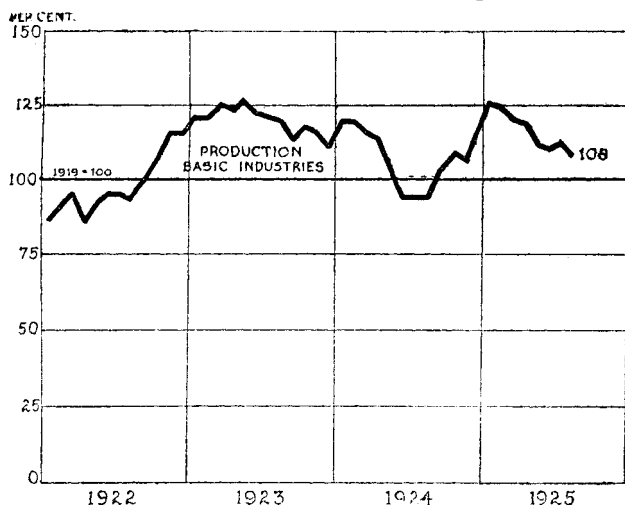
### Business Conditions in the United States

**P**RODUCTION of basic commodities declined in August to the lowest level of the year but was considerably higher than during the summer of 1924. Distribution of goods at wholesale and retail continued in greater volume than a year ago. Seasonal growth in the demand for credit, arising partly from financing of the crop movement, was reflected in an increase in the volume of commercial borrowing.

#### PRODUCTION

The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, declined 4 per cent in August, but was 15 per cent higher than a year ago. Output of steel and of bituminous and anthracite coal and activity in the woolen industry increased in August, while mill consumption of cotton and the production of flour and lumber decreased. Employment and earnings of factory workers were larger in August than in July, but continued smaller than in June. Building contracts awarded during August, owing chiefly to large awards in New York, exceeded all previous records.

Crop reports of the Department of Agriculture at the beginning of September, as compared with forecasts a month earlier, indicated somewhat larger yields of spring wheat, oats, barley, hay, and tobacco, and smaller yields of corn and potatoes. The mid-September cotton



Index of 22 Basic Commodities Corrected for Seasonal Variation (1919 = 100 Per cent. Latest figure, August.)

crop estimate was 13,931,000 bales compared with a forecast of 13,740,000 bales on September 1.

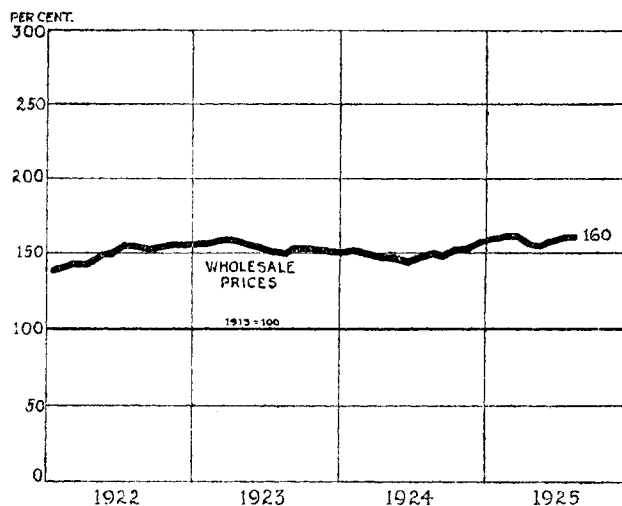
#### TRADE

Wholesale trade was 5 per cent larger in August than in July owing to seasonal increases in the sales of dry goods and shoes, and sales of all lines except groceries were greater than those in August 1924. Sales at department stores and at mail order houses showed less than the usual increases in August but continued in greater volume than last year. Stocks of merchandise at department stores increased in August and for the first time this year were considerably larger than in the corresponding month a year ago. Wholesale firms in all leading lines except drugs and hardware reported smaller stocks on August 31 than a month earlier.

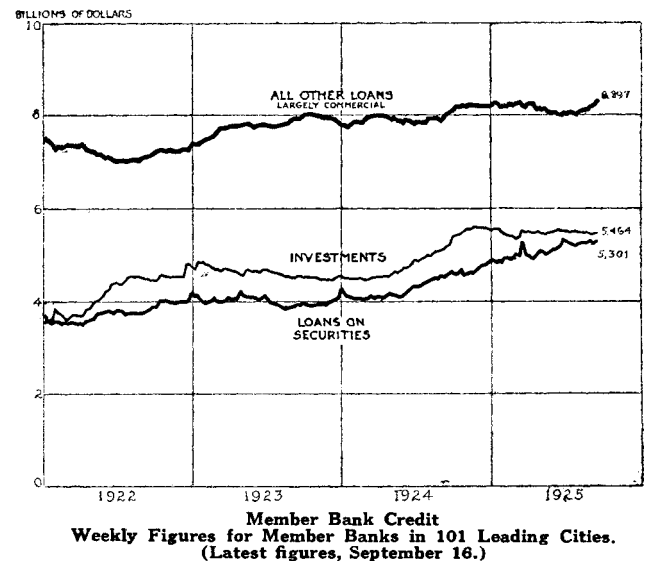
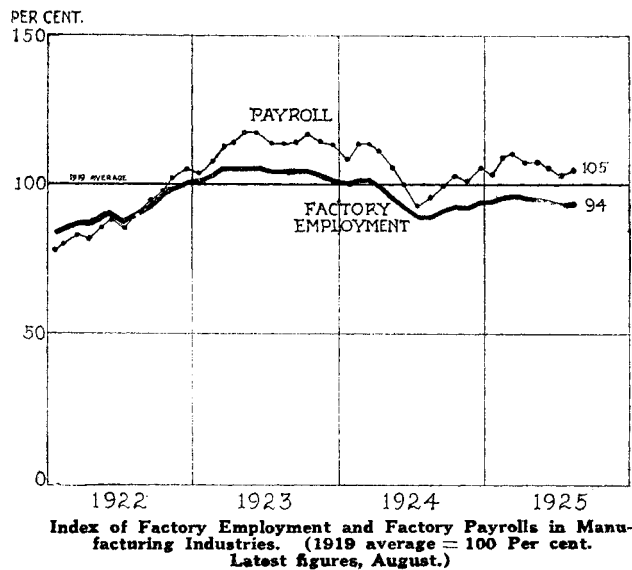
Total freight car loadings were larger during August than in any month since last October. Coal shipments, preceding the anthracite strike, were especially heavy, less-than-carload-lot shipments continued to increase, and the movements of livestock and grains were seasonally greater than in July, although smaller than in August 1924.

#### PRICES

Wholesale prices showed a further slight advance in August and were near the high level reached in the spring of this year. Prices of agricultural commodities, which in recent months have been above the average for all



Index of U. S. Bureau of Labor Statistics (1913 = 100 Per cent. base adopted by Bureau. Latest figure, August.)



commodities, increased further, while prices of other commodities declined slightly. Between the end of August and the latter part of September prices of bituminous coal, pig iron, rubber, and cotton advanced, and prices of spring wheat, corn, raw sugar, and wool declined.

#### BANK CREDIT

At member banks in leading cities loans chiefly for commercial and agricultural purposes showed further seasonal increases during the first half of September and at the middle of the month were about \$275,000,000 higher than at the end of July. Investment holdings remained in about the same volume as during previous months, but loans on securities increased and on September 16 were near the highest level of the year.

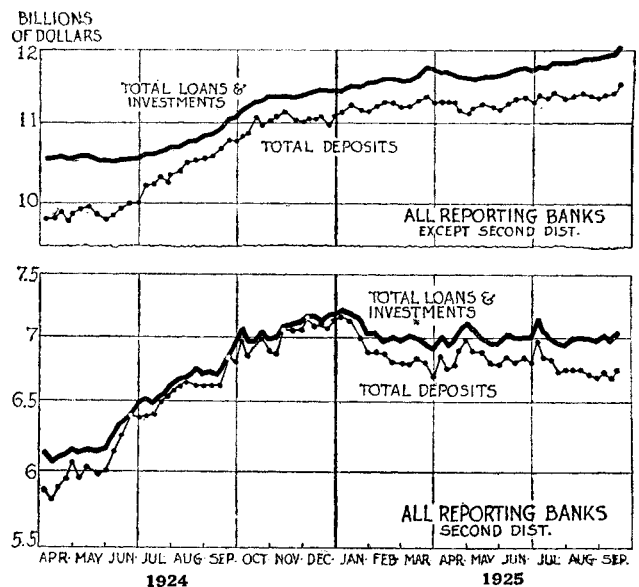
A further growth in the total of Reserve Bank credit in use occurred during the five week period ended September 23. Member bank borrowings increased in the early part of September, and after a temporary decline during the period of Treasury financing, increased to a larger total than at any time since the beginning of 1924. The seasonal growth in the demand for currency during August was reflected in an increase of \$65,000,000 in total money in circulation.

Money rates showed a firmer tendency during the last week of August and the first three weeks of September. The prevailing rate on prime commercial paper remained at  $4\frac{1}{4}$  per cent but there was an increased proportion of sales at  $4\frac{1}{2}$  per cent.

#### Banking Conditions in the Second District

The further growth during late August and early September in the total loans and investments of reporting member banks throughout the country was not accompanied by any important increase for the reporting banks located in this district. While commercial loans shared in the general seasonal increase for the country, these advances were partly offset by a decline in investment security holdings, so that the level of total loans and investments remained little changed at a point nearly \$200,000,000 lower than at the beginning of the year.

The manner in which credit tendencies within the district have differed from those for the rest of the country is indicated in the following diagram, which compares total loans and investments and deposits of reporting banks for the Second District and for the country except the Second District. In contrast with the decrease shown here since January, loans and investments of outside reporting banks have increased by approximately \$600,000,000, due chiefly to a rise of over \$400,000,000 in their loans secured by stocks and bonds. That banks in this district have failed to show any corresponding increase apparently reflects, in part, the loss of gold early in the year through exports, and in part the tendency of interior banks to convert New York balances into street loans, which has had the effect of reducing the volume of funds which banks in this city have had to lend for their own account.



Weekly Figures for Reporting Member Banks in Second District and in All Other Districts Compared. (Latest figures, September 16)

At the Federal Reserve Bank of New York Labor Day requirements for currency were reflected by a sharp rise in discounts for member banks in the early part of September to \$260,000,000, a new high level for the year. As customary at quarterly tax periods, Government disbursements caused a sharp temporary decline in loans after the 15th, from which there was a recovery as checks drawn in payment of income taxes were presented at banks for collection. On September 26 discounts of approximately \$200,000,000 stood moderately above the levels of August, and \$75,000,000 to \$100,000,000 above the figures at the beginning of the summer. Holdings of bills and Government securities showed little net change during the month.

### Money Rates

Except for several days of temporary ease after the Government disbursements on the 15th, money continued generally firm in September at rates equal to or slightly above those quoted in the latter part of August.

Prime commercial paper continued chiefly at  $4\frac{1}{4}$  per cent, but some upward tendency was indicated by more frequent sales at  $4\frac{1}{2}$  per cent in September than in August. As New York City banks were largely out of the market, sales continued to be mainly in the interior. Supplies of paper remained small and the amount outstanding through 26 dealers at the end of August declined further from the low figure reached at the end of July.

Bills were in fair demand in September, but owing to a seasonal increase in the supply, dealers' portfolios rose substantially from the low level of the year reached in the early part of the month. Following the advance in rates late in August quotations for 90-day bills remained unchanged at  $3\frac{5}{8}$  per cent on dealers' purchases of bills and  $3\frac{1}{2}$  per cent on bills offered by them. Yields on short term Treasury obligations declined moderately, but were steadier toward the close of the month.

The September offering of approximately \$250,000,000 Treasury 9-months certificates of indebtedness, bearing interest at  $3\frac{1}{4}$  per cent, compared with 3 per cent on an issue of similar maturity offered last March, was heavily oversubscribed and subsequently offered in the open market at par.

In the Stock Exchange money market, call loans were chiefly  $4\frac{1}{4}$  per cent or higher, except for the period of ease around the quarterly tax date, and toward the end of the month the renewal rate touched  $5\frac{1}{2}$  per cent, highest since January 1924. Time money rates were also slightly firmer; at  $4\frac{1}{2}$  and  $4\frac{3}{4}$  per cent respectively for 60-90 days and 4-6 months maturities, rates were a fraction higher than at the end of August.

### Security Markets

Stock trading continued heavy in September and price averages of industrial issues advanced 4 points higher than in August and 25 points above the high levels of 1919. Railway averages were also firmer, and again reached new high levels since 1917.

In the bond market, corporation issues showed a fur-

ther tendency to recover during the first part of September, but became reactionary again toward the end of the month, when money conditions grew firmer, so that prices continued a point or so below the May and June high levels. United States Government issues moved irregularly; the Liberty  $3\frac{1}{2}$ 's declined to the low-est point of the year and most other issues also showed considerable declines.

After a seasonal decline in August the volume of new securities issued again became large in September. Domestic issues were widely varied, while the foreign offerings were unusually heavy, including \$70,000,000 Dominion of Canada 1-year notes, \$29,700,000 Argentine Government bonds, and the major part of a \$25,000,000 German Agricultural Bank issue. During the eight months ended August 31 total domestic issues, exclusive of refunding loans, amounted to \$3,426,000,000, or approximately 8 per cent more than in the corresponding period of last year, while foreign issues, exclusive of the refunding loans, have exceeded last year's figures by 60 per cent. The following table gives the comparative figures for domestic and foreign issues during the first eight months of the two years.

(In millions of dollars)

	8 months ended August 31	
	1924	1925
Corporate .....	2,012	2,384
State and Municipal .....	1,149	1,042
Foreign .....	400	638
Total new capital .....	3,561	4,064

### Gold Movement

Gold movements at the Port of New York during the first 28 days of September showed a small excess of exports, owing chiefly to demands from India and the Straits Settlements, which together took \$3,800,000 out of the total shipments of about \$4,460,000. As imports amounted to only \$520,000, the net loss for the period was approximately \$3,940,000. During the latter part of the month, however, imports of \$2,000,000 were reported en route from Japan to this country.

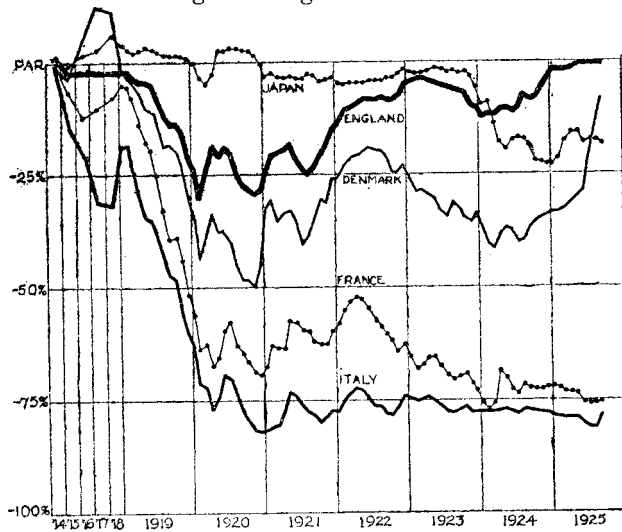
For the month of August gold movements for the country resulted in imports of \$4,800,000, of which \$3,500,000 came from Canada. As exports were slightly more than \$2,100,000, the net import balance for the month was \$2,700,000, compared with \$5,800,000 in July, and an export balance of \$2,300,000 in June.

### Foreign Exchange

Sterling exchange was under pressure in September, presumably from seasonal offerings of commodity bills, and declined to \$4.84, compared with \$4.86 at the high point reached in May. Since the reduction in the bank rate on August 6, the Bank of England has reported steady withdrawals of small amounts of gold for export, chiefly for India and the Straits Settlements, notwithstanding which the bank's gold on September 24 remained nearly £5,000,000 in excess of that held when gold payments were resumed.

Following spectacular advances in recent months to new high levels, both Danish and Norwegian exchanges reacted somewhat in September. Italian lire, on the other hand, rose above 4 cents upon the announcement of official measures taken to control exchanges. French and Belgian francs, together with other European currencies, showed little change.

Among South American exchanges Brazilian rates advanced further to new high levels since March 1921, and Argentine pesos were strong at close to par. The accompanying diagram shows by months recent tendencies in leading exchange rates.



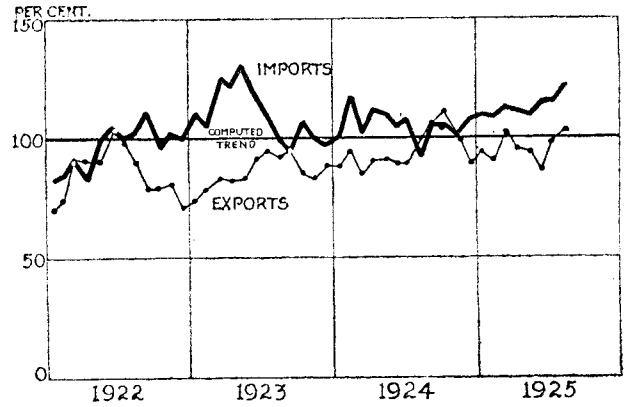
Depreciation of Foreign Exchange Rates from Par Value. (Latest figures, September.)

**Foreign Trade**

Both exports and imports of merchandise increased substantially in August, due in the case of exports largely to seasonal increase in grain and raw cotton shipments. At \$383,000,000 exports were also 16 per cent larger than a year ago, while imports aggregating \$375,000,000 were nearly 50 per cent larger, and have been equaled in only two months since 1920.

Figures on grain and cotton shipments in August showed dollar amounts about the same as last year. In the case of wheat and wheat flour, bushel figures showed a falling off of 44 per cent from last year, owing to the shorter crop, but this was partly offset in the dollar figures by the higher prices this year. For cotton, the reverse was true, as larger quantity figures this year were offset by lower prices than prevailed a year ago.

Fluctuations in this bank's index of exports, together with changes in a similar index for imports, are shown in the following diagram in percentages of the computed trend of past years, after allowance for seasonal variation and price changes. During recent years exports have tended to run rather consistently below the computed trend. Imports, on the other hand, have tended to run above, particularly during the past year, when increases apparently were due mainly to large imports of raw materials for manufacture such as hides, skins, wool, raw silk, and rubber.



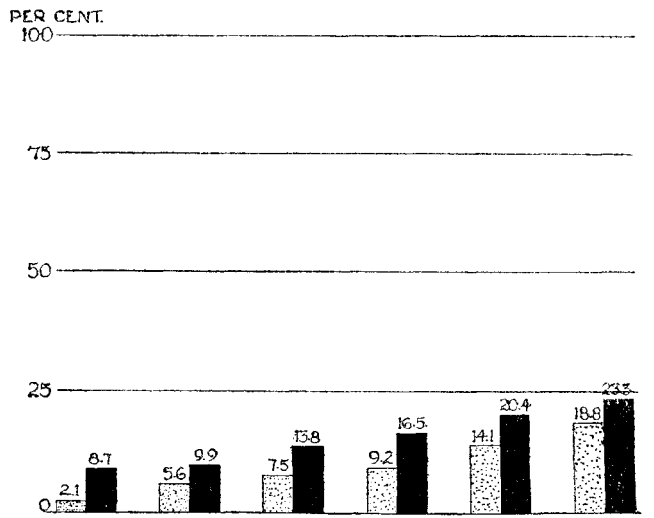
Merchandise Exports and Imports of the United States in Percentages of the Computed Trend. Seasonal Variation and Price Changes Allowed For. (Latest figures, August)

**Public Debt Reduction After Two Wars**

The Treasury final statement of the public debt at the end of the fiscal year, issued during the past month, indicates continued substantial progress during the past year in the reduction of the debt.

Comparison of progress in debt reduction following the Civil War and the World War shows a rate of payment considerably faster during the past six years than that following the Civil War. From the peak of the interest bearing debt after the Civil War of \$2,381,530,000 reached in August 1865, repayments during the six succeeding years amounted to \$446,833,000, so that by June 30, 1871, approximately 19 per cent of the debt had been redeemed. Corresponding figures after the World War indicated the high point of debt to have been reached at \$26,348,779,000 in August 1919, almost a year after the Armistice, whence the reduction up to 1925 amounted to 23.3 per cent. In part the more rapid reduction of the World War debt reflects the application of proceeds from salvage and liquidation of other assets.

The accompanying diagram gives the cumulative per-



Cumulative Percentages of the Public Debt paid off each Fiscal Year for Six Years following the Peak of Debt after the Civil War and World War.

centage of the interest bearing public debt paid off at the end of each fiscal year for six years following the peak of the debt after the two wars. The policy of rapid redemption indicated at both periods is in keeping with the American tradition.

### Production

Although the Federal Reserve Board's composite index of production declined in August, due chiefly to decreases in cotton consumption and flour milling, and in lumber production, output in a number of basic industries showed upward tendencies, or was maintained at the high levels reached in previous months.

Pig iron production showed only a slight increase, but output of steel ingots rose 11 per cent, and unfilled orders of the Steel Corporation showed the smallest decrease since the decline began in March. During September steel buying continued more active, due in large part to railroad orders, and several additional furnaces were put in blast.

A sharp decrease of 133,000 cars in the production of passenger automobiles in August was due almost entirely to temporary production difficulties encountered by one of the leading manufacturers. Other companies maintained heavy production schedules, and the output of trucks was 30 per cent above a year ago. High production in September also was indicated by a rise in Detroit employment figures to a new high level for the year.

Production of bituminous coal in August and early September reached the highest levels since January, though remaining somewhat below estimated normal as measured by the trend of past years. Anthracite production was exceptionally heavy in August in anticipa-

(Computed trend of past years=100 per cent)

	1924	1925		
	Aug.	June	July	Aug.
<b>Producers' Goods</b>				
Pig iron.....	58	84	83	81
Steel ingots.....	74	94	89	98
Bituminous coal.....	74	88	92	96
Copper, U. S. mines.....	100	102	105r	101
Tin deliveries.....	84	99	96	110
Zinc.....	97	98	102	107
Petroleum.....	126	129	126	...
Gas and fuel oil.....	97	114	117	...
Cotton consumption.....	63	84	83	78
Woolen mill activity*.....	74	81	77	83p
Cement.....	126	128	132	131
Lumber.....	94	110	116	...
Leather, sole.....	72	76	82	79
Silk consumption*.....	93	118	130	130
<b>Consumers' Goods</b>				
Cattle slaughtered.....	103	99	122	105
Calves slaughtered.....	103	105	114	114
Sheep slaughtered.....	96	101	103	93
Hogs slaughtered.....	126	101	91	99
Sugar meltings, U. S. ports.....	104	98	103	99
Wheat flour.....	101	99	107	86
Cigars.....	100	103	105	100
Cigarettes.....	78	85	79	74
Tobacco, manufactured.....	97	109	111	101
Gasoline.....	115	135	137	...
Tires.....	100	128	145	...
Newsprint.....	104	113	111	108
Paper, total.....	87	87	83	81
Boots and shoes.....	92	92	105	99p
Anthracite coal.....	86	93	104	108p
Automobile, all.....	110	136	158r	95
Automobile, passenger.....	118	148	169	96
Automobile, truck.....	78	87	111r	90

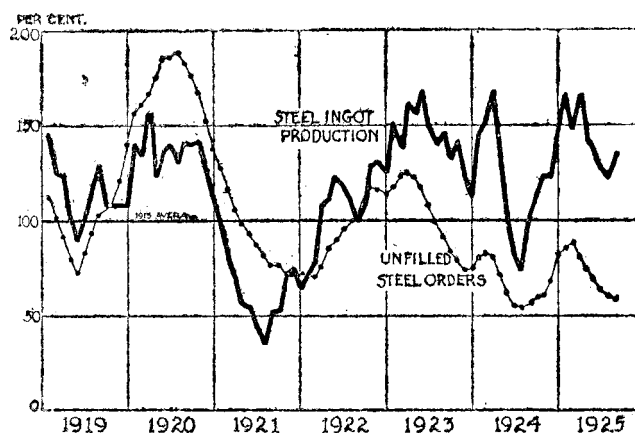
\*=Seasonal variation not allowed for. p=Preliminary. r=Revised.

tion of the strike, which resulted in a complete suspension of operations after August 31.

In the textile industries, the further decline in cotton consumption carried the index to 78 per cent of estimated normal, the lowest since September last year. Woolen mill activity, on the other hand, turned upward, and activity in the silk industry continued exceptionally high. Among other industries cement production reached a new high level, and the output of copper held close to estimated normal. In the case of lumber, the decrease in production followed several months of unusually high output. The foregoing table gives this bank's indexes of production in percentages of the computed trend, after allowance for seasonal variation.

### Steel Production and Unfilled Orders

During the past few years the tendency of merchants to confine orders to near deliveries has been frequently commented upon. The accompanying diagram, comparing steel ingot production for the country and unfilled orders of the Steel Corporation in percentages of the 1913 average, reflects this tendency in the steel industry. Whereas unfilled orders in 1920 rose to an unusually high point as compared with production, the reverse has been true in recent years. At the end of August unfilled orders were near the lowest point for recent years and nearly 50 per cent below 1913, notwithstanding an increase of approximately 36 per cent in production over 1913 levels. In part, this low ratio of orders to production reflects prompter deliveries, aided by greater transportation efficiency.



Unfilled Orders of the Steel Corporation and Production of Steel Ingots by Months, in Percentages of the 1913 Average. (Latest figures, August)

### Indexes of Business Activity

Distribution of goods and general business activity, as measured by this bank's indexes, increased in August. The index of bank debits for this district outside of New York City reached a new high point for the year, and that for New York City alone was the highest since May.

Railway traffic in manufactured products continued to show gains over all previous years, and loadings of

all other commodities combined remained above estimated normal, notwithstanding a substantial decline in grain shipments from the high levels of last year. Foreign trade was also larger than in recent months, and active distribution of goods at retail was indicated by an increase in department store sales above the computed trend, and gains of 17 and 20 per cent over a year ago in chain store and mail order sales.

Building operations advanced further to exceptionally high levels, and factory employment was close to normal for this season.

The following table gives this bank's indexes of business activity in percentages of the computed trend, with allowance for seasonal variation and, where necessary, for price changes.

(Computed trend of past years=100 per cent)

	1924	1925		
	Aug.	June	July	Aug.
<b>Primary Distribution</b>				
Car loadings, merchandise and misc.....	98	103	103	103
Car loadings, other.....	93	99	101	104
Wholesale trade, Second District.....	96	90	94	91
Exports.....	98	86	99	103 <sup>p</sup>
Imports.....	92	115	115	122 <sup>p</sup>
Grain exports.....	84	77	76	..
Panama Canal traffic.....	116	98	96	..
<b>Distribution to Consumer</b>				
Department store sales, Second Dist....	101	93	88	102
Chain store sales.....	100	94	93	98
Mail order sales.....	105	114	117	120
Life insurance paid for.....	105	112	123	120
Real estate transfers.....	105	..	..	..
Magazine advertising.....	92	100	96	94
Newspaper advertising.....	90	91	92	95
<b>General Business Activity</b>				
Bank debits, outside of New York City..	104	111	110	109
Bank debits, New York City.....	119	119	118	122
Bank debits, 2nd Dist. excl. New York City.....	100	105	103	107
Velocity of bank deposits, outside of New York City.....	101	101	103	105
Velocity of bank deposits, New York City.....	111	118	114	121
Postal receipts.....	96	100	105	99
Electric power.....	100	106	108	..
Employment, N. Y. State factories.....	95	98	98	98
Business failures.....	103	119	94	101
Building permits.....	137	177	177	184

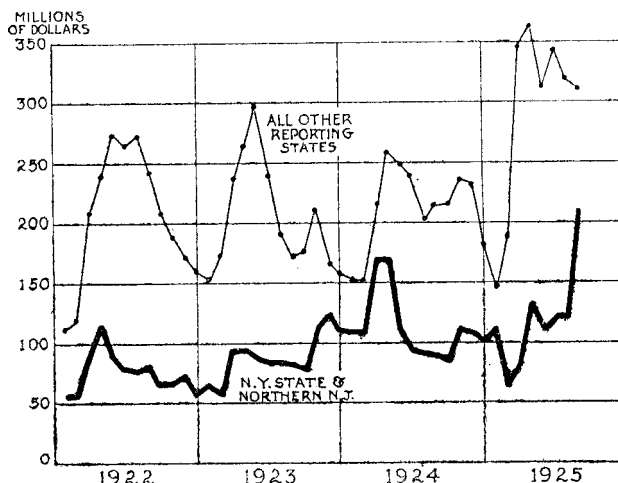
<sup>p</sup>=Preliminary

## Building

Contrary to the usual seasonal tendency, building contracts rose in August to the highest level ever reached, 66 per cent above the total of August last year. While figures for the rest of the country continued high, the increase was caused largely by increased activity in and around New York City, where up to July 1 this year's building activity had been comparatively low. In New York City contracts were 81 per cent above July and 162 per cent over August last year, apparently reflecting in part an effort of builders to advance their projects as far as possible before the end of the year, when present wage agreements in New York City will expire. In some trades demands for higher wages have already been filed.

Despite the large increases of recent months, the total of contracts awarded in this district since the first of the year has been only slightly above last year, whereas for the country as a whole the increase has been 25 per

cent. Both in this district and for the rest of the country, the main activity continues to be in residential construction, though commercial building also shows substantial gains over last year.

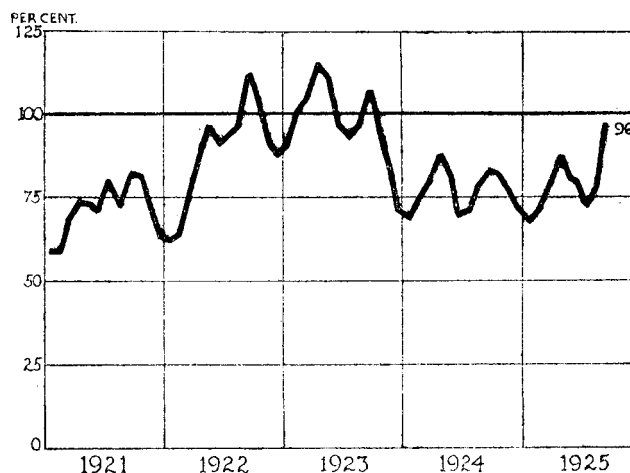


Value of Building Contracts Awarded in New York State and Northern New Jersey and in other Reporting States. (Latest figures, August.)

## Employment and Wages

Factory employment increased slightly in August for the first time since last spring. While in New York State and for the country as a whole the increase was less than 1 per cent, the gains over last year amounted to 3 per cent and 8 per cent respectively. According to State Employment Office reports the upward tendency continued in September. The accompanying diagram comparing the ratio of requests for workers to applicants for work at these offices shows a sharp rise recently to the highest levels since 1923.

Increased employment within the district reflects the upward turn in manufacturing, seasonal requirements for fruit pickers and other farm labor, and increase in building activity. In cement and automobile estab-



Ratio of Workers called for at State Employment Offices to Applicants for Work. (Latest figure, September.)

FEDERAL RESERVE AGENT AT NEW YORK

ishments employment has been particularly heavy for the season, shoe factories have been more active, and the steel industry, though employing fewer workers than in the spring, has held far above last year. In railway equipment plants, on the other hand, employment has been the smallest in three years, and the number of workers in woolen and worsted mills has shown only a moderate increase from June, the lowest point since 1921.

Average weekly earnings of factory workers in August amounted to \$28.16, a slight increase over the previous month and near the highest levels reached in 1920 when earnings were the largest ever reported. Except for a cut of 10 per cent in wages of woolen workers there continued to be little change in the general level of wage rates in the district.

**Business Profits**

Profits of 102 industrial corporations in the second quarter of this year were larger than in any other three-months period in recent years. Telephone companies continued to show a steady expansion of earnings, and railroad profits were larger than in the second quarter of 1924, though slightly smaller than in the corresponding period of 1923.

All types of industrial concerns reported larger net earnings in the second quarter this year than last, but the increase was particularly marked in the case of automobile and accessory companies, whose profits for the first two quarters combined were as large as for the whole of last year. Other types of industrial companies which showed increases over a year ago for the half year, as well as for the second quarter, were concerns in the oil, food and food products, metal and mining, machine manufacturing, and miscellaneous groups. Due apparently to lower prices this year than last, profits in the steel industry were below those of the first half of 1924, notwithstanding the heavier production.

The following table compares profits of the various types of corporations in the first half of this year with those of the past two years.

(Net profits in millions of dollars)

Group	No. of Corporations	1923							1924							1925		
		1st Quar.	2nd Quar.	3rd Quar.	4th Quar.	1st Half	2nd Half	Year	1st Quar.	2nd Quar.	3rd Quar.	4th Quar.	1st Half	2nd Half	Year	1st Quar.	2nd Quar.	1st Half
		Motor & Motor Accessories.....	17	38	47	53	20	85	50	135	34	22	20	22	56	42	98	37
Oil.....	13	18	22	16	8	40	24	64	26	20	18	15	46	33	79	20	28	48
Steel.....	14	27	47	43	46	74	89	163	46	30	18	21	76	39	115	34	34	68
Food & Food Products.....	13	12	13	12	11	25	23	48	11	13	14	12	24	26	50	11	15	26
Metal & Mining.....	15	10	11	10	5	21	15	36	9	9	8	9	18	17	35	12	12	24
Machine Manufacturing.....	11	4	6	5	3	10	8	18	5	5	4	4	10	8	18	5	6	11
Miscellaneous.....	19	8	8	9	9	16	18	34	9	8	5	8	17	13	30	9	11	20
Total 7 groups.....	102	117	154	125	102	271	227	498	140	107	87	91	247	178	425	128	167	295
Telephone.....	70	36	35	30	35	71	65	136	35	37	36	43	72	79	151	44	46	90
Class I RR.....	193	185	262	277	255	447	532	979	203	188	287	309	391	596	987	204	234	438
Total.....	365	338	451	432	392	789	824	1,613	378	332	410	443	710	853	1,563	376	447	823

**Crops**

September crop reports for New York State generally indicated an improvement over previous months. Yields of corn, oats, and barley apparently will be larger than in recent years. Total indicated crops of fruit, with the exception of pears, are somewhat below the average, but the quality is reported much better than last year, so that aggregate marketable supplies are expected to compare favorably with previous years.

For the United States, the September report indicated a reduction since the August report of 65,000,000 bushels in the probable yield of corn, due to drought, but an increase of 21,000,000 bushels in the prospective output of spring wheat. While the total wheat crop of the country was forecast at 173,000,000 bushels below last year, the world crop is expected to be larger, due to larger crops in Canada and Europe.

In the case of cotton, the mid-September estimate of slightly over 13,900,000 bales indicates the largest crop since 1914. The following table compares the prospective yields of leading crops for the country with the final yields of former years.

(In millions)

	Unit	1920-1924 Average Harvest	1924 Harvest	1925 Sept. Forecast
Winter wheat.....	Bushel	592	590	416
Spring wheat.....	Bushel	245	283	284
All wheat.....	Bushel	837	873	700
Corn.....	Bushel	2,935	2,437	2,885
Oats.....	Bushel	1,328	1,542	1,462
Barley.....	Bushel	182	188	222
Rye.....	Bushel	70	63	52
Hay.....	Ton	107	112	94
Potatoes.....	Bushel	418	455	344
Tobacco.....	Pound	1,331	1,241	1,247
Cotton.....	Bale	11.0	13.6	13.9

**Commodity Prices**

The general level of wholesale prices remained little changed during September, according to this bank's index of 20 basic commodities, which stood at 155 per cent of the 1913 average on September 26, compared with an average of 156 for the month of August.

Due apparently to favorable reports of foreign crops, September wheat at Chicago declined heavily to

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\$1.35 a bushel, 24 cents below the level of the middle of August, while corn lost 27 cents to 77½ cents during the same period. Other noteworthy declines included a reaction of ½ a cent in copper from the high point reached in the latter part of August and a decline in raw sugar to further new low levels since 1922.

Offsetting these decreases, however, was a rise in cattle prices to new high levels for the year, strength in hogs late in the month, and a firmer tendency in coal and pig iron. Cotton was particularly strong early in the month, but reacted to somewhat under 24 cents following the larger crop estimate on September 16.

**Wholesale Trade**

Aggregate sales of leading wholesale dealers in this district increased substantially from July to August, due chiefly to large seasonal gains in sales of clothing, and 12 out of 15 reporting lines reported increases over August a year ago ranging from 1½ to 35 per cent.

Increases over last year in sales were particularly large in diamonds, machine tools, shoes, and men's clothing. Sales of silk goods continued to show a substantial gain, but the margin over last year was considerably smaller than in preceding months. Sales of cotton goods by commission houses, on the other hand, dropped below those of a year ago, business in drugs continued smaller than last year, and sales of groceries again fell below 1924 after showing increases in June and July.

Stocks on hand in wholesale grocery houses fell slightly below a year previous for the first time this year, and those of cotton goods and hardware merchants were likewise below last year. Stocks of shoes and jewelry and diamonds continued to show increases, and silk goods recorded an increase over the year previous for the first time since last fall.

Commodity	Net Sales Percentage Change		Stock at end of month Percentage Change	
	Aug. 1925 from July 1925	Aug. 1925 from Aug. 1924	Aug. 1925 from July 1925	Aug. 1925 from Aug. 1924
	Groceries.....	-10.9	- 5.5	+ 3.7
Men's clothing.....	+90.8	+13.0	.....	.....
Women's dresses.....	+74.1	+ 2.3	.....	.....
Women's coats and suits.....	+111.5	+ 1.5	.....	.....
Cotton-Jobbers.....	+ 1.7	+ 2.9	-19.0	-15.4
Cotton-Commission houses.....	+ 1.3	- 4.2	.....	.....
Silk goods.....	+12.3	+10.2	+ 3.2*	+ 8.4*
Shoes.....	+19.3	+13.9	- 9.4	+24.5
Drugs.....	-14.4	-14.3	.....	.....
Hardware.....	- 5.6	+ 2.9	+ 1.8	-12.8
Machine tools.....	-20.0	+30.0	.....	.....
Stationery.....	- 0.5	+ 8.2	.....	.....
Paper.....	+ 5.9	+ 7.2	.....	.....
Diamonds.....	+13.2	+35.4	+ 2.6	+ 2.2
Jewelry.....	+31.7	+ 6.0	.....	.....
Weighted Average.....	+21.8	+ 3.2	.....	.....

\*Stock at first of month—quantity not value

**Department Store Trade**

Sales of 75 leading department stores in this district averaged 10 per cent larger in August than a year previous, the largest increase since last September. This bank's index of department store trade, in which allow-

ance is made for the seasonal variation, year to year growth, and price changes, indicated sales 2½ per cent above the estimated normal. Apparel store sales showed a moderate increase over August 1924, and mail order sales throughout the country were 20 per cent larger than a year ago.

Compared with the increase of 10 per cent in sales, department store stocks of merchandise increased only 3½ per cent over last year, so that the ratio of sales to average stock on hand during the month was nearly 6 per cent higher in August this year than last.

	Net Sales Percentage Change August 1925 from August 1924	Stock on Hand Percentage Change August 31, 1925 from August 31, 1924
New York.....	+10.8	+ 3.7
Buffalo.....	+ 1.9	+ 3.1
Rochester.....	+16.7	+ 6.0
Syracuse.....	+ 6.0	+ 0.4
Newark.....	+11.1	+ 1.7
Bridgeport.....	+11.3	+ 4.7
Elsewhere.....	+ 5.2	+ 4.6
Northern New York State.....	- 8.0	.....
Central New York State.....	+ 5.9	.....
Southern New York State.....	+ 0.1	.....
Hudson River Valley District.....	+22.4	.....
Capital District.....	+ 5.9	.....
Westchester District.....	+ 3.0	.....
All department stores.....	+ 9.8	+ 3.5
Apparel stores.....	+ 4.5	+ 0.5
Mail order houses.....	+20.4	.....

Sporting goods and books and stationery continued to show the largest increases in sales. Furniture sales were also substantially larger this year than last, and considerably increased business was reported in home furnishings, women's apparel, men's furnishings, yard goods, hosiery, and shoes. In the case of luggage and leather goods, sales, while larger than last year, showed much smaller gains than have appeared in recent months.

The average amount of individual sales transactions was \$2.62, compared with \$2.44 a year previous, an increase of more than 7 per cent.

	Net Sales Percentage Change August 1925 from August 1924	Stock on Hand Percentage Change August 31, 1925 from August 31, 1924
Toys and sporting goods.....	+41.0	+ 0.9
Books and stationery.....	+19.7	+ 2.1
Men's furnishings.....	+19.6	- 2.3
Furniture.....	+18.5	+ 6.2
Women's and Misses' ready-to-wear.....	+16.7	+ 3.0
Linens and handkerchiefs.....	+16.7	+ 2.2
Woolen goods.....	+16.5	+ 2.3
Silks and velvets.....	+13.2	- 0.6
Silverware and jewelry.....	+13.2	- 5.1
Toilet articles and drugs.....	+13.1	+11.6
Home furnishings.....	+12.6	- 3.2
Hosiery.....	+12.0	+14.6
Shoes.....	+11.6	+ 6.8
Musical instruments and radio.....	+ 9.1	+ 1.5
Women's ready-to-wear accessories.....	+ 6.0	- 0.7
Luggage and other leather goods.....	+ 5.5	+ 4.8
Men's and Boys' wear.....	+ 5.1	+ 7.9
Cotton goods.....	+ 4.4	+11.4
Miscellaneous.....	- 1.7	- 2.8