

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

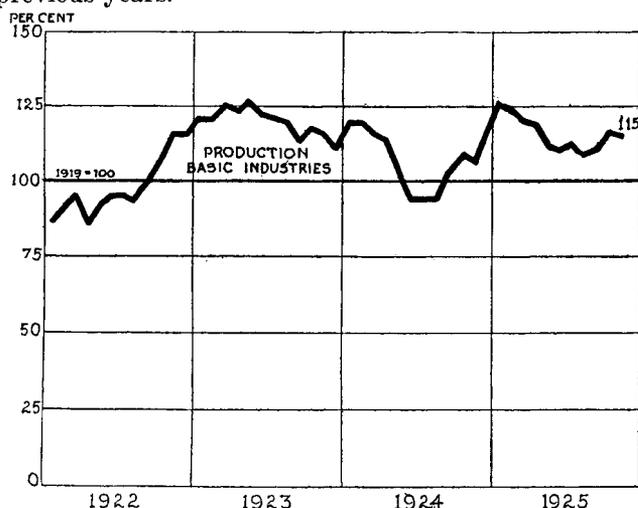
January 1, 1926

Business Conditions in the United States

PRODUCTION of basic commodities in November continued in about the same volume as the month before, and the general level of prices remained unchanged. Activity of wholesale and retail trade was below the record level of October, but larger than in November of last year.

PRODUCTION

Output of basic industries included in the Federal Reserve Board's index of production was at about the same rate in November as in October, but owing to a smaller number of working days the index declined by about 1 per cent. Increases occurred in average daily production of pig iron, steel ingots, copper, and bituminous coal, and in the consumption of cotton, while the production of flour, sugar, and meat products declined. Automobile production in November was seasonally less than in October, but continued large for this time of the year. Employment and payrolls in manufacturing industries showed small increases in November as compared with October. Employment and workmen's earnings increased in the machinery industries, while in food products and tobacco and in the clothing industry there were seasonal declines. Building contracts awarded were smaller in November than in October, but were large when compared with the volume for November of previous years.

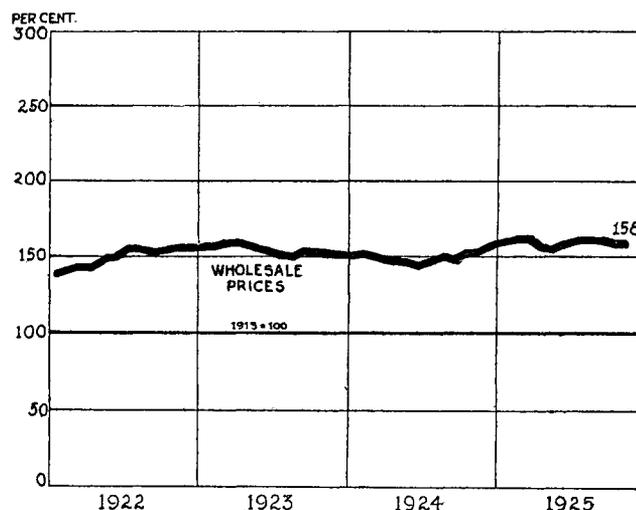


Index of 22 Basic Commodities Corrected for Seasonal Variation (1919 = 100 Per cent. Latest figure November)

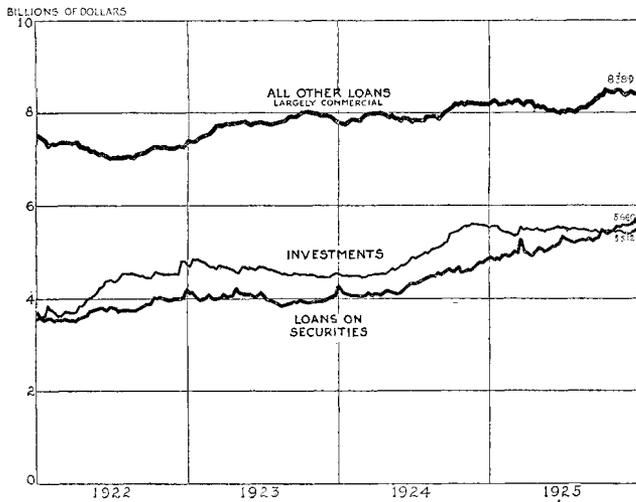
Final estimates by the Department of Agriculture in 1925 indicate that the acreage of all crops harvested was slightly larger than in 1924, but that the aggregate production of crops was in about the same volume. Yields of cotton, corn, and tobacco were considerably larger than last year, while the production of wheat, oats, potatoes, and hay was smaller.

TRADE

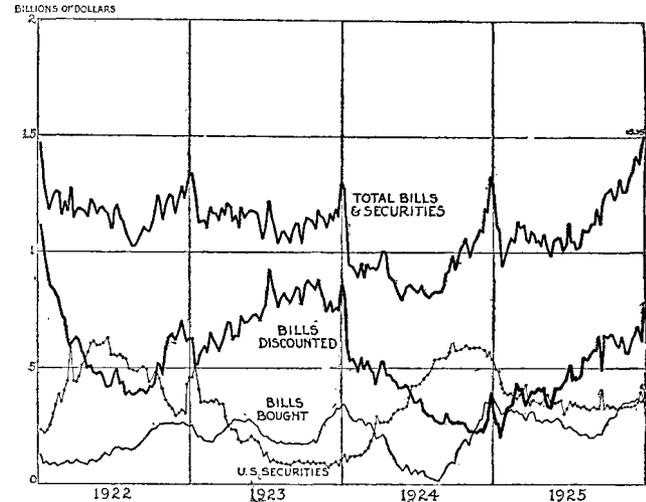
Sales in leading lines of wholesale trade showed the usual decline in November from the seasonally high levels in October, but continued larger than in the corresponding month of any of the past five years. Total volume of trade at department stores and mail order houses was smaller than in October, owing largely to the smaller number of business days in November. Compared with earlier years, however, department store sales were the largest on record for November and sales at mail order houses were the largest for that month in the past six years. Merchandise stocks at department stores showed considerably more than the usual increase in November and were 4 per cent larger than in November of last year. Distribution of commodities by railroads during November reached new high levels for the month. Movements of merchandise and miscellaneous commodities, coal, and coke were larger, while those of livestock, grain, and forest products were somewhat smaller than in November of the two preceding years.



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



Member Bank Credit
Weekly figures for Member Banks in 101 Leading Cities.
(Latest figures December 16)



Reserve Bank Credit: Weekly figures for 12 Federal Reserve
Banks (Latest figures December 23)

PRICES

Wholesale prices, according to the index of the Bureau of Labor Statistics, remained the same in November as in October. Prices of livestock, meats, and cotton goods declined, but these decreases were offset in the general averages by advances in the prices of grains, fuel, lumber, and rubber. In the first three weeks of December prices of wheat, flour, and hardwood lumber were slightly higher than in November, while quotations on cattle, cotton, coke, copper, and hides were lower.

BANK CREDIT

At member banks in leading cities the volume of credit outstanding on December 9 was near the high level reached early in November. Loans for commercial and agricultural purposes declined somewhat during the period, and there was also a decrease in the banks' security holdings; continued growth of loans on securities, however, was sufficient to offset these reductions and the total of loans and investments remained practically unchanged.

At the Reserve Banks the seasonal demand for currency and credit resulted in an increase of total bills and securities in December to the highest level in nearly four years. This increase in Reserve Bank credit in use has been in the form of discounts for member banks, as the volume of purchased bills held changed but little between the middle of November and the middle of December, and holdings of United States securities also remained constant, except for a temporary increase connected with Treasury financing on December 15. Money in circulation increased by \$71,000,000 between November 1 and December 1 and the continued demand for currency in December was reflected at the Reserve Banks both in increased Federal Reserve note circulation and in a decline in cash reserves.

Money Market

The principal developments affecting the money market in this district during December were the currency requirements of the holiday retail trade, preparations for the first-of-the-year disbursements, and the usual Treasury operations over the quarterly tax period. Reflecting chiefly the first two influences call money rose to 5 per cent for most of the month and during the last few days touched 6 per cent, while the total earning assets of the New York Reserve Bank averaged substantially above the levels of November.

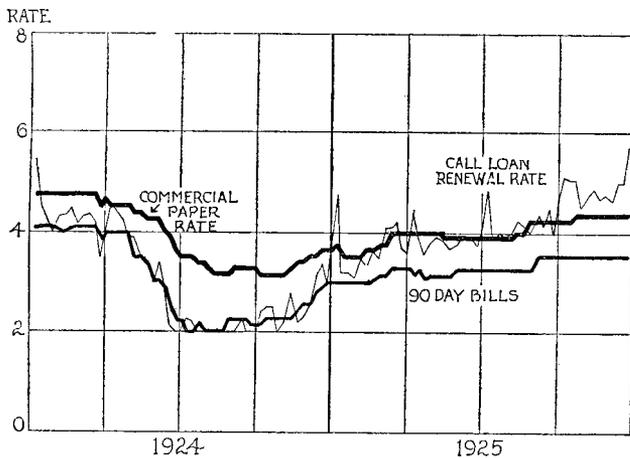
Government operations throughout the country during the month included the redemption of about \$480,000,000 certificates and notes, payment of approximately \$78,000,000 interest on the public debt, sale of approximately \$450,000,000 new $3\frac{3}{4}$ per cent certificates, and collection of the fourth instalment of income taxes. In addition, the British Government paid \$92,310,000 in United States securities to this Government in discharge of interest and principal instalments due on its debt, and small cash payments were made by Czecho-Slovakia, Belgium, Finland, Poland, Hungary, and Lithuania.

As customary at tax payment periods the funds disbursed in this district by the Treasury on the 15th greatly exceeded collections here and necessitated the usual temporary advance by the Reserve Bank pending the collection of tax checks and transfer of funds from other districts. Owing, however, to the fact that excess supplies of funds were partially absorbed by a reduction in other forms of Reserve Bank assets call money rates eased only to $4\frac{1}{2}$ per cent, and later reverted to 5 and 6 per cent as tax checks were collected, funds were withdrawn to other districts, and currency requirements continued.

With few exceptions, other money rates were generally steady in December. Over-the-counter rates of representative New York City banks averaged somewhat higher and open market commercial paper appeared slightly firmer, though rates for prime names continued

to be quoted generally at 4¼-4½ per cent. Owing chiefly to low rates offered borrowers by banks, supplies of paper were reported as continuing small as in November when outstandings of 26 dealers declined 3 per cent to \$666,000,000, a new low point since December 1921. In the bill market firm conditions were manifest by a continued high level of dealers' portfolios but rates remained unchanged at 3⅝ per cent on dealers' purchases of 90-day bills and 3½ per cent on their sales. Time loans on stock market collateral were also steady during the month at 4⅞ to 5 per cent.

The accompanying diagram comparing the present level of money rates with the trend over the past two years indicates a steady upward tendency since the low levels of 1924. That advances have been chiefly in stock market rates accompanying unusual stock market activity is shown by the rise in call loan renewals from 2 per cent to 5 and 6 per cent in contrast with increases of only about 1½ per cent in commercial paper and bills.



Open Market Rates for Commercial Paper, Bankers Acceptances and Stock Exchange Call Loans by Weeks (Latest figures week ended December 26)

Security Markets

After the sharp decline in stock prices of November the stock market showed a firmer tendency in December, though with trading somewhat diminished in volume. Railroad stocks, which had declined but slightly, were particularly strong and reached new high levels since 1917, while industrial issues regained most of the November loss.

In the bond market, corporation securities continued firmer, and price averages generally reached or exceeded the high levels for recent years touched in June and July. U. S. Government issues were steady, as was true of most foreign issues, except French and Polish bonds, which declined accompanying weakness in exchange.

New security offerings increased during December to the largest total in recent months, due chiefly to heavier borrowing by states and municipalities, an issue of \$35,000,000 Federal Land Bank bonds, and more extensive railway financing. Foreign offerings aggregating \$81,000,000 during the first 28 days of the month were

smaller than in previous months, but brought the year's total of all foreign issues to date to \$1,283,000,000, compared with \$1,251,000,000 in 1924. The following table compares by geographical divisions all types of foreign issues, including refunding loans sold in this market in 1924 and 1925. In the case of the large volume of European securities in 1925, about one-third were of German origin.

(In millions of dollars)

	1924	1925
Europe.....	587	668
Canada.....	238	244
Latin America.....	235	223
Asia and Australia.....	191	148
Total.....	1,251	1,283

Foreign Exchange

After falling to \$4.8406 on December 1 sterling exchange recovered and in the latter part of the month was quoted around \$4.84¾. French francs at 3.58 cents about the middle of the month reached a new low point for the present decline. Belgian francs, on the other hand, continued stabilized at slightly over 4½ cents, and the lira was steady at about 4.03 cents.

Swedish and Swiss rates rose above par, and Danish and Norwegian exchanges were steady at about the levels held since the advance was checked in September. Under the influence of an improving trade balance Japanese yen rose to 43¾ cents, the highest since March 1924. Polish exchange, on the other hand, continued weak, and Canadian exchange declined to a small discount.

Agreement to Purchase Belgian Bills

As an aid to the plans which are in progress for improving the monetary position of Belgium, the Federal Reserve Bank of New York in association with other Federal Reserve Banks has indicated its readiness to cooperate with the Belgian bank of issue, the Banque Nationale de Belgique, if desired, by purchasing prime Belgian commercial bills. It is understood that offers of cooperation have also been made by the Bank of England and other European banks of issue.

Gold Movement

Following heavy movements in October and November gold exports and imports at New York during the first 28 days of December were relatively small. The shipment of \$2,000,000 to Argentina and of \$1,900,000 to the Straits Settlements accounted for the greater part of the exports, while imports, according to preliminary figures, were even smaller.

For November the final figures for the country showed exports of \$24,400,000, of which \$20,000,000 went to Canada. As imports amounted to \$10,500,000, including \$3,000,000 from Japan, \$2,900,000 from Canada, and \$2,600,000 from England, there was a net gold loss for the month of \$13,900,000. This compared with a net import balance for October of \$22,700,000.

Foreign Trade

Imports of merchandise valued at \$378,000,000 in November were slightly larger than in October and \$82,000,000 above those of November last year. Exports, on the other hand, valued at \$448,000,000, were \$43,000,000 below those of October, and \$46,000,000 smaller than a year ago.

Figures thus far available on individual commodities indicated that cotton exports declined over \$36,000,000 in November from the high total of October and were \$25,000,000 below those of November 1924, while shipments of grains and grain products fell \$45,000,000 below a year ago. Imports of crude rubber and of raw silk continued to be very heavy, and were close to the highest levels ever attained.

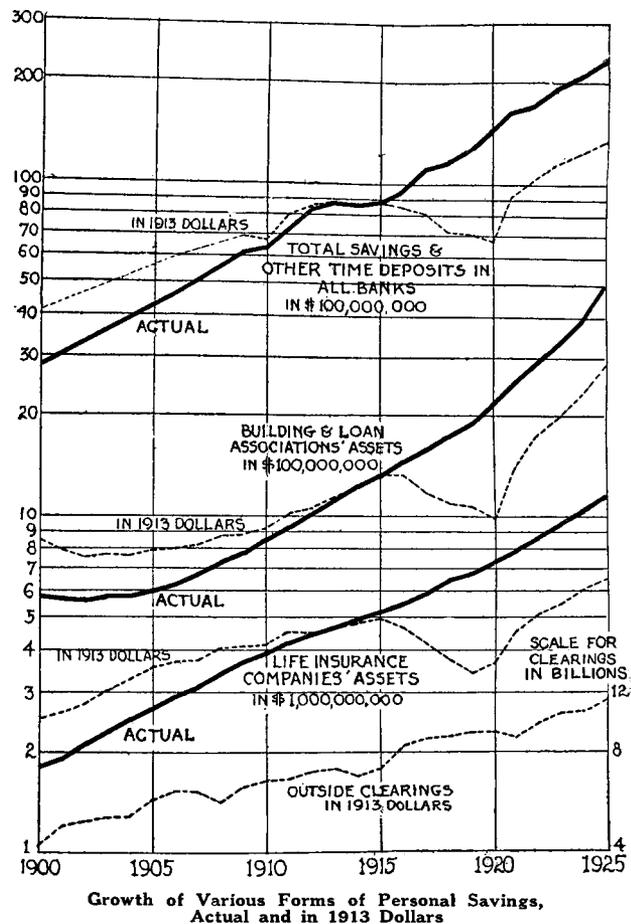
Growth of Savings

An increase of 2 billion dollars, or 9 per cent, in the volume of savings deposits of this country was reported by the Savings Bank Division of the American Bankers Association for the year ended June 30, 1925. This carried forward a rate of growth which has been remarkably uniform during the past twenty-five years, despite fluctuations in business conditions, extent of employment, wage and salary rates, and cost of living, which ordinarily might be expected to affect the growth of savings.

While these changes in conditions appear to have had little effect on the growth of savings deposits, they have had an important influence on the significance of savings deposits. A dollar on deposit today is very different from a dollar on deposit a few years ago, largely because of changes in the cost of living. Between 1913 and 1920 the cost of living more than doubled, which means that in 1920 a dollar in savings deposits would buy only about 50 per cent as much as a dollar in 1913. At the present time the cost of living is approximately 75 per cent above 1913, so that the present dollar in savings deposits has only about 57 per cent of the purchasing power of the 1913 dollar.

In an effort to estimate approximately the actual purchasing power of savings at different periods this bank has taken savings and time deposits of all banks, and assets of building and loan and life insurance companies and reduced them as nearly as possible to 1913 dollars. The actual and adjusted figures are shown in the accompanying diagram. While savings may take other forms not so readily measurable, such as investment in securities (particularly in the period when Liberty bonds were being bought), nevertheless the figures given illustrate in a rough sort of way for the available data the difference between nominal and real savings, particularly in the past ten years.

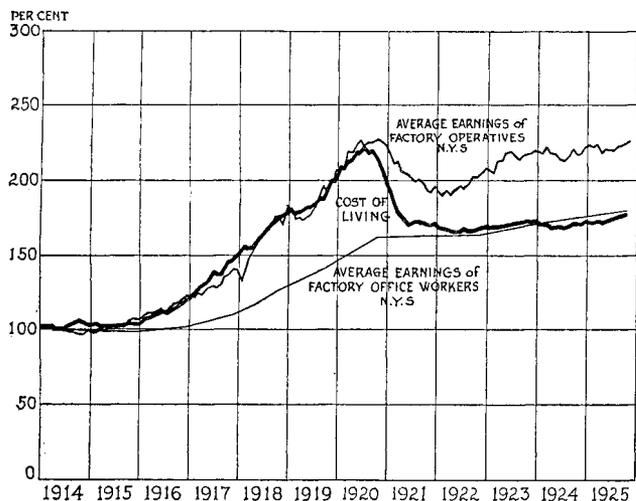
A further noteworthy indication of the figures is the rather general correspondence shown between the general trend of growth of real savings and of business as represented by figures for bank clearings outside of New York, which have also been adjusted to make allowance for changes in prices.



Employment and Wages

While there was a seasonal slackening of outdoor work in this district in November and early December, the volume of factory employment showed a further increase notwithstanding that small reductions frequently occur at this season. Approximately 8,500 workers were added to payrolls, which brought the total number reported by the New York State Department of Labor as employed in the middle of November to 6 per cent above the summer low point and 3½ per cent over last year.

No important wage changes were reported in the district during the month, but demands of the New York City building trades unions for an advance from \$10.50 to \$12.00 a day at the end of this year were submitted to arbitration. Owing to fuller employment, however, average weekly earnings of factory workers reported by the State Department of Labor advanced slightly to \$28.67. As shown by the diagram on page 5, earnings are now close to the 1920 high level, while living costs, despite a moderate rise in the past year, are still considerably below this level. Factory office salaries, which advanced much more slowly than wages or the cost of living as computed by the United States Department of Labor up to 1920, continued to rise during the past year to the highest level yet reached.



Changes in Average Weekly Earnings of Factory Operatives and Factory Office Workers in New York State and the Cost of Living in the United States. (1914 = 100 Per cent.)

Production

The expansion of industrial activity in progress since mid-summer continued in many lines in November.

The daily rate of iron and steel production increased 3 and 8 per cent, and unfilled orders of the Steel Corporation rose 470,000 tons to a level 1,100,000 tons above the summer low point. During December 3 additional furnaces were put in blast and steel operations indicated a total output for the year in excess of 44,000,000 tons, compared with 43,600,000, the previous high level reached in 1917.

(Computed trend of past years=100 per cent)

	1924	1925		
	Nov.	Sept.	Oct.	Nov.
Producers' Goods				
Pig iron.....	76	84	89	89
Steel ingots.....	90	105	104	110
Bituminous coal.....	89	100	106	110p
Copper, U. S. mines.....	107	103	104	105
Tin deliveries.....	124	105	101	118
Zinc.....	97	110	113	111
Petroleum.....	118	124	119	..
Gas and fuel oil.....	100	100	103	..
Cotton consumption.....	87	85	91	95
Woolen Mill activity*.....	98	88	94	97p
Cement.....	123	131	126	122
Lumber.....	101	106	110r	105p
Leather, sole.....	81	71	79	..
Silk consumption*.....	102	122	136	121
Consumers' Goods				
Cattle slaughtered.....	104	102	109	93
Calves slaughtered.....	108	107	117	104
Sheep slaughtered.....	96	94	95	89
Hogs slaughtered.....	110	113	102	85
Sugar meltings, U. S. ports.....	112	141	122	99
Wheat flour.....	90	100	95	83
Cigars.....	101	105	115	105
Cigarettes.....	69	80	71	71
Tobacco, manufactured.....	93	108	106	96
Gasoline.....	118	130	132	..
Tires.....	125	134	116	..
Newsprint.....	107	114	118	119
Paper, total.....	96	85	87	90
Boots and shoes.....	92	105	99r	89p
Anthracite coal.....	82	**	**	**
Automobile, all.....	110	126	169	182
Automobile, passenger.....	112	117	179	175
Automobile, truck.....	104	163	128	130

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

Due partly to the stoppage of anthracite mining, bituminous coal production rose further in November to 10 per cent above the computed trend, and early in December reached highest levels since 1920. Output of beehive coke was likewise heavy and much above the levels of last year.

Cotton consumption in November, amounting to 543,000 bales, held close to the October figure, contrary to the usual seasonal tendency, with the result that this bank's index rose further to 95 per cent of the computed trend, the highest since last April. The index of woolen mill activity likewise increased, and silk consumption remained at high levels.

In the automobile industry, production of passenger cars and trucks fell below the high October figures, but remained unusually large for this season.

Indexes of Business Activity

Trade and business activity was generally maintained at a high level in November, though gains were not as marked in all cases as in October. Except in New York City indexes of bank debits declined, and indexes of retail trade were also below the high levels of October.

For New York City alone the index of bank debits showed an increase. November railway traffic was likewise heavier than usual and in the first weeks of December exceeded a million cars for the first time in any December, due chiefly to heavy loadings of manufactured products and higher figures on coal and grain.

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

(Computed trend of past years=100 per cent)

	1924	1925		
	Nov.	Sept.	Oct.	Nov.
Primary Distribution				
Car loadings, merchandise and misc.....	105	106	103	106
Car loadings, other.....	103	96	94	104
Wholesale trade, Second District.....	95	90	93	91
Exports.....	102	95	95	86p
Imports.....	101	118	118	120p
Grain exports.....	119	89	48	..
Panama Canal traffic.....	106	93	85	..
Distribution to Consumer				
Department store sales, Second Dist.....	101	102	106	99
Chain store sales.....	104	94	99	99
Mail order sales.....	111	116	128	116
Life insurance paid for.....	107	122	116	112
Real estate transfers.....	103	112	113p	..
Magazine advertising.....	99	105	106	109
Newspaper advertising.....	96	95	100	102
General Business Activity				
Bank debits, outside of New York City.....	104	110	112	111
Bank debits, New York City.....	117	122	121	125
Bank debits, 2nd Dist. excl. N. Y. C.....	100	105	110	107
Velocity of bank deposits, outside of New York City.....	94	99	102	103
Velocity of bank deposits, N. Y. C.....	106	122	123	125
Shares sold on New York Stock Exchange*.....	238	210	307	279
Postal receipts.....	94	103	104	99
Electric power.....	100	110	113	..
Employment, N. Y. State factories.....	96	100	100	100
Business failures.....	102	97	97	102
Building permits.....	136	160	178	166p

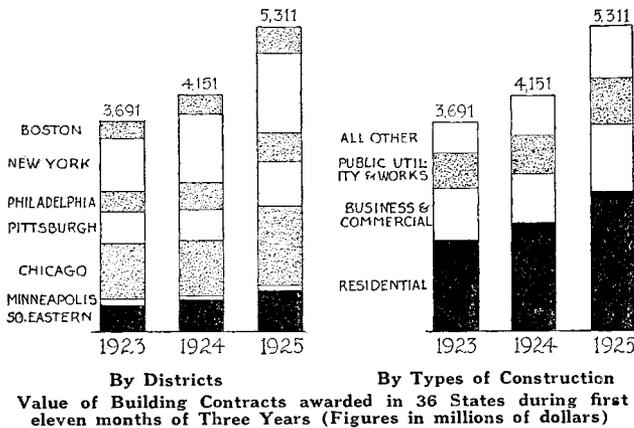
*=Seasonal variation not allowed for p=Preliminary

Building

New building undertakings in November showed a seasonal decline from October, but were approximately 25 per cent larger than in November a year ago, according to the F. W. Dodge Corporation's reports of contracts awarded and S. W. Straus & Co.'s figures of permits issued. For the year to date both records indicate a volume of construction already far in excess of the whole of last year, with the probability that final figures for the year will reach if not considerably exceed six billion dollars.

Contrary to the situation at the beginning of the year building continues to expand rapidly in New York City. Since mid-year contracts in this city have been running much above 1924 and in November a gain of 53 per cent brought the total for the eleven months in this city 9 per cent above the corresponding period of 1924. While this increase here contributed very largely to the high figures for the country, it is noteworthy that substantial gains continued to be reported in some other sections, including New England, the southeastern states, and the central west. In the Pittsburgh, northwestern, and middle Atlantic states, on the other hand, November contracts fell below last year.

The following diagram shows the widespread character of building increases during the past year, and indicates also the character of the construction. Residential building continues to lead all other types and in November amounted to 52 per cent of the total, compared with 50 in November a year ago.



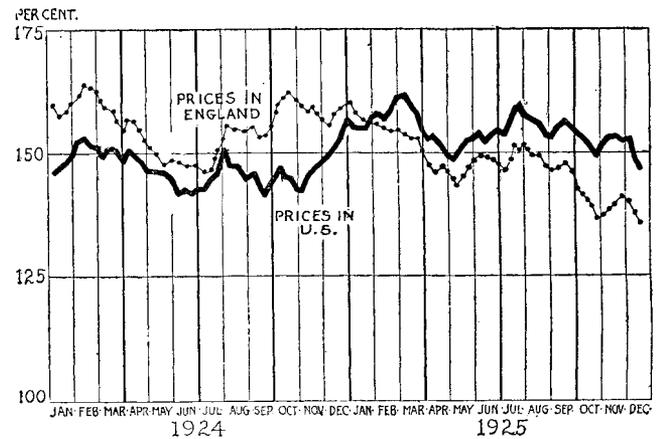
Commodity Prices

At 158 per cent of the 1913 average the Department of Labor's wholesale price average for November was unchanged from October, and 2 points lower than at the beginning of the year.

During the first three weeks of December this bank's weekly index of 20 basic commodities declined to the lowest point in more than a year, due largely to a decline in wool and to losses in corn and cotton following larger crop estimates. At 73 cents on December 19, cash corn

at Chicago was 50 cents lower than a year ago, while spot cotton in New York at 19.15 cents reached the lowest price since April 1922. Later in the month, however, there was some recovery in prices and wheat reached new high levels for the season.

The accompanying diagram shows through December 19 the movement of this bank's weekly index of American prices, together with changes in an index for British prices, which during the past year has declined steadily to the lowest point since 1922.



Price Indexes of 20 Basic Commodities in the United States and in England. 1913 = 100 Per cent. (Latest figures December 19)

During November this bank's index of the general price level, including rents and wages, as well as wholesale and retail prices, remained unchanged from October at 187 per cent of the 1913 level, compared with 182 per cent in November 1924.

Wholesale Trade

Sales of nearly 200 wholesale dealers in this district showed a seasonal decline of about 24 per cent from October to November, but were slightly larger than a year ago.

Machine tool sales exceeded those of any November since 1920, and sales of silk goods and diamonds were the largest for the month since 1919. Substantial gains were reported also in jewelry, stationery, shoes, and hardware, and smaller gains in paper and jobbers' cotton goods.

Due, however, to the failure of grocery sales to increase, and to decreases in sales of men's and women's clothing, drugs, and commission house cotton goods, the weighted index of trade in this district was only 1 per cent above last year.

Stocks of silk goods showed a further large increase notwithstanding the heavy sales, and stocks of shoes and of jewelry and diamonds were also larger than a year ago. Stocks of cotton goods and hardware, on the other hand, continued relatively small, and grocery stocks declined below last year's level.

Commodity	Net Sales Percentage Change		Stock at end of month Percentage Change	
	Nov. 1925 from Oct. 1925	Nov. 1925 from Nov. 1924	Nov. 1925 from Oct. 1925	Nov. 1925 from Nov. 1924
	Groceries.....	- 4.8	+ 0.3	+ 9.8	- 5.9
Men's clothing.....	-44.6	- 9.4	.....	.....
Women's dresses.....	-60.4	-23.2	.....	.....
Women's coats and suits.....	-62.4	-22.7	.....	.....
Cotton-Jobbers.....	-25.0	+ 2.8	-10.2	- 9.5
Cotton-Commission houses.....	-11.4	- 9.5	.....	.....
Silk goods.....	- 5.2	+32.2	+18.7*	+46.7*
Shoes.....	-18.0	+13.2	- 9.5	+34.3
Drugs.....	-27.5	- 3.4	.....	.....
Hardware.....	-12.8	+ 5.8	+ 0.1	-11.4
Machine tools.....	- 6.4	+33.1	.....	.....
Stationery.....	- 8.1	+10.9	.....	.....
Paper.....	-12.0	+ 3.6	.....	.....
Diamonds.....	-16.6	+30.8	+ 4.7	+ 8.5
Jewelry.....	+ 3.0	+13.7	.....	.....
Weighted Average.....	-24.2	+ 0.8	.....	.....

* Stock at first of month—quantity not value.

Chain Store Sales

Following unusually heavy sales in October, chain store business showed smaller increases in November. The average increase in total sales was 12 per cent, due largely to the opening of new stores. Sales per store averaged 7 per cent smaller than a year ago, whereas in October they were 4 per cent larger.

Drug stores showed the largest gain over November of last year, both in total sales and sales per store, and sales of ten cent stores also recorded a substantial increase. In the cases of grocery, variety, and candy stores, actual sales, while larger than last year, failed to keep pace with the opening of new stores, and in tobacco and shoe stores, sales fell below last year.

Type of Store	Percentage Change November 1925 from November 1924		
	Number of Stores	Total Sales	Sales per Store
Drug.....	+11.0	+17.3	+ 5.7
Grocery.....	+23.1	+15.7	+ 6.0
Ten Cent.....	+ 6.2	+10.7	+ 4.3
Variety.....	+16.1	+ 6.2	- 8.5
Candy.....	+15.8	+ 3.5	-10.7
Tobacco.....	+14.0	- 1.2	-13.3
Shoe.....	+16.7	- 6.1	-19.5
Total.....	+20.3	+11.7	- 7.1

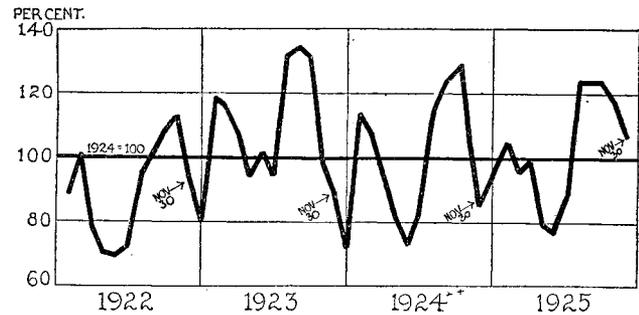
Department Store Trade

Preliminary reports from leading department stores in New York, Brooklyn, and Newark on holiday trade from December 1 to 24 inclusive, indicate a gain of 8 per cent over December 1924, the previous high mark for department store business. Total sales for the year appear to have shown an increase of 5½ per cent over last year, compared with gains of 4½ per cent in 1924 and 8 per cent in 1923. The December increase is reported to have been rather generally distributed throughout the various departments.

In November, department store sales averaged 5 per cent larger than a year previous, following the unusually large increase of 15 per cent in October. Apparel store sales, which in October were 20 per cent ahead of that month in 1924, showed an increase of 2 per cent.

	Net Sales Percentage Change November 1925 from November 1924	Stock on Hand Percentage Change November 30, 1925 from November 30, 1924
	New York.....	+ 6.0	+ 4.6
Buffalo.....	- 1.7	+ 6.9
Rochester.....	+ 1.4	- 3.2
Syracuse.....	- 8.3	+ 2.3
Newark.....	+ 8.5	+ 2.5
Bridgeport.....	+ 2.7	+ 5.1
Elsewhere.....	+ 0.7	- 1.7
Northern New York State.....	-13.3	.....
Central New York State.....	+ 0.1	.....
Southern New York State.....	- 1.0	.....
Hudson River Valley District.....	+ 6.7	.....
Capital District.....	- 4.0	.....
Westchester District.....	+ 8.8	.....
All department stores.....	+ 4.9	+ 3.8
Apparel stores.....	+ 2.1	- 1.4
Mail order houses.....	+10.0	.....

Stocks of merchandise in November increased 4 per cent over a year ago, a slightly smaller increase than occurred in sales. Due apparently to the high ratio of sales to stocks in recent months, outstanding orders of the stores for merchandise showed a much smaller decline during the month than is usual at that time of year, as the accompanying diagram shows.



Outstanding Orders of Department Stores in the Second District
(1924 average = 100 Per cent.)

Sales of musical instruments and radio sets in November continued to show the largest gains over last year. Substantially larger sales were reported also in furniture and home furnishings, and in articles more or less of luxury character, such as toys and sporting goods, toilet articles and drugs, silks and velvets, and silverware and jewelry.

	Net Sales Percentage Change November 1925 from November 1924	Stock on Hand Percentage Change November 30, 1925 from November 30, 1924
Musical instruments and radio.....	+54.0	-10.6
Toys and sporting goods.....	+22.7	+ 5.8
Furniture.....	+16.4	+ 9.8
Toilet articles and drugs.....	+16.2	+ 4.9
Linens and handkerchiefs.....	+14.5	- 2.9
Silverware and jewelry.....	+11.5	+ 1.4
Books and stationery.....	+11.0	+12.7
Luggage and other leather goods.....	+10.9	+ 4.3
Silks and velvets.....	+10.9	-10.2
Shoes.....	+ 8.1	+ 1.8
Home furnishings.....	+ 7.2	- 1.4
Hosiery.....	+ 7.1	+12.5
Men's furnishings.....	+ 6.4	+ 4.5
Cotton goods.....	+ 3.8	+12.7
Women's and Misses' ready-to-wear.....	+ 1.8	- 4.0
Women's ready-to-wear accessories.....	- 0.4	+ 0.5
Men's and Boys' wear.....	- 5.3	+ 6.0
Woolen goods.....	- 8.5	+11.6
Miscellaneous.....	+ 5.1	- 5.1

Selection and Duties of Federal Reserve Bank Directors

THE taking of office at the beginning of the New Year by a number of new Federal Reserve Bank directors makes it appropriate to review the method by which directors of the Reserve Banks are chosen, the type of men who serve, and their powers and duties.

METHOD OF SELECTION

Each of the 12 Federal Reserve Banks has a board of nine directors which is responsible, under the general supervision of the Federal Reserve Board in Washington, for the policy and administration of the bank. Of the nine directors, six are elected by the member banks and three are appointed by the Federal Reserve Board. Of the six elected by member banks three *may* be bankers, and the other three *must* be actively engaged in commerce, agriculture, or industry in the district, and while serving as Reserve Bank directors may not serve as directors or officers of any other bank. Of the three directors appointed by the Federal Reserve Board, one acts as chairman of the board, a man of banking experience, and devotes his entire time to the Federal Reserve Bank, carrying in addition the title and duties of Federal Reserve Agent. The other two appointed by the Federal Reserve Board must have no other banking connection while serving as directors. Hence they are usually business men.

BUSINESS MEN IN THE MAJORITY

Thus, of the nine directors of each Reserve Bank, five are ordinarily business men, three are active bankers (frequently with business interests in addition), and one is chairman and Federal Reserve Agent. Directors hold office for three years and may be reappointed or reelected.

Of the present 108 directors of the 12 Reserve Banks, 12 are the chairmen of the board and 36 are active bankers. The remaining 60, constituting the majority, have the following occupations:

19 manufacturers	2 lawyers
14 merchants	2 railroads
4 farmers	1 cattleman
4 lumbermen	1 contractor
2 insurance	1 public utilities
3 investment bankers	1 mining
3 retired business men	1 savings bank officer
2 publishers	

In each of the 12 Federal Reserve districts it is men with this wide range of interests and familiar with conditions in the district who are responsible for the management of the Reserve Bank.

DIRECTORS OF NEW YORK BANK

The directors of the Federal Reserve Bank of New York are the following:

Elected by member banks

- JACKSON E. REYNOLDS, New York City,
President, First National Bank.
- ROBERT H. TREMAN, Ithaca, N. Y.,
President, The Tompkins County National Bank.
- DELMER RUNKLE, Hoosick Falls, N. Y.,
President, Peoples National Bank.
- OWEN D. YOUNG, New York City,
Chairman, General Electric Company.
- THEODORE F. WHITMARSH, New York City,
President, Francis H. Leggett & Company.
- SAMUEL W. REYBURN, New York City,
President, Lord & Taylor.

Appointed by Federal Reserve Board

- PIERRE JAY, New York City, *Chairman*.
- W. L. SAUNDERS, Plainfield, N. J., *Deputy Chairman*,
Chairman, Ingersoll-Rand Company.
- CLARENCE M. WOOLLEY, New York City,
Chairman, American Radiator Company.

Of these directors Mr. Reynolds, just elected by the member banks, is serving his first term. Mr. Young has been reelected after three years of service, and Mr. Jay has been reappointed by the Federal Reserve Board after 11 years of service.

In addition to the directors of the 12 Reserve Banks each of the 23 branches has a board of seven directors, residents of the branch territory, of whom 4 are appointed by the Federal Reserve Bank of the district and 3 by the Federal Reserve Board. The directors of branches have a range of occupations and interests similar to that indicated above for the directors of the banks. Their jurisdiction in credit matters is limited to passing upon loans to member banks in the territory served by the branch. In the New York district there is only one branch, that at Buffalo. The following are its directors:

Appointed by Federal Reserve Bank of New York

- HARRY T. RAMSDELL,
Chairman, Mfrs. and Traders Trust Co., Buffalo.
- ELLIOTT C. McDOUGAL,
President, Marine Trust Company, Buffalo.
- FRANK W. CRANDALL,
President, National Bank of Westfield, Westfield,
N. Y.
- WALTER W. SCHNECKENBURGER, *Managing Director*.

Appointed by Federal Reserve Board

- JAMES H. McNULTY, *Chairman*,
President, Pratt & Lambert, Inc., Buffalo, N. Y.
- ARTHUR HOUGH,
President, Wiard Plow Company, Batavia, N. Y.
- JOHN A. KLOEFFER,
President, Liberty Bank of Buffalo.

LOCAL AND NATIONAL INTEREST

The Board of Directors of each Reserve Bank appoints its officers and is responsible for its policy and management, subject to the general supervision of the Federal Reserve Board. A certain coordination is necessary between the 12 Reserve Banks in important matters of policy. The law therefore provides that decisions of any Reserve Bank as to changes in the discount rate must be approved by the Federal Reserve Board. Transactions in bankers acceptances and short Government securities in the open market are coordinated through a committee of Reserve Bank officers appointed by the Federal Reserve Board and acting under the approval and authority of the directors of those Reserve Banks which may from time to time participate in such transactions.

Under the terms of the Federal Reserve Act and current procedure, the management of the Federal Reserve System is so designed as to bring to bear upon any important question of policy both local and national points of view, together with the opinions of men of many different occupations and interests.