

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

October 1, 1926

Business Conditions in the United States

INDUSTRIAL activity and distribution of commodities continued in large volume in August at a level higher than a year ago. The general level of wholesale prices receded further in August, reflecting price declines for agricultural commodities.

PRODUCTION

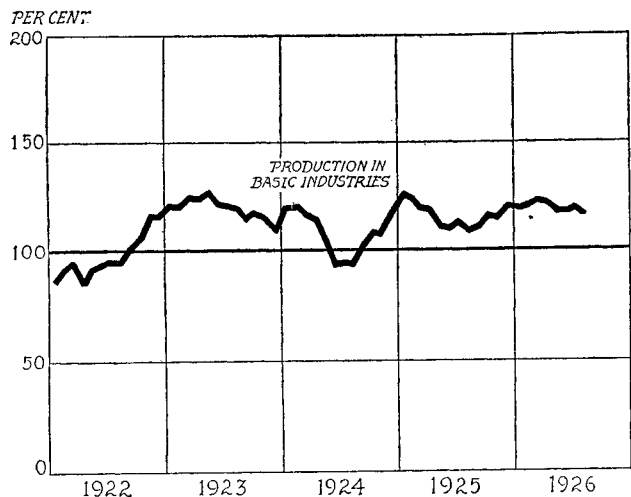
The index of production in basic industries, which is adjusted for the usual seasonal variations, declined slightly in August, but this decline was accounted for by the fact that there were five Sundays in August as against four in July. Textile mill activity and production of steel ingots, zinc, and petroleum increased, while the output of pig iron, lumber, coal, copper, cement, and sugar was smaller than the month before. Automobile production increased considerably in August and was larger than in any month since April. Factory employment and pay rolls, after declining in July, increased in August, as is usual at this season of the year. Building activity, as measured by contract awards in 37 states east of the Rocky Mountains, was in larger volume in August than in July or in any other previous month with the exception of August 1925. In eastern and southeastern states the volume of building was smaller in August than a year ago, while in the Middle

West contracts awarded were larger. Contracts for residential structures were smaller than last year, while those for industrial buildings and for public works and public utilities were substantially larger.

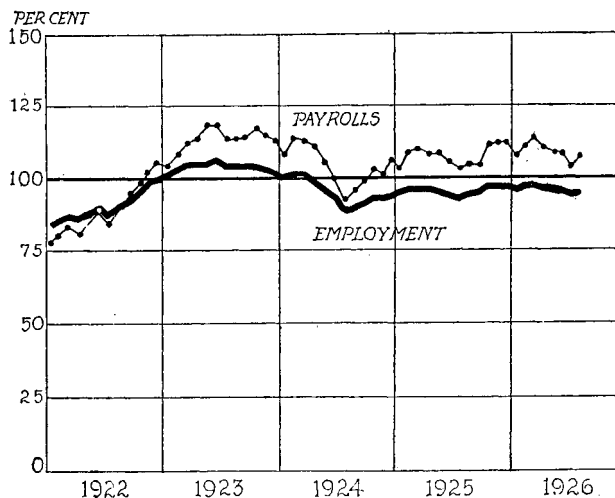
Crop conditions improved in August, according to a statement by the Department of Agriculture. September forecasts of yields of corn, barley, hay, tobacco, and most fruit and vegetable crops were above those made in August, while expected yields of oats and spring wheat were slightly less. A cotton crop of 15,810,000 bales was indicated on the basis of the condition of the crop at the middle of September. The crop, however, is later than last year and ginnings up to September 16 amounted to only 2,511,000 bales, compared with 4,282,000 bales prior to September 16, 1925.

TRADE

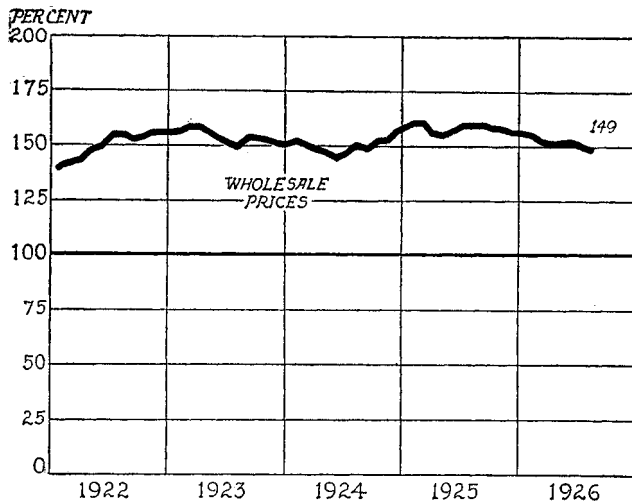
Volume of wholesale trade and of sales at department stores increased in August and retail sales were larger than a year ago. Stocks of dry goods and shoes carried by wholesale firms were smaller at the end of August than last year, while those of groceries and hardware were larger. Inventories of department stores increased in preparation for autumn trade, but this increase was less than is usual at this season. Freight car loadings in August continued higher than in the corresponding months of previous years and for the weeks of Aug-



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



Indexes of Factory Employment and Factory Payrolls in Manufacturing Industries (1919 average=100 per cent) Latest figures, August.



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

ust 28 and September 4 exceeded all previous weekly records. Loadings of grain continued large and shipments of merchandise in less-than-car-load lots, miscellaneous commodities, ore, and coke were considerably larger than in the corresponding period of previous years.

PRICES

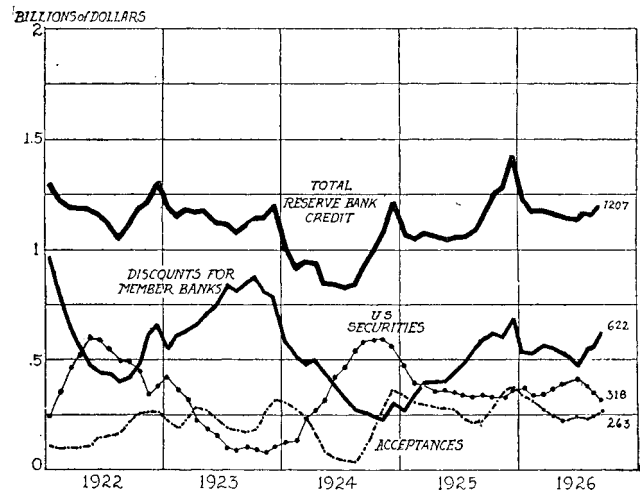
Wholesale commodity prices, according to the index of the Bureau of Labor Statistics, declined by over 1 per cent in August, reflecting largely price decreases for grains, livestock, and meat products. Prices of clothing materials, fuels, and metals increased between July and August, while prices of cotton, wool, sugar, building materials, and rubber showed little change. In the first half of September prices of grains, cattle, sugar, bituminous coal, and coke advanced, while prices of raw cotton, silver, and bricks declined.

BANK CREDIT

Increased demand for bank credit in connection with the harvesting and marketing of crops and autumn trade, together with an increase in loans on securities, was reflected in a considerable growth between the middle of August and the middle of September in loans of member banks in leading cities. The banks' holdings of investments also increased, though there was a decrease in investments at banks in New York City, and total loans and investments on September 15 were larger than at any previous time.

The volume of Reserve Bank credit increased by about \$90,000,000 between August 18 and September 22, partly in response to seasonal demands for currency. Discounts for member banks rose in September to the highest figure for the year, and acceptance holdings also increased, while United States securities declined by about \$55,000,000.

Money rates continued to rise in September. Rates on commercial paper advanced by one-fourth per cent to 4½-4¾ per cent, and rates on security loans also averaged higher than in August.



Reserve Bank Credit: Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in September.

Money Market

Money rates advanced in September to the highest levels since the early months of 1924. The rise accompanied a continued loss of funds to the money market, due to the fall expansion in requirements for credit and currency. Rates prevailing near the end of September are compared in the following table with those of a month previous and a year ago.

Money Rates at New York

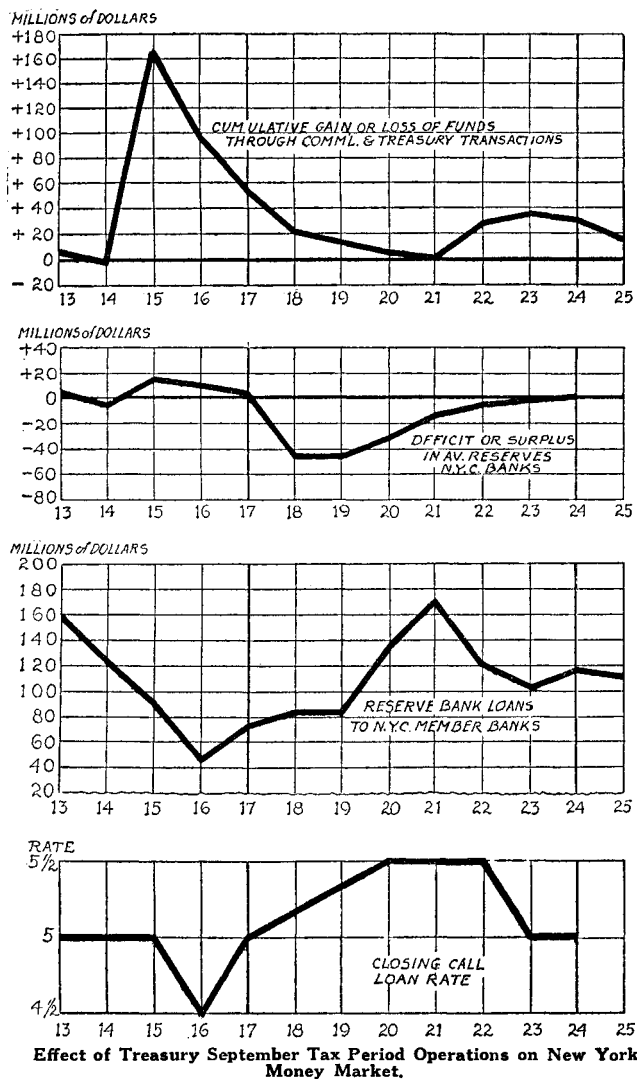
| | Sept. 29 1925 | Aug. 28 1926 | Sept. 29 1926 |
|--|------------------|-----------------|------------------|
| Call Money..... | *4-5½ | *4½-5 | *5-5½ |
| Time Money—90 day..... | 4½-4¾ | 5 | 5 |
| Prime Commercial Paper..... | 4½ | 4½ | 4½-4¾ |
| Bills—90 day unendorsed..... | 3½ | 3¾ | 3½ |
| Treasury Certificates and Notes | | | |
| 2-4 months..... | 2.98 | 3.29 | 3.55 |
| 5-7 months..... | 3.37 | 3.40 | 3.56 |
| Federal Reserve Bank of New York—Rediscount Rate..... | 3½ | 4 | 4 |
| Federal Reserve Bank of New York—Buying Rate for 90 day Bills..... | 3½ | 3¾ | 3¾ |

*=Prevailing rate for preceding week

Commercial loans of member banks increased steadily during September, and loans on stocks and bonds increased considerably. The consequent increase in deposits and in reserve requirements of commercial banks, together with losses to reserves caused by the seasonal outflow of currency, resulted in withdrawals of funds from the New York market, and made necessary a substantial increase in Reserve Bank loans to New York City banks during the first half of the month.

TREASURY TAX PERIOD OPERATIONS

After the middle of the month Treasury operations were the controlling factor in the money market. Throughout the country the Reserve Banks redeemed for the Treasury about \$400,000,000 of maturing notes, paid \$70,000,000 of interest on United States Government securities, sold a new issue of \$379,000,000 of certificates, and collected nearly \$450,000,000 of income taxes. From one-third to one-half or more of these various payments and receipts took place in New York.



Effect of Treasury September Tax Period Operations on New York Money Market.

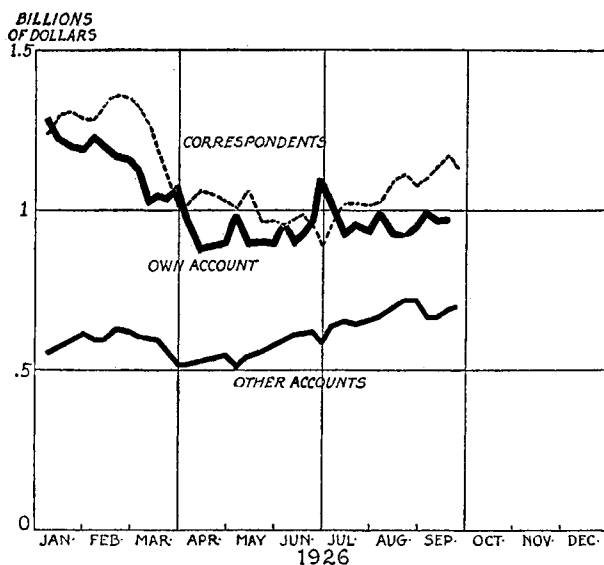
In anticipation of heavy Government disbursements on September 15, New York City member banks repaid a substantial amount of loans at the Reserve Bank. The redemption of notes and payment of interest on the 15th exceeded the amount of income tax checks actually collected on that day by more than \$100,000,000, which, with incoming transfers of over \$50,000,000 (the result of a similar situation in other districts), caused a large surplus in reserves of New York banks, despite further repayments of loans at the Reserve Bank. A temporary easing of money rates followed, but as the surplus in reserves was eliminated by heavy tax collections and outgoing transfers, money conditions became firmer before the end of the week. A substantial deficit in the reserves of New York City banks at the beginning of the following week, together with further tax collections, resulted in renewed borrowing from the Reserve Bank, and money conditions remained firm during the latter part of the month.

The accompanying diagram shows day by day during the tax period the gains and losses to the money market

and the effects on bank reserves, borrowing by city banks at the Reserve Bank, and the call rate.

LOANS ON STOCKS AND BONDS

Loans to brokers and dealers in securities by leading New York City banks, for their own account and for account of others, continued to increase gradually, and at the middle of September were \$400,000,000 above the low point of the year in May, and were the highest since March. As the above diagram shows, a considerable part of the increase in loans since May has been from funds supplied by organizations other than banks. Loans for out-of-town correspondent banks have also increased, while loans by New York City banks for their own accounts have shown little net change since June. Total loans on stocks and bonds of all reporting member banks throughout the country also increased further, and on September 15 were the highest since the first week of January. In the third week of September, however, there was a reduction of about \$50,000,000 both in brokers' loans and in total security loans of member banks.



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

BILL MARKET

The amount of new bills offered to the market during September increased somewhat, in keeping with the usual seasonal tendency. At the same time, there was a more active demand for bills, principally by New York City banks for the investment of foreign balances, but also by out-of-town banks. Consequently dealers' portfolios increased only slightly from the low level of the year reached in August. Rates were unchanged after the advance at the end of August; dealers continued to purchase 90 day unindorsed bills at 4 per cent and to offer them in the open market at 3 7/8 per cent.

COMMERCIAL PAPER MARKET

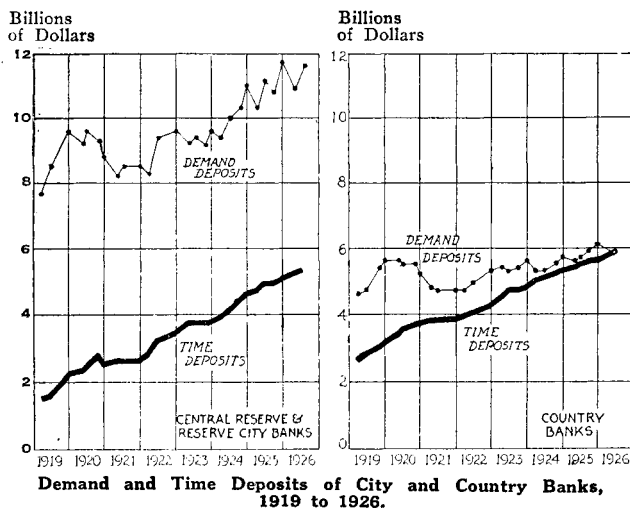
A further advance in September in open market rates on prime commercial paper was indicated by an in-

creased number of sales at $4\frac{3}{4}$ per cent and fewer offerings at $4\frac{1}{2}$ per cent. Although the higher rate level tended to bring the smaller country banks into the market, the demand in general was only fairly active. Due, however, to the relatively small supplies of new paper that were acquired from open market borrowers, dealers' lists remained limited in size. An increase of more than \$250,000,000 in the commercial loans of banks throughout the country above the levels of last year seems to indicate that industrial and commercial concerns are borrowing more largely from their banks than through the open market. The amount of commercial paper outstanding through 26 dealers at the end of August was \$638,000,000, a decrease of $2\frac{1}{2}$ per cent from the end of July, and of 12 per cent from a year ago.

Changes in Member Bank Deposits

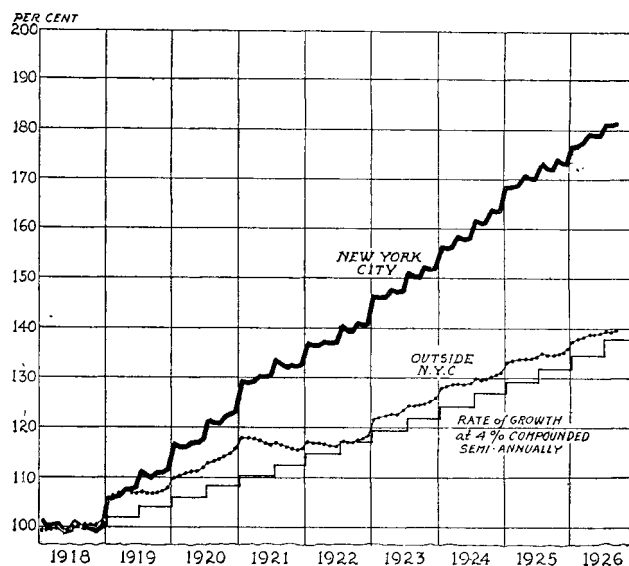
Total demand, time, and Government deposits of all member banks shown by the June 30 condition reports were \$28,780,551,000, an increase of about \$1,410,000,000 or 5 per cent over a year previous. This increase was only about half as large as that in the year ended June 30, 1925. Deposits of banks in central reserve and reserve cities showed practically the same average rate of increase as the banks in smaller localities.

As the accompanying diagrams show, time deposits of member banks continue to increase much more rapidly than demand deposits. During the past seven years time deposits more than doubled in country banks and trebled in city banks, while demand deposits increased 25 and 35 per cent respectively. As a result of this rapid increase, the June 30, 1926 condition statement showed time deposits slightly larger than demand deposits in country banks for the first time and nearly half as large as demand deposits in city banks.



Savings Bank Deposits

Deposits in representative savings banks in this district continue to increase by approximately the same amounts as for some years past. In the accompanying diagram the actual increases in savings deposits in New York City and elsewhere in this district are compared



Deposits of 15 Savings Banks in New York City and 15 Savings Banks Elsewhere in the Second District (Average Deposits in 1918=100 per cent). Latest figures September 10, 1926.

with a line showing what the growth would have been if it represented simply the accumulation of interest compounded semi-annually at 4 per cent on the average amount of deposits in 1918.

This comparison indicates that in the representative savings banks outside of New York City the increase has only equaled the increase which would have occurred if no deposits or withdrawals had been made in the last eight years.

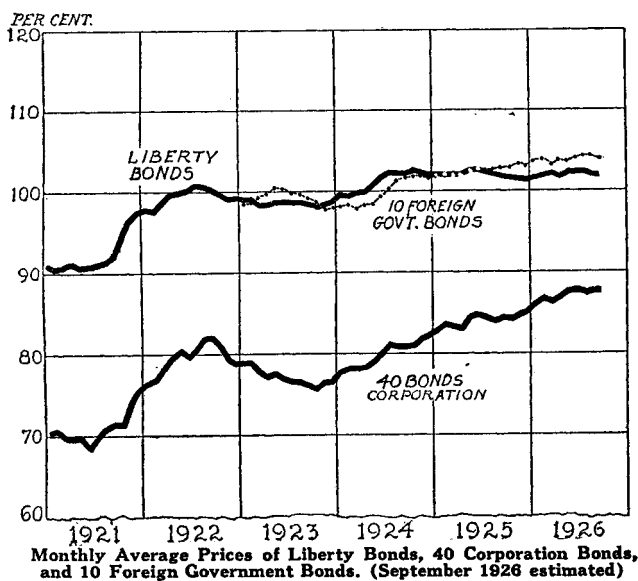
Deposits in New York City savings banks on the other hand evidently have had substantial net additions to principal other than those provided by interest payments. In both groups of banks, while the amount of increase in deposits has been quite regular in most recent years, the per cent or rate of increase has been slightly reduced. This may be partly accounted for by the rapid increase in the time deposits of commercial banks.

Security Markets

A rise in stock prices early in September carried railroad price averages to the highest levels in 14 years and representative averages of industrial stocks close to the high levels of August. This rise was followed by a period of reduced volume of trading and price irregularity.

The principal activity in the bond market was in foreign issues. Led by advances in French and German bonds, average prices of foreign bonds reached by the middle of the month the highest levels in recent years, but later reacted slightly. Corporation bonds continued the relative stability of August, showing only minor recessions, but United States Government issues were generally lower and one issue, the second $4\frac{1}{4}$ per cent Liberty Loan, reached the lowest level of the year.

Following the usual seasonal decline in August, the volume of new security offerings increased in September, and was about the same as the total for September 1925.



The increase in domestic issues was due very largely to the issuance of \$35,000,000 Illinois Central Railroad bonds and \$28,475,000 State of New York bonds, which made the totals of railroad, and state and municipal financing the largest in several months. Public utility financing, which in previous months constituted the largest class of domestic offerings, was relatively small in September. New offerings of all kinds of securities in the first 9 months of this year have amounted to nearly 5½ billions of dollars, or slightly more than the total of the corresponding period last year.

Foreign Financing

Offerings of foreign securities in this country during September were somewhat larger than in August, and, as in the two previous months, European issues constituted the largest proportion of the total. This indicates a change from the tendencies of the first half of the year, when European issues were only slightly larger

than Canadian or Latin American issues, as is shown in the accompanying diagram.

Latin American financing in the first half of this year was the heaviest in recent years, and constituted 33 per cent of the total offerings, the largest proportion since the second half of 1922. Canadian issues accounted for a larger share than in any period since the first half of 1923. Issues of European origin declined from 50 per cent of the total offerings for the entire year of 1925 to 35 per cent in the first half of 1926. The decrease in European issues may be attributed to the absence of any large Government loans and to the growing ability of the continental markets to absorb new security issues.

For the two year period ended June 1926, foreign loans issued in this country totaled 2¾ billion dollars, of which approximately a half billion represented re-funding issues.

Foreign Trade

Exports of merchandise in August showed a seasonal increase over July, and the total value at \$386,000,000 was slightly larger than that of a year ago. Imports, however, failed to show the usual increase over July, and at \$336,000,000 were slightly smaller than the figures for either the preceding month or August 1925. The resulting favorable trade balance of \$50,000,000 was the largest since last December.

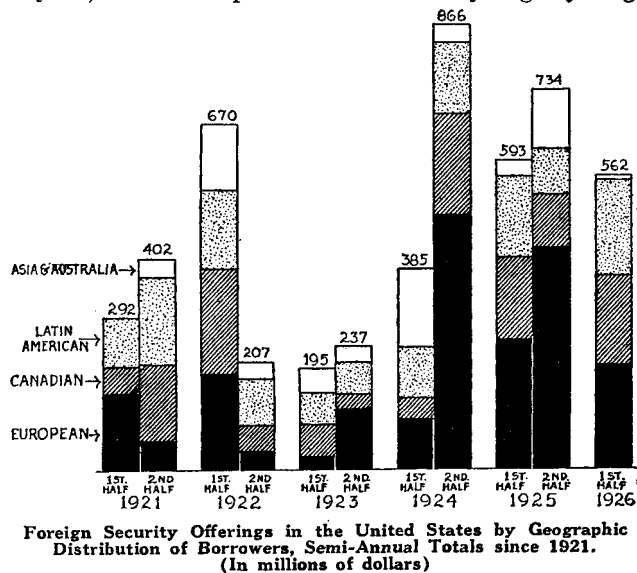
The chief increase in exports as compared either with July or with a year ago was in grain shipments. Grain exports amounting to nearly \$56,000,000 were \$24,000,000 higher than in August 1925, and were the largest for any month since the heavy grain export movement late in 1924. Coal shipments continued substantially larger than a year ago, but cotton exports, while considerably larger in quantity than in August 1925, were somewhat smaller in value.

The volume of crude rubber imported in August was 30 per cent less than in July, and was the smallest for any month since February 1925. Raw silk imports were 23 per cent larger in quantity than in July, and were 15 per cent larger than in August 1925.

Foreign Exchange

Despite the abnormal burden upon sterling exchange this year resulting from the coal strike, rates during September were maintained at higher levels than at this season last year. Whereas the average rate for September 1925 was \$4.8432, the average for the first 27 days this September has been \$4.8502.

The lira was quoted at about 1/3 of a cent above the previous month, accompanying the announcement in Italy of measures towards stabilization, but the French franc declined to 2.73 cents and the Belgian franc to 2.59 cents. Spanish pesetas at 15.12 cents were over 1¼ cents below the high point of 16.40 cents reached in June last. The Danish and Norwegian currencies showed little change during the month, but the Dutch guilder has gradually declined to 40.02 cents. Following the removal of Reichsbank control over the dollar exchange toward the close of August, the mark rose to 23.84 cents for a few days, since which time it has remained at par.



The Far Eastern currencies have been particularly active, the yen having advanced to 48.72 cents, the highest point since November 1923. This advance reflects in part a gradual improvement in Japanese economic conditions, gold shipments made by the Government, and buying by Chinese interests. Accompanying the decline in the price of silver, the Chinese currencies have shown marked weakness, Shanghai rates falling to 64.06 and Hong Kong to 50.13 cents, as compared with averages of 68.67 cents and 53.22 cents respectively in August, and yearly averages of 75.69 cents and 56.49 cents for 1925.

Canadian rates continued well above par, Brazilian weakened slightly, and Argentine advanced to 40.74 cents, the highest since last July.

Foreign Movements of United States Currency

Reports from large New York City banks which are the principal shippers of currency between this and other countries indicate considerably smaller net receipts of United States currency from foreign countries in the first eight months of this year than in the corresponding period of 1925. It seems probable that current net receipts represent little more than the return of money taken abroad by travellers or mailed to friends or relatives abroad by foreign-born residents of the United States. During July and August of this year receipts of currency reached the largest proportions since July a year ago, apparently reflecting the return of currency expended abroad during the tourist season.

The following table shows shipments to and receipts from foreign countries during the first eight months of the last three years.

(In thousands of dollars)

| | Shipments | Receipts | Net Receipts |
|------------------------------|-----------|----------|--------------|
| 1924—first eight months..... | 17,006 | 36,743 | 19,737 |
| 1925—first eight months..... | 3,414 | 48,062 | 44,648 |
| 1926—first eight months..... | 11,355 | 27,064 | 15,709 |

Gold Movement

The withdrawal by the Reichsbank of \$20,000,000 of earmarked gold from the Federal Reserve Bank of New York accounted for the greater part of \$21,400,000 of gold exports from the Port of New York during the first 29 days of September. Imports, which consisted of small amounts from various countries in Latin America and South America, amounted to about \$700,000. In addition, \$1,000,000 was shipped to Canada and \$1,500,000 was received from Mexico.

Exports from the United States during August totaled \$29,700,000, of which \$20,000,000 went to Germany, \$8,000,000 to Canada, and \$1,000,000 to the Orient. Imports were slightly less than \$12,000,000 and included \$9,700,000 from Australia and about half a million each from Canada and Mexico. The net exports of \$17,700,000 reduced the import balance for the year to September 1 to \$78,400,000.

The countries of destination or origin of the principal gold movements thus far this year and the net gain or loss to this country are shown in the following table.

Gold Movement to September 1, 1926

| Country | Exports | Imports | Net |
|------------------------|--------------|---------------|---------------|
| Germany..... | \$22,170,880 | \$ 650 | —\$22,170,230 |
| Canada..... | 35,141,255 | 80,101,916 | +44,960,661 |
| Mexico..... | 4,217,981 | 15,913,227 | +11,695,246 |
| British India..... | 469,785 | ..... | + 469,785 |
| Japan..... | 60,000 | 4,000,000 | — 3,940,000 |
| China & Hong Kong..... | 4,047,139 | 480,000 | — 3,567,139 |
| Australia..... | ..... | 29,213,272 | +29,213,272 |
| All other..... | 10,440,673 | 25,209,432 | +14,768,759 |
| Total..... | \$76,547,713 | \$154,918,497 | +\$78,370,784 |

Production

Production in a majority of lines increased from July to August and continued higher than a year ago, but a considerable part of the increase represented simply the usual seasonal advance. Automobile production increased substantially and was the largest since April, and more than seasonal gains occurred also in textile mill activity and the production of steel ingots. The output of pig iron, coal, copper, cement, lumber, and newsprint failed to show the usual seasonal increases.

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

(Computed trend of past years=100 per cent)

| | 1925 | | 1926 | |
|----------------------------------|-----------------|------------------|------------------|------------------|
| | Aug. | June | July | Aug. |
| Producers' Goods | | | | |
| Pig iron..... | 93 | 114 | 113 | 108 |
| Steel ingots..... | 98 | 108 | 104 | 112 |
| Bituminous coal..... | 96 | 100 | 101 | 99 |
| Copper, U. S. mines..... | 100 | 102 | 109 _r | 105 |
| Tin deliveries..... | 110 | 107 | 109 | 96 |
| Zinc..... | 107 | 99 | 100 | 111 |
| Petroleum..... | 127 | 111 | 113 | ... |
| Gas and fuel oil..... | 108 | 95 | 99 | ... |
| Cotton consumption..... | 84 | 92 | 86 | 92 |
| Woolen mill activity*..... | 91 | 83 | 77 | 83 _p |
| Cement..... | 131 | 135 | 139 | 130 |
| Lumber..... | 103 | 107 | 109 | 96 _p |
| Leather, sole..... | 79 | 67 | 70 | 73 |
| Silk consumption*..... | 130 | 105 | 109 | 126 |
| Consumers' Goods | | | | |
| Cattle slaughtered..... | 105 | 114 | 121 | 104 |
| Calves slaughtered..... | 114 | 101 | 96 | 93 |
| Sheep slaughtered..... | 93 | 109 | 100 | 99 |
| Hogs slaughtered..... | 99 | 91 | 99 | 112 |
| Sugar meltings, U. S. ports..... | 99 | 97 | 96 | 99 |
| Wheat flour..... | 93 | 109 | 114 _r | 103 |
| Cigars..... | 100 | 106 | 106 | 105 |
| Cigarettes..... | 74 | 82 | 70 | 73 |
| Tobacco, manufactured..... | 101 | 116 | 107 | 105 |
| Gasoline..... | 137 | 136 | 139 | ... |
| Tires..... | 125 | 124 | 124 | ... |
| Newsprint..... | 108 | 125 | 129 | 124 |
| Paper, total..... | 81 | 93 | 86 | 87 |
| Boots and shoes..... | 101 | 96 | 105 | 103 _p |
| Anthracite coal..... | 104 | 106 | 103 | 99 |
| Automobile, all..... | 93 _r | 123 _r | 126 _r | 145 |
| Automobile, passenger..... | 93 _r | 131 _r | 134 _r | 156 |
| Automobile, truck..... | 90 | 94 | 97 | 99 |

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

Crops

As a result of further improvement during August, the composite condition of all crops on September 1 was only 2 per cent below the ten-year average for that date, as compared with 4 per cent below on August 1, and 6 per cent below on July 1. The corn crop was aided in some sections by August rains, so that prospects on September 1 were for a yield only about 7 per cent smaller than in 1925. The condition of pastures and hay lands improved during August, but the indicated

production of hay was smaller than for any year since 1918. This year's apple and peach crops are expected to be the largest in recent years, and other fruit crops are large.

The September 16 estimate of the cotton crop indicated a probable yield of 15,810,000 bales, or only 2 per cent smaller than the unusually heavy crop of 1925. Following the publication of the report the price of New York spot cotton broke sharply to about 15 cents, the lowest level in five years. On the basis of the September 16 indicated yield and present prices the value of the 1926 cotton crop appears to be about 30 per cent smaller than that of the 1925 crop.

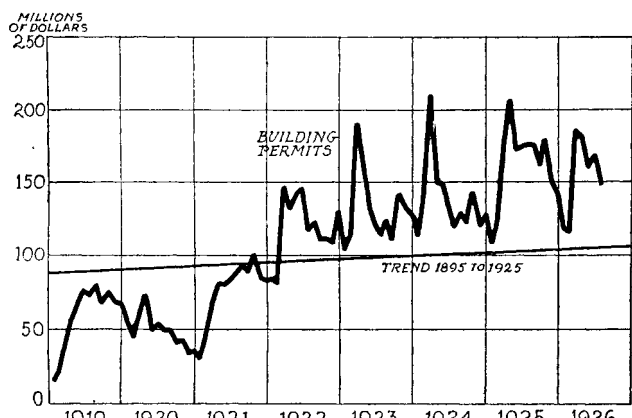
Building

The volume of contracts awarded in August for building and engineering projects in 37 states was \$600,800,000, or 18 per cent larger than the July total, and the largest amount ever reported with the exception of August 1925. The F. W. Dodge Corporation reports also indicated that contracts in the New York and Northern New Jersey district were substantially larger than in July, although 27 per cent smaller than in August 1925.

Contracts for public works and utilities were the largest in recent years, and the total for industrial projects was unusually large, while contracts for residential and commercial building were substantially smaller than a year previous.

Building permits reported from 454 cities to S. W. Straus & Co. were 9 per cent below the high level of a year ago. Especially large declines were reported from Florida and a number of other states where building has recently been reported in exceptionally large volume.

The accompanying diagram compares permits issued in 158 cities, adjusted for changes in the cost of building, with the general trend of building during the past thirty years. This indicates that, even after the moderate declines from last year's level which have been reported in recent months and with due allowance for the increase in the purchasing power of wage earners and others since the War, the volume of building projects this year still continues very large.



Building Permits issued in 158 Cities, 1919-1926, Reduced to 1913 Dollars by Adjustment for changes in Building Costs, and compared with the Trend of Building from 1895 to 1925.

Indexes of Business Activity

Following an increase in July, general business activity appears to have declined slightly in August, after allowance for seasonal changes. The indexes of bank debits for this district outside of New York City and for 140 cities throughout the country declined from the high levels of July, but for New York City alone, the index advanced to the highest level since March.

In retail trade, department store and mail order sales reached unusually high levels, while sales at chain stores showed slightly less than the usual year-to-year growth. Car loadings of revenue freight continued at high levels, though the increase over July was slightly less than usual. Foreign trade, especially imports, failed to show the usual seasonal increase from July.

In the following table this bank's indexes of business activity are given in percentages of the computed trend, with allowance for seasonal variations, and, where necessary, for price changes.

(Computed trend of past years—100 per cent)

| | 1925 | 1926 | | |
|--|------------------|------------------|------------------|------------------|
| | Aug. | June | July | Aug. |
| <i>Primary Distribution</i> | | | | |
| Car loadings, merchandise and misc..... | 103 | 104 | 103 | 101 |
| Car loadings, other..... | 104 | 110 | 110 | 105 |
| Exports..... | 102 | 91 | 109 | 107 ^p |
| Imports..... | 114 | 120 | 122 | 113 ^p |
| Grain exports..... | 83 | 82 | 101 | 132 |
| Panama Canal traffic..... | 94 | 91 | 89 | ... |
| <i>Distribution to Consumer</i> | | | | |
| Department store sales, 2nd Dist..... | 103 | 95 | 100 | 108 |
| Chain store sales..... | 98 | 93 | 96 | 94 |
| Mail order sales..... | 120 | 126 | 132 | 135 |
| Life insurance paid for..... | 120 | 115 | 119 | 115 |
| Real estate transfers..... | 101 | 110 | 104 | 106 |
| Magazine advertising..... | 94 | 104 | 99 | 101 |
| Newspaper advertising..... | 104 ^r | 106 ^r | 104 ^r | 109 |
| <i>General Business Activity</i> | | | | |
| Bank debits, outside of N. Y. City..... | 109 | 111 | 116 ^r | 112 |
| Bank debits, New York City..... | 122 | 118 | 123 | 132 |
| Bank debits, 2nd Dist. excl. N. Y. C..... | 107 | 106 | 110 | 102 |
| Velocity of bank deposits, outside of New York City..... | 100 | 101 | 108 ^r | 103 |
| Velocity of bank deposits, New York City..... | 116 | 115 | 123 | 132 |
| Shares sold on N. Y. Stock Exchange*..... | 160 ^r | 181 ^r | 173 ^r | 209 |
| Postal receipts..... | 99 | 99 | 101 | 98 |
| Electric power..... | 107 | 112 | 112 | 112 |
| Employment in the United States**..... | 103 | 103 | 103 | 104 |
| Business failures..... | 101 | 116 | 100 | 105 |
| Building permits..... | 161 | 148 | 128 | 137 |
| New corporations formed in N. Y. State..... | 135 | 138 | 126 | 108 |
| General price level..... | 186 | 186 | 185 | 185 |

*=Seasonal variations not allowed for p=Preliminary r=Revised **=Supercedes New York State Employment

Employment

The beginning of the fall increase in industrial activity was reflected in an increase of about 1 per cent in factory employment from July to August. Increased working time also was indicated by larger per capita earnings and payroll totals.

Nearly all branches of the textile industries in New York State reported increased working forces in August. The largest gains were in silk goods and knit goods, but employment in carpet and rug and woolen and worsted mills also showed moderate increases. The women's clothing industry showed only a part of the usual seasonal increase, due to the continuance of the strike in the cloak and suit trade.

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Employment in iron and steel mills increased slightly, but at least small reductions occurred in the machinery, railroad equipment, automobile, and other metal working industries. The building materials industries, other than cement, also showed some curtailment in August.

As the result of the seasonal increase in industrial activity, together with farm requirements for fruit picking and other fall work, the number of workers called for at State employment offices, relative to registrations for employment, reached the highest level of the year.

Department Store Business

Department store sales in this district during August were 10 per cent larger than in August last year, due partly to an additional selling day in New York and vicinity and an additional half day in up-state cities. This bank's index of sales, in which allowance is made for the number of selling days, as well as seasonal variations, price changes, and year-to-year growth, increased to 108 per cent of the estimated normal, compared with 100 per cent in July and 103 per cent a year ago. In New York, Buffalo, and the Albany District, the increases in sales were the largest reported since last October. Apparel store sales increased 13 per cent and mail order sales 11 per cent compared with August 1925.

The increase in stocks on hand at the end of the month was small compared with the 10 per cent increase in sales, so that the rate of turnover for the month was much higher than a year ago, and the cumulative rate of turnover since the first of the year was higher than in 1925 for the first time this year.

Following increased sales in recent months, collections on both charge and instalment accounts were over 9 per cent larger than last year. Charge accounts outstanding at the end of the month showed about the same increase as at the end of July, and outstanding instalment accounts were larger than last year in all reporting cities except New York.

| Locality | Percentage Change August 1926 from August 1925 | | | |
|-----------------------------------|--|----------------------------|--------------|--------------------|
| | Net Sales | Stock on hand end of month | Collections* | Acct's Receivable* |
| New York..... | +11.2 | + 1.8 | + 8.0 | +15.5 |
| Buffalo..... | + 6.2 | - 0.7 | + 6.2 | + 1.7 |
| Rochester..... | + 8.9 | + 3.0 | +25.9 | +23.7 |
| Syracuse..... | - 1.1 | -12.2 | ..... | ..... |
| Newark..... | +11.2 | +10.7 | +10.9 | +18.7 |
| Bridgeport..... | + 8.6 | + 6.9 | ..... | ..... |
| Elsewhere..... | + 4.3 | + 3.8 | + 5.1 | + 7.6 |
| Northern New York State..... | + 3.8 | ..... | ..... | ..... |
| Central New York State..... | + 4.1 | ..... | ..... | ..... |
| Southern New York State..... | - 1.8 | ..... | ..... | ..... |
| Hudson River Valley District..... | + 5.6 | ..... | ..... | ..... |
| Capital District..... | + 7.1 | ..... | ..... | ..... |
| Westchester District..... | +19.8 | ..... | ..... | ..... |
| All department stores..... | + 9.8 | + 2.4 | + 9.4 | +14.8 |
| Apparel stores..... | +13.4 | + 5.3 | ..... | ..... |
| Mail order houses..... | +10.7 | ..... | ..... | ..... |

*—Exclusive of instalment accounts

The following table shows a comparison of August sales and stocks in various departments with those of a year ago.

| | Net Sales Percentage Change August 1926 from August 1925 | Stock on Hand Percentage Change August 31, 1926 from August 31, 1925 |
|--|--|--|
| Linens and handkerchiefs..... | +28.2 | + 1.3 |
| Cotton goods..... | +23.4 | -20.3 |
| Books and stationery..... | +23.4 | + 3.0 |
| Men's and boys' wear..... | +23.0 | + 3.8 |
| Hosiery..... | +22.7 | - 3.5 |
| Shoes..... | +20.8 | - 3.7 |
| Furniture..... | +20.6 | +11.9 |
| Women's and Misses' ready-to-wear..... | +15.8 | -10.9 |
| Men's furnishings..... | +13.3 | - 0.5 |
| Luggage and other leather goods..... | +12.6 | +10.0 |
| Toilet articles and drugs..... | +12.5 | + 6.8 |
| Women's ready-to-wear accessories..... | +12.3 | - 9.6 |
| Home furnishings..... | + 9.7 | + 5.4 |
| Silks and velvets..... | + 8.3 | - 4.5 |
| Toys and sporting goods..... | + 7.4 | + 0.8 |
| Silverware and jewelry..... | + 6.0 | + 4.3 |
| Woolen goods..... | -16.6 | -32.8 |
| Musical instruments and radio..... | -18.5 | -14.4 |
| Miscellaneous..... | - 2.6 | -12.1 |

Wholesale Trade

August sales of leading wholesale dealers in this district were 8 per cent smaller than in August 1925, due largely to continued heavy decreases reported in sales of women's clothing. The year-to-year decreases were very small in all other lines except jewelry, and in all cases were smaller than in July. Sales of cotton jobbers, although still below the level of last year, were in the largest volume for any month since last October.

Increases over last year were reported in seven out of fifteen reporting lines, and in the cases of silk goods, diamonds, stationery, and shoes, the August sales were the largest for that month in the last five years. The increases in sales of drugs and machine tools were the largest for any month since last spring.

Stocks of silk goods at the end of August showed the smallest year-to-year increase in more than a year, while in cotton goods stocks the first increase in over a year and a half was reported. Hardware stocks were smaller than a year ago for the first time this year.

Following decreases in sales in most recent months, collections averaged 5 per cent smaller than in August 1925, the largest decrease reported this year.

| Commodity | Percentage Change August 1926 from July 1926 | | Percentage Change August 1926 from August 1925 | | | |
|------------------------------|--|--------------------|--|--------------------|-------------|-------------------|
| | Net Sales | Stock end of month | Net Sales | Stock end of month | Collections | Acct's Receivable |
| Groceries..... | - 7.4 | + 3.9 | - 0.5 | + 3.7 | - 2.6 | + 2.4 |
| Men's clothing..... | + 96.3 | ..... | - 2.2 | ..... | + 0.2 | + 5.2 |
| Women's dresses..... | +120.3 | ..... | -28.2 | ..... | - 7.8 | - 2.7 |
| Women's coats and suits..... | +137.1 | ..... | -66.5 | ..... | -43.6 | -52.9 |
| Cotton goods-Jobbers..... | + 16.2 | + 6.6 | - 1.5 | + 0.9 | -11.0 | -11.2 |
| Cotton goods-Commission..... | + 13.2 | ..... | - 0.5 | ..... | ..... | ..... |
| Silk goods..... | + 13.9 | - 5.7* | + 3.1 | + 3.2* | + 3.6 | +10.2 |
| Shoes..... | + 26.4 | + 1.8 | + 6.5 | -26.2 | + 5.7 | - 0.5 |
| Drugs..... | + 4.3 | + 7.9 | +12.9 | - 4.2 | + 2.8 | +13.2 |
| Hardware..... | - 3.3 | - 1.2 | - 0.2 | - 0.2 | + 2.2 | + 2.8 |
| Machine tools..... | - 18.2 | ..... | + 8.9 | ..... | ..... | ..... |
| Stationery..... | - 3.1 | ..... | + 6.5 | ..... | ..... | ..... |
| Paper..... | + 4.7 | ..... | + 3.7 | ..... | - 9.0 | -10.3 |
| Diamonds..... | + 31.1 | +0.3 | + 5.8 | +8.7 | +9.9 | +11.2 |
| Jewelry..... | + 33.7 | ..... | -11.6 | ..... | ..... | ..... |
| Weighted Average.. | + 43.3 | ..... | - 8.2 | ..... | - 5.4 | - 3.3 |

*—Quantity not value.