MONTHLY REVIEW
of Credit and Business Conditions
Second Federal Reserve District

Federal Reserve Agent *Federal Reserve Bank, New York* *March 1, 1926*

Business Conditions in the United States

INDUSTRIAL activity in January was in slightly smaller volume than in December, and the distribution of commodities showed a seasonal decline. The level of prices remained practically unchanged.

Production

The Federal Reserve Board's index of production in selected basic industries was about 1 per cent lower in January than in December. The output of iron and steel, copper, and zinc increased, while activity in the woolen and petroleum industries declined, and mill consumption of cotton, the cut of lumber, and bituminous coal production increased less than is usual at this season of the year. Automobile production, not included in the index, was slightly smaller than in December, but considerably larger than in January 1925. Factory employment changed but little in January, but the earnings of workers decreased considerably owing to the closing of plants in most industries, at the opening of the year for inventory-taking and repairs. The volume of building contracts awarded in January, although seasonally less than in December, exceeded that of any previous January on record. Contracts awarded were particularly large in the New York and Atlanta districts.

Trade

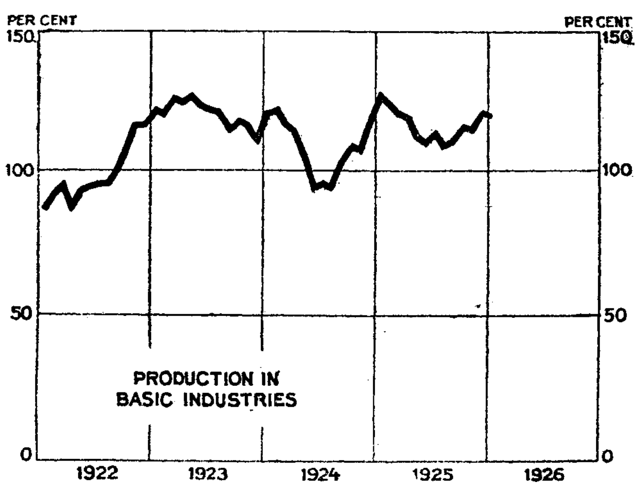
Sales of department stores and mail order houses showed more than the usual seasonal decline in January, but were larger than in January of last year. Wholesale trade declined considerably and was in smaller volume than a year ago. Stocks at department stores showed more than the usual increase in January and were about 11 per cent larger than at the end of January 1925. Freight car loadings declined in January and the daily average for the month was approximately the same as one year earlier.

Prices

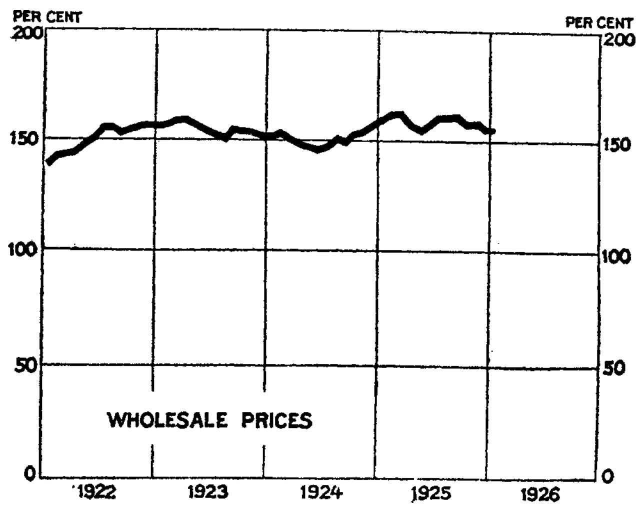
Wholesale prices, as measured by the index number of the Bureau of Labor Statistics, remained practically unchanged from December to January. By groups of commodities, prices of grains, coke, and paper and pulp increased, while dairy products, cotton goods, bituminous coal, and rubber declined. In the first three weeks of February there was a decline in the price of grains, and following the settlement of the strike in the anthracite region, a drop in the prices of bituminous coal and coke. Price advances were shown for refined sugar, copper, and petroleum.

Bank Credit

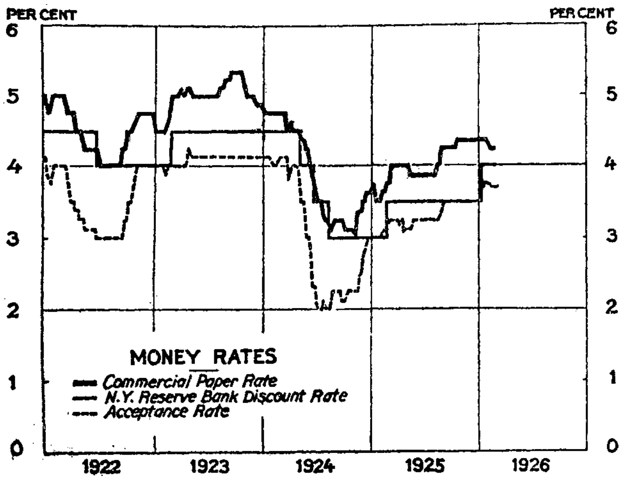
At member banks in leading cities the seasonal decline in the demand for credit, which began at the turn of the year, came to an end toward the close of January, and in the early part of February the volume of loans and investments at these banks increased considerably. The increase was largely in loans for commercial purposes, which after declining almost continuously from their



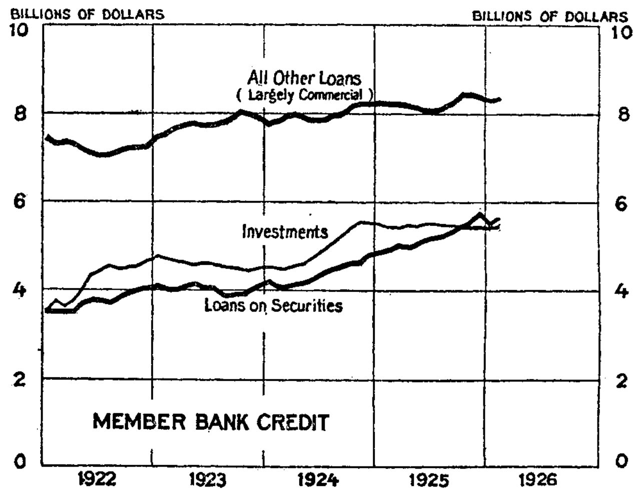
Index of 22 Basic Commodities, adjusted for Seasonal Variations (1919 = 100). Latest figure, January.



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



Weekly Rates in New York Money Market. Commercial Paper Rate on 4- to 6-Months Paper and Acceptance Rate on 90-Day Paper.



Monthly Averages of Weekly Figures for Member Banks in 101 Leading Cities. Latest Figures are Averages for Three Weekly Report Dates in February.

seasonal peak early in October, advanced by more than $50,000,000 in February.

The growth in the commercial demand for credit throughout the country, together with some increase in currency requirements, was reflected in a withdrawal of funds from the New York money market and was a factor in the increase in the demand for Reserve Bank credit after the end of January. Reserve Banks' holdings of bills and securities increased by about $66,000,000 between January 27 and February 17.

As the result of the withdrawals of funds from New York the rates on call loans became somewhat firmer in February, but commercial paper rates were slightly lower.

Money Market

Money market changes in February reflected largely the usual seasonal tendencies. As spring needs of business for credit and currency arose in various parts of the country, funds were drawn from the New York market, money rates stiffened, and member banks in New York City found it necessary to increase their borrowings from the Federal Reserve Bank.

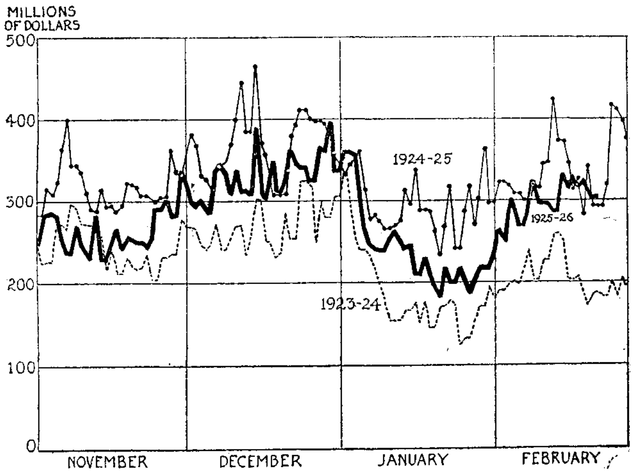
Evidence of the transfer of funds to the interior may be seen in a reduction of the gold reserves of the Federal Reserve Bank of New York from $1,031,000,000 on January 20 to $910,000,000 on February 17. Much of this difference represents the transfer of funds to other districts through the gold settlement fund, as a consequence of commercial and bank transactions between this and other districts, which presumably represent largely the withdrawal of funds from New York for use in spring manufacture and trade. An indication of the use of these funds is found in an increase in commercial loans of reporting member banks in other districts, and an increase in currency in circulation throughout the country between the middle of January and the middle of February amounting to about $40,000,000.

This withdrawal of funds to other districts impaired the reserves of member banks and made it necessary for them to borrow from the Reserve Bank in order to maintain their reserves at the required figures. As a consequence the rediscounts and advances of the Federal Reserve Bank of New York increased nearly $100,000,000 between January 27 and February 17.

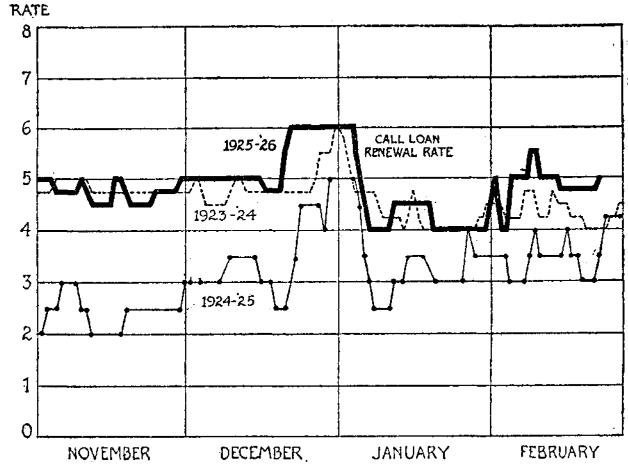
Changes in money rates during this period reflected the same tendencies. Call money rates reflected simultaneously with the increase in Federal Reserve rediscounts the need of member banks for replenishing their reserves, and the prevailing call loan rates during the first three weeks in February were 4½ to 5½ per cent as compared with 4 per cent in the latter part of January. Brokers' time loans also advanced slightly to 4¾ per cent. Commercial paper rates and bankers acceptance rates, which usually reflect somewhat more slowly any changes in money conditions, remained steady in February at 4¼ per cent for prime commercial paper and 3⅝ per cent for ninety-day acceptances.

Commercial paper dealers which report each month to this bank their outstanding commercial paper reported a total on January 31 of $654,000,000, a figure 5 per cent larger than the amount reported one month previous. The increase is in accordance with the usual seasonal tendencies. The present volume of paper outstanding is 20 per cent less than a year ago. During February there was some indication of a further increase in the amount of borrowing through the commercial paper market.

The accompanying diagrams indicate the extent to which the changes in the money market during the past month have been seasonal in nature. The left-hand diagram showing the total holdings of bills and securities by the Federal Reserve Bank of New York indicates that the increase in such holdings between the latter part of January and the middle of February was somewhat larger than in the two preceding years, but that the general movement is in accordance with past



Total Bills and Securities of Federal Reserve Bank of New York. Latest figure, February 22.



Call Loan Renewal Rate by Days.

experience. The present level of bill and security holdings of the Reserve Bank is about the same as early in December.

The diagram at the right showing the movement of the call loan rate shows a similar situation. The upward movement of rates in the past month has been normal and the current level is close to that of early December.

Loans to Brokers and Dealers

At the request of the Federal Reserve Board the weekly reports made by member banks in New York City to the Federal Reserve Bank have been extended to include figures showing the loans to brokers and dealers secured by stocks and bonds made by 61 New York City reporting member banks for their own account and for the account of others. These figures were published for the first time in the February Federal Reserve Bulletin and are now made public in the weekly press statement.

The addition of this item to the weekly statement is in accordance with the policy which the Federal Reserve System has pursued of extending from time to time the scope of the information currently made public on credit and business conditions.

The following table gives the figures reported by the banks for each week since the beginning of the year. The total amount of these loans has shown little net change since the first week of the year, but there has been a change in the character of the loans. Loans by New York City banks for their own account have been reduced 180 millions since January 6 and loans placed for out-of-town banks and others have increased by about the same amount. It is probable that this change is largely accounted for by the movements which were taking place over the first of the year. At that time there was a considerable flow of funds from New York to the interior to meet year-end requirements and it is probable that out-of-town funds were thus withdrawn from the money market and that New York City banks were called upon to make advances to fill the need thus created. The change which has followed since the early part of the year is probably a readjustment from the unusual situation at that time.

Loans to brokers and dealers secured by stocks and bonds
(In millions of dollars)

1926	For own account	For account of out-of-town banks	For account of others	Total
Jan. 6	1,338	1,239	564	3,141
13	1,267	1,292	573	3,132
20	1,232	1,306	593	3,131
27	1,201	1,287	610	3,098
Feb. 3	1,222	1,280	590	3,092
10	1,199	1,340	598	3,137
17	1,159	1,354	626	3,139

Simultaneously with the collection and publication of these reports from New York City banks the New York Stock Exchange arranged to receive from its members at the close of each month the amounts they are borrowing in New York City. There will thus be made available reports by both lenders and borrowers showing the amount of loans to brokers and dealers on stocks and bonds. The first report by the Stock Exchange for January 30 showed that Stock Exchange members were borrowing $3,043,000,000 from New York City banks and trust companies, and $470,000,000 from private bankers and others, or a total of $3,513,000,000. This total is larger than the figures reported by the member banks in New York City because it includes loans placed directly by private bankers and others who do not report to the Federal Reserve Bank.

Security Markets

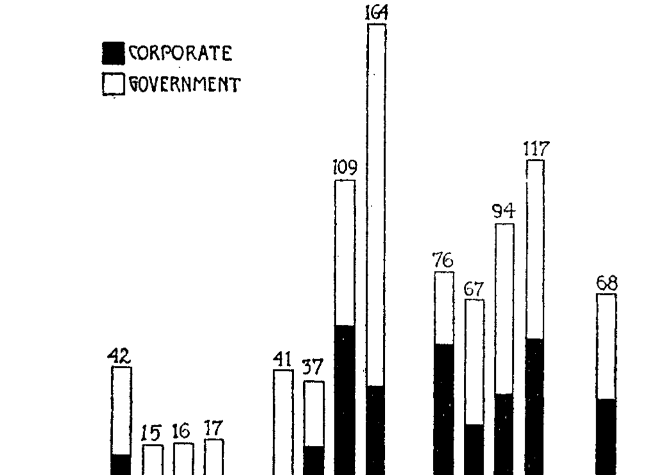
Representative price averages of industrial stocks advanced early in February to new high levels, about 3 points above those of last November, but later in the month price movements became irregular and trading diminished somewhat in volume. Railroad shares were comparatively steady at about 2 to 3 points below the high levels of early January.

High grade corporation bonds continued strong, and price averages again attained new high levels since 1917. The United States 3½ per cent Liberty bonds rose ¾ of a point to a new high level for the year but other Government issues were steady. In a generally firm foreign list, South American issues were particularly strong.

The volume of new financing declined in February from the exceptionally large January total, but was nearly as large as in February 1925. The largest offering was $75,000,000 of serial bonds and corporate stock of the City of New York, which, for the longer maturities, were sold on a 4.15 per cent basis as compared with a 4.05 per cent basis for the similar issue of last May. Other offerings included a $50,000,000 issue of automobile finance company notes, a $40,000,000 Canadian Government refunding loan, and a considerable number of industrial and public utility stock and bond issues.

Foreign Financing

The number of foreign security offerings was fairly large during January and early February, but in the absence of any very large issues the totals were below the 1925 monthly average. As in recent months the proportion of corporate issues continued large. In 1923 and 1924, by far the larger part of the offerings was governmental issues, but more recently issues by foreign corporations have been an increasingly important element. This change is illustrated by the accompanying diagram, which shows by quarters the average monthly totals divided between government and corporation issues.



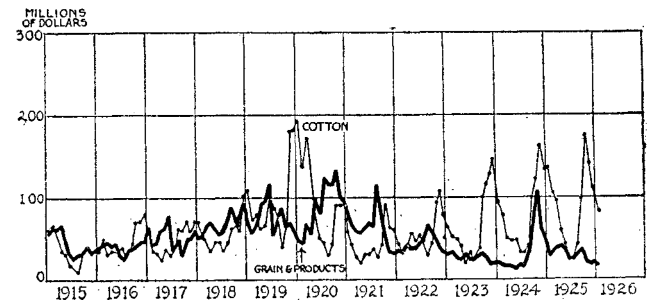
Average Monthly Amount of Foreign Securities, Governmental and Corporate, Sold in the United States in Each Quarter of the Past Three Years and in January 1926 (In Millions of Dollars.)

Foreign Trade

Merchandise imports in January were valued at $414,000,000, which is a total $17,000,000 larger than in December, and the largest monthly total since 1920. Exports, on the other hand, valued at $399,000,000, were $69,000,000 less than in December and $47,000,000 less than in January 1925. This January excess of imports over exports constituted the first unfavorable trade balance for January in any year since 1893, and the seventh import balance in the last three years, following an uninterrupted export balance in every month from the end of 1914 to the end of 1922.

The tendency in recent months toward an unfavorable balance of foreign trade appears to be due partly to the large raw material requirements of our industries, and partly to the smaller need of European countries for grain from this country. Important factors in the heavy imports in January, as in other recent months, were the large receipts of rubber and silk, while the principal reductions in exports compared with a year previous were in cotton and grain shipments. The decline in cotton exports appears to be due, at least in part, to unusually heavy shipments early in the season. Grain exports, however, have been consistently smaller than a year ago for several months.

The accompanying diagram shows the dollar value of our exports of grain and raw cotton since the beginning of the war. It appears that with the gradual revival of agricultural production in Europe since 1921, our exports of grain have tended to decline, except following the poor European crops of 1924, while the consumption of raw cotton from this country has steadily increased.



Exports of Cotton and Grain and Grain Products from the United States, 1915 to 1926.

Foreign Exchange

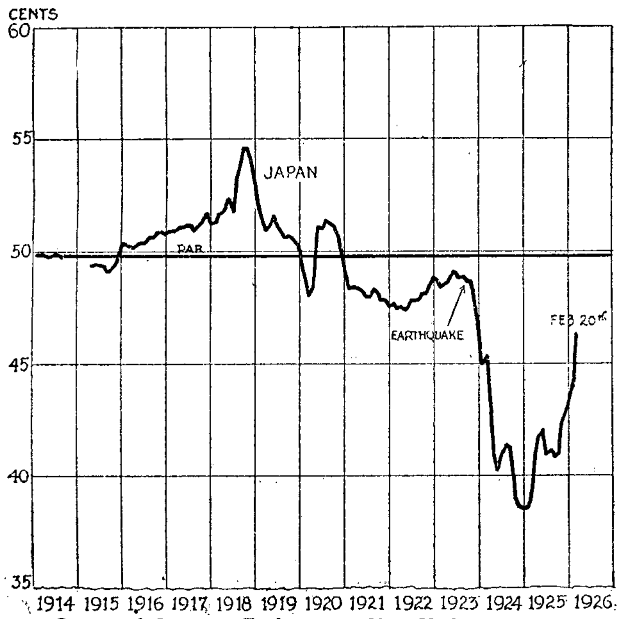
The most striking movement in the foreign exchange market during February was the continued advance of the Japanese yen, which reached 46.38 cents on the 17th, the highest quotation in two years.

The accompanying diagram shows the course of yen exchange in recent years. On August 31, 1923, the day preceding the great earthquake, the yen was quoted at 48.94 cents. Under pressure of importations of enormous quantities of reconstruction materials, the exchange fell steadily until December 5, 1924, when it reached the low point of 38.13 cents. The recovery that has occurred since that time has accompanied a decline in imports, a substantial increase in exports, and some shipments of gold to the United States by the Government. The recent sharp advance, however, is attributed by the Japanese Minister of Finance to speculation. His statement as cabled to New York is as follows:

"The Government's attitude toward the lifting of the gold embargo is, as often has been declared, to avoid as far as possible any artificial means for the recovery of the price of yen, but to have it naturally improved by means of rehabilitation of our economic world and improvement of our trade balance.

"The time of our return to the gold standard will be when our exchange thus recovers close to par and when we consider that the lifting of the gold embargo will neither disturb seriously our economic world nor result in sudden withdrawals of gold from Japan. We will not lift our gold embargo because of the temporary unnatural recovery of the yen caused by speculation. The sudden rise of exchange is not desirable, as it disturbs our market and our foreign trade.

"We wish the aforesaid attitude of our Government to be clearly understood, so that a more conservative attitude will be taken and we will see a stabilized movement of our exchange rates."



Course of Japanese Exchange at New York, 1914-1926.

Sterling reached a new post-war high of $4.8656 at the beginning of February, reacted slightly, and thereafter fluctuated within narrow limits near $4.86. French francs continued to decline, touching 3.55 cents on the 20th of the month. Belgian and Italian rates continued steady. The advance in Norwegian and Danish kroner was resumed, the former reaching 21.75 cents, and the latter 26.18, which is the highest quotation since January 1919.

The discount on Canadian funds increased to almost half a cent, and there was a further movement of gold from Canada amounting to $7,000,000.

Gold Movement

In January a net gold import of $16,300,000 was reported for the country as a whole, the largest import balance since last October. Total imports in January amounted to $19,300,000, of which $17,800,000 came from Canada, accompanying the decline in Canadian exchange. Exports were $3,000,000, one-third of which went to the Straits Settlements.

The largest gold import in the first twenty-three days of February was $10,000,000 from the new Banco Central de Chile, which is permitted to include in its reserves earmarked gold held abroad and deposits in London and New York payable in gold, and to redeem its notes at its own option in gold coin, gold bars, or drafts on London or New York payable in gold. Shipments of $7,000,000 were also received from Canada, bringing imports from Canada this year to nearly $25,000,000, or more than half of the $43,000,000 gold shipped to Canada in October and November. Exports in February have been small and the month to date shows a net import of $15,400,000 for the Port of New York and Canada.

1925	Imports	Exports	Excess of Imports	Excess of Exports
January	$ 5,037,800	$73,525,943	....	$68,488,143
February	3,602,527	50,599,708	....	46,997,181
March	7,337,322	25,104,416	....	17,767,094
April	8,869,883	21,603,945	....	12,734,062
May	11,392,837	13,389,967	....	1,997,130
June	4,426,135	6,712,480	....	2,286,345
July	10,204,112	4,416,452	$ 5,787,660	....
August	4,861,736	2,135,690	2,726,046	....
September	4,128,052	6,784,201	....	2,656,149
October	50,740,649	28,039,190	22,701,459	....
November	10,456,115	24,360,071	....	13,903,956
December	7,216,004	5,967,727	1,248,277	....
1926				
January	19,351,202	3,086,870	16,264,332	....

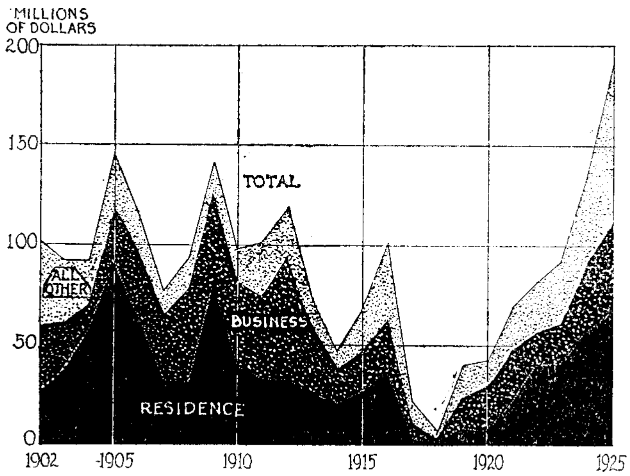
The import movement since the middle of last year may be interpreted as partly due to seasonal causes as in years before the war there was frequently a gold import balance during the fall and early winter when crops were exported, and a gold export balance in the spring and early summer.

Building

Reports of building activity during the month of January indicate a continuation of the exceptional activity of the second half of 1925. Contracts awarded during January for new construction, as reported by the F. W. Dodge Corporation, for 37 states, were 48 per cent larger than in January of last year, and substantially larger than in January of any previous year. The increase in the New York and Northern New Jersey district was 76 per cent, due largely to the inclusion of a $50,000,000 contract for a power plant. The Southeastern and Middle Atlantic states also reported large gains, but the increase in contracts awarded in the remaining states was relatively small.

Permits issued in 426 cities showed an increase over January 1925 of 9 per cent, according to the reports of S. W. Straus & Co., with about the same regional differences as were shown in the awarding of contracts.

The diagram on page 6 gives an analysis of the types of building permits issued in Manhattan since 1902. In order to make the data for earlier and recent years comparable the figures have been adjusted to make allowance for changes in construction costs. The diagram thus shows approximately the changes during the period in the actual volume of building in Manhattan. It appears from this diagram that the large volume of residential building in 1925 has been exceeded in a few earlier years during the period from 1903 to 1910. During this period the population of Manhattan grew more rapidly than at any subsequent time. From 1911 to 1919 residential building dropped off steadily, even aside from the cessation of building during the war, and during the same period the population of Manhattan decreased. There has followed from 1920 to 1925 a rapid expansion of apartment house building, and a gradual increase in population. In these three periods building and population have moved together and it is difficult to say which is cause and which effect. It is reasonable to believe, however, that the amount and character of available housing have been important influences on population movements of Manhattan.



Amount of Building, in 1913 Dollars, for Which Permits Were Issued in Manhattan Each Year from 1902 to 1925.

The substantial volume of business building in 1925 also appears to have been exceeded in earlier years. The record breaking total for all types of building in 1925 was largely due to an unusual volume of permits for hotels, industrial structures, and public buildings.

Employment and Wages

Changes in factory employment from December to January were largely seasonal. For the country as a whole there was an increase of less than 1 per cent over December. The increase was confined to New England, however, and in New York State and other sections of the country a slight reduction during the month was reported.

The demand for labor at the state employment offices remained substantially smaller than the number of applicants in January, and was but little larger than a year ago, apparently due in part to the fact that there was little call for casual labor for snow removal. Such unemployment as existed, however, was limited chiefly to common labor, clerical help, and workers involved in labor disputes such as the anthracite coal miners. In February, unemployment was diminished by the return of the miners to work and all available common labor was employed in the cities for snow removal, the City of New York alone employing betweeen 8,000 and 25,000 additional men for a period of more than two weeks.

Per capita earnings of factory workers in New York State continued in January at the high level of December, but a reduction was reported for the country as a whole, due to suspensions for inventories and plant repairs at the beginning of the year.

Production

Production in a majority of reporting industries was larger in January than in December and was also above the estimated normal.

The following table shows this bank's indexes of production in which allowance is made for seasonal variations and year-to-year growth.

(Computed trend of past years=100 per cent)

	1925			1926
	Jan.	Nov.	Dec.	Jan.
Producers' Goods				
Pig iron	102	90	98	98
Steel ingots	113	110	123	110
Bituminous coal	109	110	116	116*p*
Copper, U. S. mines	109	104	102	....
Tin deliveries	130	118	109	129
Zinc	97	111	113	105
Petroleum	123	119	116	....
Gas and fuel oil	111	100	107	....
Cotton consumption	96	95	98	93
Woolen mill activity*	98	93	88	86*p*
Cement	144	123	124	125
Lumber	122	102	113	....
Leather, sole	78	73	68	....
Silk consumption*	122	121	122	132
Consumers' Goods				
Cattle slaughtered	110	93	108	104
Calves slaughtered	118	104	132	116
Sheep slaughtered	98	89	104	103
Hogs slaughtered	112	85	80	82
Sugar meltings, U. S. ports	116	99	184	139
Wheat flour	103	83	97	90
Cigars	102	105	98	86
Cigarettes	90	71	82	80
Tobacco, manufactured	111	96	100	111
Gasoline	129	133	135	....
Tires	134	120	141	....
Newsprint	109	120	120	119
Paper, total	105	90	95	....
Boots and shoes	94	89*r*	95	83*p*
Anthracite coal	94	**	**	**
Automobile, all	100	166	137	120
Automobile, passenger	94	175	138	119
Automobile, truck	123	130	132	120

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

Indexes of Business Activity

The level of general business activity in January appears to have equaled the highest figures for recent years, after allowance for the usual seasonal variation. Bank debits in 140 centers outside of New York City were the heaviest ever reported for January and were 6 per cent larger than in January of last year, an exceptionally high month. Railway shipments of merchandise and miscellaneous freight continued above estimated normal as measured by the trend of past years and were larger than last year, but loadings of other commodities including coal, forest products, and grain were 10 per cent smaller than a year ago.

Indexes of distribution to the consumer such as retail sales at department and chain stores and mail order houses, and magazine and newspaper advertising, were higher than a year ago; factory employment was higher, business failures were fewer, and building permits continued substantially above normal. In the following table this bank's indexes are given 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)

	1925 Jan.	1925 Nov.	1925 Dec.	1926 Jan.
Primary Distribution				
Car loadings, merchandise and misc.	104	106	106	105
Car loadings, other	107	104	106	100
Wholesale trade, Second District	94	91	97	....
Exports	94	86	89	82p
Imports	110	120	124	129p
Grain exports	67	40	47	....
Panama Canal traffic	95	91	104	....
Distribution to Consumer				
Department store sales, Second District	96	99	100	97
Chain store sales	96	99	102	97
Mail order sales	114	116	134	122
Life insurance paid for	107	112	113	99
Magazine advertising	92	109	102	103
Newspaper advertising	94	102	97	98
General Business Activity				
Bank debits, outside of New York City	111	111	111	114
Bank debits, New York City	122	125	122r	128
Bank debits, 2nd Dist. exclusive of New York City	105	107	100	110
Velocity of bank deposits, outside of New York City	101	103	101	107
Velocity of bank deposits, New York City	111	125	124	....
Shares sold on New York Stock Exchange*	237	279	245	221
Postal receipts	98	99	108	97
Electric power	106	108	111	....
Employment, N. Y. State factories	98	100	100	101
Business failures	98	102	101	97
Building permits	141	166	160	149

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

Wholesale Trade

January sales in wholesale lines in this district averaged 4 per cent smaller than in January a year ago, but the number of lines reporting gains and losses was almost evenly divided.

Collections were generally larger than in January 1925, except in cotton jobbing and women's coat and suit and shoe trades. Accounts receivable at the end of the month were considerably larger than a year ago in most lines.

Commodity	Percentage Change Jan. 1926 from Dec. 1925		Percentage Change Jan. 1926 from Jan. 1925			
	Net Sales	Stock end of Month	Net Sales	Stock end of Month	Collections	Acc'ts receivable
Groceries	— 5.6	+ 0.2	+ 3.6	— 1.0	+ 2.1	+10.3
Mens' clothing	+41.5	......	+ 8.0	......	+12.6	+19.7
Women's dresses	+ 8.4	......	—27.6	......	+15.5	— 3.2
Women's coats and suits	+40.7	......	—20.6	......	—20.3	— 5.1
Cotton goods-Jobbers	—26.0	+12.6	—10.4	— 9.9	— 8.0	+ 4.1
Cotton goods-Commission	—11.5	......	—19.9	......	......	......
Silk goods	+ 7.7	+ 0.9	+ 7.0	+34.5	+22.5	+18.6
Shoes	—31.0	+22.5	+ 0.4	+ 8.3	— 7.7	+ 7.5
Drugs	— 0.4	......	—16.8	......	+14.7	+17.0
Hardware	—28.0	+24.9	—10.9	+11.0	+ 1.7	+ 2.6
Machine tools	—20.7	......	+11.6	......	......	......
Stationery	— 8.6	......	+10.1	......	+10.4	+12.6
Paper	— 0.5	......	— 2.6	......	......	......
Diamonds	+37.0	—9.1	+23.0	—7.9	......	......
Jewelry	—66.9		—18.2		+ 8.4	—12.6
Weighted Average	+ 3.6	......	— 4.4	......	+ 4.3	+ 8.2

Department Store Trade

January department store sales in this district averaged nearly 4 per cent larger than a year ago, although there was one less selling day this January. Sales of apparel stores were 8 per cent larger, and leading mail order houses reported a gain of similar amount.

Department store collections exceeded those of a year ago, but accounts receivable at the end of the month remained larger than at the end of January 1925. Stocks of merchandise on hand were 5 per cent larger than a year ago, a slightly larger increase than in sales, so that the rate of stock turnover was slightly lower. In apparel stores, however, the increase in stocks was not so large as in sales, and the turnover was slightly higher than in January 1925.

Locality	Percentage Change January 1926 from January 1925			
	Net Sales	Stock on Hand (end of month)	Collections	Accounts Receivable
New York	+ 2.8	+ 5.4	+ 7.8	+ 6.4
Buffalo	+ 1.3	+ 3.1	+ 5.7	+10.8
Rochester	+ 6.3	0	+14.2	+24.9
Syracuse	+ 1.8	+ 1.2	......	......
Newark	+10.0	+11.7	+ 5.8	+ 9.4
Bridgeport	+ 8.4	+ 7.3	......	......
Elsewhere	+ 1.8	— 3.6	+ 7.7	+ 9.3
Northern New York State	— 7.1	......	—15.6	+ 6.2
Central New York State	+ 9.4	......	......	......
Southern New York State	— 6.5	......	+ 3.5	+ 7.0
Hudson River Valley Dist.	+15.3	......	+10.8	+12.0
Capital District	+ 4.0	......	+ 7.8	+11.8
Westchester District	+ 4.9	......	+20.8	+ 4.1
All department stores	+ 3.7	+ 5.0	+ 7.7	+ 8.1
Apparel stores	+ 7.8	+ 5.1	......	......
Mail order houses	+ 7.9	......	......	......

Changes in sales and stocks in major departments, compared with those of a year ago, are shown in the following table:

	Net Sales Percentage Change January 1926 from January 1925	Stock on Hand Percentage Change January 31, 1926 from January 31, 1925
Toys and sporting goods	+48.1	+30.7
Luggage and other leather goods	+16.2	+19.0
Home furnishings	+11.8	+ 2.4
Toilet articles and drugs	+11.5	+ 5.3
Linens and handkerchiefs	+10.2	— 1.8
Musical instruments and radio	+10.2	— 0.9
Books and stationery	+ 9.9	+10.8
Hosiery	+ 9.3	+ 7.7
Silks and velvets	+ 8.8	— 2.6
Men's furnishings	+ 8.4	+ 4.8
Furniture	+ 8.0	+18.3
Women's and Misses' ready-to-wear	+ 6.7	— 1.5
Cotton goods	+ 5.7	— 0.5
Men's and Boys' wear	+ 4.0	+ 3.4
Silverware and jewelry	+ 2.4	+ 7.5
Women's ready-to-wear accessories	+ 2.1	— 3.5
Shoes	—10.9	+ 5.4
Woolen goods	—20.5	— 5.4
Miscellaneous	— 0.8	— 4.6

Chain Store Sales

The January increases in chain store sales compared with a year ago were not so large as in December, but continued substantial, averaging 11 per cent. The opening of new stores continued even more rapidly than a year ago and exceeded the increase in total sales, so that sales per store averaged smaller than a year ago in four out of seven reporting lines.

Variety stores reported the largest increase in sales over a year ago, and the chain drug store business, which a year ago appeared practically stationary, showed a substantial increase. The chain grocery business continues to expand rapidly.

Type of Store	Percentage Change January 1926 from January 1925		
	Number of Stores	Total Sales	Sales per Store
Variety	+16.4	+21.9	+ 4.7
Drug	+15.8	+17.1	+ 1.1
Grocery	+20.5p	+11.4p	— 7.6p
Ten Cent	+ 6.0	+ 9.4	+ 3.3
Tobacco	+15.9	+ 4.0	—10.3
Shoe	+16.7	+ 1.0	—13.5
Candy	+19.8	+ 0.4	—16.2
Total	+18.3	+10.8	— 6.4

p=Preliminary

Business Profits in 1925

Annual earnings statements now available for 294 industrial, mercantile, and public utility corporations indicate that net profits of such concerns in 1925 were about 30 per cent larger than in 1924, or in 1923. While these statements represent simply a sampling of all concerns, the concerns included are sufficiently representative so that the conclusion may fairly be drawn that the year was one of very large profits. These large profits accompanied unusually high levels of production and trade in 1925, but, with a few exceptions, relatively stable prices of manufactured goods.

Rubber companies reported the largest increase in profits compared with either 1924 or 1923, and the gains for the oil and automobile industries also were unusually large, though automobile production was only slightly larger than in 1923. Profits of tobacco companies, miscellaneous industrials, and stores included in the tabulation have increased steadily during the past three years.

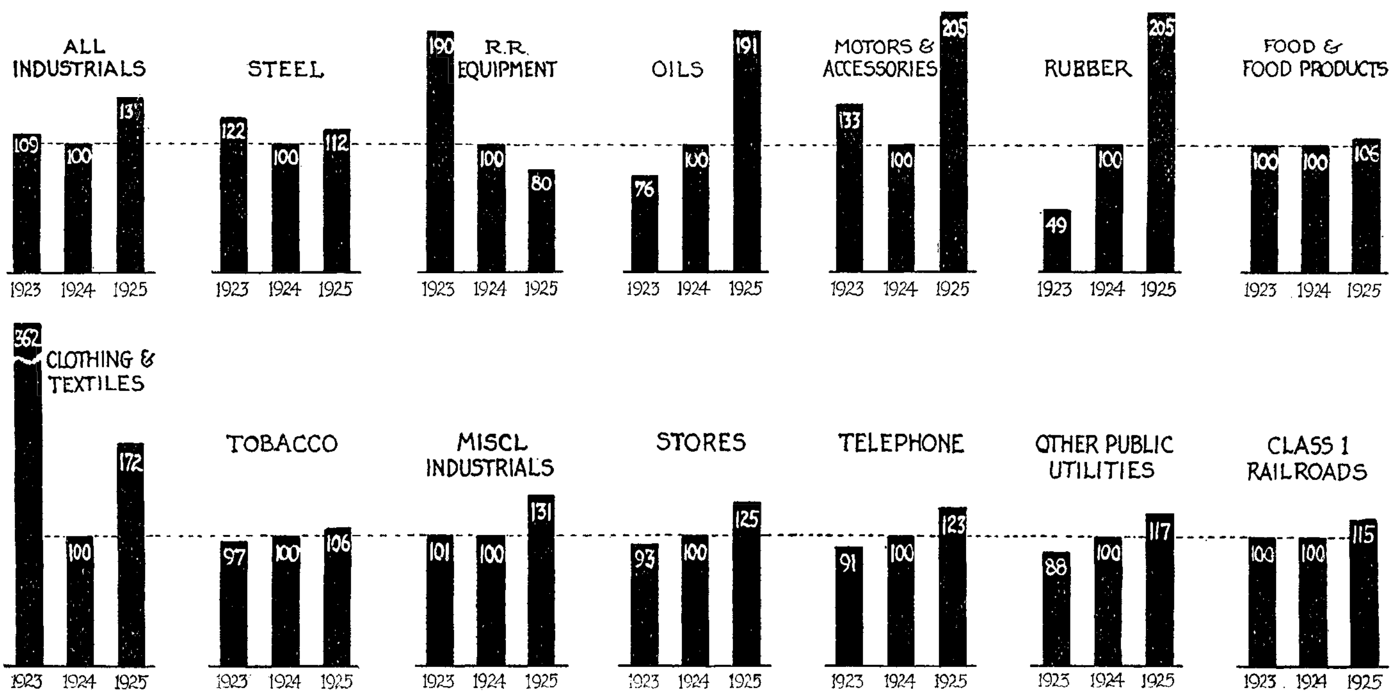
In the clothing and textile group 1925 profits were well above those of 1924 but less than half those of 1923. The railroad equipment industry was the only group to show a decrease in profits compared with 1924.

Telephone companies and other public utilities continued to report steady increases in net earnings. The profits of Class 1 railroads showed a 15 per cent increase over 1924 and were the largest in recent years.

The following table shows the detailed figures for net profits of the concerns for which statements were available in various groups, and the diagrams show the relative profits for these groups in the last three years, taking 1924 figures in each case as 100 per cent.

	Number of Corp.	Net profits in thousands of dollars		
		1923	1924	1925
Steel Companies	11	$142,901	$116,765	$130,632
R. R. Equipment	9	23,047	12,115	9,742
Oils	14	23,721	31,366	60,005
Motors & Motor Accessories (Exclusive of tires)	16	103,946	78,424	160,882
Rubber	7	11,635	23,517	48,313
Food and Food Products	23	77,937	77,782	82,753
Clothing & Textiles	16	25,262	6,979	11,991
Tobacco	8	38,681	39,944	42,319
Misc. Industrials	73	161,658	160,462	209,593
Stores	13	62,599	67,203	83,908
Total 10 Groups	190	$671,387	$614,557	$840,138
Telephone	68	$136,705	$150,793	$185,500x
Other Public Utilities	36	111,713	127,116	149,092
Total Public Utilities	104	$248,418	$277,909	$334,592x
Total 12 Groups	294	$919,805	$892,466	$1,174,730
Class I R. R.	191	$983,736	$986,718	$1,136,984

x=Partly estimated



Annual Net Profits of Industrial, Mercantile, Public Utility, and Railroad Corporations, in Percentages of 1924.