

# MONTHLY REVIEW

## of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

May 1, 1926

### Business Conditions in the United States

**I**NDUSTRIAL output increased in March and the distribution of commodities continued in large volume. The level of wholesale prices declined for the fourth consecutive month.

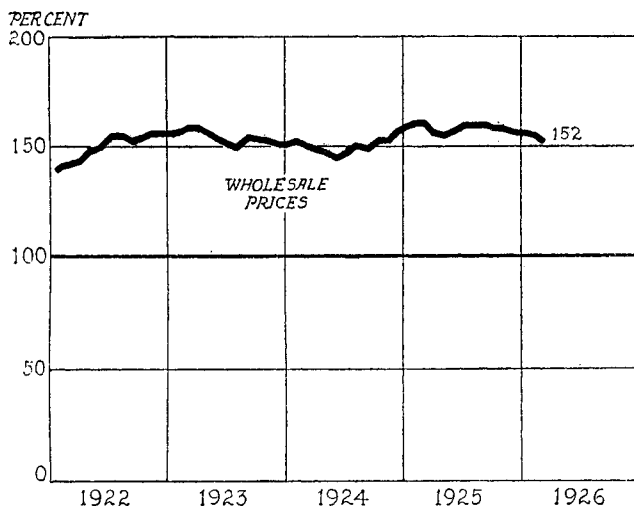
#### PRODUCTION

The Federal Reserve Board's index of production in basic industries increased in March to the highest level for more than a year. Larger output was shown for steel ingots, pig iron, anthracite, copper, lumber, and newsprint, and there were also increases in the activity of textile mills. The output of automobiles increased further and was larger than in any previous month, with the exception of last October. Building contracts awarded also increased in March, as is usual at this season, and the total was near the high figure of last summer. Particularly large increases in building activity as compared with a year ago occurred in the New York, Atlanta, and Dallas Federal Reserve Districts. Contracts awarded continued larger during the first half of April than in the same period of last year. Condition of the winter wheat crop has improved since the turn of the year and on April 1 was estimated by the

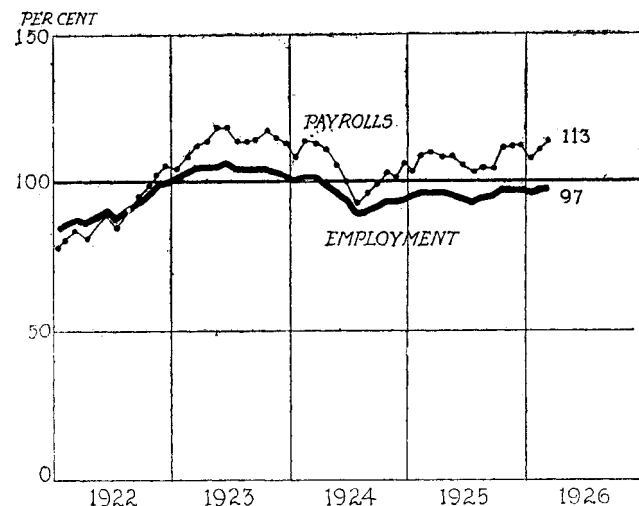
Department of Agriculture to be 84 per cent of normal, compared with 68.7 per cent last year and an average of 79.2 per cent for the same date in the past ten years.

#### TRADE

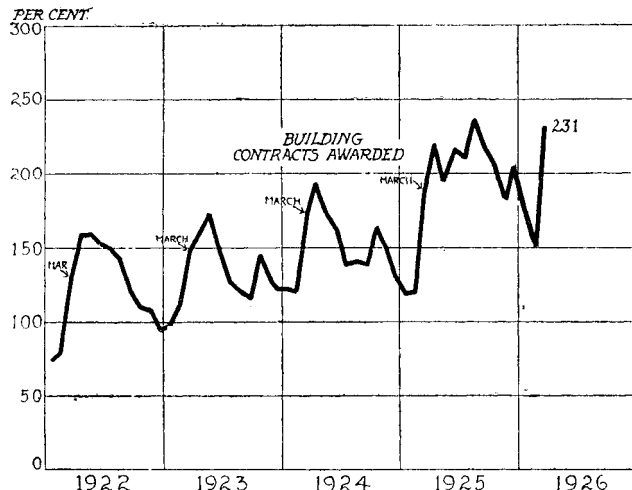
Wholesale trade showed a seasonal increase in March and the volume of sales was larger than a year ago in all leading lines except dry goods and hardware. Sales of department stores and mail order houses increased less than is usual in March. Compared with March a year ago sales of department stores were 7 per cent and sales of mail order houses 9 per cent larger. Stocks of principal lines of merchandise carried by wholesale dealers, except groceries and shoes, were larger at the end of March than a month earlier, but for most lines they were smaller than a year ago. Stocks of department stores showed slightly more than the usual increase in March and were about 3 per cent larger than last year. Freight car loadings during March continued at higher levels than in the corresponding period of previous years. Shipments of miscellaneous commodities and merchandise in less-than-carload lots were especially large. Loadings of coal, owing to the large production of anthracite, were also large, while shipments of coke decreased considerably from the high levels of preceding months.



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



Indexes of Factory Employment and Factory Payrolls in Manufacturing Industries. (1919 average = 100 Per Cent). Latest figures, March.



Index of Value of Contracts awarded in 7 Federal Reserve Districts reported by the F. W. Dodge Corporation. (1919 = 100). Latest figure, March.

### PRICES

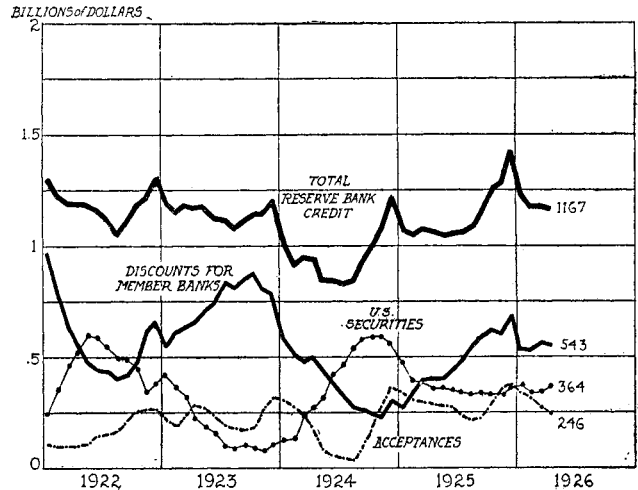
Wholesale prices, according to the Bureau of Labor Statistics index, declined by more than 2 per cent in March to the lowest level since September 1924. The decline was general for nearly all groups of commodities and the largest decreases were noted in grains, cotton, wool, silk, coke, and rubber. In the first two weeks of April prices of basic commodities were steadier than in March. Prices of grains, flour, and potatoes increased, while prices of cotton goods, wool, silk, bituminous coal, pig iron, and rubber declined.

### BANK CREDIT

Commercial loans of member banks in leading cities were relatively constant between the middle of March and the middle of April, at a level about \$200,000,000 higher than at the end of January and approximately equal to the high point reached last autumn. Continued liquidation of loans to brokers and dealers was reflected in a further decline in the total of loans on securities, which on April 14 were more than \$500,000,000 below the high point reached at the end of last year.

At the Reserve Banks an increase in the volume of member bank borrowing during the last two weeks of March was followed by a marked decline in the first three weeks of April, which brought the total near the lowest levels of the year. Holdings of United States securities increased continuously during the month, while acceptances declined seasonally. Total bills and securities were in smaller volume at the end of the period than at any other time during the year and only slightly larger than a year ago.

Open market rates on commercial paper declined in April from  $4\frac{1}{4}$ - $4\frac{1}{2}$  per cent to  $4$ - $4\frac{1}{4}$  per cent and rates on acceptances and on security loans were also lower in April than in March. On April 23 the discount rate at the Federal Reserve Bank of New York was reduced from 4 to  $3\frac{1}{2}$  per cent.



Reserve Bank Credit: Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in April.

### Money Market

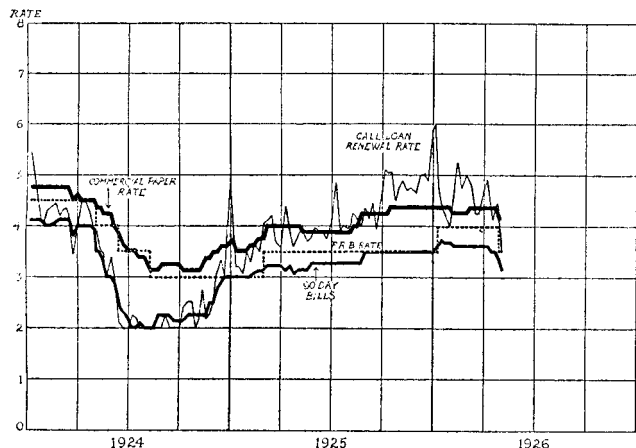
Money rates declined during April to the lowest quotations since last August. The movement of principal rates over the past few years is shown in the accompanying chart. The changes since April first are as follows:

	April 1, 1926	April 27, 1926
Time Money—90 day.....	$4\frac{1}{2}$	4
Prime Commercial Paper.....	$4\frac{1}{4}$ - $4\frac{1}{2}$	4
Bills—90 day.....	$3\frac{1}{2}$	$3\frac{1}{2}$
Treasury Certificates:		
5 months.....	3.19	2.99
8 months.....	3.55	3.19

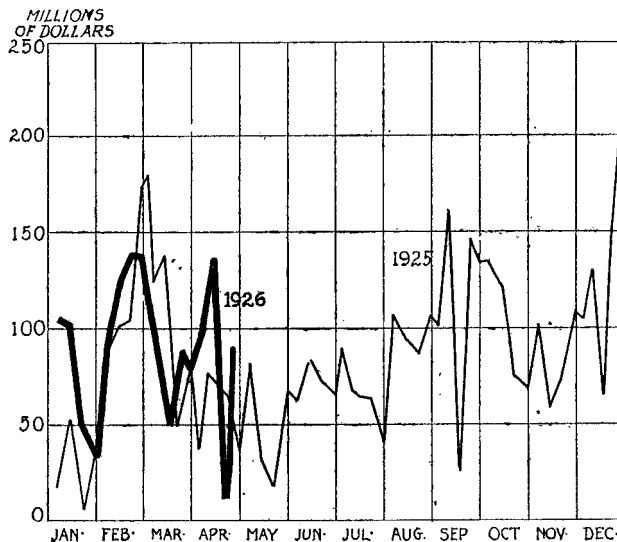
The principal factors making for easier rates in the New York market during the month may be listed as follows:

1. A gold import of \$10,000,000 on April 1, following net gold imports of \$39,000,000 during March.
2. An excess of Treasury payments over receipts in making interest payments on April 15.
3. An increase in holdings of Government securities by the Reserve Banks, amounting to \$59,000,000 during April. Most of these purchases were made in the New York market and the securities then distributed among the various Reserve Banks.
4. A decrease in bank loans to brokers and dealers amounting to 230 million dollars in the four weeks ended April 21, and bringing the total reduction since the middle of February to nearly 700 million dollars. The reduction during April was largely in loans for the account of New York City banks and reduced the reserve requirements of those banks by about \$10,000,000.
5. Reduced borrowings at the Federal Reserve Bank of New York.
6. The reduction of the discount rate of the Federal Reserve Bank of New York from 4 to  $3\frac{1}{2}$  per cent.

Accompanying the general ease of money and some liquidation of loans of out-of-town banks to brokers and dealers, there was a substantial flow of funds from New York to other centers during the month, with the exception of the third week, when the flow was toward New



Call Loan Renewal Rates, Open Market Rates for 4-6 Months Commercial Paper and 90-Day Bankers Acceptances, and the Federal Reserve Bank Rediscount Rate by Weeks. (Latest figures, week of April 28)



Federal Reserve Bank of New York Loans to New York City Member Banks. Latest figure, April 28.

York. After the middle of the month there was also an export movement of gold to Canada amounting in the aggregate to  $16\frac{1}{4}$  million dollars, reversing the direction of movement of the early months of the year. Toward the end of the month this out-of-town movement of funds was followed by slightly firmer money conditions and renewed borrowing by member banks at the Federal Reserve Bank.

POSITION OF BANKS

The changes which have taken place since the first of the year leave the New York City member banks in a position not far different from their position a year ago. The figures for principal loans and investments and principal forms of deposits are, at the two periods, as follows:

CONDITION OF 59 NEW YORK CITY REPORTING MEMBER BANKS (In millions of dollars)

	April 22 1925	April 21 1926	Net Change
Loans on stocks and bonds.....	1,953	1,933	-20
All other loans (largely commercial).....	2,303	2,396	+93
Investments.....	1,806	1,788	-18
Total loans and investments.....	6,062	6,117	+55
Net demand deposits.....	5,107	5,011	-96
Time deposits.....	825	828	+ 3
Government deposits.....	36	43	+ 7
Total deposits.....	5,968	5,882	-86

The reporting member banks outside New York show an increase of about 750 million dollars over last year in their total loans and investments, of which nearly 500 million dollars is in loans on stocks and bonds. Deposits show an increase of some 650 millions, most of which is in time deposits.

TRANSFERS TO CUBA

On Saturday, April 10, and for a few days following, money conditions were temporarily affected by a transfer

of funds to Cuba to meet a sudden currency demand on Cuban branches of American and Canadian banks. The New York offices, or correspondents of these banks, on April 10 and 12 transferred 39 million dollars to Cuba. The transactions took the form of transfers of funds through the Federal Reserve wire transfer system to the Federal Reserve Bank of Atlanta, which supplemented its customary supply of currency in Cuba by shipping additional amounts, which were paid out to the Cuban banks immediately on arrival, with the result that the demand was satisfied and ceased at once.

This transfer of funds resulted at once in a net loss to the reserves of New York City banks and there was a further loss at the same time through movements of funds to other parts of the country. The banks thus began the day on April 12 deficient in their reserves and before the close of the day call money had risen to  $5\frac{1}{2}$  per cent. During the course of the next few days, however, as the high rates drew money to New York, and Reserve Bank credit was used in increasing volume, money became easy again.

COMMERCIAL PAPER AND BILL MARKETS

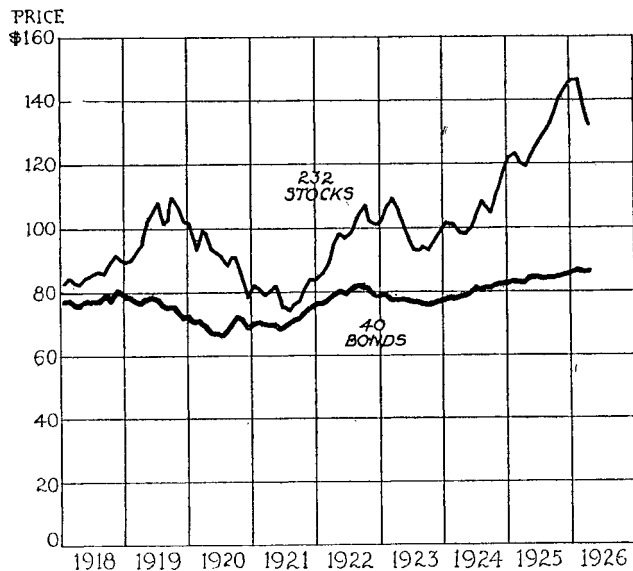
At the end of March the amount of paper outstanding through 26 commercial paper dealers was \$668,000,000, an increase of nearly 2 per cent from February. Outstandings, however, were 18 per cent smaller than in March 1925. The demand for paper, especially on the part of interior buyers, increased considerably late in April and sales were limited only by the small supplies of new paper which dealers were able to offer.

A good demand for bills resulted from easy money conditions, but the amount of bills offered to the market was small because of the usual seasonal decline. As a result, dealers' portfolios were substantially reduced, and bill rates were easier. After the reduction of the Federal Reserve discount rate, bill rates were reduced further to levels about  $\frac{1}{2}$  of one per cent under the rates prevailing early in the month.

## Security Markets

Following the sharp decline of stocks in March, prices moved irregularly in April. Averages of industrial stocks fluctuated about a level several points above March extreme low records, and railroad averages were comparatively steady.

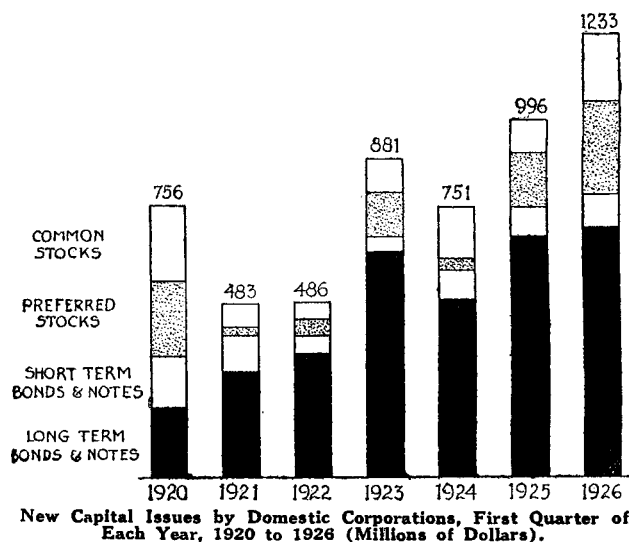
In marked contrast to the substantial recession in stock prices from the high levels reached earlier this year, averages of high grade corporation bonds advanced in April to new high levels since early in 1917 under the impetus of easy money conditions and strong investment demand. United States Government securities were also strong and all active issues except the First 3½'s reached new high levels for the year. In the foreign list, French and Belgian bonds recovered the previous month's loss and other issues were firm. The accompanying diagram of stock and bond prices during the past eight years shows how firmly bond prices have been maintained through the recent decline in stocks.



Prices of 232 Stocks (Standard Statistics Corporation index) and of 40 Domestic Bonds (New York Times Average) by Months 1918 to 1926 (April 1926 estimated.)

## New Financing

New security offerings by domestic corporations exclusive of refunding issues during the first quarter of 1926 were substantially larger than in the corresponding period of any recent year. As the accompanying diagram shows, the increase over the first quarter of 1925 was mainly in issues of preferred and common stocks, while bond flotations were of practically the same volume as last year. Common stock issues were double those of the first three months of last year and were the largest since 1920, while preferred stock issues exceeded those of the first quarter in any of the last six years.



New security offerings continued in heavy volume in April and were somewhat larger than the totals for the previous month or for April 1925. Railway financing, comprising mainly issues of equipment trust certificates, was heavier than at any time since last July. Public utility issues continued numerous. Other classes of domestic issues were smaller than in March while foreign offerings were somewhat larger. The principal foreign security offerings in this market were the major part of \$30,000,000 Republic of Uruguay bonds, and a \$20,000,000 issue of Argentine Government bonds, both issues maturing in 34 years and priced to yield 6.25 and 6.13 per cent respectively.

## Foreign Trade

An unfavorable balance of trade occurred in March for the third successive month, and the amount of the import balance, \$70,000,000, was the largest ever reported. Exports showed about the usual seasonal increase over February, but the valuation of \$375,000,000 for March was \$79,000,000 less than that of March 1925. Imports also showed a seasonal increase over the high level of February, and at \$445,000,000 were \$60,000,000 larger than a year previous, and the largest since 1920, when prices were very high.

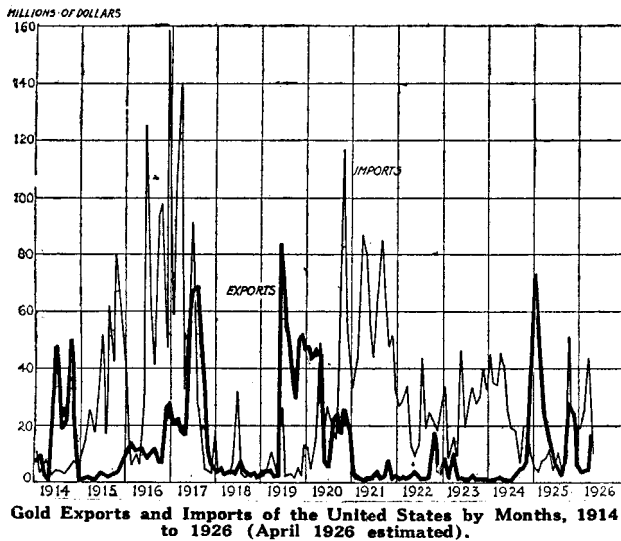
Small shipments abroad of raw cotton and grain continued to be the chief factor in the small volume of our export trade compared with that of a year ago. The value of cotton and grain exported in March 1926 was \$65,000,000 less than in March 1925, and for the first quarter of this year the exports of these commodities were \$192,000,000 less than in the corresponding period last year, whereas the decrease in total exports for the three months was only \$146,000,000. Exports of finished manufactures have increased steadily since 1921, especially shipments of automobiles.

Heavy receipts of crude rubber at prices which, despite the severe decline of recent months, are still above those of a year ago, largely accounted for the gain over last year in total imports. In actual volume, rubber imports were 26 per cent larger than those of March 1925, and exceeded those of any previous month on record.

### Gold Movement

Complete figures on gold imports into and exports from the United States indicate net imports of \$39,200,000 for the month of March, the largest monthly import balance since May 1924. The net inflow during the first quarter of 1926 totaled \$77,000,000 compared with a net export of \$133,000,000 in the first quarter of 1925. Actual imports in March were \$43,400,000 and included consignments from Canada amounting to \$39,300,000, and \$2,500,000 from Chile. Exports were \$4,200,000, chiefly to Hong Kong, British Malaya, and Mexico.

On April 1 an additional \$10,000,000 of gold was received from Canada, but subsequently, as Canadian exchange advanced to a premium, this import was offset by exports to Canada, totaling \$16,250,000 up to April 30. Receipts and shipments of gold through the Port of New York were small, imports amounting to only \$480,000 and exports to \$800,000. Exports included shipments to Germany, Mexico, and Guatemala. The accompanying diagram shows the actual amount of gold imports and exports in each month since the beginning of 1914.



### Foreign Exchange

Except for a temporary decline around the middle of the month, sterling exchange was firm during April, demand rates advancing to \$4.86 1/32 on the 29th, a new high for the year. French francs touched a new low point of 3.27 cents on April 28, and Belgian francs also remained weak, declining to 3.49 cents, the lowest since March 1924. Lire were steady at slightly more than 4 cents, and guilders continued to advance gradually to a new high point for the year.

In the Scandinavian currencies, Swedish kronor reacted to slightly below par, and Danish kroner declined fractionally from March high levels, while Norwegian kroner advanced to 21.96 cents, the highest point since September. Following declines in March, the Argentine exchange recovered to above the 40 cent level and Brazilian milreis also became firmer late in April.

Continued weakness in Canadian exchange early in April was accompanied by imports from Canada of \$10,000,000 of gold, but by the middle of the month the rate advanced to a premium of 5/32 per cent, and subsequent gold exports to the Dominion of \$16,250,000 were reported.

Japanese yen resumed its advance, rising 1 1/2 cents to 47.45 cents on April 27, the highest quotation since December 1923. This advance in yen was accompanied by an equally sharp decline in Chinese rates, and was reported to represent purchases of yen against sales of the silver Chinese currencies.

### World Prices

The decline in commodity prices in the United States since the middle of last year has been simultaneous with a similar movement in most other countries with stabilized currencies. The detailed figures for a number of these countries are shown in the following table. They indicate that commodity prices have declined from 6 to 18 per cent in different countries in the course of the year. In most cases this decline has been accompanied by a reduction in the discount rate of the central bank of issue.

The movement in this group of countries has been quite different from the movement in those countries where currency stability has not yet been achieved, as is indicated by the figures in the lower half of the table. In these countries the general tendency of prices has been upward and the movement of interest rates has been upward also.

	Price Index			Discount Rate	
	March 1925	March 1926	Per cent Change	April 1925	April 1926
<b>Countries with Stabilized Currencies</b>					
United States.....	161	152	- 6	3 1/2	3 1/2
England.....	174	152	-13	5	5
Netherlands.....	155	146	- 6	4	3 1/2
Sweden.....	168	149	-11	5 1/2	4 1/2
Germany.....	134	118	-12	9	7
Switzerland.....	170	151	-11	4	3 1/2
Austria.....	143	119	-17	13	7 1/2
Hungary.....	153*	125*	-18	11	7
<b>Countries whose Currencies are Unstabilized</b>					
Belgium.....	546	583	+ 7	5 1/2	7 1/2
France.....	514	632	+23	7	6
Italy.....	659	693	+ 5	6	7
Poland.....	122	144	+18	10	12

\*=February

### Employment and Wages

Factory employment in March showed little change from the February level. In New York State there was a slight increase but the gain from the low point of January has been less than one per cent. For the country as a whole a small reduction occurred during the month. In April there appears to have been the usual seasonal reduction in factory employment but the expansion of outdoor activities, though somewhat delayed, served to maintain the general level of employment.

Railroad equipment plants in New York State increased their working forces in March to the highest level in more than a year in response to a larger demand for

cars and locomotives during recent months, and employment in iron and steel mills exceeded even the highest level reached in the spring of 1923. A further seasonal increase carried employment in the automobile factories close to the highest level reached last year, and renewed activity was reported in building materials. Factory workers' per capita earnings were close to those of January, the highest ever reported.

The number of workers called for at state employment offices in March was 83 per cent of the number of applicants for work as compared with 78 per cent a year previous, but as a result of unseasonably cool weather there was no further increase in the demand for help in the first half of April such as occurred last year.

For the country as a whole the demand for agricultural labor on April 1 was slightly larger and the supply slightly smaller than a year previous, and the wages offered were higher than on the corresponding date of any previous year since 1920. Because of the competition with the high wages offered by industrial concerns, the farm wages offered in New York State were reported to be over 40 per cent higher than the average for the entire country.

## Building

The volume of new building projects undertaken continued very large in March. The F. W. Dodge Corporation reports nearly \$600,000,000 of contracts awarded in 37 states, an increase of 53 per cent over the February total and of 22 per cent over that of March 1925. In the New York and Northern New Jersey district contracts awarded in March were 88 per cent larger than a year ago but did not equal the unusual volume of March 1924.

Permits issued during the month in 440 cities also showed a large increase over February, but the gain over March of last year was only 2 per cent, according to S. W. Straus Company reports. Many of the larger increases over last year were reported from Florida and other southern states.

Residential building continued to account for a considerable part of the increase in contracts in this district. In other districts, however, the principal gains were in commercial building and public works and utilities, while reductions compared with a year ago were reported in contracts for residential, industrial, and educational building.

## Indexes of Business Activity

A continued high level of general business in March is indicated by a majority of the indexes computed by this bank. Car loadings of merchandise and miscellaneous freight showed slightly less than the usual seasonal increase, and retail trade appears to have been restricted by unfavorable weather conditions, but the indexes as

a whole show more increases than decreases and the majority of them show a volume of business well above normal.

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

(Computed trend of past years=100 per cent)

	1925 March	1926		
		Jan.	Feb.	March
<i>Primary Distribution</i>				
Car loadings, merchandise and misc. ....	105	105	106	103
Car loadings, other. ....	94	100	100	102
Exports. ....	103	82	85	87 <sub>p</sub>
Imports. ....	113	130	128	133 <sub>p</sub>
Grain exports. ....	104	47	37	51
Panama Canal traffic. ....	106	97	96	...
<i>Distribution to Consumer</i>				
Department store sales, Second Dist. ...	97	97	100	95
Chain store sales. ....	96	97	96	89
Mail order sales. ....	107	122	121	110
Life insurance paid for. ....	112	99	109	116
Real estate transfers. ....	111	110	113	109
Magazine advertising. ....	97	103	103	99
Newspaper advertising. ....	97	98	97	98
<i>General Business Activity</i>				
Bank debits, outside of New York City. ....	110	114	113	113
Bank debits, New York City. ....	121	128	124	140
Bank debits, 2nd District, exclusive of New York City. ....	106	110	106	106
Velocity of bank deposits, outside of New York City. ....	98 <sub>r</sub>	106 <sub>r</sub>	104 <sub>r</sub>	105 <sub>r</sub>
Velocity of bank deposits, New York City. ....	108 <sub>r</sub>	120 <sub>r</sub>	118 <sub>r</sub>	128 <sub>r</sub>
Shares sold on New York Stock Exchange*. ....	218	221	202	295
Postal receipts. ....	95	97	100	101
Electric power. ....	105	109	110	101
Employment, N. Y. State factories. ....	99	101	101	101
Business failures. ....	105	97	96	111
New corporations formed in N. Y. State. ....	112	128	124	115
Building permits. ....	143	149	144	147
General price level. ....	186	188	187	186

\*=Seasonal variations not allowed for p=Preliminary r=Revised

## Commodity Prices

Wholesale prices in March averaged 2.3 per cent lower than in February, according to the index of the Department of Labor. This decline was the largest since April of last year, and carried wholesale prices 6 per cent below the level of a year ago, canceling more than half the rise from the lowest point of 1924. In April a slightly lower level of prices than in March is indicated by this bank's index of 20 basic commodities.

Prices of textile raw materials continued weak in April. Raw silk declined steadily and at \$5.65 on April 28 was \$1.25 lower than at the beginning of the year. Spot cotton quotations at New York declined to 18.85 cents, compared with over 21 cents early in January, and wool was slightly lower than in March. Crude rubber prices also showed a further moderate decline, and in the latter part of April were little more than half the prices prevailing at the beginning of the year. Prices of hogs, grain, and sugar, however, were somewhat higher than in March.

**Production**

Production was maintained at a high level in most leading industries in March. Steel ingot production was larger than in any previous month, and pig iron output increased substantially, following a decline in coke prices. Anthracite coal production was expanded to an unusually high level, and bituminous output was only moderately curtailed.

Automobile production in March showed a seasonal increase over February, and the total output of 428,000 passenger cars and trucks was the largest in any month except October of last year. Lumber production continued at a high level in March and cement production showed more than the usual increase over February.

In April some curtailment of productive activity has been reported, especially in steel and textiles. Reports from the Detroit automobile center show a moderate reduction in the number of workers employed. Silk goods production was further reduced, and plans for some curtailment of cotton goods production were reported, following unsatisfactory sales in recent months.

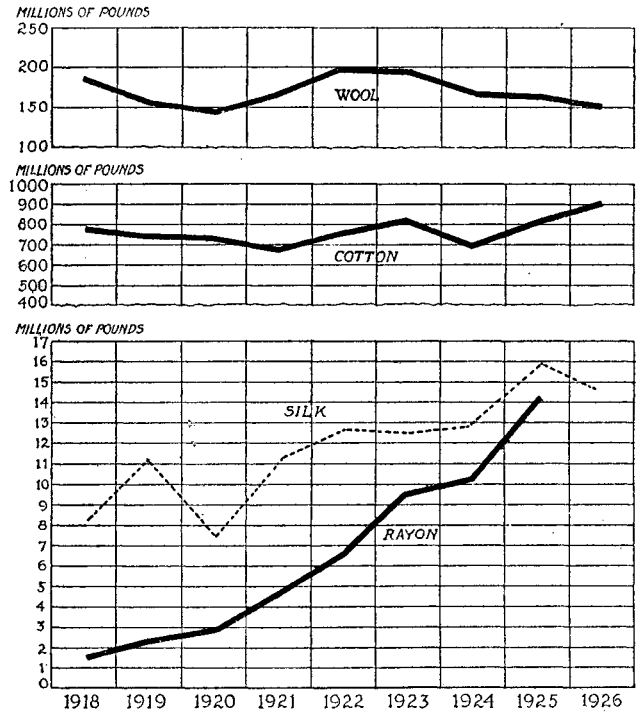
The accompanying diagram indicates the course of consumption of the principal textile raw materials during the last eight years, and shows the increase in the use of silk and rayon relative to cotton and wool.

March indexes of production, in which allowance has been made for seasonal variations and year-to-year growth, are shown in the following table, with comparable figures for recent months and a year ago.

(Computed trend of past years=100 per cent)

	1925	1926		
	Mar.	Jan.	Feb.	Mar.
<b>Producers' Goods</b>				
Pig iron r.....	119 <sup>r</sup>	112 <sup>r</sup>	108 <sup>r</sup>	114 <sup>r</sup>
Steel ingots.....	107	110	112	112
Bituminous coal.....	83	113	114	101 <sup>p</sup>
Copper, U. S. mines.....	107	103	108 <sup>r</sup>	106
Tin deliveries.....	111	129	100	103
Zinc.....	96	105	106	98
Petroleum.....	117	114	113	...
Gas and fuel oil.....	110	107	104	...
Cotton consumption.....	96	93	102	103
Woolen mill activity*.....	93	86	84	85 <sup>p</sup>
Cement.....	129	123	108	116 <sup>p</sup>
Lumber.....	112	104	110	109 <sup>p</sup>
Leather, sole.....	82	64	69	69
Silk consumption*.....	137	132	121	111
<b>Consumers' Goods</b>				
Cattle slaughtered.....	110	104	106	116
Calves slaughtered.....	116	116	118	109
Sheep slaughtered.....	107	103	114	127
Hogs slaughtered.....	88	82	76	93
Sugar meltings, U. S. ports.....	115	139	116	...
Wheat flour.....	89	90	90	94
Cigars.....	96	86	94	110
Cigarettes.....	80	80	74	83
Tobacco, manufactured.....	98	111	109	111
Gasoline.....	129	137	136	...
Tires.....	117	132	129	...
Newsprint.....	113	119	127	130
Paper, total.....	102	94	100	100
Boots and shoes.....	95	84	91	92 <sup>p</sup>
Anthracite coal.....	85	2**	30**	104 <sup>p</sup>
Automobile, all.....	119	120	132	132
Automobile, passenger.....	121	120	133	137
Automobile, truck.....	112	121	128	110

\*=Seasonal variation not allowed for \*\*=Strike p=Preliminary r=Revise



Consumption of Textile Raw Materials in the United States, Quarterly Averages for 1918 to 1925, and First Quarter of 1926.

**Chain Store Sales**

Chain store business during March showed about the same increase over the previous year as in February, but as the increase in the number of stores operated was not so large, sales per store compared more favorably with those of a year ago than in the previous months of this year.

Gains in volume of business were reported in all lines, but as in the past three months were particularly large in variety, drug, and grocery stores. More substantial increases than in any month since last October occurred in total sales of shoe and candy chains, and sales per store were closer to those of a year previous than in any recent month. Increases in total sales of both tobacco and 5 and 10 cent stores were the largest for any month so far this year, and there was also a considerable improvement in their sales per store.

Type of Store	Percentage Change March 1926 from March 1925		
	Number of Stores	Total Sales	Sales per Store
Variety.....	+17.1	+27.4	+ 8.8
Drug.....	+20.1	+25.4	+ 4.4
Grocery.....	+18.3	+19.6	+ 1.1
Shoe.....	+15.6	+13.0	- 2.2
Ten Cent.....	+ 5.8	+12.4	+ 6.3
Tobacco.....	+13.4	+ 8.4	- 4.4
Candy.....	+22.7	+ 8.4	-11.7
Total.....	+16.8	+17.6	+ 0.6

## Wholesale Trade

Although 9 out of 15 lines reported larger March sales than last year, wholesale trade in this district, measured by a weighted average of reports from nearly 200 concerns, showed a decrease of about 3 per cent compared with last March, despite the extra selling day this year. This decline was due chiefly to substantially smaller sales of women's clothing and textiles. Silk sales dropped below the level of a year previous for the first time since September 1924 and sales of cotton jobbers showed the largest decrease in over a year.

The largest increases occurred in sales of diamonds and machine tools. Stationery continued its steady gain and unusually large increases were reported by drug and grocery firms.

Shoe stocks dropped below the level of a year previous for the first time since last March, and stocks of groceries, cotton goods and jewelry and diamonds remained smaller. Silk stocks, however, continued to be much heavier than a year ago, men's clothing showed a substantial increase, and hardware remained practically unchanged.

Collections averaged about 3 per cent larger than last year, all lines with the exception of cotton jobbing and coats and suits reporting increases over last March. About the same average increase was reported in accounts receivable, although decreases were reported in four lines.

Commodity	Percentage Change Mar. 1926 from Feb. 1926		Percentage Change March 1926 from March 1925			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collec-tions	Acc'ts Receivable
Groceries.....	+17.7	- 3.5	+ 8.8	- 1.4	+ 9.7	+10.0
Men's clothing.....	+ 4.9	- 4.8	+ 0.6	+14.2	+ 8.2	+15.3
Women's dresses.....	+ 4.1	.....	-33.4	.....	.....	.....
Women's coats and suits	+43.9	.....	-19.7	.....	-24.2	-20.7
Cotton goods-Jobbers..	+ 1.8	-11.7	-17.8	-10.1	- 8.7	- 7.3
Cotton goods-Commis- ion.....	+18.0	.....	-10.6	.....	.....	.....
Silk goods.....	+ 6.7	*- 0.3	- 4.7	*+48.8	+ 2.6	+ 5.3
Shoes.....	+63.4	- 8.7	+ 7.3	- 4.5	+ 9.1	- 0.3
Drugs.....	+18.1	.....	+10.3	.....	.....	.....
Hardware.....	+25.1	+ 1.5	- 7.5	+ 1.2	+ 3.2	- 1.7
Machine tools.....	+22.0	.....	+19.7	.....	.....	.....
Stationery.....	+ 1.1	.....	+10.8	.....	+ 0.4	+ 4.5
Paper.....	+16.2	.....	+ 4.1	.....	+22.3	+11.1
Diamonds.....	+21.8	+2.9	+21.6	-9.2	.....	.....
Jewelry.....	+ 4.4	.....	+ 2.3	.....	.....	.....
Weighted Average ..	+18.9	.....	- 2.8	.....	+ 2.6	+ 3.4

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

## Department Store Trade

Sales of department stores in this district during March were 7 per cent larger than last year, due partly to the fact that Easter came a week earlier this year and partly to an additional selling day this March. An index of department store sales computed by this bank, which makes allowance for these factors and for seasonal and price changes, was 95 per cent of normal in March compared with 100 in February and 97 in March a year

ago. Unseasonably cold weather in March, and in April as well, has retarded buying of spring merchandise.

Changes in the different localities compared with last year varied widely, ranging from an increase of 24 per cent reported in Bridgeport for the second consecutive month to a decrease of 6 per cent in Buffalo. Sales of apparel stores were also 7 per cent larger, and mail order houses reported a gain of 10 per cent.

Stocks of merchandise in department stores showed a 4 per cent increase over last year. In apparel stores the increase in stock was 12 per cent, almost double the increase in sales.

A substantial increase over last year was again indicated in charge account collections, but accounts receivable at the end of the month also continued to be much larger. Outstanding instalment accounts reported by department stores remained smaller than a year ago in New York and Buffalo, but were larger in most other localities. The average for all reports received was a reduction of 3 per cent.

Locality	Percentage Change March 1926 from March 1925			
	Net Sales	Stock on Hand end of month	Collec-tions*	Accounts Receivable*
New York.....	+ 7.4	+ 4.3	+ 9.0	+19.4
Buffalo.....	- 6.3	+ 6.8	+ 8.3	+ 7.4
Rochester.....	+12.6	+ 3.4	+22.1	+22.0
Syracuse.....	- 4.4	+ 2.1	-13.2	- 5.9
Newark.....	+ 9.9	+ 8.8	- 0.1	- 1.3
Bridgeport.....	+23.9	+ 8.3	.....	.....
Elsewhere.....	+ 6.7	- 6.0	+ 3.3	+ 7.1
Northern New York State.....	+11.7	.....	.....	.....
Central New York State.....	+ 4.8	.....	.....	.....
Southern New York State.....	+ 4.8	.....	.....	.....
Hudson River Valley District..	+11.7	.....	.....	.....
Capital District.....	+ 0.7	.....	.....	.....
Westchester District.....	+14.8	.....	.....	.....
All department stores.....	+ 6.9	+ 4.3	+ 6.7	+11.7
Apparel stores.....	+ 6.7	+12.1	+25.6	+38.9
Mail order houses.....	+ 9.9	.....	.....	.....

\*Exclusive of instalment accounts.

The following table shows sales and stocks by departments compared with March of 1925.

	Net Sales Percentage Change March 1926 from March 1925	Stock on Hand Percentage Change March 31, 1926 from March 31, 1925
Toys and sporting goods.....	+31.3	+13.0
Books and stationery.....	+25.5	+12.1
Linens and handkerchiefs.....	+21.8	- 0.4
Furniture.....	+20.4	+ 7.7
Toilet articles and drugs.....	+17.3	+ 4.4
Men's furnishings.....	+15.3	0
Shoes.....	+13.1	+ 6.2
Luggage and other leather goods.....	+13.1	+15.0
Cotton goods.....	+10.1	- 2.1
Men's and Boys' wear.....	+ 9.4	+ 6.6
Silverware and jewelry.....	+ 9.1	+ 9.4
Hosiery.....	+ 8.9	+ 9.5
Women's ready-to-wear accessories.....	+ 8.8	- 7.0
Home furnishings.....	+ 7.5	+ 2.2
Silks and velvets.....	+ 1.5	- 2.1
Musical instruments and radio.....	+ 0.2	+ 4.3
Women's and Misses' ready-to-wear.....	- 2.6	+ 4.1
Woolen goods.....	-30.1	-18.5
Miscellaneous.....	- 0.3	- 8.9