

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

August 1, 1926

Business Conditions in the United States

INDUSTRIAL activity was at the same level in June as in May, and was slightly above the level of a year ago. The average of commodity prices advanced further between May and June.

PRODUCTION

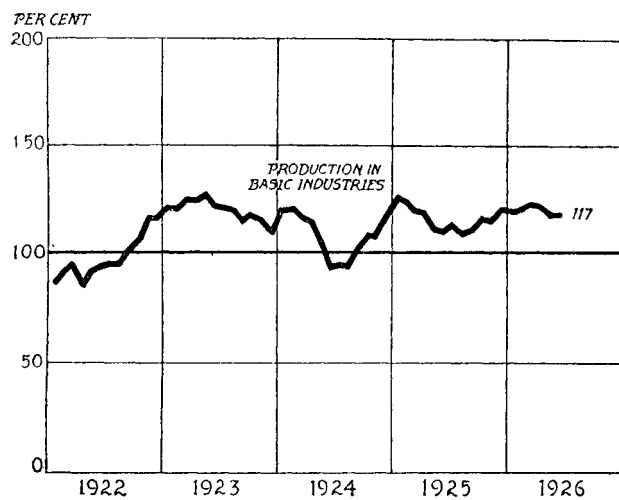
The Federal Reserve Board's index of production in basic industries remained unchanged in June. Production of iron and steel and activity of woolen machinery continued to decline, and there were also reductions in the output of copper, zinc, and petroleum, while cotton consumption, the manufacture of food products, and the output of coal and cement increased. Production of automobiles was smaller in June than in May and for the first time this year was less than in the corresponding month of 1925. Declines took place in June in employment and pay rolls of all textile industries, except woolen and worsted goods and men's clothing, and some of these industries were less active than at any time since 1924. Building contracts awarded during June were slightly less than in May and for the first time since early in 1925 were smaller than in the corresponding month of the preceding year.

Crop reports issued by the Department of Agriculture indicated a slight improvement during June. The composite condition of all crops on July 1 was reported at 6.4 per cent below the average July condition during

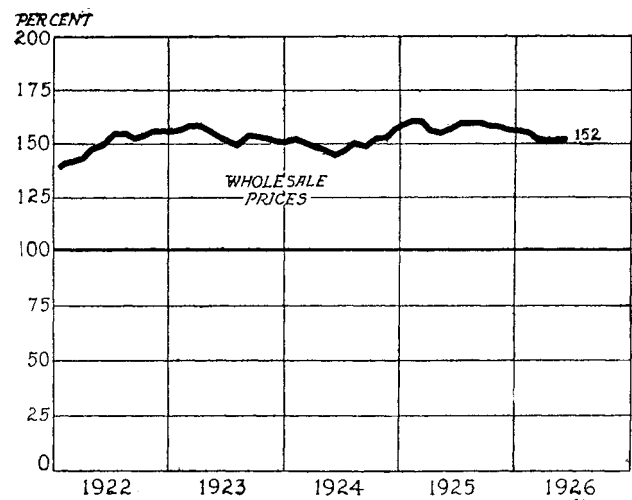
the last ten years. The production of winter wheat was estimated at 568,000,000 bushels, or 172,000,000 more than in 1925, and that of spring wheat at 200,000,000 bushels, or 71,000,000 less than last year. A production of 2,661,000,000 bushels of corn, or 8.3 per cent less than last year, is indicated in the same report. Cotton production, on the basis of July 16 condition, was estimated at 15,368,000 bales, or 718,000 bales less than the production of last year.

TRADE

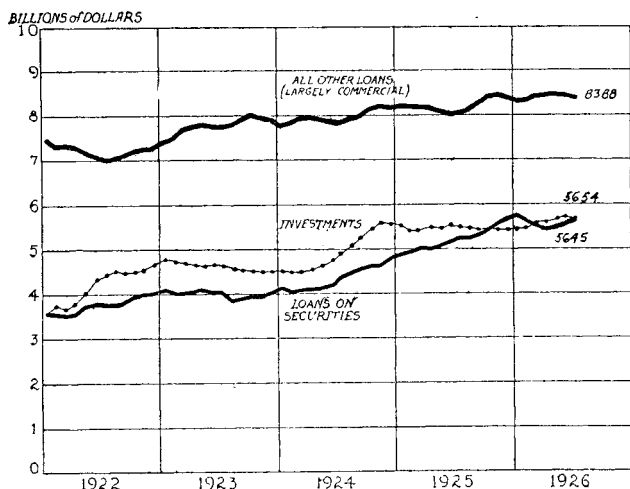
Total volume of wholesale and retail trade in June was larger than for the same month in 1925. Department store sales declined seasonally in June, and wholesale trade in all leading lines, except groceries, also decreased during the month. Sales of mail order houses increased more than usual in June, and were 5 per cent larger than in June 1925. Stocks of merchandise carried by wholesale firms at the end of June were smaller than a year earlier. Department stores continued to reduce their stocks, and their inventories, which had been considerably above last year's level earlier in the year, were at the end of June only about 1 per cent larger than a year ago. Freight car loadings showed seasonal increases during June and continued through the first half of July at higher levels than in previous years. Loadings of grains in the southwestern states have been particularly large.



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



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



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

PRICES

The general level of wholesale prices, according to the index of the Bureau of Labor Statistics, increased from May to June by less than half of one per cent. Prices of livestock and meats advanced, and there were small increases in silk, petroleum products, nonferrous metals, and chemicals and drugs. Price decreases occurred in grains, cotton, textiles, building materials, and house furnishings. In the first two weeks of July prices of grains, flour, cotton, wool, and hides increased, while those of cattle, hogs, silk, and rubber declined.

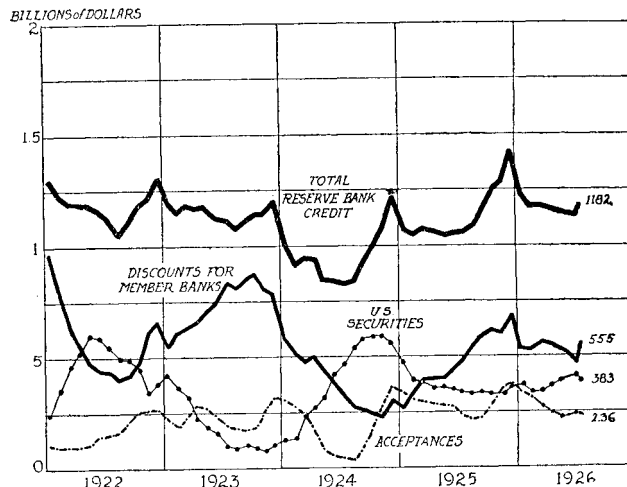
BANK CREDIT

Loans and investments of member banks in leading cities at the end of June were in larger volume than at any previous time, and after declining during the first half of July were still \$900,000,000 above the level of a year ago. Of this increase about \$385,000,000 was in loans on securities, \$340,000,000 in commercial loans, and \$175,000,000 in investments. Since the beginning of 1926 an increase in commercial loans together with the growth of investments has more than offset the reduction in loans on securities.

The demand for credit at the end of the fiscal year and the increased currency requirements over the holiday were reflected in a growth of member bank borrowing at the Reserve Banks and on July 7 total discounts were near the highest point of the year. With the return flow of currency from circulation after the holiday, discounts declined, and on July 21 were in about the same volume as in the last half of June. The Reserve Banks' holdings of acceptances and of United States securities changed little during the period, and the total volume of Reserve Bank credit outstanding in the third week of July was close to the June level.

Money Market

Money conditions were firmer in July than at any time since early April. The immediate cause for this firmness was the coincidence of July 4th currency re-



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

quirements with transfers to the interior in connection with mid-year disbursements for dividends and other purposes. In the first three days of the month 30 million dollars of currency was withdrawn from the Reserve Bank in this district and 90 million dollars was transferred to other districts, through wire transfers and check settlements. These currency withdrawals and transfers drew upon the reserves of member banks; so that on July 7 New York City reporting member banks were borrowing at the Reserve Bank about 180 million dollars,—a larger amount than they had borrowed at any time heretofore this year and about 100 million dollars more than at the same time last year.

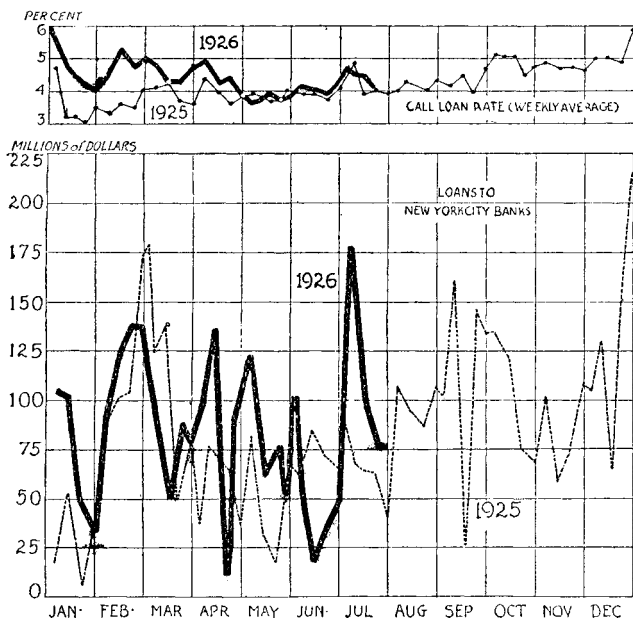
During the succeeding two weeks currency gradually returned from circulation and funds were returned to New York from the interior; so that towards the end of the month borrowing by New York City banks was reduced to about 100 million dollars. The course of loans to New York City banks each week this year is compared with the figures for 1925 in the accompanying chart.

Reflecting these conditions the call loan rate was typically $4\frac{1}{2}$ per cent during the first half of July, but declined to 4 per cent shortly after the middle of the month. Following the continued firmness in call money, time money became distinctly firmer and in the latter part of the month loans were typically made at $4\frac{1}{2}$ per cent for 60 to 90 days and $4\frac{5}{8}$ to $4\frac{3}{4}$ for 5 and 6 months' maturities.

Money Rates at New York

	July 29 1925	June 29 1926	July 29 1926
Call Money.....	*4	*4 $\frac{1}{4}$	*4
Time Money—90 day.....	4 $\frac{1}{4}$	4 $\frac{1}{4}$	4 $\frac{1}{2}$
Prime Commercial Paper.....	4	4	4—4 $\frac{1}{4}$
Bills—90 day unendorsed.....	3 $\frac{1}{4}$	3 $\frac{3}{8}$	3 $\frac{3}{8}$
Treasury Certificates and Notes			
4-6 months.....	3.01	3.05	3.15
7-9 months.....	3.52	3.22	3.42
Federal Reserve Bank of New York—Rediscount Rate	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$
Federal Reserve Bank of New York—Buying Rate for 90 day Bills.....	3 $\frac{1}{4}$	3 $\frac{1}{4}$	3 $\frac{1}{4}$

*Prevailing rate for preceding week



Federal Reserve Bank of New York Loans to New York City Reporting Member Banks, and Average Call Loan Renewal Rates.

bonds reported weekly by banks in principal centers, which include not only brokers' loans but also loans made directly to other customers on stock and bond collateral, show no such decrease as do brokers' loans. For all reporting member banks such loans are only 100 millions under the figures for the middle of January. It appears from these figures that the total amount of credit employed in carrying securities has been only moderately reduced from the high point of the year, but that a much larger proportion of this credit is now obtained directly from banks rather than through brokers. A comparison of brokers' loans and total loans on stocks and bonds by reporting member banks follows.

(In millions of dollars)

1926	Loans to Brokers and Dealers			Total Loans on Stocks and Bonds		
	New York City Banks	Others	Total	New York City Banks	Banks in Other Centers	Total
Jan. 20.	1,232	1,899	3,131	2,230	3,327	5,557
Feb. 17.	1,159	1,980	3,139	2,104	3,343	5,447
Mar. 17.	1,033	1,771	2,804	2,017	3,317	5,334
Apr. 14.	877	1,574	2,451	1,939	3,317	5,256
May 19.	894	1,515	2,409	1,980	3,307	5,287
June 16.	926	1,391	2,517	2,015	3,351	5,366
July 21.	954	1,667	2,621	2,081	3,377	5,458

Aside from the temporary requirements for funds in connection with mid-year settlements and the July 4 holiday, underlying causes for firmer money at this time are to be found in the continuation of business activity at a very high level and the usual seasonal expansion in credit requirements. The firming of money conditions during July was perhaps more marked than usual because of the fact that many had anticipated easier money conditions during the summer, accompanying some reduction in business activity. As the summer has progressed it has become clear that no such reduction in business activity has taken place as had been feared in the spring; and there has been no decrease in the amount of credit required for business use. The total amount of currency in circulation in the country as a whole is now about 100 million dollars larger than a year ago and the banks have been reporting recently some increase in the requirements for funds by their commercial customers. Loans and investments of reporting member banks in principal cities are about 900 million dollars larger than they were a year ago, and the total amount of credit extended by the Federal Reserve Banks is about 100 millions more than a year ago.

BROKERS' LOANS

Accompanying the recovery in stock prices since April there has been an increase of about 170 millions in the loans to brokers and dealers by New York City banks for their own account and the account of others. The total of these loans remains, however, about 500 million dollars less than at the middle of February, when stock prices were at their highest point of the year. Since February there has been a change in the form of credit used in carrying securities. Total loans on stocks and

BILL MARKET

The bill market was generally quiet during July. The supply of bills offered to the market continued to decrease throughout the month as the time has not yet arrived for the usual seasonal increase in drawings. Demand for bills continued moderate. As a result of these conditions, dealers' portfolios were gradually reduced, and in the latter part of the month were estimated at less than \$50,000,000. Rates on all maturities were unchanged from the levels current at the opening of the month, with the exception of 4 months bills, the offering rate on which was advanced from 3 $\frac{3}{8}$ to 3 $\frac{1}{2}$ per cent.

COMMERCIAL PAPER MARKET

Accompanying higher rates on collateral time loans, prime commercial paper rates also tended to be firmer. Although a large proportion of the prime paper continued to be sold at 4 per cent, some offerings were also made at 4 $\frac{1}{4}$ per cent, and the range of rates was thus 4-4 $\frac{1}{4}$ per cent, compared with 3 $\frac{3}{4}$ -4 per cent in June. The market for commercial paper was less active in July, due principally to a decrease in the demand from middle western buyers. Partly as a result of the smaller sales volume and also of some increase in borrowers' requirements for loans, dealers' supplies were reported to be slightly larger than a month ago. At the end of June, 26 dealers had outstanding through them paper totaling \$652,000,000, an amount 2 per cent smaller than the total at the end of May and 14 per cent smaller than the outstandings of June a year ago. The reduction in recent years in the volume of business financed through the commercial paper market appears

to be due in part to slow business in the textile trades, which have always been large borrowers in the open market, and in part to the heavy new financing of recent years, which has provided industrial and merchandising concerns with funds and reduced the need for short term borrowing.

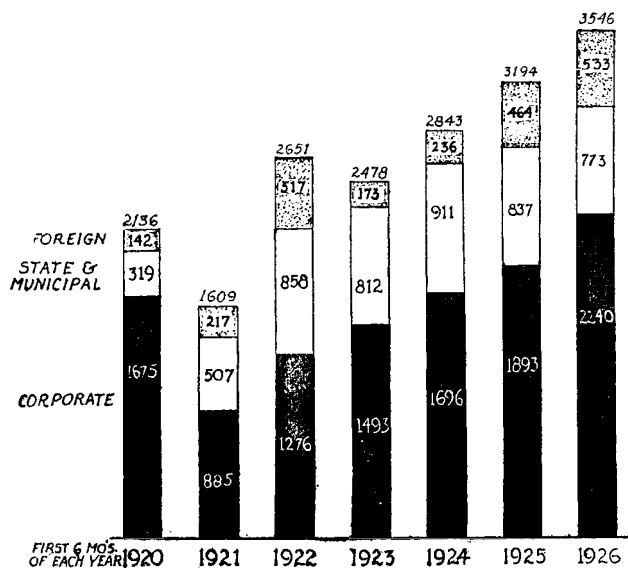
Security Markets

Average prices of industrial stocks advanced by the middle of July to within about 4 points of the highest levels of the year, and railroad stock averages advanced to the highest levels since 1913. After the middle of the month, prices of both industrial and railroad stocks reacted to the levels prevailing at the end of June, but the rise was resumed in the final week.

Bonds declined gradually in July, coincident with firmer money conditions. The decline in corporation issues was slight, but, together with small losses late in June, resulted in a reduction in corporation bond averages to levels about half a point below the highest figures of June. United States Government bonds also showed declines averaging nearly 1/2 point from the levels reached in the third week of June. Accompanying the continued fall of the franc, French Government and railroad issues were weak, but most other foreign bonds were firm.

New Financing

New capital issues in the first half of 1926, excluding refunding issues, totaled \$3,546,000,000 and were larger than in the corresponding period of any previous year. They exceeded the total for the first half of 1925 by \$352,000,000. The following diagram compares the new issues of the first half of 1926 with the issues in recent previous years.

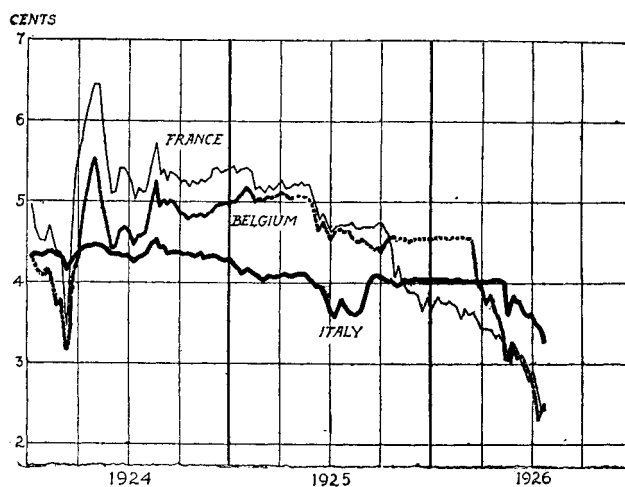


New Capital Issues, by Types of Borrowers, First Half of Each Year, 1920-1926, Refunding Issues Excluded. (In millions of dollars.)

Offerings of new securities in July were only about three-fourths as large as in June and were also somewhat smaller than in July 1925. Financing by public utility companies was the largest single class of new issues, but was smaller in amount than in June. Except for a slight increase in railroad issues, other groups of offerings were also smaller than in June.

Foreign Exchange

Accompanying disturbed financial and political conditions in France, French, Belgian, and Italian exchange rates declined further in July to new low quotations but subsequently recovered a part of the loss. The course of these three exchanges in recent months is shown in the accompanying diagram.



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

Sterling declined slightly below \$4.86, reflecting in part the retarding of exports due to the continuation of the coal strike. The Spanish peseta lost most of its recent gain, declining gradually to 15.27 cents. Little change occurred in the other important European exchanges.

The premium on the Canadian dollar advanced to the gold shipping point, and shipments of \$2,500,000 were reported near the end of July. The Japanese yen continued strong, advancing to 47.35 cents. Chinese rates, on the contrary, declined, accompanying a reduction of a cent and a half in the price of silver to 64 cents per fine ounce.

Gold Movement

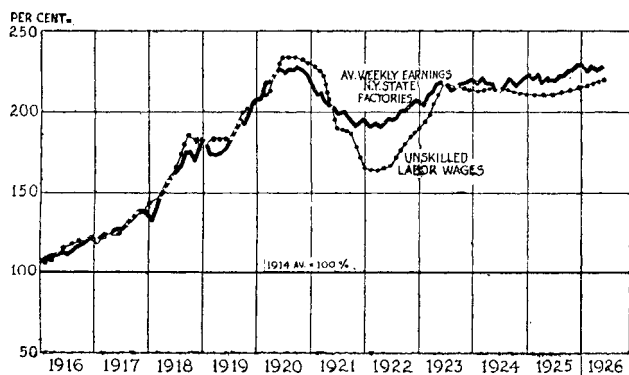
Gold imports during June amounted to \$18,900,000 and included \$8,700,000 from Mexico, \$4,900,000 from Australia, and \$3,400,000 from Chile. Exports totaled only \$3,300,000, of which \$1,000,000 was shipped to Colombia, and about \$500,000 each to Mexico and Sal-

vador. The resulting import balance of over \$15,500,000 brings the excess of gold imports for the first half of 1926 up to \$81,400,000, as compared with a net export of \$150,000,000 for the corresponding period of 1925.

The gold movement at the Port of New York during the first twenty-seven days of July was small. Imports, which came almost entirely from Latin America, totaled slightly more than half a million dollars. Exports amounted to \$1,300,000, most of which went to Guatemala, the Straits Settlements, and Mexico. In addition to gold movements through this port, overland shipments of \$3,000,000 were received from Mexico, and exports of \$2,500,000 to Canada were made near the end of the month.

Wages and Employment

Reflecting the continued high level of industrial activity during the first six months of this year, the average hiring rate for unskilled labor on July 1, as reported to this bank by a number of large employers of unskilled labor in this district, showed a further moderate rise to the highest level since early in 1921. This bank's index advanced to 220 per cent of the 1914 level, compared with 211 per cent on July 1, 1925, and 215 on January 1 of this year. The reports indicated a surplus of labor in only a few localities, usually where there is little variety of employment available. A shortage of common labor for heavy work was reported in a number of cases, and a few industries reported difficulty in obtaining skilled mechanics. Labor turnover has shown the usual summer increase, but is not large for the time of year.



Average Weekly Earnings of Factory Workers in New York State, and Wages of Unskilled Labor, 1916 to 1926. (1914 average=100 per cent.)

Factory employment in New York State showed a further small decline in June and in general was only fractionally higher than a year ago. Working forces in practically all branches of the textile industries were reduced from May to June and were generally smaller than a year ago. Employment in the iron and steel, machinery, and automobile industries continued to decline, and a substantial seasonal reduction occurred in women's clothing. The principal increases in employment were in men's clothing and railway equipment factories.

Foreign Trade

The foreign trade of the United States showed a favorable balance in June for the second month this year, but the excess of exports was only \$1,000,000, compared with \$36,000,000 in May. Exports valued at \$338,000,000 were \$19,000,000 smaller than in May but were the largest for any June in six years, while imports of \$337,000,000 were \$16,000,000 larger than in the previous month and were the largest ever reported for the month of June except in 1920.

For the fiscal year ended June 30, exports were valued at \$4,754,000,000, a decrease of \$111,000,000 from the previous year, while imports totaled \$4,467,000,000, an increase of \$642,000,000. Thus, the favorable trade balance was reduced from \$1,040,000,000 in the year ended June 30, 1925 to \$287,000,000 in the past year. Exports declined largely as the result of a decrease in the price and quantity of cotton and grain shipments, which was only partly offset by an increase in exports of manufactured goods. Nearly one-half of the increase in imports was due to purchases of crude rubber at an average price twice as high as in the previous year.

Indexes of Business Activity

General business activity appears to have continued in June at about the same level as in May. Bank debits in New York City and outside remained well above normal, and continued active distribution of goods was indicated by car loadings, which were the largest ever reported for June.

In the following table this bank's indexes of business activity 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	1926		
	June	April	May	June
<i>Primary Distribution</i>				
Car loadings, merchandise and misc.....	103	103	105	104
Car loadings, other.....	99	111	107	110
Exports.....	86	94	91 ^r	91 ^p
Imports.....	115	129	110 ^r	120 ^p
Grain exports.....	77	75	121	82
Panama Canal traffic.....	98	92	91	91
<i>Distribution to Consumer</i>				
Department store sales, 2nd Dist.....	93	89	99	95
Chain store sales.....	94	92	99	93
Mail order sales.....	114	109	122	126
Life insurance paid for.....	112	112	106	115
Real estate transfers.....	110	107	101	...
Magazine advertising.....	100	100	100	104
Newspaper advertising.....	91	96	96	95
<i>General Business Activity</i>				
Bank debits, outside of N. Y. City.....	111	115	111	111 ^p
Bank debits, New York City.....	119	130	121	118 ^p
Bank debits, 2nd Dist. excl. N. Y. C.....	105	105	102	106 ^p
Velocity of bank deposits, outside of New York City.....	99	105	103	101
Velocity of bank deposits, New York City.....	112	124	114	115
Shares sold on N. Y. Stock Exchange ^r	149 ^r	144 ^r	110 ^r	181 ^r
Postal receipts.....	100	101	96	99
Electric power.....	106	111 ^r	109	...
Employment, N. Y. State factories.....	98	100	99	99
Business failures.....	119	121	105	116
Building permits.....	155	147	123	148
New corporations formed in N. Y. State.....	130	112	114	138
General price level.....	185	186	185	186 ^p

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

Production

The production of pig iron, steel ingots, copper, zinc, and automobiles showed slightly more than the usual seasonal reduction from May to June, but remained larger than a year ago, while increased activity, after seasonal adjustments, was reported in the production of coal, cement, shoes, and textiles, and in meat packing.

Mill consumption of silk, as reported by the Silk Association, increased from May to June, notwithstanding the fact that wholesale and retail trade in silk goods was smaller in June than a year ago, and stocks of finished goods on hand in recent months have been larger. Curtailment in the Paterson district was reported late in July, however.

June indexes with comparable figures for recent months and a year ago are shown below.

(Computed trend of past years=100 per cent)

	1925		1926	
	June	April	May	June
Producers' Goods				
Pig iron.....	95	117	118	114
Steel ingots.....	94	113	110	103
Bituminous coal.....	83	109	96	100
Copper, U. S. mines.....	102	107	103	102
Tin deliveries.....	99	126	98	107
Zinc.....	98	101	100	99
Petroleum.....	129	110	111	...
Gas and fuel oil.....	114	101	99	...
Cotton consumption ^r	89 ^r	100 ^r	89 ^r	92 ^r
Woolen mill activity ^r	89 ^r	86 ^r	82 ^r	83 ^r
Cement.....	128	112	128	135
Lumber.....	110	111	104	...
Leather, sole.....	76	67	61	63 ^p
Silk consumption*.....	118	105	95	105
Consumers' Goods				
Cattle slaughtered.....	99	116	118	114
Calves slaughtered.....	105	93	87	101
Sheep slaughtered.....	101	113	102	109
Hogs slaughtered.....	101	92	83	91
Sugar meltings, U. S. ports.....	98	93	90	97
Wheat flour.....	99	97	92	109
Cigars.....	103	105	98	...
Cigarettes.....	85	81	76	...
Tobacco, manufactured.....	109	107	107	...
Gasoline.....	135	139	136	...
Tires.....	128	124	107	...
Newsprint.....	113	129	125	125
Paper, total.....	87	99	93	93
Boots and shoes.....	92	90 ^r	82 ^r	99 ^p
Anthracite coal.....	93	108	95	106
Automobile, all.....	136	130	129	128
Automobile, passenger.....	148	135	137 ^r	137
Automobile, truck.....	87	110	99	93

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

Crops

Crop conditions showed slight improvement during June, and on July 1 the composite condition of all crops remained about 6 per cent below the average for that date in the last ten years. Spring wheat, especially, deteriorated as the result of weather conditions in June so that the indicated yield was much smaller than that of last year or the five-year average.

The July 1 forecast of winter wheat, which is usually fairly close to the actual yield, indicated a crop more than 40 per cent larger than last year, and slightly above the five-year average. The indicated crops of corn, oats, barley, and rye are smaller than 1925 yields, and in the cases of corn and rye the prospect is for smaller crops than the average for 1921-1925.

The condition of the cotton crop on July 16 indicated a crop of 15,368,000 bales, assuming normal conditions during the remainder of the growing season. The report stated, however, that the actual yield might vary between about 13,500,000 and 16,600,000 bales if subsequent conditions are below or above normal.

The size of 1926 crops indicated by conditions on July 1 is compared in the following table with actual harvests in 1925 and average yields in the last five years.

(In millions)

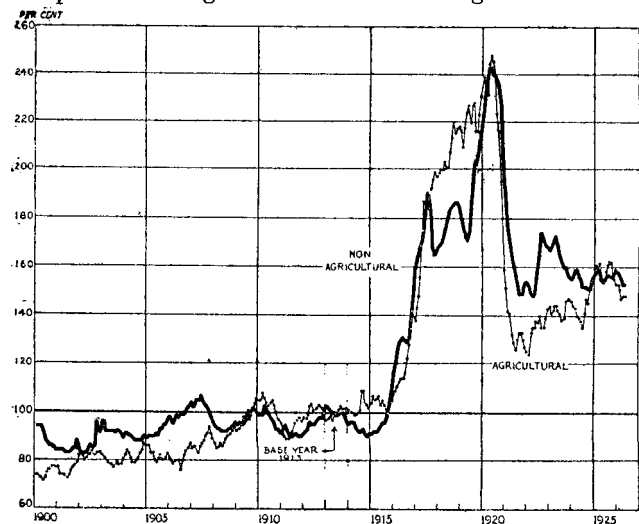
Crop	1921-1925 Average Harvest	1925 Harvest	1926 July Forecast
Winter wheat, bushels.....	549	396	568
Spring wheat, bushels.....	253	271	200
All wheat, bushels.....	802	666	767
Corn, bushels.....	2,849	2,905	2,661
Oats, bushels.....	1,327	1,512	1,334
Barley, bushels.....	186	217	191
Rye, bushels.....	68.2	48.6	39.7
Hay, tons.....	90.5	86.7	77.8
Apples, total crop, bushels.....	170	172	205
Peaches, total crop, bushels.....	46.9	46.6	61.7
Pears, total crop, bushels.....	17.7	19.8	24.6
Potatoes, bushels.....	396	326	334
Tobacco, pounds.....	1,288	1,365	1,139
Cotton, bales.....	11.5	16.1	15.4

Commodity Prices

The Department of Labor index of average wholesale prices advanced slightly further in June to 152 per cent of the 1913 average level. The greater part of the decline in this index from September 1925 to April of this year, and the subsequent slight increase in May and June has been due to changes in prices of agricultural commodities.

In the first three weeks of July, grain and cotton prices advanced, reflecting unfavorable crop reports, while livestock prices declined, and non-agricultural commodities in general were steady, so that the general level of wholesale prices appears to have shown little change.

The accompanying diagram shows the course of wholesale prices for agricultural and non-agricultural com-



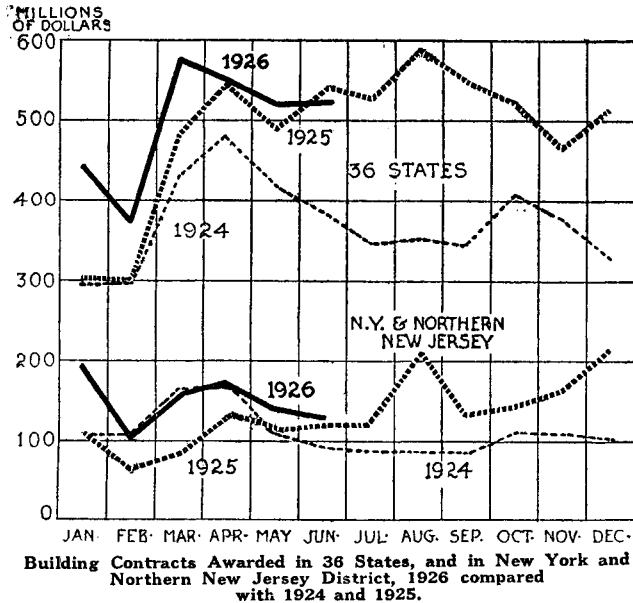
Course of Agricultural and Non-Agricultural Prices, 1900-1926.
(U. S. Department of Labor Index 1910-1926; Federal Reserve Bank of New York Index 1900-1909.)

modities by months since 1900. It shows that agricultural prices advanced steadily during the fourteen years preceding the World War, while non-agricultural prices showed little net gain. In 1913, which is taken as the base year for the Department of Labor Index, agricultural prices were higher relative to other commodities than they had been a few years earlier.

The two groups of prices rose almost together in 1916 and the first half of 1917, but during the succeeding two years the principal rise was in prices of agricultural commodities. From 1920 to 1924 agricultural prices were low relative to non-agricultural, but in the past two years this disparity has been largely corrected.

Building

Contracts for building and engineering projects, as reported to the F. W. Dodge Corporation during June, were slightly smaller than a year previous for the first time in a year and a half. The accompanying diagram shows that after starting the year at an unusually high rate, the tendency in building contracts since March has been downward, whereas last year the volume of contracts continued upward until August.



The total for the first half of the year in 36 states was 12 per cent larger this year than last and was substantially above any previous year. In this district the volume of contracts in June remained slightly larger than a year ago, and the total for the first six months of 1926 was 19 per cent larger than in the corresponding period of 1924, the previous high record.

Building permits reported to the S. W. Straus Company from 462 cities were 7½ per cent larger in June than a year previous, following decreases from last year's level in three of the previous five months, but the June increase was chiefly due to larger permit totals in New York City and Philadelphia. A majority of the larger cities continued to report less building work authorized than a year ago.

Total permits for the first half of this year were 1 per cent smaller than in the first half of 1925. Contract and permit figures frequently differ, due to the fact that there is some lapse of time between the issuance of a permit and the awarding of the contract, that the contract figures cover projects outside of cities and public works that are not covered by the permit figures, and further that some permits are issued for work that never materializes.

Wholesale Trade

Wholesale trade in this district during June showed a slight increase over the previous year's level for the first time since December. Substantial increases were reported in sales of jewelry, paper, stationery, and shoes. Machine tool sales recovered from the May decline, and were the largest for any month in over three years. Sales of cotton commission houses were above the previous year's level for the first time since last October. On the other hand, jobbers' sales of cotton goods were the smallest for the month of June in over 7 years, silk goods sales were substantially smaller than a year ago, and sales of women's dresses and men's clothing continued below last year's level.

In the first six months of this year, total sales in all lines were nearly 6 per cent smaller than last year, due almost entirely to declines in clothing and textiles. Hardware sales also were smaller than last year, while sales of stationery, paper, diamonds, machine tools, and drugs showed the principal increases.

All reporting lines showed increases in stocks at the end of June, compared with a year previous, with the exception of men's clothing and cotton jobbing. The increase over last year in silk stocks, however, was not so large as in other recent months.

	Percentage Change June 1926 from June 1925				Percentage Change in Net Sales	
	Net Sales	Stock end of month	Collec- tions	Acc'ts Receiv- able	June '26 from May '26	First Six Months 1926 fr. 1925
Groceries.....	- 1.1	+ 6.6	+ 3.8	+ 1.7	+ 5.2	+ 1.8
Men's clothing.....	-16.3	- 1.2	+ 1.7	+ 7.3	-16.3	- 4.0
Women's dresses.....	-31.8	.....	.....	.....	-28.7	-28.6
Women's coats and suits.....	+70.1	.....	-20.0	+ 8.8	-18.7	-19.0
Cotton goods-Jobbers..	-18.1	- 2.2	-21.2	-17.1	+ 1.1	-14.1
Cotton goods-Commis- sion.....	+ 1.6	.....	.....	.....	+23.9	-11.8
Silk goods.....	-14.0	*+28.9	+ 9.1	+ 2.0	- 6.5	- 4.5
Shoes.....	+10.8	+ 5.8	-23.0	- 3.8	+ 9.6	- 0.8
Drugs.....	+ 4.3	+ 3.7	-12.0	+12.4	- 2.2	+ 4.1
Hardware.....	- 2.9	+10.6	- 1.7	+ 4.7	- 1.7	+ 4.0
Machine tools.....	+ 2.7	.....	.....	.....	+32.4	+ 6.5
Stationery.....	+ 6.3	.....	+18.5	+16.1	- 1.9	+ 9.7
Paper.....	+12.4	.....	.....	.....	+ 0.4	+ 7.2
Diamonds.....	+ 2.9	.....	.....	.....	- 1.7	+ 8.9
Jewelry.....	+19.2	+ 6.1	+ 9.8	+28.0	+ 4.3	+ 1.6
Weighted Average....	+ 1.2	.....	- 3.8	+ 4.2	- 3.8	- 5.6

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

Chain Store Sales

Total sales of reporting chain store systems showed increases over last year of 15 per cent in June and 17 per cent in the first six months of the year. The increases were due almost entirely to the opening of

new stores and sales per store averaged almost the same as last year. The largest growth in volume of business was in variety, grocery, and drug chains.

Type of Store	Percentage Change June 1926 from June 1925			Percentage Change First Six Months 1926 from 1925	
	Number of Stores	Total Sales	Sales per Store	Total Sales	Sales per Store
Variety.....	+17.6	+25.0	+ 6.3	+25.2	+ 7.0
Grocery.....	+15.6	+18.1	+ 2.2	+20.4	+ 2.0
Drug.....	+20.1	+15.6	- 3.8	+20.3	+ 0.9
Tobacco.....	+11.6	+13.3	+ 1.4	+ 9.7	- 3.5
Ten Cent.....	+ 6.3	+ 9.1	+ 2.7	+ 9.2	+ 3.1
Candy.....	+19.3	+ 6.1	-11.1	+ 4.6	-11.8
Shoe.....	+14.5	+ 1.0	-11.8	+ 3.6	-10.0
Total.....	+14.6	+15.4	+ 0.7	+16.8	+ 0.1

Department Store Business

Department store sales in this district for both June and the first six months of this year averaged 4 per cent larger than a year ago, and sales of apparel stores showed an increase of more than 5 per cent. In mail order houses the year-to-year increase in sales during June was 12 per cent, compared with 8 per cent for the first six months of the year.

The rate of turnover in department stores for the month was slightly higher than last year, due to the smaller increase in stocks than in sales, but for the first half of the year the turnover was somewhat lower than in 1925.

Following increased sales in May, collections on both regular and instalment accounts during June were larger than last year. There was also a large increase in the amount of regular outstanding accounts at the end of June, but outstanding instalment accounts remained below a year ago.

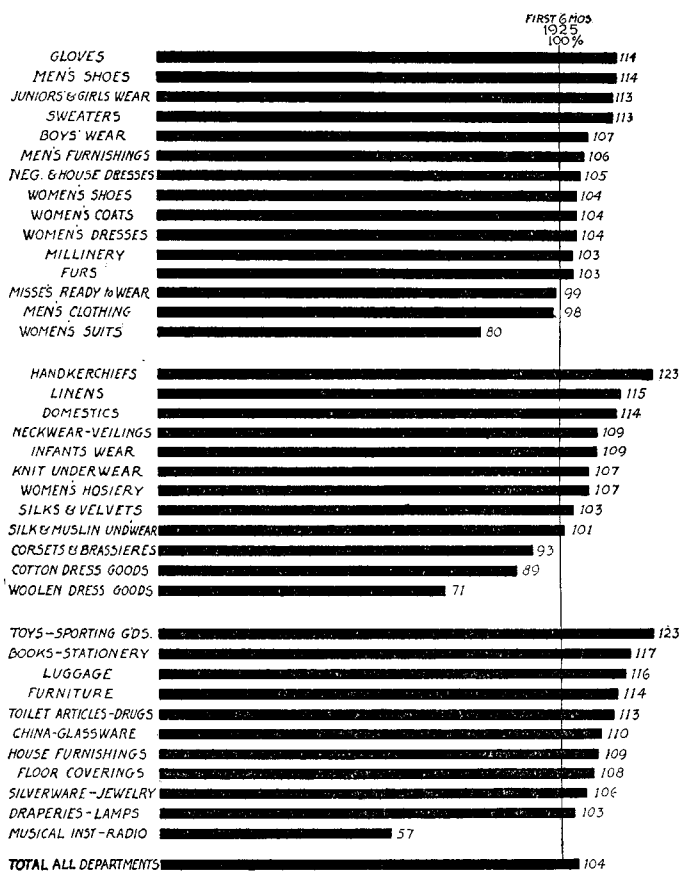
Locality	Percentage Change June 1926 from June 1925				Percentage Change First Six Months 1926 from 1925	
	Net Sales	Stock on Hand end of month	Collections*	Acc'ts Receiv- able*	Net Sales	Stock on Hand
New York.....	+ 6.0	+ 2.2	+ 3.9	+13.1	+ 3.9	+ 3.9
Buffalo.....	- 2.9	+ 1.4	+ 2.8	+ 0.2	- 2.8	+ 2.6
Rochester.....	+ 6.2	+ 2.3	+16.2	+22.3	+ 7.1	+ 1.3
Syracuse.....	- 3.3	- 3.6	+ 2.1	+ 0.4	- 2.1	- 0.1
Newark.....	+ 2.0	+ 7.4	+ 7.5	+ 6.2	+ 6.6	+ 8.9
Bridgeport.....	+ 4.3	+ 2.9	.....	.....	+12.6	+ 4.0
Elsewhere.....	- 2.5	+ 2.1	+ 5.1	- 3.5	+ 2.6	+ 1.2
Northern N. Y. State	- 3.9	.....	.....	.....	- 4.2	.....
Central N. Y. State	+ 1.6	.....	.....	.....	+ 4.7	.....
Southern N. Y. State	- 7.6	.....	.....	.....	- 1.0	.....
Hudson River Valley	- 1.0	.....	.....	.....	+ 7.4	.....
Capital District.....	- 3.6	.....	.....	.....	+ 1.1	.....
Westchester.....	+ 5.8	.....	.....	.....	+ 9.2	.....
All department stores.	+ 4.0	+ 2.5	+ 5.4	+10.2	+ 3.8	+ 3.9
Apparel stores.....	+ 5.3	+16.1	.....	.....	+ 5.3	+13.3
Mail order houses.....	+12.0	.....	.....	.....	+ 8.4	.....

*=Exclusive of instalment accounts

The diagram compares the first six months' sales this year with 1925 in 38 individual departments. Although there were only 7 lines in which sales were actually smaller than last year, the increases in many

	Percentage Change in Net Sales		Percentage Change in Stock on Hand	
	June 1926 from June 1925	First Six Months 1926 fr. 1925	June 30, 1926 from June 30, 1925	First Six Months 1926 fr. 1925
Linens and handkerchiefs	+27.4	+15.8	+ 0.3	- 0.8
Books and stationery...	+24.3	+16.6	+ 2.9	+ 7.4
Toys and sporting goods	+19.3	+23.3	+ 7.4	+13.8
Furniture.....	+14.2	+13.8	-12.7	+ 5.4
Silverware and jewelry..	+13.3	+ 5.8	+ 2.3	+ 6.9
Home furnishings.....	+10.8	+ 7.6	+ 7.3	+ 3.5
Musical instruments and radio.....	+ 9.1	-43.3	-17.0	- 3.2
Toilet articles and drugs	+ 8.5	+12.9	+ 4.3	+ 4.1
Women's and Misses' ready-to-wear.....	+ 8.0	+ 1.2	- 4.9	- 5.6
Luggage and other leather goods.....	+ 7.7	+ 9.1	+14.2	+13.2
Hosiery.....	+ 7.4	+ 6.8	- 4.4	+ 3.8
Shoes.....	+ 2.0	+ 6.2	- 0.8	+ 2.4
Women's ready-to-wear accessories.....	- 0.2	+ 3.6	- 6.0	- 6.5
Men's and boys' wear..	- 1.5	+ 1.1	+11.9	+ 7.8
Men's furnishings.....	- 3.1	+ 5.5	+ 2.4	+ 0.8
Silks and velvets.....	- 6.3	+ 1.6	- 5.7	- 3.0
Cotton goods.....	- 8.4	-19.5	- 3.8	+ 1.7
Woolen goods.....	-23.3	-29.0	-35.2	-20.4
Miscellaneous.....	- 3.4	- 1.9	-13.4	- 9.5

of the main departments, including women's apparel, were under 5 per cent, and the largest increases were reported in departments such as toys and sporting goods, books and stationery, luggage, handkerchiefs, linens, and gloves. The large decrease in sales of musical instruments and radio was due mainly to the unusual number of sales of radio manufacturers' surplus stocks in the first half of 1925.



January to June Department Store Sales, 1926 compared with 1925.