

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

September 1, 1926

Business Conditions in the United States

PRODUCTION in basic industries and factory employment and pay rolls declined slightly in July, but the decrease in production was smaller than is usual at this season. Wholesale prices, after a further decline in July, were at the lowest level in nearly two years.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, increased about one per cent in July. Declines in the output of iron and steel and anthracite, and in the activity of textile mills were larger than the usual seasonal reductions, while the production of flour, copper, zinc, cement, and petroleum increased. The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and pay rolls showed the usual seasonal decline in July, which is due largely to closing for stock-taking and repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports were received, with the exception of leather and shoes and certain food products and building materials. Building contracts awarded in 37 states east of the Rocky Mountains declined in July for the fourth consecutive month and, as in June, were smaller than a year ago. Figures for the first three weeks in August were also below those for

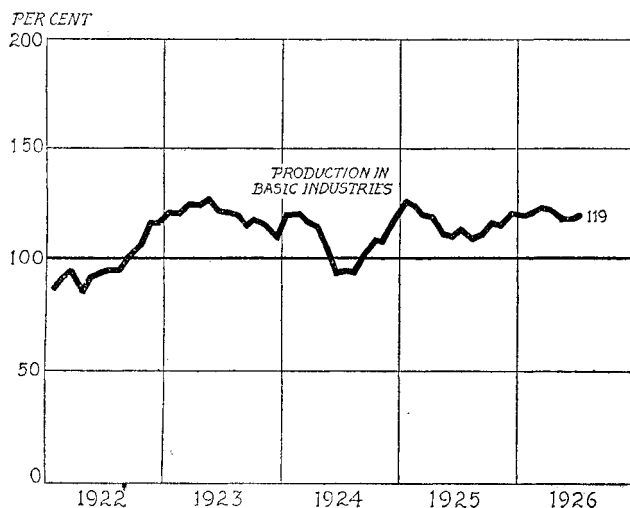
the corresponding period of last year. The principal decreases were in the New York and Atlanta districts.

The composite condition of all crops, as reported by the Department of Agriculture, shows an improvement of 2 per cent in July owing largely to the increase in the expected production of wheat. Cotton production, on the basis of August 16 conditions, is estimated at 15,248,000 bales, compared with an output of 16,104,000 in 1925.

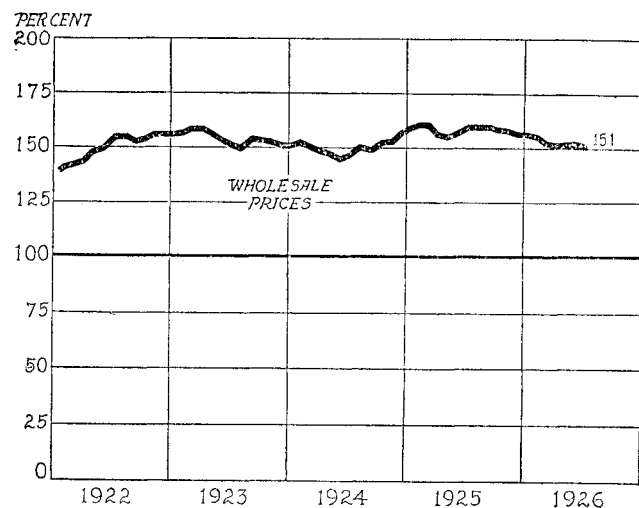
TRADE

Volume of trade at wholesale and retail showed a further seasonal decline in July, but continued to be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season and were 4 per cent and 13 per cent, respectively, larger than in July of last year. Merchandise inventories at department stores continued to decline in July and at the end of the month were in about the same volume as last year. Stocks of meat, dry goods, and shoes carried by wholesale firms were smaller than a year ago but stocks of groceries, hardware, and drugs were larger.

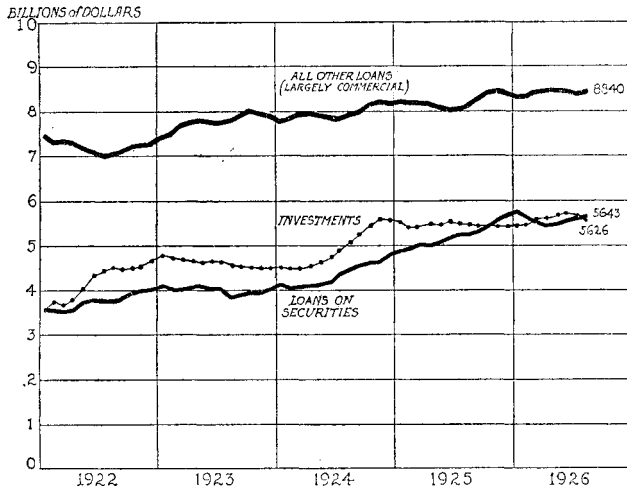
Shipments of goods by railroads were maintained at a high level during July for nearly all types of commodities. Loadings of grain were larger than for any month since October 1924, and were in record volume for July.



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



Index of United States Wholesale Prices. (1913=100; base adopted by Bureau). Latest figure, July.



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

PRICES

The Bureau of Labor Statistics index of wholesale commodity prices declined about one per cent in July to the lowest level since September 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August the prices of grains, cotton, and rubber declined further, while cattle, hogs, potatoes, coal, and coke advanced in price.

BANK CREDIT

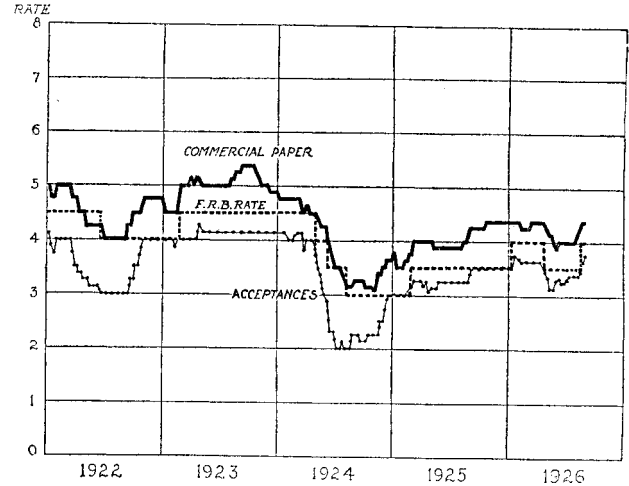
Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18 were in about the same volume as a month earlier, while the banks' investments declined.

Between July 21 and August 18 discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with the consequence that the total volume of Reserve Bank credit increased by about \$50,000,000.

Money market conditions became firmer in August. The rate on commercial paper, which was 4 per cent in June and July, increased to 4 1/4-4 1/2 per cent, and the rate on 90-day bankers' acceptances advanced to 3 3/4 per cent. The discount rate of the Federal Reserve Bank of New York was advanced on August 13 from 3 1/2 to 4 per cent.

Money Market

Money rates advanced in August to approximately the levels reached last March. A part of the August advance preceded the increase in the discount rate of the Federal Reserve Bank of New York and a part followed this increase. The following table shows the recent changes in money rates.



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

Money Rates at New York

	Aug. 27 1925	July 27 1926	Aug. 27 1926
Call Money.....	4 1/2	4	5
Time Money—90 day.....	4 1/4-4 1/2	4 1/2	5
Prime Commercial Paper.....	4 1/4	4	4 1/2
Bills—90-day unendorsed.....	3 1/4	3 3/4	3 3/4
Treasury Certificates and Notes			
3-5 months.....	3.02	3.15	3.29
6-8 months.....	3.46	3.38	3.40
Federal Reserve Bank of New York Re-discount Rate.....	3 1/2	3 1/2	4
Federal Reserve Bank of New York Buying Rate for 90-day bills.....	3 1/4	3 1/4	3 3/4

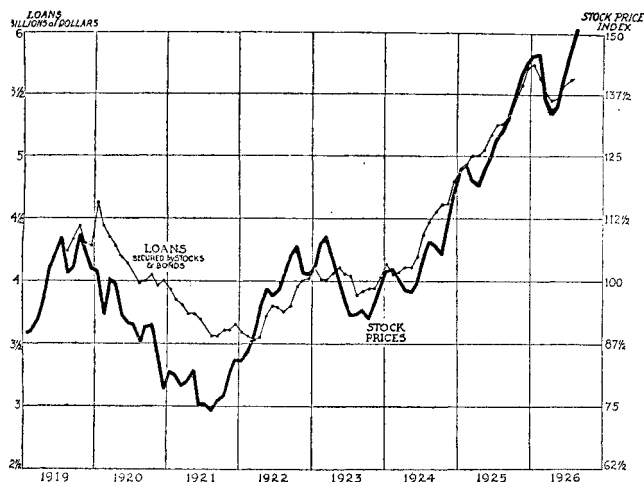
Factors in the firmer money conditions of August were a steady increase in the commercial loans of member banks, largely seasonal in nature, an increase in loans on securities, exports of \$9,500,000 of gold to Canada, and an increase in the amount of currency in circulation.

As a result of these developments the volume of Reserve Bank credit used by member banks increased substantially during the three weeks ended August 11, especially in the New York district. Following the advance in the discount rate, and the passing of first of the month requirements, Reserve Bank loans to New York member banks were reduced, but a considerable volume of bills was presented for purchase by the Reserve Banks and member bank borrowings in other districts increased; so that the total amount of Reserve Bank credit used throughout the country showed some further increase during the latter half of the month.

LOANS ON STOCKS AND BONDS

The continued rise in stock prices in the early part of August was accompanied by a further increase in loans by New York member banks to brokers and dealers in securities, and the total of such loans on August 18 was \$121,000,000 higher than four weeks previous. Loans for the account of New York City banks were reduced \$35,000,000, while loans for the account of out-of-town banks and others increased \$156,000,000.

This increase in brokers loans appears to be due



Loans on Stocks and Bonds by All Reporting Member Banks Compared with the Movement of Stock Prices (Standard Statistics Corp. Index of 230 Stocks.)

largely to a change in the method by which security transactions are being financed, reversing the tendency of earlier in the year. From February to May, while stock prices were declining, there was evidence of a shift by which securities were carried more largely by loans made direct to private individuals by banks rather than loans made to brokers. This shift was apparent in the statistics in a very rapid decrease in loans to brokers, but a small decrease in total bank loans on securities. From May to July loans to brokers and total bank loans on securities increased simultaneously. But since the latter part of July, brokers loans have increased \$121,000,000, while total bank loans on securities remained practically unchanged. This appears to indicate some shift from direct borrowing from banks to borrowing from brokers.

Because of shifts of this sort the loans on stocks and bonds of reporting member banks, which include both loans to brokers and loans to private individuals, probably offer a better index of changes in the amount of credit employed in security transactions than do brokers loans, although neither report is complete in itself. The accompanying diagram indicates the close relationship which has existed between stock prices and loans on stocks and bonds by reporting member banks in principal centers throughout the country. The stock price index used is that of the Standard Statistics Corporation

(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	1,591	2,517	2,015	3,351	5,366
July 21.....	954	1,667	2,621	2,081	3,377	5,458
Aug. 18.....	919	1,323	2,742	2,036	3,423	5,459

*Exclusive of loans on U. S. Government securities.

for 230 stocks. In the earlier years shown in the diagram the figures are affected by the inclusion of a considerable volume of loans on Government securities.

BILL MARKET

A continued decline in the supply of bills offered to the market, together with an inactive investment demand, caused a rather quiet bill market during August. Open market bill rates and the buying rates of the Reserve Bank advanced, in keeping with the advance in other money rates, and in anticipation of the seasonal increase in the demand for funds, which usually begins early in September; so that toward the end of August ninety-day bills were being offered at 3 3/4 per cent, as compared with 3 3/8 per cent a month before. Accompanying the increase in rates, dealers' portfolios were reduced gradually to about \$35,000,000, the lowest point of the year.

COMMERCIAL PAPER MARKET

Rates on prime commercial paper were firmer early in August and sales were made largely at 4 1/4 per cent. A gradual advance followed, and in the latter part of the month offerings were made chiefly at 4 1/2 per cent with some at 4 3/4 per cent. Although the demand by investing institutions for paper was only fairly active, dealers' holdings of unsold paper remained of moderate size, as there was little increase in the demand for funds by open market borrowers. Following an increase of less than 1/2 per cent during July, the total outstanding paper of 26 dealers at the end of the month amounted to \$655,000,000, about the same as at the end of February, but 10 per cent less than a year ago.

Security Markets

Stock prices continued in the first half of August the advance that began in May, and the volume of trading was the heaviest since March. Industrial price averages rose to new high levels, 4 points above the previous high levels reached in February, and railroad averages advanced to the highest levels since 1912. After the middle of the month prices of industrial stocks moved irregularly lower, while railroad stocks remained relatively steady.

Corporation bond prices at the end of August were little changed from a month previous, while United States Government issues were more affected by firmer money conditions and showed further declines, averaging 7/32 of a point. Foreign bonds, however, were firm; German issues reached the highest levels of the year, and French, Italian, and Polish bonds advanced late in the month.

The volume of new securities offered in August showed a seasonal decline, and was only about half as large as in July and somewhat smaller than in August 1925. Public utility issues continued to constitute the largest class of offerings, followed closely by industrial flotations and by foreign issues, which, however, were generally small with the exception of the major portion of \$16,000,000 Republic of Peru bonds, and \$10,000,000 Republic of Chile short term notes. For the year to

date, total offerings in this market of all kinds of securities have amounted to approximately $4\frac{3}{4}$ billion dollars, or about the same as the total for the corresponding period of 1925. Foreign issues, exclusive of refunding loans, during this period have been approximately 690 million dollars, compared with 660 millions last year.

Gold Movement

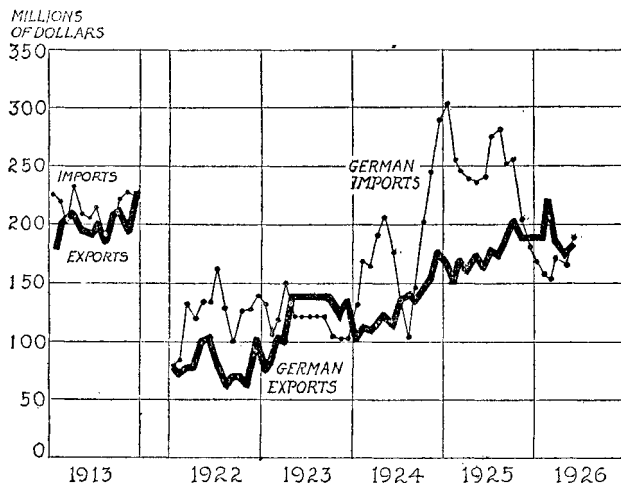
Exports of gold during July amounted to \$5,000,000, half of which went to Canada. Imports totaled almost \$20,000,000, of which \$14,600,000 was from Australia and \$3,600,000 from Mexico. These imports made total receipts of nearly \$20,000,000 from Australia and \$12,000,000 from Mexico in June and July. The net import for the first seven months of the year was \$96,135,000.

Imports at the Port of New York during the first 30 days of August came almost entirely from Latin America and amounted to about \$1,000,000. Exports totaled about \$21,000,000, of which \$20,000,000 represented shipments of earmarked gold to Germany. Additional exports to Canada of about \$7,000,000 were also reported, so that total shipments to Canada for the year to date now amount to about \$34,000,000, as compared with imports from Canada of \$79,000,000. The movement is usually toward Canada during the fall months.

German Foreign Trade

Recent tendencies in Germany's trade with the United States and with all countries combined are shown in the accompanying diagrams. After a steady recovery in the past four years total exports from Germany have this year been approximately equal to the 1913 dollar value for the first time since the war, though the actual quantity undoubtedly remains smaller.

Germany's trade with the United States showed an earlier recovery than her total foreign trade, especially imports, reflecting shipments from the United States of cotton, copper, and grain. The value of such shipments during the first half of this year, however, was smaller than in the corresponding period of any of the previous four years, while merchandise received from



Foreign Trade of Germany, 1922 to 1926, Compared with 1913.

Germany reached the 1913 level in value for the first time in recent years. The expansion in exports from Germany to certain other countries has been much more rapid, notably exports to European countries such as Italy and the Netherlands, and to South America, British India, and Canada.

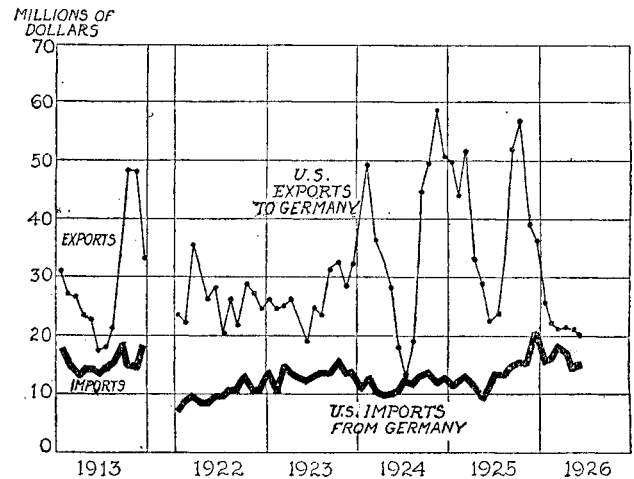
Foreign Trade of the United States

The foreign trade of the United States in July showed an export balance for the third consecutive month, following unfavorable balances in each of the first four months of the year. The export balance of \$31,000,000, while not large compared with the monthly average for recent years, was unusual for the month of July, when exports are usually at approximately the lowest level of the year. Merchandise exports for the month, valued at \$369,000,000, were \$29,000,000 larger than a year previous, and were the largest for any July since 1920. Imports, valued at \$338,000,000, were also the largest for July of any year since 1920, and were \$12,000,000 above those of a year ago.

A considerable part of the increase in exports, compared with July 1925, was due to substantial increases in shipments of wheat and bituminous coal. Coal exports were approximately double those of a year previous, due very largely to the effects of the strike in Great Britain. The increased exports of wheat are attributed to small stocks in importing countries following very light shipments during previous months from the United States and other exporting countries. The quantity of crude rubber and raw silk imported in July was above the relatively high level of a year previous.

Foreign Exchange

Sterling was steady during the early part of August, but after the tenth of the month declined nearly a cent to \$4.8484, the lowest quotation since early in May. The decline this year is somewhat earlier than the usual seasonal weakness in sterling which accompanies grain and cotton shipments. French and Belgian francs advanced during the first week of August, the former



Trade of the United States with Germany, 1922 to 1926, Compared with 1913.

rising above three cents for the first time since early in June, and the latter reaching 2.95 cents, but after a reaction fluctuated around 2.80 cents and 2.70 cents, respectively. The Italian lira moved in general with the franc, the later quotations ranging around 3.27 cents. The Spanish peseta declined early in August to 14.87 cents, but recovered to about 15.40 cents in the latter part of the month. Further small gains were registered by Danish and Norwegian kroner, but guilders declined gradually.

Canadian exchange remained slightly above the gold export point, and shipments of gold continued, making a total of \$9,500,000 since the latter part of July. In the Eastern exchanges, both Hong Kong and Shanghai were weak, in sympathy with the marked decline in the price of silver, which dropped to 61½ cents per fine ounce for the first time since August 1921, but a partial recovery occurred late in August, accompanying a rise in silver. The Japanese yen made a pronounced advance and reached 48.13 cents, the highest quotation since November 1923, about two months after the earthquake.

Business Profits

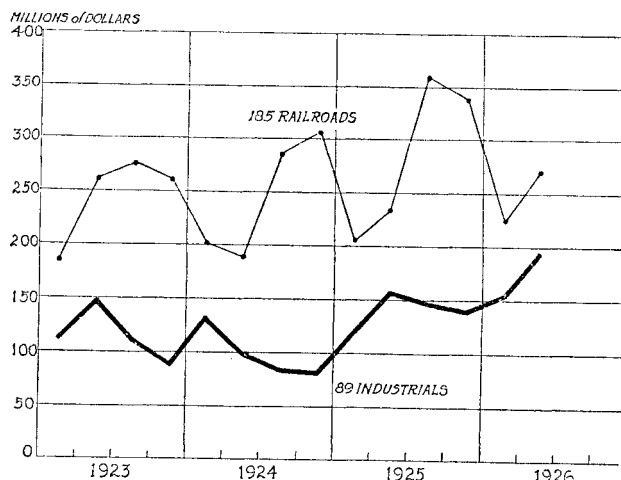
Statements of second quarter earnings of 99 industrial and mercantile concerns indicate a continued high level of business profits. Following an increase of 26 per cent in the first quarter of the year, net earnings of these concerns in the second quarter averaged 22 per cent higher than in the corresponding period of 1925. All groups of corporations for which a sufficient number of reports are available shared in the increase over last year, but the largest increases were in the earnings of steel and motor companies. For the first half of the year, net earnings were 24 per cent larger than in 1925, and substantially larger than in any other recent year.

(Net profits in millions of dollars)

Group	No. of Corporations	Second Quarter		First Six Months			
		1925	1926	1923	1924	1925	1926
Motors & accessories.....	14	61	80	85	52	103	138
Oil.....	16	30	35	43	49	53	58
Steel.....	10	34	43	74	76	67	84
Food & food products.....	13	15	20	25	25	27	37
Machine & machine mfg.....	10	5	5	8	8	10	11
Metal & mining.....	13	8	10	18	15	17	20
Miscellaneous.....	23	15	16	19	21	28	30
Total 7 groups.....	99	171	209	272	246	305	378
Telephone.....	71	46	52*	72	71	90	102*
Class I Railroads.....	185	234	271	447	391	439	495

*Partly estimated. June report not available.

The upward trend of corporation profits during recent years is shown in the accompanying diagram. This indicates that second quarter net earnings this year were larger than in any other quarter in the last 3½ years, and railroad earnings were the largest for any second quarter in the last six years. It appears that industrial corporation earnings tend to reach their highest level in the first half of the year, while railroad earnings are larger in the second half, due to the heavy movement of crops and fall merchandise.



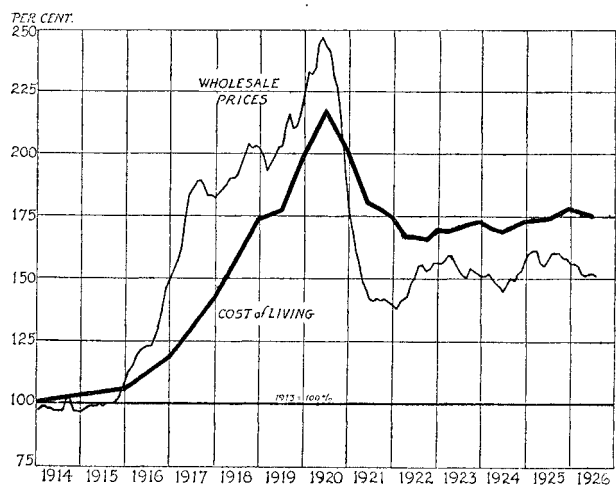
Quarterly Net Operating Income of 185 Railroads and Profits of 89 Industrial Corporations, 1923 to 1926.

Commodity Prices and the Cost of Living

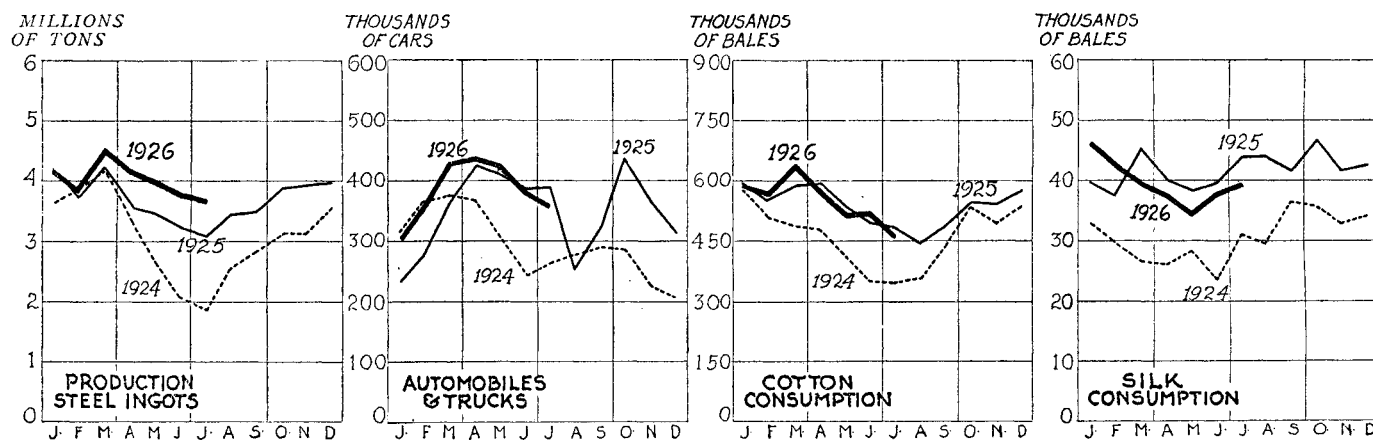
The Department of Labor index of average wholesale prices in July declined 1 per cent from June to a new low point since September 1924, due chiefly to a further decline in the prices of agricultural commodities. The July price level was 6 per cent below that of a year previous and practically the same as in July 1923. The group indexes show that prices of cloths and clothing, metals and metal products, building materials, and house furnishing goods have declined materially during the past three years, while prices of farm products and foods have shown advances, despite the substantial reaction since last fall.

The cost of living in June was 1.7 per cent lower than last December, according to the reports of the Department of Labor, but remained 0.7 per cent higher than a year previous.

The general tendency in the cost of living has been upward during the past four years, as the accompanying diagram shows, due chiefly to rising food prices which have accompanied the recovery in prices of agricultural products from the low levels of 1921.



Course of Wholesale Prices and Cost of Living, 1914 to 1926.



Monthly Production of Steel Ingots and Automobiles and Mill Consumption of Cotton and Silk in 1926, Compared with 1924 and 1925.

Production

The production of iron, steel, copper, bituminous coal, and cement remained substantially larger in July than a year previous. Automobile production showed less than the usual seasonal decline from June, but was smaller than a year ago for the second consecutive month.

Mill consumption of silk increased slightly further, but was substantially smaller than a year ago, while cotton consumption declined sharply, and the curtailment in woolen mill activity continued.

This bank's indexes of production, in which allowance is made for year-to-year growth and seasonal variations, are shown below.

(Computed trend of past 3 years-100 per cent)

	1925		1926	
	July	May	June	July
Producers' Goods				
Pig iron.....	94	118	114	113
Steel ingots.....	89	110	108	104
Bituminous coal.....	92	96	100	101
Copper, U. S. mines.....	105	103	102	110
Tin deliveries.....	96	98	107	109
Zinc.....	102	100	99	100
Petroleum.....	117	112 ^r	111	...
Gas and fuel oil.....	117	99	95	...
Cotton consumption.....	92 ^r	89 ^r	92 ^r	86
Woolen mill activity*.....	84 ^r	82 ^r	83 ^r	79 ^p
Cement.....	132	125	135	139
Lumber.....	116	104	107	109 ^p
Leather, sole.....	82	61	67 ^r	70
Silk consumption*.....	130	95	105	109
Consumers' Goods				
Cattle slaughtered.....	122	118	114	121
Calves slaughtered.....	114	87	101	96
Sheep slaughtered.....	103	102	109	100
Hogs slaughtered.....	91	83	91	99
Sugar meltings, U. S. ports.....	103	90	97	96
Wheat flour.....	107	92	109	121
Cigars.....	105	98	...	106
Cigarettes.....	79	76	...	70
Tobacco, manufactured.....	111	107	...	107
Gasoline.....	137	136	136	...
Tires.....	145	107	124	...
Newsprint.....	111	125	125	129
Paper, total.....	83	93	93	86
Boots and shoes.....	106	82	96	102 ^p
Anthracite coal.....	104	95	106	103
Automobile, all.....	158	129	128	137
Automobile, passenger.....	169	137	137	147
Automobile, truck.....	111	90	94 ^r	97

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

Crops

During July the condition of nearly all crops improved, so that the August 1 average condition was only 4 per cent below the ten-year average for that date, compared with 6 per cent below on July 1, and 8 per cent below on June 1.

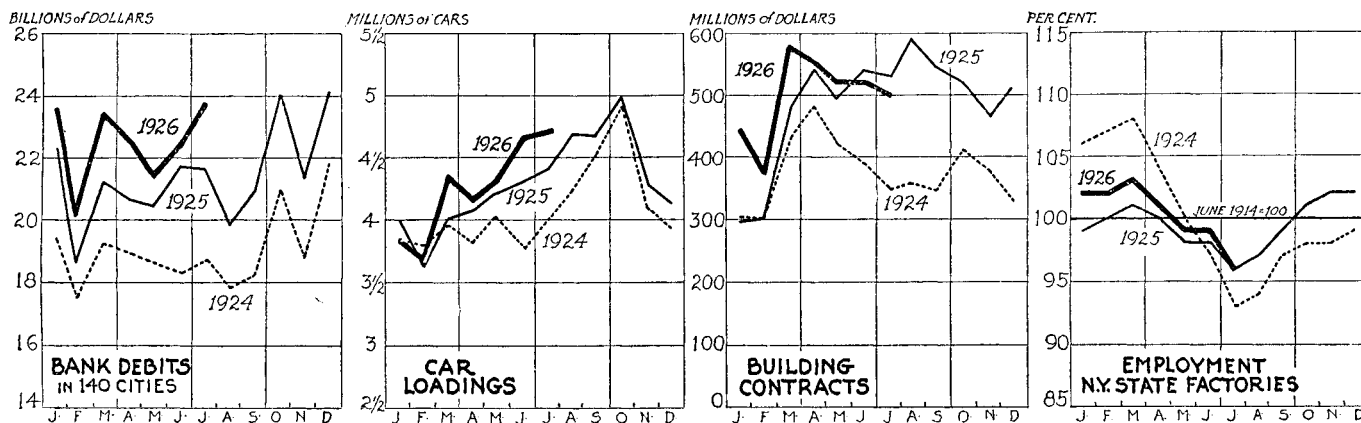
Threshing returns for winter wheat ran above expectations, and the August 1 indication was that the average yield per acre would be the highest since 1914, and the total crop nearly 60 per cent larger than last year. The quality also is unusually high. Larger indicated yields than on July 1 were reported also for spring wheat, rye, fruits, potatoes, and tobacco. The corn crop deteriorated during July, however, due to drought in several of the leading corn growing states, and the prospective size of the cotton crop was reduced in the first half of August.

(In millions)

Crop	1921-1925 Average Harvest	1925 Harvest	1926	
			July Forecast	August Forecast
Winter wheat, bushels.....	549	396	568	626
Spring wheat, bushels.....	253	271	200	213
All Wheat, bushels.....	802	666	767	839
Corn, bushels.....	2,849	2,905	2,661	2,577
Oats, bushels.....	1,327	1,512	1,334	1,311
Barley, bushels.....	186	217	191	191
Rye, bushels.....	68.2	48.6	39.7	41.9
Hav, tons.....	90.5	86.7	77.8	77.3
Apples, total crop, bushels.....	170	172	208	219
Peaches, total crop, bushels.....	46.9	46.6	61.7	63.6
Pears, total crop, bushels.....	17.7	19.8	24.6	25.1
Potatoes, bushels.....	396	326	334	346
Tobacco, pounds.....	1,290	1,374	1,139	1,203
Cotton, bales.....	11.5	16.1	15.4*	15.2*

*As of the 16th.

On the basis of yields indicated on the first of August and prices prevailing during the first half of the month, compared with 1925 actual yields and prices during the months of heaviest crop movement, it would appear that the value of three of the largest crops—winter wheat, corn, and cotton—will be close to that of last year. The indicated value of the winter wheat crop is 62 per cent larger this year, while the value of the corn crop is 7 per cent smaller, and the value of the cotton crop 17 per



Monthly Volume of Bank Debits, Car Loadings, Building Contracts, and Factory Employment in 1926, Compared with 1924 and 1925.

cent smaller. The value of other crops will probably be somewhat smaller this year than last in most cases.

Indexes of Business Activity

General business activity and the distribution of goods, as reflected in this bank's indexes, increased in July, after allowance for seasonal variations. Bank debits in 140 centers outside of New York City were nearly 10 per cent higher than a year ago, compared with an increase of 7 per cent for the first half of the year, and the index advanced to a new high level, while the index for debits in New York City was the highest since April.

A more active distribution of goods at retail was indicated by substantial increases in department store, chain store, and mail order sales over July of last year. The domestic movement of commodities, as shown by freight car loadings, continued above normal for this

season of the year, and both exports and imports of merchandise increased, contrary to the usual seasonal tendency.

Building

Contracts awarded for construction and engineering projects in 37 states were about 5 per cent smaller in July than a year previous, according to reports of the F. W. Dodge Corporation, but the total for the first 7 months of the year remained 10 per cent above the same period in 1925. Building in the New York and Northern New Jersey district was an important factor in the large volume of earlier months, but July contracts in this district were 9 per cent smaller than a year ago, and all other districts except the Central West and Northwest also showed declines.

The decrease shown in July contract awards was largely due to smaller projects for residential construction. Contracts for residential building east of the Rockies showed a decrease of 20 per cent from last year, following increases over the previous year in every preceding month since April 1925. Commercial and educational construction continued smaller than a year ago, but projects for public works and utilities were 50 per cent larger than in July 1925, and industrial building contracts also continued larger than last year.

Employment and Wages

Factory employment in New York State declined more than 2 per cent from June to July, and the number of employees reported in July was the same as in July 1925. Total payrolls reported to the State Labor Department were 3 per cent larger than a year ago, however, and per capita earnings showed a similar increase, due partly to an increase in individual earnings in identical industries, and partly to a relatively high level of employment this year in the more highly paid trades.

The largest decline in employment during the month was in the women's clothing industry, due to the strike in the cloak and suit trade. Further substantial reductions in working forces were made in the woolen and worsted, knit goods, and silk goods mills, and the gradual curtailment of recent months continued in the iron and steel and automobile industries. In addition there were the usual seasonal closings for vacations and repairs in a number of industries.

(Computed trend of past years=100 per cent)

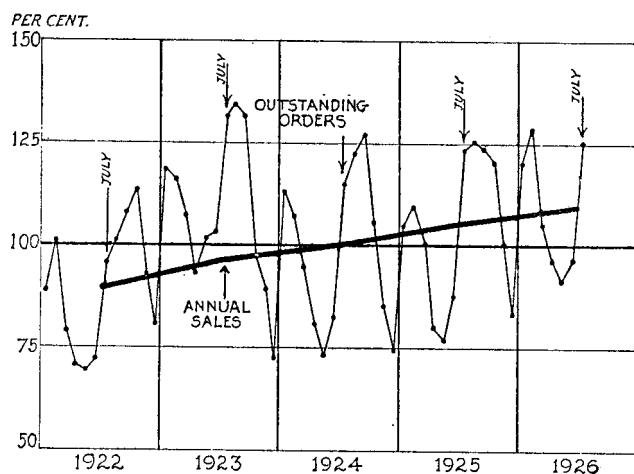
	1925		1926	
	July	May	June	July
Primary Distribution				
Car loadings, merchandise and misc.	103	105	104	103
Car loadings, other	101	107	110	110
Exports	99	91	91	109p
Imports	115	110	120	122p
Grain exports	76	121	82	101
Panama Canal traffic	96	91	91	...
Distribution to Consumer				
Department store sales, 2nd Dist.	88	99	95	100
Chain store sales	93	99	93	96
Mail order sales	117	122	126	132
Life insurance paid for	123	106	115	119
Real estate transfers	120	101	110	...
Magazine advertising	96	100	104	99
Newspaper advertising	99r	107r	106r	104r
General Business Activity				
Bank debits, outside of N. Y. City	110	111	111	117
Bank debits, New York City	118	121	118	123
Bank debits, 2nd Dist. excl. N. Y. C.	103	102	106	110
Velocity of bank deposits, outside of New York City	101	103	101	109
Velocity of bank deposits, N. Y. C.	112	114	115	123
Shares sold on N. Y. Stock Exchange*	159	110	181	173
Postal receipts	105	96	99	101
Electric power	108	109	112	...
Employment in the United States**	103r	102r	103r	103r
Business failures	106	105	116	100
Building permits	155	128	148	128
New corporations formed in N. Y. State	130	114	138	...
General price level	186	185	186	185

*=Seasonal variation not allowed for p=Preliminary r=Revised
 **=Supersedes New York State Employment

Department Store Business

Sales of department stores in this district during July were 5½ per cent larger than a year ago despite the fact that there was one less selling day this year in New York City and one half day less in up-state cities. Except in Buffalo, Syracuse, and the Capital District, increases were reported in all sections, and in Westchester and Central and Southern New York State the gains were the largest in more than a year and a half. Sales of apparel stores increased 14 per cent and mail order sales 13 per cent compared with July 1925.

Stocks of merchandise in department stores at the end of the month were only 3 per cent larger than last year, so that the rate of turnover was higher for the third consecutive month. The accompanying diagram indicates that although in the early months of this year outstanding orders were higher relative to volume of business than in the two preceding years, the increase in orders from June to July was not so large as in 1924 and 1925.



Department Store Orders for Merchandise Outstanding at the End of Each Month from January 1922 to July 1926, in Percentages of 1924 Average, Compared with Volume of Sales. (1926 sales estimated on basis of first six months.)

Sales of men's and women's apparel showed the largest gains over last year, whereas sales of linens and handkerchiefs, silverware and jewelry, and luggage and leather goods which have been unusually good in most of the previous months this year, fell below last year's level in July.

	Net Sales Percentage Change July 1926 from July 1925	Stock on Hand Percentage Change July 31, 1926 from July 31, 1925
Women's and Misses' ready-to-wear...	+21.6	-15.7
Men's and boys' wear.....	+14.2	+ 7.8
Men's furnishings.....	+13.9	+ 4.0
Books and stationery.....	+ 9.9	+ 8.1
Women's ready-to-wear accessories.....	+ 8.3	-11.9
Shoes.....	+ 8.4	- 3.0
Toys and sporting goods.....	+ 7.3	+ 6.3
Furniture.....	+ 6.7	+13.0
Hosiery.....	+ 6.3	- 1.6
Silks and velvets.....	+ 1.8	- 4.1
Home furnishings.....	+ 0.9	+ 6.6
Toilet articles and drugs.....	+ 0.4	+17.9
Luggage and other leather goods.....	- 0.2	+12.9
Linens and handkerchiefs.....	- 6.1	+ 5.0
Silverware and jewelry.....	- 6.4	- 1.0
Musical instruments and radio.....	-12.5	-17.7
Cotton goods.....	-12.8	- 8.3
Woolen goods.....	-43.5	-34.5
Miscellaneous.....	- 6.1	- 8.5

Collections on regular accounts showed a slightly smaller increase compared with last year than in June, but outstanding accounts at the end of the month showed a considerably larger gain, following a larger increase in sales in July than in June.

Locality	Percentage Change July 1926 from July 1925			
	Net Sales	Stock on hand end of month	Collections*	Accounts Receivable*
New York.....	+ 4.2	+ 2.3	+ 4.6	+17.8
Buffalo.....	- 0.6	+ 0.7	- 3.6	- 4.1
Rochester.....	+ 7.0	+ 2.9	+13.3	+23.2
Syracuse.....	- 2.1	- 4.0	.....	.....
Newark.....	+10.8	+ 9.4	+ 2.1	+11.8
Bridgeport.....	+16.4	+ 5.7	.....	.....
Elsewhere.....	+10.7	+ 3.9	+ 6.5	+ 4.9
Northern New York State.....	+ 3.0	.....	.....	.....
Central New York State.....	+16.7	.....	.....	.....
Southern New York State.....	+12.7	.....	.....	.....
Hudson River Valley Dist.....	+12.8	.....	.....	.....
Capital District.....	- 4.3	.....	.....	.....
Westchester District.....	+29.7	.....	.....	.....
All department stores.....	+ 5.5	+ 2.9	+ 4.4	+14.6
Apparel stores.....	+13.8	- 1.9	.....	.....
Mail order houses.....	+12.8	.....	.....	.....

*=Exclusive of instalment accounts

Wholesale Trade

July wholesale trade in this district averaged 12 per cent smaller than a year ago, the largest decrease reported in almost two years. Two factors contributing to this decline were the shorter working month this year and the strike in the cloak and suit trade. Decreases compared with a year ago occurred in 9 out of 15 lines and were particularly large in the clothing and cotton trades.

On the other hand, sales of paper, stationery, drugs, machine tools, and shoes continued in larger volume than a year ago, and the first year-to-year increase in silk since February brought July sales to the highest level for that month in six years.

Stocks of groceries, silks, drugs, hardware, and diamonds and jewelry continued larger than last year, while cotton goods stocks remained smaller, and stocks of shoes, which in June were larger than a year ago for the first time in several months, again showed a decrease in July.

Commodity	Percentage Change July 1926 from June 1926		Percentage Change July 1926 from July 1925			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collections	Acct's Receivable
Groceries.....	- 0.2	- 2.5	- 4.2	+ 8.3	- 1.4	+ 3.6
Men's clothing.....	+76.1	.....	- 4.9	.....	+11.7	+ 5.2
Women's dresses.....	-37.4	.....	-31.8	.....	.....	.....
Women's coats and suits.....	+30.0	.....	-70.3	.....	- 6.9	-35.9
Cotton goods-Jobbers.....	+18.2	+ 8.3	- 7.6	- 3.2	-20.0	-13.6
Cotton goods-Commission.....	-18.8	.....	- 8.8	.....	.....	.....
Silk goods.....	+ 1.4	+ 3.2*	+ 1.7	+23.1*	- 0.9	+ 6.8
Shoes.....	-15.2	+ 9.4	+ 0.6	-29.9	-20.9	+ 4.7
Drugs.....	+ 3.7	+ 6.5	+ 2.5	+ 2.3	+16.9	- 2.5
Hardware.....	-11.5	- 2.1	- 2.5	+ 4.4	+ 0.9	+ 4.1
Machine tools.....	-10.3	.....	+ 6.5	.....	.....	.....
Stationery.....	- 4.9	.....	+ 6.9	.....	+ 3.0	+13.1
Paper.....	-10.4	.....	+ 5.3	.....	- 0.1	-20.5
Diamonds.....	+ 4.0	.....	- 8.7	.....	.....	.....
Jewelry.....	-33.2	0	-13.0	+ 9.8	+21.8	+23.7
Weighted Average...	+ 7.8	.....	-12.2	.....	- 0.2	- 1.7

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