

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

June 1, 1926

Business Conditions in the United States

THERE was a slight decline in the activity of industry and trade in April, and a further reduction in the general price level. Commercial demand for bank credit continued large and the volume of security loans, after a rapid decline since the turn of the year, remained at a constant level.

PRODUCTION

Production in basic industries, according to the Federal Reserve Board's index, decreased 1 per cent in April, slight increases in production of lumber and pig iron being more than offset by declines in output in other industries. Particularly large recessions were shown in the production of steel ingots and in textile mill activity. Automobile production, not included in the index, continued in large volume. Factory employment and pay rolls declined slightly in April, particularly in the food, tobacco, textile, and boot and shoe industries. The value of building contracts awarded during April was smaller than in March and practically the same as in April of last year. Awards for the first two weeks in May, however, showed increases as compared with the same weeks in 1925. Reports by the Department of Agriculture indicate that up to the first of May 68 per cent of spring plowing and 56 per cent of sowing and planting was completed, compared with about 83 per cent and 66 per

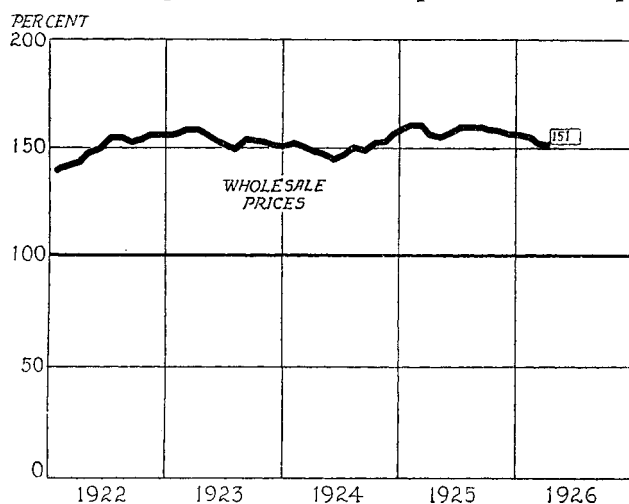
cent last year. On the basis of the condition of winter wheat on May 1, a yield of 549,000,000 bushels is forecast, compared with a final yield of 398,000,000 bushels in 1925.

TRADE

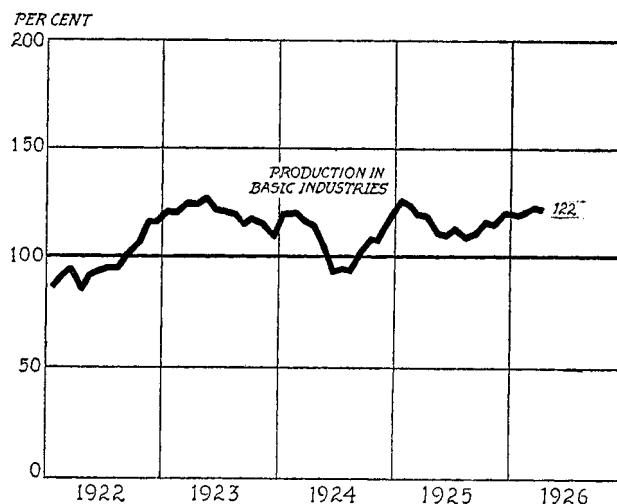
The volume of wholesale trade in April was seasonally smaller than in March for all lines except meats. Compared with a year ago, sales of groceries, meats, and drugs were larger in April, while sales of dry goods, shoes, and hardware were smaller. Department store sales increased less than usual and were somewhat smaller than a year ago. Sales of mail order houses were slightly smaller than in March but continued to be larger than in the corresponding month of 1925. There was some decrease in the stocks of merchandise held by wholesale firms during the month, and inventories of department stores showed less than the usual seasonal increase, though they were larger than a year ago. Weekly freight car loadings decreased in the early part of April but later increased, and the volume of shipments for the month of April as a whole and for the first two weeks in May was larger than in the corresponding periods of any previous year.

PRICES

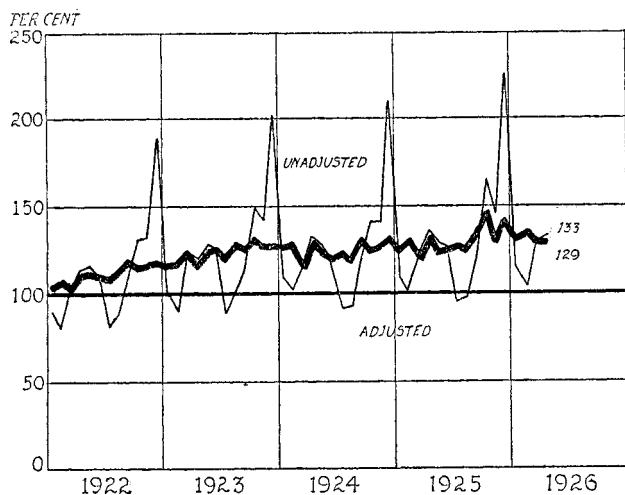
Wholesale commodity prices, according to the Bureau of Labor Statistics index, declined slightly from March



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



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



Index of Department Store Sales in 359 Stores (1919 = 100 Per Cent. Latest figure, April).

to April. Increases in the farm products and food groups, which had been declining for several months, were more than offset by decreases in other groups. The greatest declines were in the prices of clothing materials. In the first three weeks of May prices of wheat, cattle, sheep, cotton goods, pig iron, bricks, and rubber declined, while those of hogs, raw silk, and crude petroleum increased.

BANK CREDIT

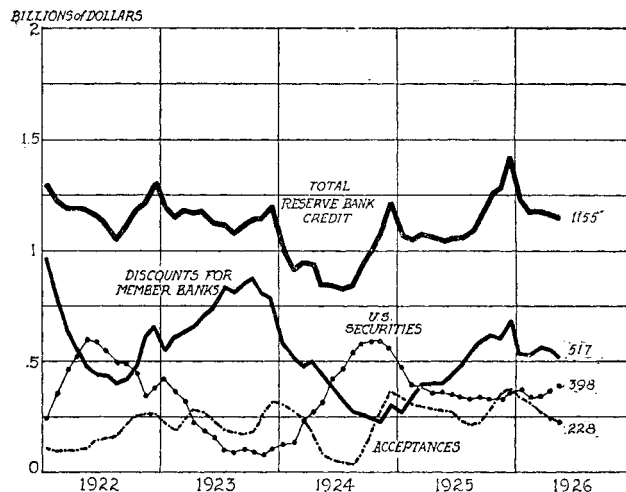
Commercial demand for bank credit at member banks in leading cities continued in large volume between the middle of April and the middle of May. Liquidation of security loans which had been rapid since the beginning of the year, did not continue after the middle of April, and the volume of these loans remained fairly constant at a level about \$450,000,000 below the peak at the end of 1925. There was some addition to the banks' investments and the total of their loans and investments was about \$1,000,000,000 larger than at the same period of last year.

Withdrawals of funds from New York were reflected in an increase between the middle of April and the middle of May in borrowings by member banks from the Federal Reserve Bank of New York while borrowings at most of the other Reserve Banks declined. Open market holdings of the Reserve Banks remained fairly constant during the period and there was little change in the total volume of Reserve Bank credit outstanding.

Money rates late in April reached the lowest level for a year, but in May conditions in the money market became somewhat firmer.

Money Market

The movement in April toward easier money conditions was not continued during May and rates remained firm at about the levels reached in the latter part of April, or were slightly higher. The following table shows the changes in money rates between April 1, April 27, and May 27.

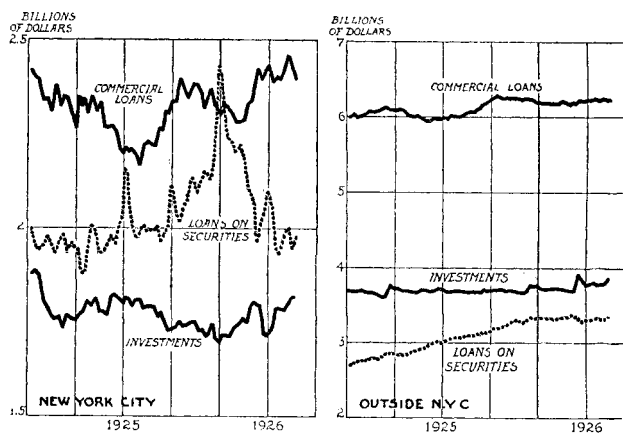


Reserve Bank Credit: Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 21 days in May.

	April 1, 1926	April 27, 1926	May 27, 1926
Time Money—90 day	4½	4	4
Prime Commercial Paper	4¼-4½	4	4
Bills—90 day	3¾	3½	3¾
Treasury Certificates:			
4-5 months	3.19	2.99	3.17
7-8 months	3.55	3.19	3.22

Slightly firmer money conditions in New York may be accounted for largely by a continued commercial demand for credit and currency and a considerable transfer of funds from New York to other centers.

The increase in the amount of currency required for circulation was shown by an excess of payments of currency over receipts at the Reserve Bank of about 35 million dollars. The changes in loans on stocks and bonds, commercial loans, and investments of New York City banks and reporting member banks outside New York City since the first of 1925, are shown in the accompanying diagram.



Loans and Investments of Reporting Member Banks in New York City and Elsewhere.

Between April 21 and May 19 there was a net movement of funds from New York to the interior of about 50 million dollars, which may be explained partly by the demand for funds in different parts of the country for business activity and partly by the prevalence in New York of lower money rates than in previous weeks.

LOANS TO BROKERS AND DEALERS

Reports of loans to brokers and dealers by New York City banks for their own account and for the account of their correspondents indicated that such loans have for some weeks been relatively stable at the levels reached in April. The figures reported for the third week in May were slightly lower than the lowest reached in April. Since the first of the year loans by New York banks for their own account have decreased 440 million dollars and loans placed for correspondents and others have decreased 290 million dollars, a total decline of 730 million dollars since the first of the year. The movement of these loans is shown in the accompanying diagram, and the figures for the latest available date, May 19, 1926, are as follows:

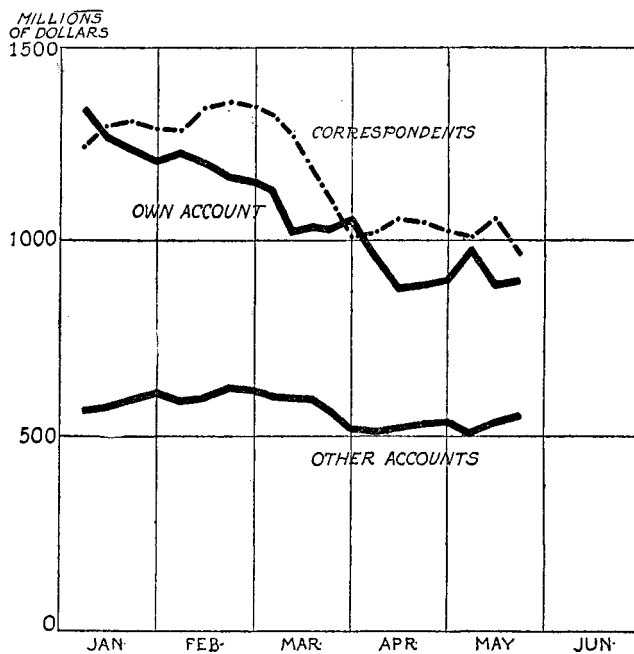
Total loans for own account.....	\$ 894,171,000
Total loans for out-of-town correspondents.....	963,751,000
Total loans for others.....	550,773,000
	<hr/>
	\$2,408,695,000

BILL MARKET

Accompanying the somewhat firmer money conditions of May the distribution of bills was limited and bills began to accumulate in dealers' portfolios, until by the middle of the month these portfolios were larger than 100 million dollars and probably larger than they had ever been before. As a reflection of these conditions dealers on May 18 increased by $\frac{1}{8}$ their rates for all maturities above 30 days. This change brought the offering rate for 90 day bills from $3\frac{1}{8}$ to $3\frac{1}{4}$. On May 20 the Federal Reserve Bank of New York reduced slightly its buying rates for bills so as to purchase 1—30 day maturities at $3\frac{1}{8}$; 31—90 day maturities at $3\frac{1}{4}$; 4 month maturities at $3\frac{3}{8}$; and 5 to 6 months at $3\frac{3}{4}$. The lower buying rates of the Reserve Bank enabled member banks to buy bills more freely, with the knowledge that if necessary, they could sell them to the Reserve Bank without sustaining a loss. On May 26 the dealers raised their rates for unendorsed 90 day bills a further $\frac{1}{8}$. Following the increase in the market rate and the lowering of the buying rate of the Reserve Bank, there was a larger distribution and dealers' portfolios were reduced.

COMMERCIAL PAPER

The prevailing rate on commercial paper during May continued to be 4 per cent, although there were some offerings of special names at $3\frac{3}{4}$. The market for paper in New York City continued quiet and the most active buying was by out-of-town accounts, particularly in the Middle West. The volume of commercial paper coming into the market continued small and hardly sufficient to meet the demand fully. The amount of commercial paper outstanding at the end of April was 663 million dollars, compared with 668 million dollars at the end of March.



Loans to Brokers and Dealers in Securities Placed by New York City Reporting Member Banks.

The French Debt Agreement

An agreement for the settlement of France's debt to this country, was reached by Ambassador Berenger and the United States World War Foreign Debt Commission on April 29, 1926, subject to ratification by the respective governments. According to this agreement, France would pay over a period of 62 years \$6,848,000,000, representing principal and accrued interest of \$4,025,000,000 with future interest payments amounting to \$2,823,000,000. No interest is to be paid until 1930, and thereafter interest charges begin at 1 per cent per annum and progress to a maximum of $3\frac{1}{2}$ per cent for the years 1965 to 1987. Annual payments covering both principal and interest commence at \$30,000,000 in 1926 and increase gradually until the seventeenth year, when the payment reaches \$125,000,000 and continues at that amount for the balance of the 62 years, except in the last year when the amount remaining is slightly smaller.

When this agreement shall have been ratified the funding of the major part of foreign debts to the United States Government will be completed. There will then remain to be funded only \$244,000,000 out of a total original war debt of \$10,100,000,000. The debts remaining unfunded comprise obligations of Russia, Greece, Armenia, and also that of Austria, settlement of which has been deferred by Congress until 1943.

If the agreement with France is ratified in its present form the principal and accrued interest of the debts funded by 13 countries will total \$11,522,354,000. Under the terms of the agreements with the different nations, payments of \$22,143,539,993 are to be received by the United States over a period of 62 years in settlement of principal and interest charges. The "present value" of these payments on a $4\frac{1}{4}$ per cent interest basis amounts to a total of \$6,889,936,239 at dates of settlement. The

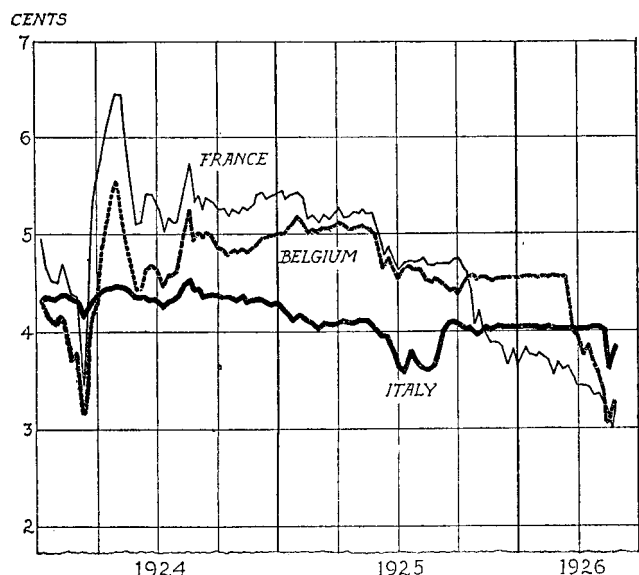
following table gives the figures for each of the debt funding arrangements, assuming that the proposed agreement with France is ratified.

	Principal of debt as funded	Total amount of principal and interest to be received	Present value of payments on a 4 1/4 per cent annual basis	Ratio of present value to debt as funded (per cent)
Great Britain.....	\$ 4,600,000,000	\$11,105,965,000	\$ 3,792,528,700	82
France.....	4,025,000,000	6,847,674,104	2,008,122,624	50
Italy.....	2,042,000,000	2,407,677,500	538,136,500	26
Belgium.....	417,780,000	727,830,500	226,040,300	54
Poland.....	178,560,000	435,687,550	147,208,100	82
Czechoslovakia.....	115,000,000	312,811,434	92,166,200	80
Jugoslavia.....	62,850,000	95,177,635	20,236,715	32
Rumania.....	44,590,000	122,506,260	35,342,500	79
Estonia.....	13,830,000	33,331,140	11,403,500	82
Finland.....	9,000,000	21,695,055	7,420,200	82
Lithuania.....	6,030,000	14,531,940	4,971,100	82
Latvia.....	5,775,000	13,958,635	4,761,200	82
Hungary.....	1,939,000	4,693,240	1,598,600	82
Total.....	\$11,522,354,000	\$22,143,539,993	\$ 6,889,936,239	60

Foreign Exchange

The outstanding events in the foreign exchange market during May were the advance of sterling above par on May 13 for the first time since 1914, the decline of Belgian and French francs to 2.74 cents, the lowest values ever recorded, and the break in the lira, which had been fairly stable at slightly over 4 cents, to 3.35 cents. A quick recovery occurred in the lira after the middle of May, and French and Belgian francs regained a part of their losses late in the month.

Other European exchanges showed little change during the month. The premium on the Canadian dollar was reduced below the gold export point. The rupee was firmer, being quoted at 36 1/8 cents during the greater part of the month. The yen ranged from 46 1/2 cents to 47 1/4 cents, and Chinese exchange showed little change following a partial recovery from the low points reached in the third week of April. Brazilian rates advanced steadily, reaching 15 cents toward the close of the month, while Argentine quotations, after rising to 40.37 cents on the 11th, declined to 40.11 cents.



Course of Belgian, French, and Italian Exchange Rates at New York. Last Quotations in Each Week, 1924 to 1926.

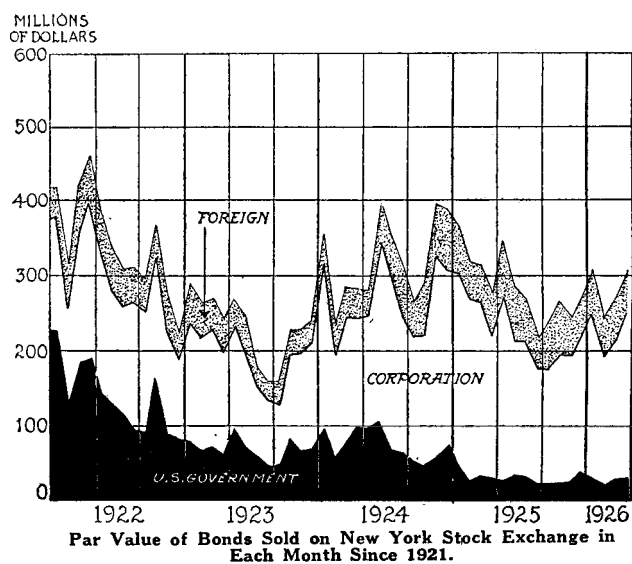
Security Markets

Stock price movements continued irregular in May and trading was relatively quiet. Averages of representative industrial stocks remained above the low point of the year in March, but below the levels of late April. Railroad stock averages held within a few points of the high levels of January.

Corporation bond averages continued to advance and reached the highest levels since early in 1917. The strength in high grade bonds is attributed at least in part to buying by banks and other financial institutions. Total investment holdings of weekly reporting member banks in all districts have increased about \$250,000,000 since the first of the year, largely due to increased holdings of securities other than United States Government issues.

Liberty and Treasury bonds receded slightly in May from the high points of the year. Prices of French, Belgian, and Italian bonds declined, accompanying weakness in the exchange rates, Polish bonds declined over 5 points due to the overthrow of the Witos government, and British bonds were temporarily unsettled by the strike.

The following diagram shows the par value of all bonds sold on the New York Stock Exchange in each month since the beginning of 1922. Trading in Government bonds has diminished greatly, due to the retirement of one issue and reduction in the floating supply of others. The volume of trading in foreign bonds has been well sustained, and sales of corporation bonds have accounted for a steadily increasing proportion of the total. As the diagram shows, the total volume of trading declined sharply in the first eight months of 1925, but has since then increased almost continuously. The sales on the exchange, shown below, are only a limited part of total transactions in bonds.



Par Value of Bonds Sold on New York Stock Exchange in Each Month Since 1921.

New security issues in the first four months of 1926 amounted to \$2,626,000,000, compared with \$2,495,000,000 in the corresponding period of 1925, but the volume

of new financing in May was small. State and municipal bond issues in May were the heaviest since February, but all other groups were smaller than in April. Public utility financing was the principal element in corporation offerings. The flotation of the major part of \$35,000,000 of United States of Brazil bonds in this market brought the total of foreign issues since the first of the year slightly above that of the corresponding period last year.

Gold Movement

As a result of the reversal of the gold movement between this country and Canada, there was a net export of \$4,800,000 of gold from the United States in April, the first export balance since last November. Gold transactions with countries other than Canada were small. Total exports amounted to \$17,900,000, and imports to \$13,100,000, or little more than the Canadian movement.

With the shipment of an additional \$8,000,000 to Canada during the first week in May, the premium on Canadian exchange was reduced below the shipping point and the outflow to that country ceased. Gold movements through the Port of New York in the first

25 days of May were unimportant, total exports amounting to \$890,000, and imports to approximately \$500,000.

The movement of gold since the first of the year is summarized in the foregoing table.

Foreign Trade

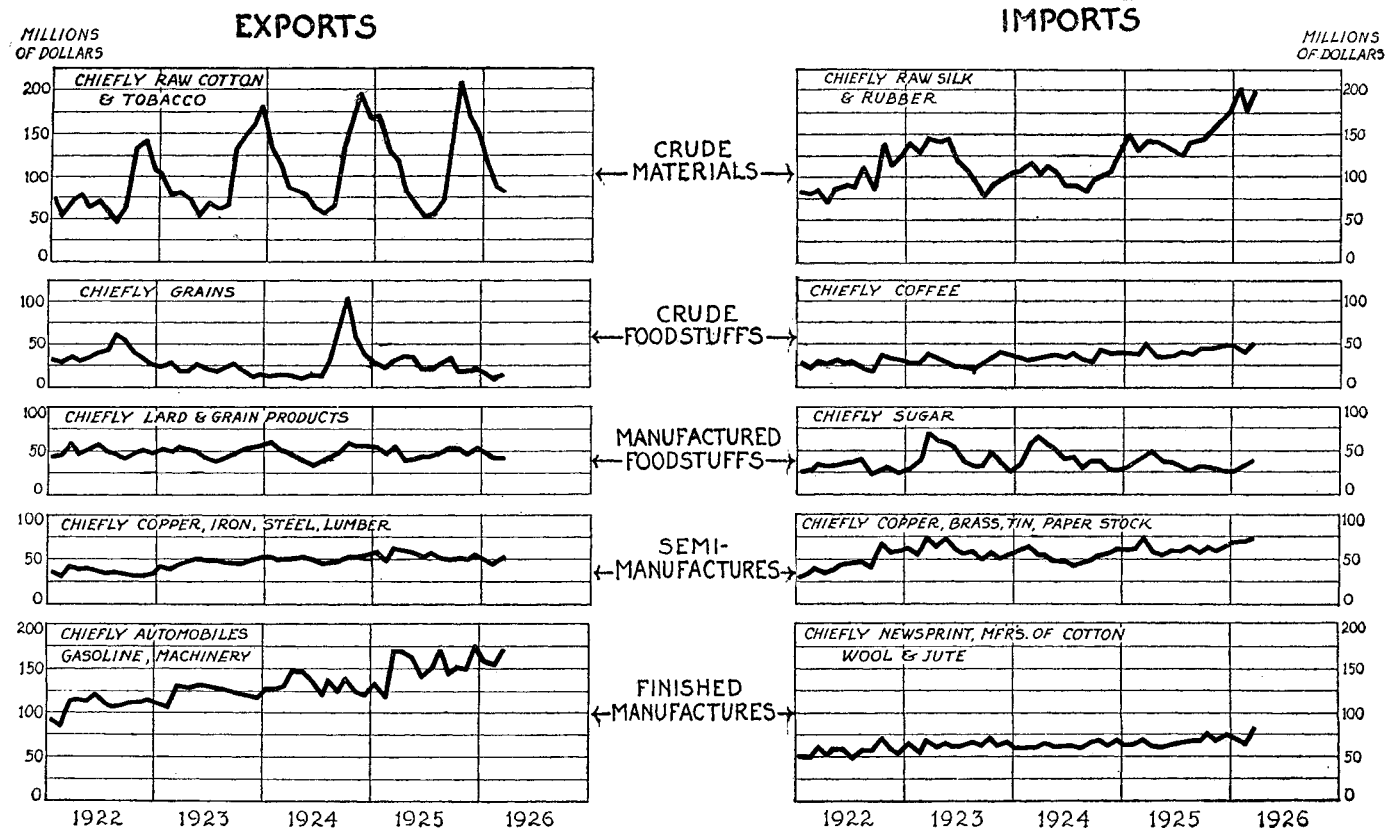
An unfavorable trade balance occurred in April for the fourth consecutive month, but the excess of imports was reduced from \$70,000,000 in March to \$10,000,000 in April. April exports of merchandise, valued at \$388,000,000, were \$14,000,000 larger than in March, but \$10,000,000 smaller than in April 1925. Imports, valued at \$398,000,000, were \$45,000,000 smaller than in March, but \$52,000,000 above those of a year ago.

The diagrams below show the tendencies in our foreign trade during recent years. They indicate that the recent high level of imports has been due to heavy importations of raw materials for our industries, while receipts of finished manufactures and other groups of commodities have shown only a very gradual increase, accompanying the expansion in the total volume of trade. Exports of finished manufactures greatly exceed such imports, and have increased substantially during the past four years, especially shipments of automobiles, and gasoline and other petroleum products.

Cotton exports, which constitute the largest item in exports of crude materials, have been generally much smaller than in the years just preceding the war, but have tended to expand until the past few months. It is this recent decline in cotton exports, accompanying unsettled industrial conditions in Europe, together with large raw material imports for our industries, which has led to the unfavorable trade balance of recent months.

1926	Imports	Exports	Excess of	
			Imports	Exports
January.....	\$19,351,202	\$3,086,870	\$16,264,332	.....
February.....	25,415,655	3,851,374	21,564,281	.....
March.....	43,412,576	4,224,564	39,188,012	.....
April.....	13,125,633	17,883,865	.....	\$4,758,232
May*.....	506,000	8,890,000	.....	8,384,000

*=Port of New York and Canadian shipments only.



Monthly Exports and Imports of Merchandise of the United States by Principal Groups, 1922 to 1926.

Production

There were substantial reductions in April in textile mill activity, but production in other leading industries showed little more than the usual seasonal variations compared with March, and was larger than a year ago in a majority of cases.

Pig iron production reached the highest daily rate since 1923, but some curtailment has been reported in May. Steel ingot production showed less than the usual seasonal decline from March to April, and a subsequent reduction in output has proceeded more slowly than in either of the two previous years. Automobile production failed to show the usual increase over March, but was maintained at a high level in April.

April indexes of production, in which allowance is made for the usual seasonal variations and year-to-year growth, are shown below with comparable figures for previous months and a year ago.

(Computed trend of past years=100 per cent)

	1925	1926		
	Apr.	Feb.	Mar.	Apr.
Producers' Goods				
Pig iron.....	112	108	114	117
Steel ingots.....	100	112	112	113
Bituminous coal.....	92	114	102	109
Copper, U. S. mines.....	104	108	106	106
Tin deliveries.....	122	100	103	126
Zinc.....	96	106	98	101
Petroleum.....	122	113	109	...
Gas and fuel oil.....	111	104	105	...
Cotton consumption.....	101	102	103	95
Woolen mill activity*.....	89	84	83	79 ^p
Cement.....	129	108	116	112
Lumber.....	113	110	110	...
Leather, sole.....	80	69	69	67
Silk consumption*.....	121	121	111	105
Consumers' Goods				
Cattle slaughtered.....	112	106	116	116
Calves slaughtered.....	106	116	109	93
Sheep slaughtered.....	115	114	127	113
Hogs slaughtered.....	92	76	93	92
Sugar meltings, U. S. ports.....	113	116	100	93
Wheat flour.....	90	90	94	97
Cigars.....	95	94	110	105
Cigarettes.....	82	74	83	81
Tobacco, manufactured.....	104	109	111	107
Gasoline.....	129	136	137	...
Tires.....	128	129	117	...
Newsprint.....	118	127	130	129
Paper, total.....	106	100	100	...
Boots and shoes.....	101	92	93	90 ^p
Anthracite coal.....	98	30**	105	108
Automobile, all.....	134	132	131 ^r	130
Automobile, passenger.....	139	133	137	135
Automobile, truck.....	115	128	103 ^r	110

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

Indexes of Business Activity

General business activity in April appears to have maintained the high level of the first three months of the year. Bank debits in 140 centers outside of New York City were 9 per cent larger than a year ago. A continued large primary distribution of goods was indicated by railway car loadings, which showed increases over last year in most classes of freight. Mail order sales continued larger than a year ago, but April sales at department stores declined slightly below last year's level.

In the following indexes of business activity, allowance has been made for the usual year-to-year increase, seasonal variations, and where necessary, for price changes.

(Computed trend of past years=100 per cent)

	1925	1926		
	Apr.	Feb.	Mar.	Apr.
Primary Distribution				
Car loadings, merchandise and misc.....	106	106	103	103
Car loadings, other.....	108	100	102	111
Exports.....	95	85	87	94 ^p
Imports.....	111	126	133	123 ^p
Grain exports.....	146	37	51	...
Panama Canal traffic.....	97	96	109	...
Distribution to Consumer				
Department store sales, 2nd Dist.....	93	100	95	89
Chain store sales.....	93	96	89	92
Mail order sales.....	109	121	110	109
Life insurance paid for.....	117	109	116	112
Real estate transfers.....	116	113	109	107
Magazine advertising.....	97	103	99	100
Newspaper advertising.....	95	97	98	96
General Business Activity				
Bank debits, outside of New York City.....	109	113	113	115
Bank debits, New York City.....	113	124	140	130
Bank debits, 2nd Dist. excl. N. Y. C.....	99	106	106	105
Velocity of bank deposits, outside of New York City.....	97	104	105	105
Velocity of bank deposits, New York City.....	100	118	128	124
Shares sold on New York Stock Exchange*.....	141	202	295	171
Postal receipts.....	103	100	101	101
Electric Power.....	106	110	113	...
Employment, New York State factories.....	99	101	101	100
Business failures.....	122	96	111	121
New corporations formed in New York State.....	107	124	115	112
Building permits.....	169	144	147	147
General price level.....	183	187	186	186

*=Seasonal variations not allowed for ^p=Preliminary

Employment

A recession of 1 per cent in factory employment from March to April represented chiefly the usual decrease in seasonal industries, but there were indications of reduced activity, due to other than seasonal causes, in a few industries that have been operating at high levels in recent months.

Working forces in the steel mills of New York State, which in March were the largest in recent years, showed a moderate reduction in April, and a decrease occurred also in railway equipment plants. Automobile factories maintained a high level of employment, but showed no such increase as in April of last year. Further declines occurred in machinery and electrical apparatus plants. At least small reductions were reported in all branches of textiles, and substantial seasonal reductions occurred in clothing.

In May a further gradual decline in factory activity is reported, but road construction, building activity, and farm work offered a considerably greater volume of employment, so that an actual shortage of high grade unskilled labor and some types of skilled mechanics is reported by the State Employment Service.

Building

The volume of prospective building in April continued near the highest levels ever reached, but the rate of increase over a year previous appears to be diminishing. Building and engineering contracts awarded in 37 states were reported by the F. W. Dodge Corporation as 5 per cent smaller than in March, and less than 1 per cent larger than in April of last year. The New York State

and Northern New Jersey district showed a 30 per cent gain over last year, but the total for all other reporting districts was 8 per cent smaller, notwithstanding a large increase in the southeastern states.

Permits issued during April in the 484 cities reporting to the S. W. Straus Company were 8 per cent less than a year ago. The New York City total was only slightly below the large total of April 1925, but substantial recessions were reported in Chicago, Cleveland, Los Angeles, Philadelphia, and St. Louis. The principal increases, with a few exceptions, continued to be reported from Florida and other southern states.

Employment reports from New York State indicate a considerably higher level of activity in the production of building materials than a year ago, and lumber production also was larger, according to reports from the National Lumber Manufacturers Association. Stocks of lumber and cement were larger than last year, however, and material costs declined slightly further. Due to the high level of wages, building costs continued at least as high as a year ago.

Wholesale Trade

April wholesale trade in this district averaged nearly 11 per cent smaller than a year previous, the largest decrease reported since the summer of 1924. This decrease was due partly to smaller sales of textiles and partly to the slow spring trade in clothing due to cold weather.

Sales of diamonds, machine tools, stationery, and groceries continued larger than last year, and paper and drug sales showed the largest year-to-year increase for any month in more than a year.

Stocks of jewelry and diamonds and cotton goods remained smaller than a year ago, while stocks of groceries and shoes showed the largest reductions in more than a year. Silk stocks remained far heavier than last year, and hardware stocks continued slightly larger.

Collections in most lines compared less favorably than in March with those of a year ago. Accounts outstanding at the end of April averaged slightly smaller than last year, due largely to the dull business of recent months in the women's clothing trade.

Commodity	Percentage Change April 1926 from March 1926		Percentage Change April 1926 from April 1925			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collections	Acct's Receivable
Groceries	- 8.8	-13.2	+ 2.6	- 7.7	+14.8	+ 3.8
Men's clothing	-35.2	.....	-14.7	.....	+ 3.2	+ 8.6
Women's dresses	-21.5	.....	-30.4	.....	-12.1	- 9.3
Women's coats and suits	-57.1	.....	-36.4	.....	-22.8	-24.3
Cotton goods-Jobbers	-11.4	+ 0.1	-12.6	- 9.8	- 9.5	- 9.4
Cotton goods-Commission	-33.3	.....	-19.1	.....	.....	.....
Silk goods	-27.0	- 1.2	-14.5	+57.8	- 2.3	- 2.0
Shoes	-21.9	- 6.4	-18.8	-14.3	+ 3.7	- 6.7
Drugs	- 8.3	- 4.6	+13.0	- 4.8	+13.0	+ 5.7
Hardware	+ 6.4	- 1.6	- 0.6	+ 1.9	- 8.5	- 0.1
Machine tools	-15.2	.....	+ 7.3	.....	.....	.....
Stationery	- 4.6	.....	+ 6.6	.....	+ 9.5	+28.9
Paper	- 3.0	.....	+13.3	.....	+ 5.8	- 2.5
Diamonds	-21.3	.....	+ 9.2	.....	.....	.....
Jewelry	-16.0	+ 4.4	- 6.3	- 8.2	-14.6	+19.3
Weighted Average..	-21.6	.....	-10.6	.....	- 0.2	- 1.2

Department Store Trade

Department store sales in this district during April were slightly smaller than a year previous for the first time since the middle of 1924. This decrease may be partly accounted for by the earlier Easter this year and unseasonably cold weather. Apparel store sales also showed a slight decrease compared with last year. This bank's index of department store sales in which allowance is made for seasonal variations, price changes, and the date of Easter, as well as year-to-year growth, declined to 89 per cent of normal, compared with 95 per cent in March and 93 per cent a year ago.

Average stocks of merchandise for April and for the first four months of this year have been larger relative to those of a year ago than sales, and consequently the rate of turnover, both for department and apparel stores, has been smaller than last year.

Collections on regular charge accounts showed about the same increase over last year as in March, but outstanding accounts declined to approximately the level of a year ago. Instalment accounts were larger than last year in all reporting cities except Buffalo.

Locality	Percentage Change April 1926 from April 1925			
	Net Sales	Stock on Hand end of month	Collections*	Accounts Receivable*
New York	- 0.2	+ 4.1	+ 7.3	- 3.2
Buffalo	- 7.5	- 0.6	+ 0.4	- 2.1
Rochester	- 2.1	- 0.6	+15.4	+18.6
Syracuse	- 5.1	- 0.2	-14.4	- 0.9
Newark	+ 2.9	+ 6.7	+ 3.8	+ 5.2
Bridgeport	+ 8.3	+ 3.4	.....	.....
Elsewhere	+ 0.4	- 5.9	+12.1	+ 7.0
Northern New York State	-21.2	.....	.....	.....
Central New York State	- 1.0	.....	.....	.....
Southern New York State	+ 0.1	.....	.....	.....
Hudson River Valley Dist.	+ 6.2	.....	.....	.....
Capital District	- 1.8	.....	.....	.....
Westchester District	+ 7.7	.....	.....	.....
All department stores	- 0.4	+ 3.0	+ 6.4	+ 0.6
Apparel stores	- 0.6	+11.7	.....	.....
Mail order houses	+ 3.9	.....	.....	.....

*=Exclusive of instalment accounts

Comparisons of April sales and stocks with those of a year ago are shown by departments in the following table.

	Net Sales Percentage Change April 1926 from April 1925	Stock on Hand Percentage Change April 30, 1926 from April 30, 1925
	Linens and handkerchiefs	+18.9	- 1.0
Books and stationery	+16.8	+ 3.7
Furniture	+14.4	- 6.5
Toilet articles and drugs	+14.2	+ 5.9
Toys and sporting goods	+11.4	+11.6
Luggage and other leather goods	+ 9.4	+11.6
Cotton goods	+ 8.9	+15.2
Home furnishings	+ 8.1	+ 3.5
Hosiery	+ 5.2	+ 5.9
Shoes	+ 4.9	+ 0.1
Women's ready-to-wear accessories	+ 1.0	- 7.8
Silks and velvets	0	- 2.3
Men's furnishings	- 1.3	- 4.3
Silverware and jewelry	- 4.0	+ 5.9
Men's and boys' wear	- 4.1	+ 7.6
Women's and Misses' ready-to-wear	- 9.8	- 9.6
Musical instruments and radio	-28.3	- 0.8
Woolen goods	-33.2	-13.1
Miscellaneous	- 3.2	-12.0

Business Profits

Reports for the first quarter from 108 industrial and mercantile corporations show net earnings nearly 30 per cent larger than last year, and substantially larger than in the corresponding period in any other recent year. All of the principal groups of corporations, except leather companies, showed increases over last year. Earnings of automobile producers were unusually large.

The following table summarizes the available reports of first quarter earnings. Earnings are shown after expenses and interest charges, but before dividends.

(Net profits in thousands of dollars)

Group	No. of Corporations	1923 First Quarter	1924 First Quarter	1925 First Quarter	1926 First Quarter
Motor and motor accessories . . .	15	33,650	29,238	32,523	53,139
Oil	14	20,206	28,900	23,173	23,729
Steel	13	27,342	45,491	33,334	41,502
Food and food products	15	11,358	11,121	11,108	14,505
Machine and machine mfg.	9	2,894	3,284	3,816	4,198
Metal and mining	14	8,308	7,730	10,591	10,800
Leather	4	1,443	Def. 119	942	190
Chemical	5	2,933	2,324	2,898	3,878
Miscellaneous	19	7,789	6,473	7,532	10,116
Total 9 groups	108	115,923	134,442	125,917	162,057
Telephone	70	36,168	34,709	44,325	51,142*
Other public utilities	32	14,087	13,999	15,375	17,139
Total public utilities	102	50,255	48,708	59,700	68,281
Class I Railroads	188	184,528	202,713	204,606	223,559

*=Partly estimated

Wages and Prices in the United States and England

In view of recent labor difficulties in England, the comparisons of wages and prices in the United States

and in England shown in the accompanying diagrams are of interest. They indicate the changes in the purchasing power of wages in the two countries in the past 7 years.

In a large number of the industries of Great Britain wages have been adjusted in recent years in accordance with changes in the cost of living, and in other industries in accordance with the selling price of the products of the industries. This arrangement, which applies to a considerable proportion of all industrial wage earners, was made primarily to prevent a reduction of living standards below the pre-war level at times of depressed industrial conditions. Partly as a consequence of this arrangement, wages and the cost of living in England have moved closely together and the purchasing power of wages paid during the last three years has been approximately the same as before the war.

In the United States, wages declined at approximately the same rate as the cost of living from the latter part of 1920 until early in 1922, but for more than a year thereafter, with the revival of industrial activity and with the labor supply limited by curtailed immigration, wages were advanced rapidly until by the middle of 1923 they were close to the highest levels of 1920. In the subsequent three years this high level of wages has been maintained and the cost of living has remained about steady; so that with full employment the purchasing power of wage earners is now far greater than in pre-war years. The fact that corporation profits have reached unusually high levels, despite the wide spread between wages and wholesale prices, would seem to indicate that high wage costs have been effectually offset by increased per capita output.

