

# MONTHLY REVIEW

## of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

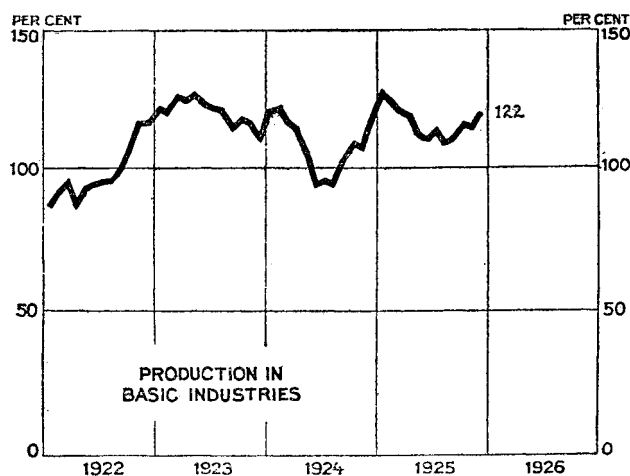
February 1, 1926

### Business Conditions in the United States

**P**RODUCTION and distribution of commodities were in larger volume in December than in November, and the volume of retail trade was larger than in any previous month. Wholesale prices declined and were close to the level of last spring, which was the low point for the year.

#### PRODUCTION

The Federal Reserve Board's index of production in basic industries advanced 6 per cent in December to the highest level in ten months. The rise in this index has been nearly continuous since last August, when the volume of production was at the low point for 1925. In December the production of iron and steel and bituminous coal and factory consumption of cotton increased considerably, and the production of lumber, cement, and copper was maintained at relatively high levels. The volume of factory employment and pay rolls, after increasing during the late summer and autumn months, continued practically unchanged in November and December, with increases in some important industries offsetting seasonal declines in others. Building contracts awarded during December were the largest recorded for that month and exceeded in value those awarded in November, although a seasonal decrease in building activity usually occurs at that time of the year.



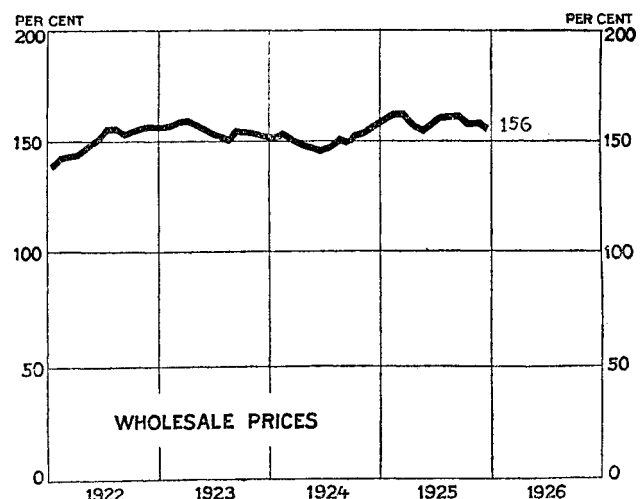
Index of 22 Basic Commodities, adjusted for Seasonal Variations (1919 = 100). Latest figure, December.

#### TRADE

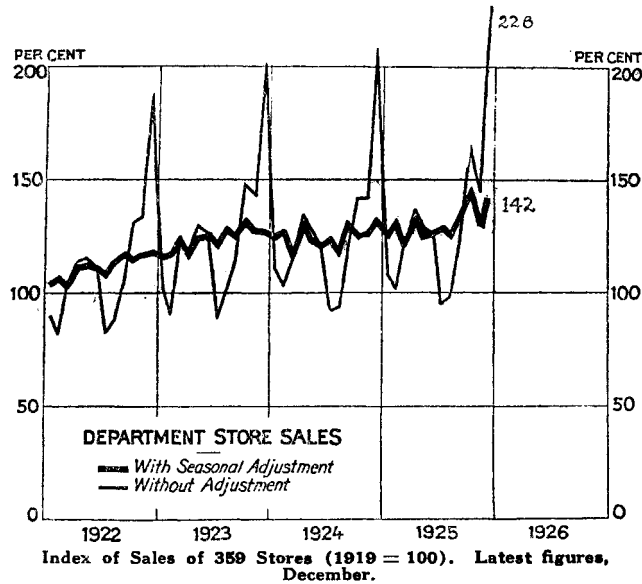
Sales at department stores, chain stores, and mail order houses in December indicated the largest volume of Christmas trade on record. Trade at wholesale declined seasonally, but continued larger than last year. Stocks at department stores showed less than the usual decline in December and were 4 per cent larger at the end of 1925 than a year earlier. Freight car loadings continued large during December with shipments of merchandise and miscellaneous commodities, coke and coal particularly heavy.

#### PRICES

The general level of prices, as measured by the wholesale price index of the Bureau of Labor Statistics, declined by about 1 per cent in December and was at the end of the year somewhat lower than a year earlier. The average of wholesale prices for the year 1925 as a whole, however, was the highest in five years and the changes in the price level during the year were smaller than in any year in more than a decade. Among agricultural commodities, the prices of livestock and dairy products declined in December, while grain prices advanced. Among non-agricultural commodities the principal declines were in the prices of cotton goods, paper, and rubber, while somewhat higher prices were shown for silk, coal, and lumber. In the first three weeks of January quotations on hogs, coke, and hardwood lumber advanced, while prices of corn, cattle, and rubber declined.



Index of United States Bureau of Labor Statistics. (1913 = 100; base adopted by Bureau). Latest figure, December.



### BANK CREDIT

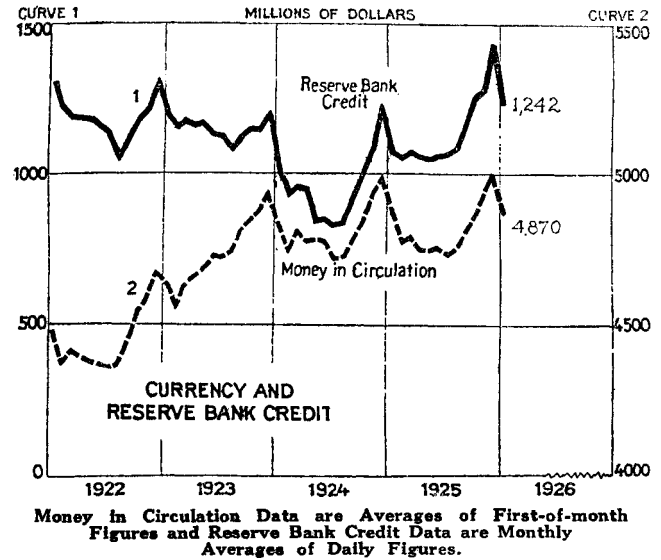
Changes in the demand for currency have been the principal factor influencing the volume of Reserve Bank credit in use since the middle of November. During the five weeks between November 18 and December 23 the Reserve Banks paid out into domestic circulation a net amount of about \$320,000,000 of currency in the form of gold and gold certificates, Federal Reserve notes, and other kinds of money, and during the following four weeks the return flow of currency from circulation amounted to about \$430,000,000. These currency movements were reflected in corresponding changes in the volume of Reserve Bank discounts for member banks.

At member banks in leading cities total loans and investments, which had increased almost continuously during 1925, reached the highest level on record at the end of December, but declined by about \$200,000,000 during the first two weeks of the new year. Both the increase in bank loans in the latter part of December and the decline after the turn of the year were largely in loans on securities, particularly at member banks in New York City. These changes in the demand for loans at member banks were related both to the changes in customers' currency requirements and to end-of-year disbursements by many industrial and financial institutions.

Conditions in the money market, which had become firmer in the last half of December, were easier in January. Rates on bankers acceptances increased following the advance in the buying rate of the New York Federal Reserve Bank effective January 8, while rates on commercial paper showed little change during the period.

### Money Market

The month of January in the Second District, as for the country as a whole, was marked by the retirement of credit and currency called forth by the December holiday trade and the heavy financial adjustments that



center at the year-end. In this district the effect of the year-end movements was particularly marked owing to New York's position as the chief financial market and custodian of a large part of the surplus funds of the country. The major features of these January movements in this district may be summarized as follows:

Over \$100,000,000 of currency was redeposited in the Federal Reserve Bank.

Bank deposits were reduced about \$160,000,000, thus releasing bank reserves.

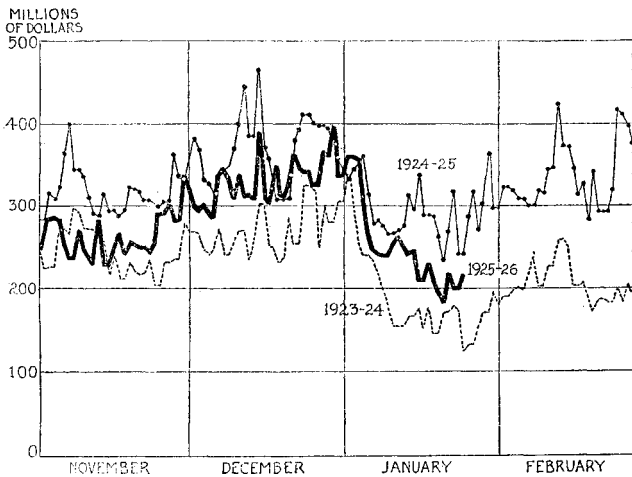
About \$90,000,000 was transferred to this district from the interior.

As a consequence of this decrease in currency and credit requirements and movement of funds from other centers member banks in New York City were able to repay a large part of their indebtedness at the Reserve Bank, and the total of Reserve Bank credit in use decreased about \$200,000,000.

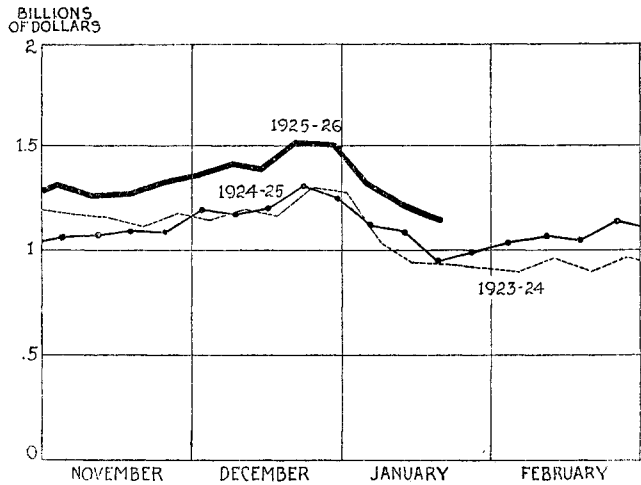
The diagrams on page 3 show the movement of loans and investments of the Federal Reserve Bank of New York and of the System during November, December, January, and February of three years, and illustrates how the movements in this district parallel those of the country as a whole.

Accompanying the passing of year-end requirements and the net import of \$9,000,000 in gold, largely from Canada, call money rates, which at the close of the year had risen to 6 per cent, declined in January to 4½ and 4 per cent, approximately the levels prevailing in the early autumn. Stock market time money conditions were also substantially easier, as shown by a decline in rates from 4¾-5 per cent to 4½-4¾ per cent.

In the commercial paper market supplies were increased by the usual first of the year borrowing, but as buying demand was also more active rates showed an easier tendency, though remaining generally 4¼-4½ per cent. Despite a later reduction in supplies, most dealers reported an increase during the month in the volume of paper outstanding. During December this had fallen an additional 7 per cent to \$621,000,000, the



Total Bills and Securities of Federal Reserve Bank of New York. Latest figure, January 25.



Total Bills and Securities of all Federal Reserve Banks. Latest figure, January 20.

lowest point since the compilation of figures was begun in 1918.

Following the advance in the discount rate of the Federal Reserve Bank of New York from 3½ to 4 per cent, effective January 8, and an increase also in the buying rates of the Reserve Bank, dealers' rates for bills advanced ¼ of 1 per cent to 3⅞ per cent on their purchases of 90-day unindorsed bills, and 3¾ per cent on sales. At these levels few bills came into the market, notwithstanding a continued good demand, and rates in some cases eased off ⅛ of 1 per cent, so that the range at the close of January was 3⅝-3¾ per cent on offerings of 90-day bills.

### Security Markets

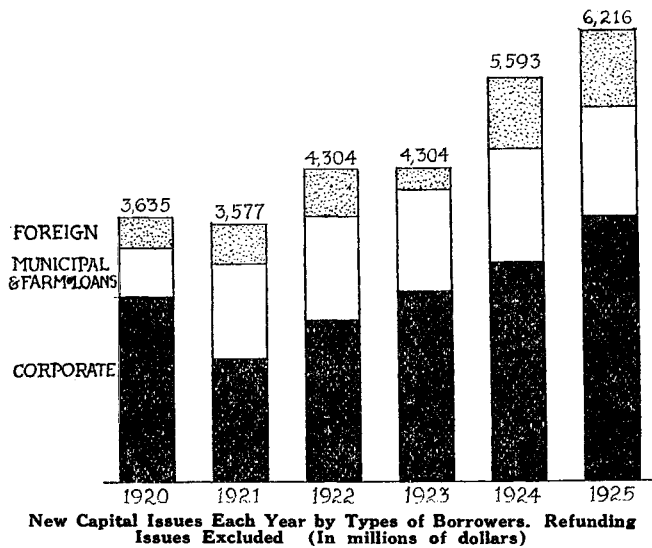
In the first part of January stocks generally continued the firmer tendencies of December, and railroad price averages rose to new high levels since 1913, while industrial issues recovered close to the high levels of last November. Later in the month price movements turned irregularly lower.

Corporation bonds continued firmer, accompanying easier money conditions and strong January reinvestment demand, and price averages advanced to the highest levels since 1917. United States Government issues made net gains of ⅛ to ½ a point, and foreign issues showed in many cases advances ranging 1 to 2 points.

Offerings of new securities increased substantially in January and were the largest since January 1923, an unusually high month. Industrial and public utility offerings were important elements in the increase and included a considerable volume of stock issues.

At \$6,216,000,000 new capital issues for the entire year 1925 were larger than in any previous year and \$623,000,000 above 1924. Corporate financing amounted to \$3,607,000,000, an increase of \$578,000,000 over 1924. Of this group a noteworthy feature was the increase in realty issues, which at \$715,000,000 for the year compared with \$333,000,000 in 1924, \$251,000,000 in 1923, and \$91,000,000 in 1920. Foreign issues totaling \$1,092,

000,000 were slightly larger than in 1924, while municipal and farm loan offerings of \$1,517,000,000 were slightly smaller than in 1924. The accompanying diagram shows new capital issues for the past six years according to classes of borrowers. Figures are taken from the Commercial and Financial Chronicle and exclude refunding issues.



### Foreign Trade

Exports of merchandise valued at \$468,000,000 in December were about \$20,000,000 larger than in November 1925 or December 1924 and brought total exports for the year to \$4,909,000,000, or 7 per cent more than in 1924.

Imports for December valued at \$394,000,000 were \$17,000,000 above November and \$61,000,000 in excess of December last year, so that the total for the year was \$4,224,000,000, or 17 per cent more than in 1924.

Reflecting the larger increase of imports the export balance was reduced from approximately a billion dol-

lars in 1924 to \$685,000,000 in 1925 which compares with an average of about \$500,000,000 annually in the years before the war. In 1925 there was a large increase over 1924 both in the quantity and value of silk and rubber imports, and a decline of \$82,000,000 in the value of grain exports.

**British Foreign Trade for 1925**

During 1925 British imports of merchandise showed an increase of £45,000,000 to £1,323,000,000, while exports declined £13,000,000 to £927,000,000. At £395,000,000 the excess of imports was £58,000,000 larger than last year, and the highest since the abnormal war and post-war trade balances of 1917, 1918, and 1919.

In considering the significance of this import balance, allowance should be made for the growth in the total volume of foreign trade. While the actual excess of imports rose to high levels in 1925, a computation of the percentage excess of imports over exports indicated that this figure was not unusually high as measured by the levels prevalent in many years before the war. This is reflected in the diagram at the foot of the page, which shows both the actual and percentage excess of imports over exports each year since 1870.

In addition to the merchandise figures, allowance should be made in computing the trade balance for movements of gold and silver, and for large invisible exports in the form of shipping, insurance, and bank-

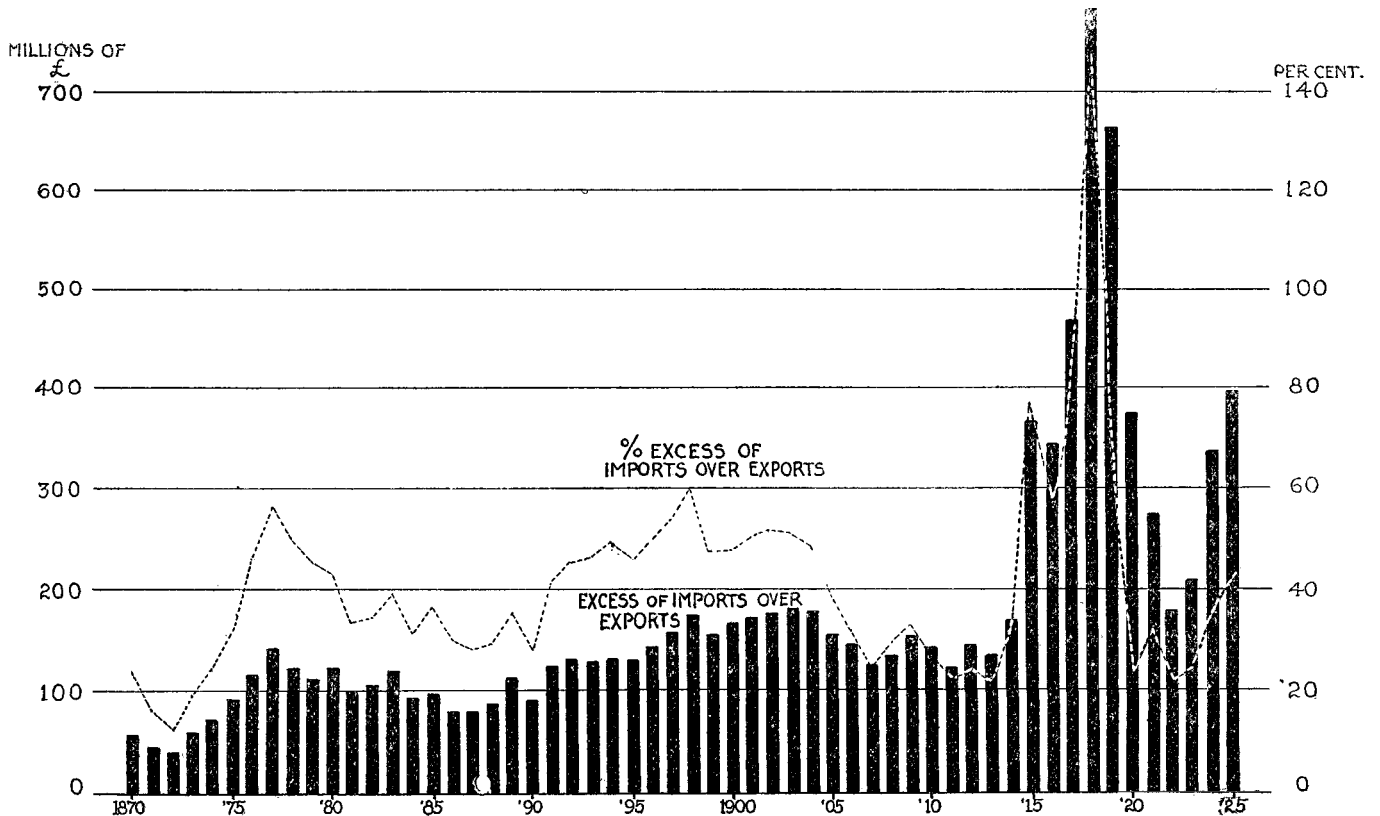
ing services, foreign investments, etc. Taking into consideration all accounts, the British Board of Trade has estimated for 1925 a favorable trade balance of £28,000,000 against £63,000,000 in 1924, and £153,000,000 in 1923.

**Foreign Exchange**

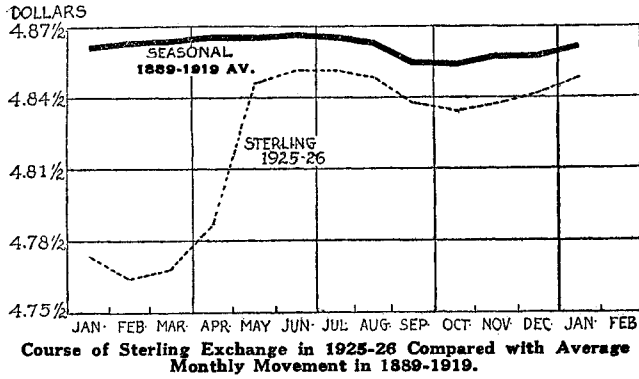
During January sterling rose to \$4.86 $\frac{3}{8}$ , the highest since December 1914. This movement was in keeping with the normal seasonal tendency, which is upward at this period of the year, when the heaviest fall commodity shipments have been completed. The following diagram compares the course of sterling during the past year with the average annual fluctuation over the period from 1889 to 1919, and indicates how closely the movement in recent months has conformed to the usual seasonal tendency.

French francs, after advancing slightly during the first half of the month, reacted to 3.71 cents. Belgian francs continued steady at 4.54 cents and lire at 4.04 cents. Danish and Norwegian currencies retained their gains and rates on other important European countries showed little change.

The Japanese yen continued to rise, and at 45 cents reached the highest point since February 1924. Argentine and Brazilian quotations also advanced, but Canadian rates, with the passing of the principal export season, declined further to a discount of  $\frac{1}{4}$  of 1 per cent, which led to substantial shipments of gold to New York.



British Foreign Trade. Actual Excess of Merchandise Imports over Exports each year, and Percentage Excess of Imports over Exports.



**Gold Movement**

Following small gold movements in December approximately \$11,000,000 of gold was imported at New York from Canada during the first 27 days of January. This movement, which accompanied the decline in Canadian exchange, marks the return of a part of the 36 millions net shipped to Canada from New York during October and November. Other gold imports at New York during January were about half a million dollars, and exports amounted to only \$2,600,000, consisting chiefly of small shipments to South America and the Far East.

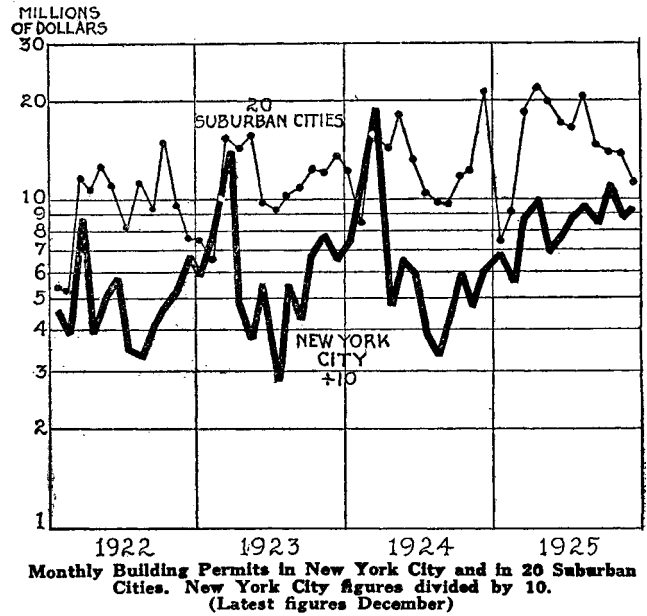
For the year 1925, gold imports into the United States totaled \$128,000,000, of which \$49,000,000 was from England, \$33,000,000 from Canada, \$11,000,000 from Japan, and \$10,000,000 from Holland. Exports totaled \$263,000,000, including \$68,000,000 to Germany, \$59,000,000 to British India, \$46,000,000 to Canada, and \$27,000,000 to Australia. At \$134,000,000 the export balance was the first shown since 1919, and followed a net gold import since that year of \$1,553,000,000, and since 1914 of \$2,400,000,000.

**Building**

Building activity was maintained at an unusually high level in the final month of 1925. The F. W. Dodge Corporation reported December contracts awarded in 36 states 56 per cent larger than those of a year previous, and for the year 30 per cent larger than in 1924. December permits issued in 391 cities were 15 per cent larger than in 1924, and the total for 1925 was 19 per cent larger, according to S. W. Straus & Company.

In the New York and Northern New Jersey district, despite the winter season, contracts awarded in December were the largest ever reported and were more than double those of December 1924. Part of the increase was due to subway contracts in New York City, but residential contracts were larger than in any previous month, and commercial building continued substantially larger than a year previous.

The rapid increase in New York City building in the last four years has been paralleled by an equally rapid expansion in suburban building, as shown by the accompanying diagram comparing permits in New York City



with those reported for 20 suburban localities by S. W. Straus & Company. For 1925 the total for the 20 suburban cities was 57 per cent greater than in 1922, compared with an increase of 60 per cent in New York City. Moreover, at \$184,000,000 the 1925 total for these suburban cities was larger than for any city of the United States excepting only New York and Chicago, and added to the billion dollars recorded for New York City alone brought the total reported permits for the city and suburbs to an amount equaling approximately one-quarter of all reported permits for the United States.

The following table from the Straus reports compares permits for the city and suburbs and for the entire country during 1924 and 1925.

(In thousands of dollars)

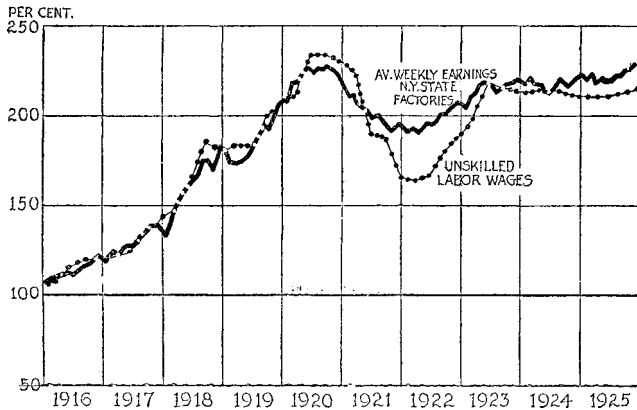
|   | 1924      | 1925      |
|---|-----------|-----------|
| New York City .....                         | 837,662   | 1,030,655 |
| 20 Suburban Cities near New York City ..... | 157,928   | 183,760   |
| Total .....                                 | 995,590   | 1,214,415 |
| 391 Cities .....                            | 3,740,791 | 4,451,960 |

**Wages and Employment**

Accompanying active trade and manufacturing, wages continue at high levels within the district. The hiring rate for unskilled labor reported to this bank by representative employers averaged slightly higher on January 1 than on July 1, and was practically the same as at the high point of 1923. A seasonal reduction in labor turnover was noted in some localities, and longer hours were reported by a few employers, apparently representing a return to winter schedules.

Average weekly earnings of factory workers in New York State advanced to \$29.05 in December, which is slightly above the previous high level reached in 1920, as the accompanying diagram shows, and is more than

a dollar above the highest weekly earnings of 1923. This high level of earnings during recent years accompanies greatly increased per capita output of workers and has been distributed rather generally throughout the manufacturing industries. The principal exceptions are industries such as textiles, which have been depressed during a considerable part of the past two years.



Changes in Average Weekly Earnings of Factory Operatives in New York State and Wages of Unskilled Labor. Latest figures, December. 1914 Av. = 100 Per cent.

**Production**

Production in important industries continued to expand in December, after allowance for the effect of Christmas and other seasonal factors. Mill consumption of cotton, amounting to 575,000 bales, was the largest since April and only slightly below the com-

(Computed trend of past years=100 per cent)

|                                  | 1924 | 1925             |                  |                  |
|----------------------------------|------|------------------|------------------|------------------|
|                                  | Dec. | Oct.             | Nov.             | Dec.             |
| <b>Producers' Goods</b>          |      |                  |                  |                  |
| Pig iron.....                    | 92   | 89               | 90               | 98               |
| Steel ingots.....                | 112  | 104              | 110              | 123              |
| Bituminous coal.....             | 98   | 106              | 110              | 118 <sup>p</sup> |
| Copper, U. S. mines.....         | 102  | 104              | 104 <sup>r</sup> | 102              |
| Tin deliveries.....              | 75   | 101              | 118              | 109              |
| Zinc.....                        | 105  | 113              | 111              | 113              |
| Petroleum.....                   | 116  | 119              | 119              | ..               |
| Gas and fuel oil.....            | 107  | 103              | 100              | ..               |
| Cotton consumption.....          | 92   | 91               | 95               | 98               |
| Woolen mill activity*.....       | 100  | 94               | 93 <sup>r</sup>  | 84 <sup>p</sup>  |
| Cement.....                      | 126  | 126              | 123 <sup>r</sup> | 125              |
| Lumber.....                      | 110  | 110              | 102              | 115 <sup>p</sup> |
| Leather, sole.....               | 87   | 79               | 73               | ..               |
| Silk consumption*.....           | 105  | 136              | 121              | 122              |
| <b>Consumers' Goods</b>          |      |                  |                  |                  |
| Cattle slaughtered.....          | 109  | 109              | 93               | 108              |
| Calves slaughtered.....          | 131  | 117              | 104              | 132              |
| Sheep slaughtered.....           | 103  | 95               | 89               | 104              |
| Hogs slaughtered.....            | 119  | 102              | 85               | 80               |
| Sugar meltings, U. S. ports..... | 85   | 122              | 99               | 184              |
| Wheat flour.....                 | 101  | 95               | 83               | 97               |
| Cigars.....                      | 100  | 115              | 105              | 98               |
| Cigarettes.....                  | 84   | 71               | 71               | 82               |
| Tobacco, manufactured.....       | 98   | 106              | 96               | 100              |
| Gasoline.....                    | 124  | 132              | 133              | ..               |
| Tires.....                       | 141  | 116              | 120              | ..               |
| Newsprint.....                   | 106  | 118              | 120 <sup>r</sup> | 120              |
| Paper, total.....                | 102  | 87               | 90               | 95               |
| Boots and shoes.....             | 98   | 100 <sup>r</sup> | 88               | 96 <sup>p</sup>  |
| Anthracite coal.....             | 88   | **               | **               | **               |
| Automobile, all.....             | 97   | 169              | 166 <sup>r</sup> | 137              |
| Automobile, passenger.....       | 92   | 179              | 175              | 138              |
| Automobile, truck.....           | 118  | 128              | 130              | 132              |

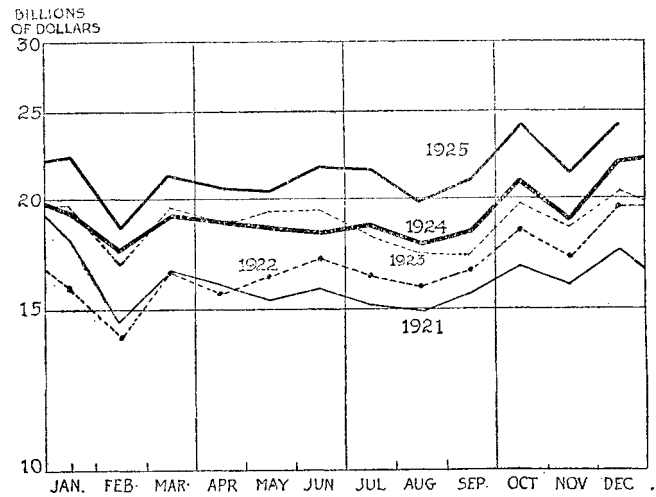
\*=Seasonal variation not allowed for. \*\*=Strike  
<sup>p</sup>=Preliminary  
<sup>r</sup>=Revised

puted trend, or normal, while silk mill activity continued substantially above normal. Cement and zinc output was also at high levels and further advances occurred in the indexes of pig iron, steel ingot, and bituminous coal production.

Contrasting with activity in the cotton and silk industries, woolen mill operations showed a considerable decline in December, and at 84 per cent of estimated normal, were the lowest since last summer. The foregoing table shows this bank's indexes of production in leading industries in percentages of the computed trend, after allowance for seasonal variation.

**Indexes of Business Activity**

General business and trade activity continued at a high level in December. Bank debits in 140 centers, outside of New York City, which closely reflect trade changes, were 10 per cent above a year ago, notwithstanding the suspension of many lines of business for three consecutive days during Christmas week. For the entire year 1925 the increase over 1924 in debits in these centers amounted to over 12 per cent, and carried the totals to levels exceeding even those of 1919 and 1920, when the level of prices was much higher. The accompanying diagram, comparing the figures for five years, reflects the steady growth of business during this period. While prices have been a factor in these increases, a comparison of the rise of debits and general prices from year to year would show that prices have not been the major factor.



Monthly Bank Debits in 140 Clearing Centers outside of New York City during 1921-1925

Other indexes of business activity, such as railway traffic, retail trade, and factory employment, likewise continued at high levels in December. The table on page 7 gives this bank's indexes of business activity in percentages of the computed trend, after allowance for seasonal variation and, where necessary, for price changes.

FEDERAL RESERVE AGENT AT NEW YORK

(Computed trend of past years=100 per cent)

|  | 1924             |                  | 1925             |                  |
|--|------------------|------------------|------------------|------------------|
|  | Dec.             | Oct.             | Nov.             | Dec.             |
| <b>Primary Distribution</b>                              |                  |                  |                  |                  |
| Car loadings, merchandise and misc.....                  | 102              | 103              | 106              | 106              |
| Car loadings, other.....                                 | 108              | 94               | 104              | 105              |
| Wholesale trade, Second District.....                    | 99               | 94 <sup>r</sup>  | 91               | 97               |
| Exports.....   | 89               | 95               | 86               | 89 <sup>p</sup>  |
| Imports.....   | 108              | 118              | 120              | 122 <sup>p</sup> |
| Grain exports.....                                       | 93               | 48               | 40               | 47               |
| Panama Canal traffic.....                                | 120              | 85               | 91               | ...              |
| <b>Distribution to Consumer</b>                          |                  |                  |                  |                  |
| Department store sales, Second District.                 | 100              | 106              | 99               | 100              |
| Chain store sales.....                                   | 100              | 99               | 99               | 102              |
| Mail order sales.....                                    | 125              | 123              | 116              | 134              |
| Life insurance paid for.....                             | 117              | 116              | 112              | 113              |
| Real estate transfers.....                               | 114              | 113 <sup>p</sup> | ...              | ...              |
| Magazine advertising.....                                | 98               | 106              | 109              | 102              |
| Newspaper advertising.....                               | 96               | 100              | 102              | 97               |
| <b>General Business Activity</b>                         |                  |                  |                  |                  |
| Bank debits, outside of New York City.                   | 104              | 112              | 111              | 109              |
| Bank debits, New York City.....                          | 116              | 121              | 125              | 123              |
| Bank debits, 2nd Dist. excl. New York City.....          | 100              | 110              | 107              | 100              |
| Velocity of bank deposits, outside of New York City..... | 92               | 102              | 103              | 101              |
| Velocity of bank deposits, New York City.....            | 107              | 123              | 125              | 124              |
| Shares sold on New York Stock Exchange*.....             | 246              | 307              | 279              | 245              |
| Postal receipts.....                                     | 103              | 104              | 99               | 108              |
| Electric power.....                                      | 107              | 112 <sup>r</sup> | 108              | ...              |
| Employment, N. Y. State factories.....                   | 97               | 100              | 100              | 100              |
| Business failures.....                                   | 111              | 97               | 102              | 101              |
| Building permits r.....                                  | 149 <sup>r</sup> | 173 <sup>r</sup> | 166 <sup>r</sup> | 160 <sup>r</sup> |

\*=Seasonal variation not allowed for.  
<sup>p</sup>=Preliminary  
<sup>r</sup>=Revised

**Wholesale Trade**

Wholesale trade in this district averaged slightly larger in December than a year previous, and total sales for the year were 1.4 per cent above last year, due largely, however, to the substantially higher level of prices.

During December stocks of merchandise were reduced from November in most lines except groceries, where the total, however, was smaller than in December last year. Other lines also generally reported stocks on hand at the end of the year to be about equal to or smaller than at the end of 1924, except silk goods and shoes, in which stocks were reported larger than last year.

| Commodity                    | Net Sales Percentage Change |                          |                          | Stock at end of month Percentage Change |                          |
|------------------------------|-----------------------------|--------------------------|--------------------------|---|--------------------------|
|                              | Dec. 1925 from Nov. 1925    | Dec. 1925 from Dec. 1924 | Year 1925 from Year 1924 | Dec. 1925 from Nov. 1925                | Dec. 1925 from Dec. 1924 |
|                              | ...                         | ...                      | ...                      | ...                                     | ...                      |
| Groceries.....               | -10.9                       | -0.6                     | -2.5                     | +3.1                                    | -1.6                     |
| Men's clothing.....          | -25.2                       | -0.9                     | +5.7                     | .....                                   | -0.7                     |
| Women's dresses.....         | +119.3                      | +0.3                     | -3.1                     | .....                                   | .....                    |
| Women's coats and suits..... | -31.3                       | -20.2                    | -8.5                     | .....                                   | .....                    |
| Cotton goods—Jobbers.....    | -10.2                       | -10.9                    | -1.1                     | -12.8                                   | -10.6                    |
| Cotton goods—Commission      | +8.7                        | -15.5                    | +9.0                     | .....                                   | .....                    |
| Silk goods.....              | +4.2                        | +17.3                    | +22.7                    | -4.1*                                   | +35.3*                   |
| Shoes.....                   | +13.7                       | +16.6                    | +3.4                     | -8.1                                    | +13.7                    |
| Drugs.....                   | -2.0                        | -10.2                    | -5.7                     | .....                                   | .....                    |
| Hardware.....                | -0.3                        | +3.8                     | +1.4                     | -12.7                                   | -2.3                     |
| Machine tools.....           | +0.4                        | +18.5                    | +23.0                    | .....                                   | .....                    |
| Stationery.....              | +10.4                       | +16.0                    | +3.4                     | .....                                   | .....                    |
| Paper.....                   | +3.2                        | +7.1                     | +1.2                     | .....                                   | +0.7                     |
| Diamonds.....                | -9.5                        | -16.1                    | +7.0                     | .....                                   | .....                    |
| Jewelry.....                 | -0.4                        | +12.1                    | -2.0                     | -13.0                                   | -5.8                     |
| Weighted Average.....        | -5.8                        | +0.6                     | +1.4                     | .....                                   | .....                    |

\*Stock at first of month—quantity not value.

**Department Store Trade**

Final reports on department store sales in December confirm preliminary figures reported last month of an 8 per cent increase over December 1924, the previous high mark. Total sales for 1925 showed a 5½ per cent increase over 1924, compared with a 4½ per cent gain during 1924 over 1923. Apparel store sales in December were 10 per cent larger than a year previous, and total sales for the year showed an increase of about 6 per cent.

|                                   | Net Sales Percentage Change |                          | Stock on hand Percentage Change |                          | Annual Rate of Stock Turnover |       |
|-----------------------------------|-----------------------------|--------------------------|---------------------------------|--------------------------|-------------------------------|-------|
|                                   | Dec. 1925 from Dec. 1924    | Year 1925 from Year 1924 | Dec. 31 1925 from Dec. 31 1924  | Year 1925 from Year 1924 | 1924                          | 1925  |
|                                   | ...                         | ...                      | ...                             | ...                      | ...                           | ...   |
| New York.....                     | +8.0                        | +5.7                     | +5.0                            | +3.7                     | 4.2                           | 4.3   |
| Buffalo.....                      | +3.9                        | +2.9                     | +1.0                            | +1.4                     | 3.2                           | 3.3   |
| Rochester.....                    | +7.6                        | +8.4                     | +0.6                            | +4.5                     | 3.5                           | 3.7   |
| Syracuse.....                     | +2.5                        | +0.9                     | +1.9                            | +2.6                     | 3.5                           | 3.4   |
| Newark.....                       | +10.9                       | +7.3                     | +13.2                           | +5.5                     | 4.0                           | 4.1   |
| Bridgeport.....                   | +11.1                       | +5.2                     | +5.3                            | +4.9                     | 3.2                           | 3.2   |
| Elsewhere.....                    | +6.6                        | +3.2                     | +5.0                            | +0.3                     | 2.4                           | 2.5   |
| Northern New York State.....      | +0.2                        | -4.1                     | .....                           | .....                    | .....                         | ..... |
| Central New York State.....       | +3.0                        | -0.8                     | .....                           | .....                    | .....                         | ..... |
| Southern New York State.....      | +6.7                        | +1.7                     | .....                           | .....                    | .....                         | ..... |
| Hudson River Valley District..... | +10.1                       | +7.6                     | .....                           | .....                    | .....                         | ..... |
| Capital District.....             | +5.7                        | +7.1                     | .....                           | .....                    | .....                         | ..... |
| Westchester District.....         | +10.7                       | +2.4                     | .....                           | .....                    | .....                         | ..... |
| All department stores.....        | +7.9                        | +5.5                     | +5.4                            | +3.5                     | 3.9                           | 4.0   |
| Apparel stores.....               | +10.4                       | +5.7                     | -7.9                            | 0                        | 4.8                           | 5.0   |
| Mail order houses.....            | +13.5                       | +12.8                    | .....                           | .....                    | .....                         | ..... |

Large increases in December sales compared with those of a year previous were reported in a wide variety of lines, including men's clothing and furnishings, hosiery, shoes, furniture, luggage and leather goods, and toys. In silk goods, books and stationery, and radio sets, however, the gains were somewhat smaller than in recent months. A feature of business in women's clothing, both for December and for the year, was an increase in sales of dresses and a decrease in sales of suits. The following table shows the percentage changes in total sales and stocks by major departments, both for December and for the entire year.

| Commodity                              | Net Sales Percentage Change |                          | Stock on Hand Percentage Change  |                          |
|--|-----------------------------|--------------------------|----------------------------------|--------------------------|
|  | Dec. 1925 from Dec. 1924    | Year 1925 from Year 1924 | Dec. 31, 1925 from Dec. 31, 1924 | Year 1925 from Year 1924 |
|  | ...                         | ...                      | ...                              | ...                      |
| Cotton goods.....                      | +2.6                        | +5.4                     | +5.4                             | +6.3                     |
| Silks and velvets.....                 | +2.6                        | +10.8                    | -6.4                             | -3.8                     |
| Woolen goods.....                      | -21.0                       | -9.7                     | +5.2                             | -1.3                     |
| Men's and Boys' wear.....              | +16.3                       | +7.2                     | +3.0                             | +6.1                     |
| Men's furnishings.....                 | +12.3                       | +9.4                     | +1.9                             | +8.5                     |
| Women's and Misses' ready-to-wear..... | +8.5                        | +8.9                     | -5.2                             | +0.4                     |
| Women's ready-to-wear accessories..... | +7.2                        | +2.9                     | -4.9                             | -1.6                     |
| Hosiery.....                           | +10.5                       | +9.3                     | +10.2                            | +4.5                     |
| Shoes.....                             | +13.0                       | +10.7                    | +5.2                             | +11.9                    |
| Furniture.....                         | +12.1                       | +12.3                    | +16.5                            | +4.0                     |
| Home furnishings.....                  | +5.1                        | +7.4                     | +4.5                             | -0.8                     |
| Linens and handkerchiefs.....          | +6.9                        | +7.8                     | -0.9                             | +2.5                     |
| Toilet articles and drugs.....         | +9.5                        | +10.2                    | +5.0                             | +9.4                     |
| Silverware and jewelry.....            | .....                       | .....                    | .....                            | .....                    |
| Luggage and other leather goods.....   | +4.8                        | +4.5                     | +4.2                             | -1.3                     |
| Books and stationery.....              | +12.2                       | +11.1                    | +27.0                            | +7.9                     |
| Toys and sporting goods.....           | +4.2                        | +8.2                     | +23.8                            | +8.8                     |
| Musical instruments and radio.....     | +10.8                       | +14.9                    | +18.6                            | +1.6                     |
| Miscellaneous.....                     | +7.1                        | +51.0                    | +2.0                             | -2.5                     |
| .....                                  | +11.5                       | -1.2                     | -3.9                             | -3.4                     |

## Production and Trade in 1925

Total production and business activity was greater in 1925 than in any previous year. Even after allowance for normal growth, the volume of business appears to have been greater than in any year since the war.

The diagram below compares 1925 production in various lines with that of 1924. Crop yields averaged only slightly larger than in 1924, and the total value estimated on the basis of December 1 prices by the Department of Agriculture was \$9,615,000,000, compared with \$10,162,000,000 in 1924. Price declines more than offset the effect of larger yields of corn and cotton and the partial failure of the wheat crop was not fully compensated for by a rise in prices. Higher livestock values, however, appear to have offset the smaller return from crops.

Production of metals and minerals, excepting anthracite coal, was generally larger than in 1924. Steel ingot production totaled over 45,000,000 tons, or 80 per cent of theoretical capacity, and was larger than in any previous year, while pig iron output totaled nearly 37,000,000 tons, or 75 per cent of capacity. Increased production of coke, fuel oil, and bituminous coal undoubtedly was due partly to the anthracite strike. The larger output of gasoline reflects the further expansion of motor car use. Cement production exceeded even the very high level of 1924.

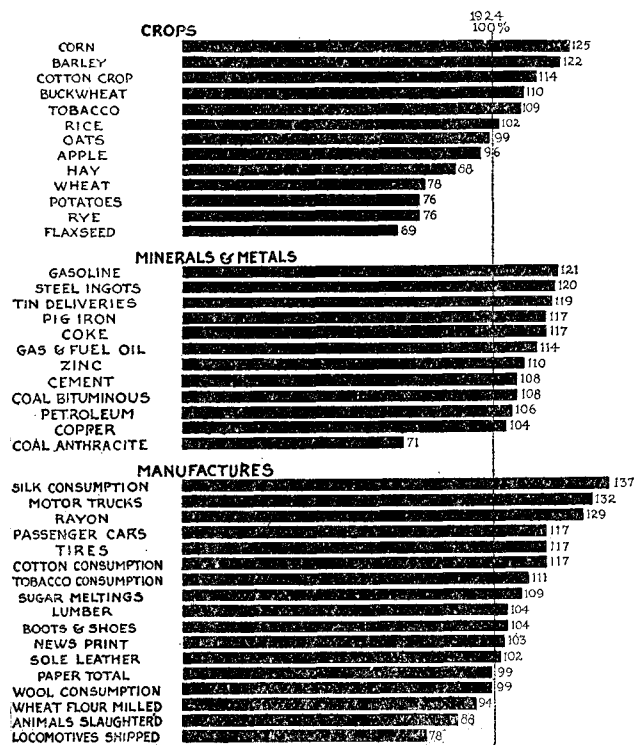
Silk and rayon manufactures and automobile and tire production showed the largest gains among the manufacturing industries. Passenger vehicle production was

substantially larger than in 1924, but was only slightly larger than in 1923, while motor truck production was much higher than in any previous year, and more than one-fourth greater than in 1923. The relatively small demand for railroad equipment is reflected in a decrease in locomotive shipments, and the small wheat crop and curtailed livestock production resulted in reductions in wheat flour milling and animal slaughtering.

Indexes of distribution and general business activity were higher than in either 1924 or 1923 as the following table shows. A large increase in imports reflected the increased raw material requirements of manufacturing industries, and exports were larger than in 1924, despite the decline in grain exports. Chain store and mail order business was greatly expanded, and department store sales increased, especially in the latter half of the year.

Active trade conditions, larger corporation earnings, and relatively low money rates were reflected in the high level of speculative activity and in a large increase in new incorporations and new security offerings. Building activity was greater than ever before, and a high level of general business activity is shown by the volume of bank debits.

|  | 1923 | 1924 | 1925 |
|--|------|------|------|
| <b>Distribution</b>                                      |      |      |      |
| Chain grocery store sales (dollars) . . . . .            | 88   | 100  | 121  |
| Imports, U. S. (dollars) . . . . .                       | 105  | 100  | 117  |
| Life insurance (dollars) . . . . .                       | 93   | 100  | 114  |
| Mail order house sales (dollars) . . . . .               | 93   | 100  | 113  |
| Chain store sales (excl. groceries) . . . . .            | 90   | 100  | 112  |
| Freight ton mileage . . . . .                            | 107  | 100  | 107  |
| Exports, U. S. (dollars) . . . . .                       | 91   | 100  | 107  |
| Department store sales, 2nd district (dollars) . . . . . | 96   | 100  | 105  |
| Magazine advertising . . . . .                           | 97   | 100  | 104  |
| Newspaper advertising . . . . .                          | 100  | 100  | 104  |
| Wholesale trade, 2nd district . . . . .                  | 105  | 100  | 101  |
| <b>General Business Activity</b>                         |      |      |      |
| Shares sold on N. Y. Stock Exchange . . . . .            | 84   | 100  | 161  |
| Grain future sales in Chicago . . . . .                  | 78   | 100  | 145  |
| Stock Corp. formed in New York State . . . . .           | 100  | 100  | 126  |
| New Corporate Financing (dollars) . . . . .              | 84   | 100  | 123  |
| Bank debits, New York City (dollars) . . . . .           | 90   | 100  | 119  |
| Building permits (dollars) . . . . .                     | 96   | 100  | 118  |
| Bank debits outside New York City (dollars) . . . . .    | 99   | 100  | 112  |
| Postal receipts (dollars) . . . . .                      | 95   | 100  | 109  |
| Business failures . . . . .                              | 97   | 100  | 96   |
| Cotton future sales . . . . .                            | 114  | 100  | 85   |



Production in 1925 Compared with Production in 1924.

The table which follows gives this bank's index of the total volume of trade during the past seven years after allowance for trend of growth and, where necessary, for price changes. Included in this index are the items referred to in the preceding paragraphs, as well as other series representing production and distribution in various forms. Of the component groups of the index, that representing financial activity, which includes speculation, new security issues, etc., showed a particularly large increase, but production and general business activity were also substantially above normal.

(Computed trend of past years=100 per cent)

|                                     | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 | 1925 |
|-------------------------------------|------|------|------|------|------|------|------|
| Productive activity . . . . .       | 98   | 97   | 83   | 101  | 115  | 107  | 113  |
| Distribution . . . . .              | 103  | 101  | 96   | 99   | 103  | 102  | 104  |
| Financial activity . . . . .        | 119  | 105  | 93   | 113  | 112  | 126  | 171  |
| General business activity . . . . . | 105  | 100  | 94   | 103  | 104  | 104  | 112  |
| Total volume of trade . . . . .     | 104  | 101  | 92   | 101  | 108  | 105  | 111  |