

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

November 1, 1926

Business Conditions in the United States

INDUSTRIAL and trade activity increased in September and is at present in considerably larger volume than in mid-summer. The price of cotton has declined sharply within recent weeks, while prices of most groups of commodities have advanced. Volume of bank credit has increased seasonally, and money rates have remained firm.

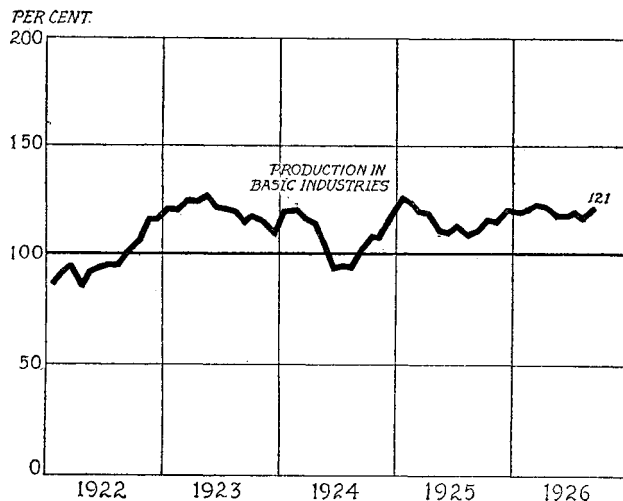
PRODUCTION

Production in basic industries and factory employment and pay rolls, according to the Federal Reserve Board's indexes, after changing but little for about four months, advanced in September to the highest points since last spring. The increase has been particularly large in textile mill activity. Consumption of cotton has increased considerably, and woolen mill activity is the largest since January, and employment has increased in nearly all branches of the textile industry. Iron and steel production was maintained from early in August until the latter part of October at a level higher than for the corresponding period of previous years. Automobile output was reduced in September but continued larger than a year ago. Mining of coal has steadily increased since mid-summer, and the weekly

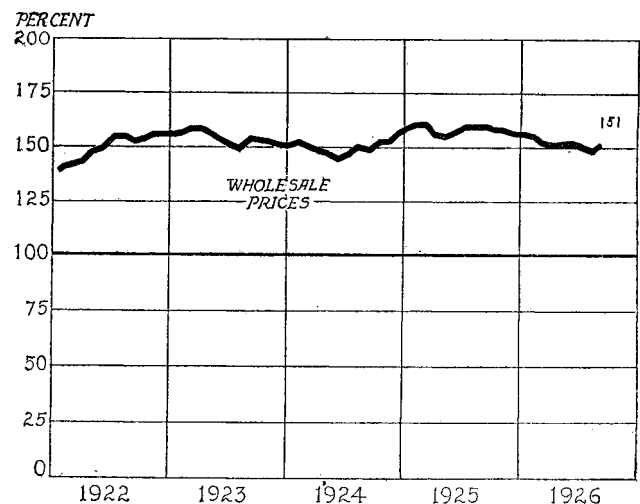
run of crude petroleum from wells in October reached the highest level since June of last year. Building contracts awarded during August and September were only slightly smaller in value than the awards for the corresponding period of last year and in the first half of October far exceeded those of a year ago. A substantial decline in contracts for residential structures has been largely offset by increases in awards for industrial and engineering projects. The Department of Agriculture's October 18 estimate placed cotton production at 17,454,000 bales, an increase of about three-quarters of a million over the estimate made on the first of the month and of 1,350,000 bales more than last year's crop.

TRADE

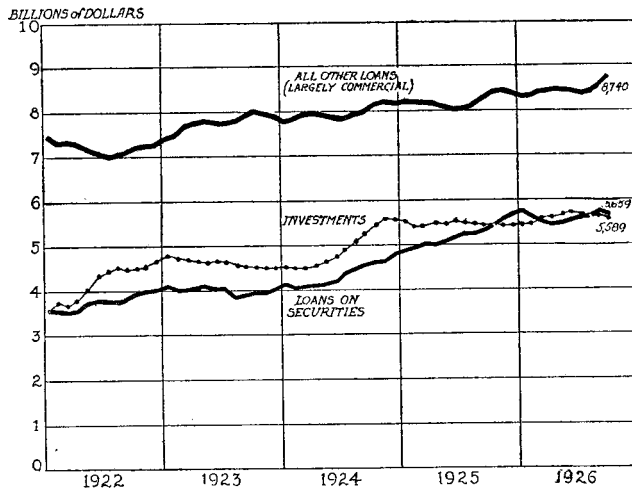
Wholesale and retail trade increased in September and was slightly larger than last year. Inventories of department stores increased slightly more than is usual in September, and at the end of the month were in about the same volume as a year ago. Railroad freight car loadings reached new high weekly records in September, and shipments were maintained during the early weeks of October in much larger volume than in previous years. A great part of the increase as compared with



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



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



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

last year is due to shipments of coal and ore, but loadings of manufactured commodities have also been larger.

PRICES

The general level of wholesale prices advanced slightly in September and October, notwithstanding the drop in the price of cotton to the lowest level since 1921. The Bureau of Labor Statistics index of wholesale prices was about one per cent higher in September than in August, reflecting advances both in agricultural and in non-agricultural commodities. In recent weeks prices of corn, nonferrous metals, and paper have declined, while prices of livestock, meats, poultry and dairy products, and bituminous coal have increased.

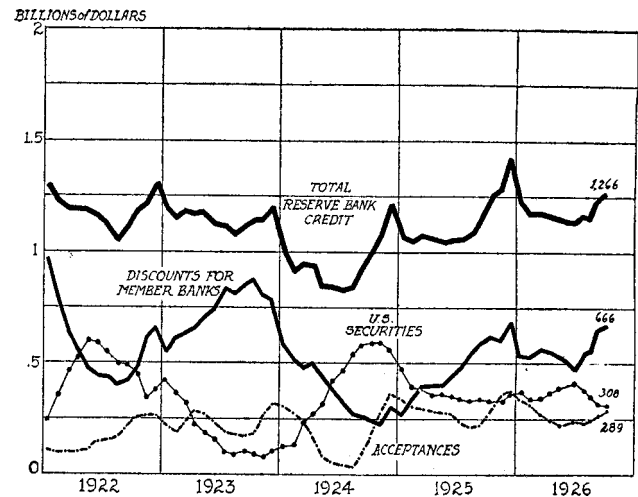
BANK CREDIT

Between September 22 and October 20 the seasonal increase in the demand for credit for agricultural and commercial purposes was reflected in a continued growth in the commercial loans of member banks in leading cities. Loans on securities and holdings of investments declined, but the banks' total loans and investments were about \$60,000,000 larger on October 20 than four weeks earlier.

At the Reserve Banks, the volume of member bank borrowing, after considerable fluctuations in response to temporary conditions, was in October at about the same average level as in September. There was little change in the banks' holdings of United States securities, while acceptance holdings continued to increase, as is usual at this season.

Money Market

During the first half of October money rates remained steady at the levels reached in the latter part of September, but an easier tendency prevailed after the middle of the month. Rates at the end of the month were as follows:



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

Money Rates at New York

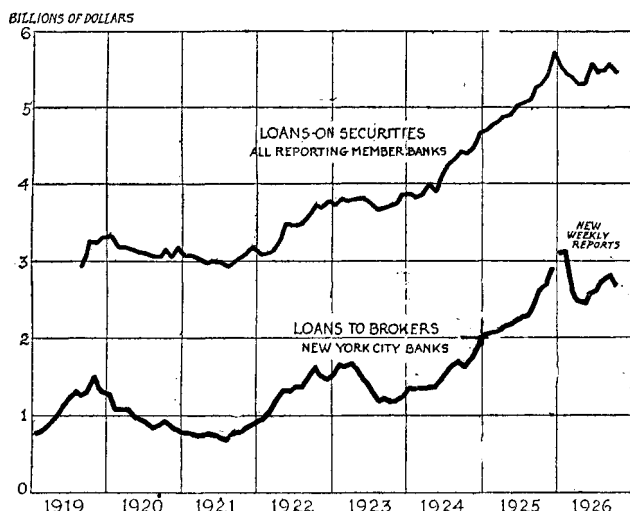
	Oct. 28 1925	Sept. 28 1926	Oct. 28 1926
Call Money.....	*4 1/4-5	*5-5 1/2	*4 1/2
Time Money-90 day.....	4 3/8	5	4 3/8
Prime Commercial Paper.....	4 1/4-4 1/2	4 1/2-4 3/4	4 1/2
Bills-90 day unendorsed.....	3 1/2	3 3/4	3 3/8
Treasury Certificates and Notes			
Maturing Dec. 15.....	3.39	3.55	3.55
Maturing March 15.....	3.56	3.57	3.56
Federal Reserve Bank of New York—			
Rediscount Rate.....	3 1/2	4	4
Federal Reserve Bank of New York—			
Buying Rate for 90 day Bills.....	3 1/4	3 1/4	3 3/4

*=Prevailing rate for preceding week.

The causes of somewhat easier money conditions in the second half of October are to be found in a flow of funds to New York from other districts, not unusual at this time of year, and a considerable excess of Treasury disbursements, including October 15 interest payments, over withdrawals from depositaries and other collections in the second district. There has, moreover, been some decrease in credit demands due largely to a liquidation in brokers' loans amounting to nearly \$200,000,000. This decrease has been offset in part by an increase in commercial loans of about 140 millions, mostly in the New York district. As a net result of these and other changes, total loans and investments of the reporting member banks throughout the country are about 90 millions under the year's high point of September 29. In the case of the New York City banks the decrease has been 140 millions, or more than for the country as a whole. Thus there has been a continued extension of credit in principal centers outside New York City. Throughout the country there is no indication of any change of consequence in the basic factors of the credit situation.

BILL MARKET

The supply of bills offered to the market in October was increased substantially by the usual seasonal demand for funds to finance crop movements and fall imports. The investment demand for bills also improved during the month, though less rapidly than the supply, and



Course of Brokers' Loans Placed in New York City by Daily Reporting Banks from 1919 to 1925, and by Weekly Reporting Banks in 1926, Compared with Total Loans on Stocks and Bonds of All Reporting Member Banks Throughout the Country.



Brokers' Loans Placed by Daily Reporting New York City Banks for Own Account and for Correspondents, 1919 to 1925.

despite some increase in Reserve Bank purchases, dealers' portfolios rose to the highest levels since June. Dealers' rates of 4 per cent on purchases of 90-day bills and $3\frac{7}{8}$ per cent on sales, have remained unchanged for the past two months.

COMMERCIAL PAPER MARKET

Open market rates on prime commercial paper continued firm in the first part of October, with the majority of sales at $4\frac{3}{4}$ per cent. Following the somewhat easier money conditions after the middle of the month there was a better demand from interior institutions and to some extent from New York City banks. As a result, dealers' supplies of $4\frac{3}{4}$ per cent paper were reduced, and offerings and sales of paper toward the end of the month were largely at $4\frac{1}{2}$ per cent. The amount of new paper offered for sale continued light. At the end of September, the amount outstanding through 26 commercial paper dealers showed a decrease of 4 per cent from the previous month to a total of \$612,000,000. This amount is the smallest in at least 8 years, and 14 per cent smaller than at this time last year.

Brokers' Loans in Past Years

During the war when it was necessary for the New York City banks to take concerted action to exercise some control over the money market in order to prevent serious shortages of funds, there was inaugurated a series of daily reports by the New York City banks to the Federal Reserve Bank, giving their loans to brokers both for their own account and for the account of correspondents. These reports were made by the mutual consent of all the banks concerned on the understanding that the data would be held confidential.

These reports proved so useful that they have been continued up to the present time, with the cooperation of the large New York City banks. At the time of the

hearings before the Congressional Joint Commission of Agricultural Inquiry weekly figures from 1919 to the middle of 1921 were made available to Congress and were published in the hearings, but otherwise they have remained confidential.

Following the inauguration by the Federal Reserve Board in January of this year of a series of weekly reports on loans to brokers and dealers, it has now become possible, with the consent of the banks concerned, to publish the brokers' loan figures for previous years, and the figures are shown in the accompanying diagrams. Detailed weekly figures segregating loans for own account and loans for account of correspondents are included in the November Federal Reserve Bulletin.

It should first be noted that these back figures for brokers' loans are not directly comparable with the figures now currently reported each week. The new reports were extended to a somewhat larger group of banks, 61 (on January 6) as compared with 43 which had been making confidential daily reports. Moreover, the current reports are a little more comprehensive as to the loans which they include. The relationship between the old confidential reports of brokers' loans and the more recent published reports may perhaps best be shown by comparing the figures in the two series for January 1926. They were as follows, in millions of dollars:

	Confidential Daily Report	Weekly Published Figures	Difference
January 6.....	2,908	3,141	233
January 13.....	2,899	3,133	234
January 20.....	2,888	3,131	243
January 27.....	2,870	3,098	228

Thus we see that the reports now currently published are on such a basis that they tend to run at least 200 million dollars higher than the older series.

The first diagram compares the movement of brokers' loans as confidentially reported for previous years with the movement of total loans on stocks and bonds, which have been published each week in the statement of condition for reporting member banks. It will be noted that the published figures for loans on stocks and bonds followed much the same general course as did brokers' loans.

The second diagram compares the loans placed by New York City banks for their own account with the loans placed for account of their correspondents. For a considerable part of the period covered by the figures the two lines run fairly close together, but for the period as a whole the loans placed for correspondents have increased much more than have loans placed by New York City banks for their own account. This may be illustrated by comparing figures for the autumn of 1925 with the figures for the end of 1919. In the autumn of 1925 loans by New York City banks for their own account were only about 30 per cent higher than in 1919, whereas loans placed for out-of-town correspondents were more than twice as large as in 1919.

Gold Movement

In consequence of continued withdrawals of earmarked gold by the Reichsbank, gold movements in September showed an excess of exports amounting to \$7,000,000, which reduced the net import for the first nine months of the year to \$71,000,000. Imports amounted to \$16,000,000, of which \$12,000,000 came from Australia and \$2,000,000 from Mexico. Exports, which totaled \$23,000,000, included \$20,000,000 to Germany and \$1,000,000 to Canada. At the end of September, the recent exports to Germany had totaled approximately \$40,000,000, and total imports from Australia were of similar amount.

Imports and exports of gold at the Port of New York during the first twenty-eight days of October were without special significance. Imports amounted to about \$400,000 and exports were slightly over \$1,900,000, of which \$1,000,000 was shipped to Colombia.

Discount Rates of Foreign Banks

During the month of October the following changes were made in rates of banks of issue abroad. In each instance the movement was downward.

Czecho-Slovakia	from 6	to 5½	on October 27
Estonia	from 10	to 8	on October 1
Japan	from 7.30	to 6.57	on October 4
Norway	from 5	to 4½	on October 26

For the National Bank of Czecho-Slovakia this is the second reduction in the calendar year, the rate having been dropped from 6½ per cent to 6 per cent on January 12, and to 5½ per cent on October 27. For Norway, it is the fourth change during the year; the rate was advanced from 5 per cent to 6 per cent in January, and thereafter reduced to 5½ per cent in April, to 5 per cent in September, and to 4½ per cent in October.

Stabilization of the Belgian Currency

After a long period of careful preparation the stabilization plan of the Belgian Government became effective on October 25. The value of the franc was fixed by decree at a gold value, amounting to about 2.781 cents. For international purposes a new unit of account was created, the belga, equivalent to five paper francs, with a fixed value of 0.209211 grams of fine gold or about 13.904 cents.

An international loan of \$100,000,000 was offered by the Belgian Government in England, Holland, Sweden, Switzerland, and the United States, one-half of the total being offered in the United States. The proceeds of this loan are to be turned over by the government to the National Bank of Belgium to be applied in reducing the State's indebtedness to the bank, which will be further diminished by the application to the same end of the profits arising from the revaluation of the bank's existing reserves, hitherto carried at their prewar value.

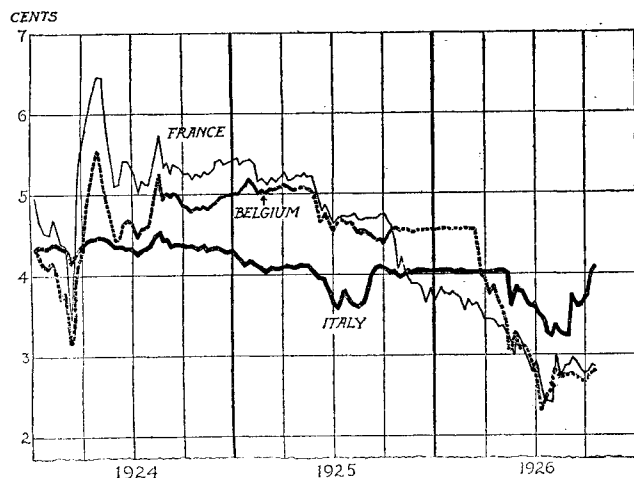
As a part of the plans which have been completed for the stabilization of the Belgian currency, the Federal Reserve Bank of New York, in association with other Federal Reserve Banks, has indicated its readiness to cooperate with the Belgian bank of issue, the Banque Nationale de Belgique, by participating with other banks of issue in credit arrangements under which the Federal Reserve Bank of New York has agreed, if desired, to purchase up to a total amount of ten million dollars of prime commercial bills from the Banque Nationale de Belgique. In these arrangements the Federal Reserve System is acting in collaboration with the Central Banks of Austria, England, France, Germany, Holland, Hungary, Japan, and Sweden.

In recent months the budgetary position of the Belgian Government has been materially strengthened, through increased taxation, which is expected to cover all expenditures for the current year and provide substantial sums for the sinking fund created to retire public debt. The Treasury's position was improved during the summer by the forced consolidation of the internal floating debt of which the greater part was converted into preference shares of the new railroad company. The remainder will be gradually retired through the operation of the sinking fund. Provision has also been made for the retirement of the external floating debt.

The Foreign Exchanges

The principal event of the month was the stabilization of the Belgian franc and the introduction of a new unit of account in international transactions, the belga. Trading in the new unit commenced on October 25, the quotation being virtually at parity. During the first two months of the year the Belgian franc was quoted at about 4½ cents, but it fell abruptly in March and by the middle of July was selling at just over two cents. From this level it rebounded to about 2¾ cents in the first week of August, near which figure

it was thereafter continuously maintained until formal stabilization on October 25.



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

Sterling was rather weak in October, falling to \$4.84 $\frac{1}{4}$, but at this point it was still over half a cent above the low of October 1925. Swiss francs and Dutch florins were heavy, the latter touching 39.95 cents, the lowest since April 1925. The German mark declined to 23.77 cents, the lowest quotation since the mark was stabilized. On the other hand, lire and French francs were strong. The former continued their advance to about 4 $\frac{1}{2}$ cents, the highest point in two years, and up more than a cent from the quotations prevailing through the month of August. French francs rose above three cents, compared with a quotation below two cents in July. The Norwegian krone, after some weeks of relative stability, made another rapid advance, from 21.90 cents on October 1 to 25.12 cents on the 22nd, the highest quotation since the middle of 1919. The Danish rate, at 26.63 cents, was only slightly below parity.

The Canadian dollar continued at a slight premium, but weakness in Argentine rates toward the end of the month canceled an earlier advance and Brazilian rates also declined. The yen continued to appreciate and at 48.90 cents was at the highest point since 1923, and within less than one cent of parity. The rupee reacted to 36 cents.

Silver and the silver exchanges were weak. Last January silver was quoted at 68 $\frac{5}{8}$ cents and was above 65 cents in early July. On October 4 the price was 58 $\frac{7}{8}$ cents, the highest for the month, but from this point it dropped rapidly to 51 $\frac{1}{2}$ cents on the 19th. There was some recovery toward the end of the month. The reasons for this abrupt decline especially during the past two months are not clear, but among the causes may be named continuance of disturbed conditions in China, the reduction in recent months of India's favorable trade balance, and uncertainty as to the future attitude toward silver on the part of the Indian Government.

Foreign Trade

September exports of merchandise, valued at \$450,000,000, showed an increase of \$64,000,000 over August, in accordance with the usual seasonal tendency, and an increase of \$30,000,000 over September last year. Imports, valued at \$345,000,000, were \$8,000,000 larger than in August, but slightly less than in September 1925.

Most of the gain in total exports, compared with September 1925, was due to increased shipments of grain and coal. Compared with August, half of the gain is accounted for by a large increase in the value of cotton exports, despite the decline in prices. The actual quantity of cotton exported was double that of August and the largest in any September since 1913, but the value of September shipments at the low prices was 20 per cent smaller than last year. Receipts of rubber and coffee were considerably above a year ago, and receipts of silk almost equaled those of September 1925, the record month.

Security Markets

Stock prices declined in October following irregular movements in September. Industrial price averages declined about 10 points to the lowest levels since June and railroad averages 6 points to approximately the late July levels, but toward the end of the month, a partial recovery occurred.

Except for a temporary decline around the first of October, when money rates were firmer, corporation bonds were little changed from the levels of the previous two months. United States Government bonds, which were slightly easier in September, advanced $\frac{1}{4}$ of a point on the average, and the foreign list continued active, with prices generally firm. A majority of French and German issues advanced further during the month to the highest levels of the year.

The volume of new domestic securities offered during October was slightly smaller than in September, but was approximately as large as in October a year ago. The decline from the previous month was chiefly in industrial and railroad financing. Municipal and state issues continued large, and included an offering of \$25,000,000 City of Philadelphia 4 $\frac{1}{4}$ per cent bonds. Public utility financing, which was small in September, became more active in October. The total of foreign securities offered in this market was somewhat larger than in the previous month; the principal offerings were \$50,000,000 of Kingdom of Belgium 7 per cent bonds issued in connection with the stabilization program in that country, and the major part of \$42,500,000 Republic of Chile 6 per cent bonds.

Indexes of Business Activity

This bank's indexes of bank debits outside New York City, which have been found to follow closely the movements of general business activity, showed an increase from August to September in the second district, but a slight decline for the country as a whole.

A high rate of activity in both domestic and foreign trade in September is indicated by this bank's indexes,

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

(Computed trend of past years=100 per cent)

	1925	1926		
	Sept.	July	Aug.	Sept.
Primary Distribution				
Car loadings, merchandise and misc.....	106	103	101	103
Car loadings, other.....	96	110	105	107
Exports.....	95	109	106	106p
Imports.....	118	122	113	121p
Grain exports.....	89	101	132	112
Panama Canal traffic.....	93	89	94	...
Distribution to Consumer				
Department store sales, 2nd Dist.....	102	100	108	109
Chain store sales.....	94	96	94	95
Mail order sales.....	116	132	135	126
Life insurance paid for.....	122	119	115	116
Real estate transfers.....	112	104	106	...
Magazine advertising.....	105	99	101	106
Newspaper advertising.....	104	104	109	107
General Business Activity				
Bank deb'ts, outside of N. Y. City....	110	116	112	110
Bank deb'ts, New York City.....	122	123	132	123
Bank deb'ts, 2nd Dist. excl. N. Y. City..	105	110	102	105
Velocity of bank deposits, outside of New York City.....	100	108	103	98
Velocity of bank deposits, New York City	117	123	132	127
Shares sold on N. Y. Stock Exchange*..	179	173	209	173
Postal receipts.....	103	101	98	100
Electric power.....	110	113r	115	...
Employment in the United States**.....	103	103	104	105p
Business failures.....	97	100	105	94
Building permits.....	160	128	137	133
New corporations formed in N. Y. State	132	126	108	112
General price level.....	186	185	185	186

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

Building

Following the unusually large total for August, the volume of contracts awarded for building and engineering projects in 37 states east of the Rockies declined 6 per cent in September, according to the F. W. Dodge Corporation, but was less than 1 per cent smaller than in September 1925. For the first nine months of this year the total was 8 per cent larger than for the corresponding period of 1925. In the New York and New Jersey district, construction contracts let during September were also somewhat smaller than in August, but were 13 per cent larger than in September 1925.

Contracts awarded for residential buildings continued substantially smaller than a year previous, and the total of educational building was slightly smaller, but all other principal classes of construction projects were larger than a year ago.

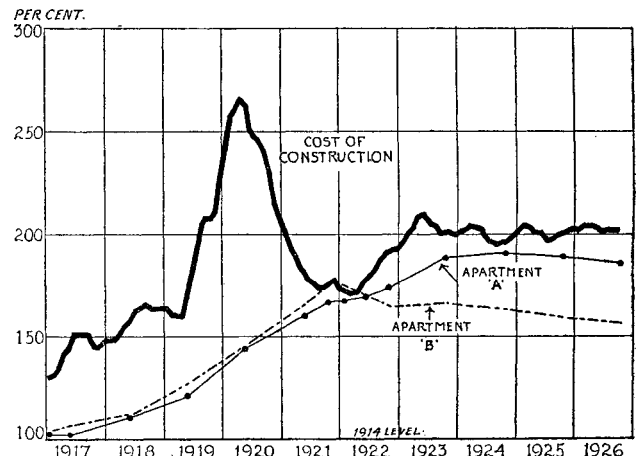
Permits issued for building in 463 cities reporting to S. W. Straus & Company were 16 per cent smaller than in September 1925. This decrease in building activity was the largest this year and was fairly well distributed throughout the country, although reductions in building centers such as New York, Boston, and Los Angeles, and in Florida, were especially pronounced. The greater decline in permits than in contracts is probably due to the fact that contracts include public works and engineering projects which are not covered by permits, while residential and commercial building, which has been smaller than last year, constitutes a larger element in permit records.

Apartment Rents

A continued gradual decline in rents of apartments in New York City is indicated by reports received from representative apartment house owners and managers, covering the fall renting season of this year. Rents of apartments which in 1920 rented for less than \$15 monthly per room declined 2 per cent during the past year, while rents of the higher priced apartments showed on the average decreases of 2 or 3 per cent.

In the case of the lower priced apartments, vacancies were reported to be more numerous than in any recent year, as full employment at high wages has created a larger demand for housing of higher grade. For all classes of apartments the practice of granting concessions to prospective tenants was reported to be frequent, especially to fill newly completed properties.

Present rentals for low priced apartments are about 86 per cent higher than in 1914, and only 3 per cent below the peak reached in 1924. Rents of medium priced apartments, those renting in 1920 for between \$15 and \$30 per room monthly, are about 56 per cent above the 1914 level but are 11 per cent lower than in 1921, the year of highest rentals for this class of apartment. The accompanying diagram compares the movement of the two rent indexes with this bank's index of the cost of construction.



Rents of Apartments in New York City compared with Changes in the Cost of Building Construction. Apartment A is the Typical Apartment renting for less than \$15 per room in 1920. Apartment B is the Typical Apartment renting for between \$15 and \$30 per room in 1920.

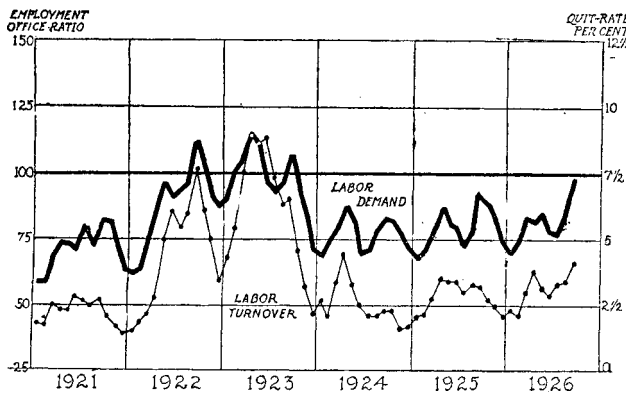
Demand for mortgage loans has continued active, but in recent months the demand for funds for new building enterprises has shown a tendency to diminish. The supply of mortgage money to finance smaller buildings, such as private dwellings and medium priced apartment houses, continued large, but supplies of funds for large projects appear to be somewhat less readily available than a year ago. This condition was reflected in rates for mortgage money, which although unchanged from the levels of a year ago at 5 to 6 per cent, according to locality and type of property, showed a slightly firmer tendency in that there was less money available at 5 per cent.

Employment and Wages

A substantial increase in factory employment from August to September was reported by both the New York State and Federal Labor Departments. In New York State the increase was nearly 2½ per cent, but the level of employment was practically unchanged from a year ago. The increase in payrolls was even larger, and per capita weekly earnings advanced in September to \$29.31, the highest on record.

Except for a seasonal increase in the women's clothing industry, the largest increases in working forces were in textiles. Woolen and worsted, silk goods, and knit goods mills reported substantial increases, but employment in cotton goods mills, the only branch of textiles operating at a higher level than at this time of last year, increased only slightly over August. The iron and steel, machinery, automobile, and printing industries also reported increased employment in September, while decreases occurred in railway equipment, building materials and leather.

Accompanying increased industrial activity, labor turnover rates increased to the highest level since early in 1924, and the demand for workers relative to registrations for employment at offices of the State Employment Service was correspondingly high.



Ratio of Workers Called for by Employers to Each 100 Applicants for Work at New York State Employment Offices, and Ratio of Voluntary Resignations to Total Number of Employees of Representative Employers Reporting to the Metropolitan Life Insurance Company.

Production

The output of leading industries was higher in September than in August in a majority of cases, even after allowance for the usual seasonal increase, and remained substantially higher than a year ago.

Activity in the textile industries, excepting silk, was considerably increased. Coal mining was expanded further, and in the early part of October bituminous output was higher than in the corresponding period of any recent year, reflecting the unusual export demand arising from the British strike, together with the high rate of industrial activity in this country. Iron and

steel production continued at a high level in September, but declined somewhat after the middle of October. Automobile production also remained high in September, but some curtailment has been reported subsequently.

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

(Computed trend of past years=100 per cent)

	1925		1926	
	Sept.	July	Aug.	Sept.
Producers' Goods				
Pig iron.....	96	113	108	109
Steel ingots.....	105	104	112	116
Bituminous coal.....	100	101	99	104
Copper, U. S. mines.....	103	109	105	108
Tin deliveries.....	105	109	96	93
Zinc.....	110	100	111	116
Petroleum.....	124	113	117	...
Gas and fuel oil.....	100	99	93	...
Cotton consumption.....	92	86	92	107
Woolen mill activity*.....	96	77	83	93 ^p
Cement.....	131	139	130	132
Lumber.....	106	109	96	...
Leather, sole.....	71	70	73	74
Silk consumption *.....	122	109	126	120
Consumers' Goods				
Cattle slaughtered.....	102	121	104	113
Calves slaughtered.....	107	96	93	97
Sheep slaughtered.....	94	100	99	106
Hogs slaughtered.....	113	99	112	111
Sugar meltings, U. S. ports.....	141	96	99	...
Wheat flour.....	100	114	103	100
Cigars.....	105	106	105	110
Cigarettes.....	80	70	73	77
Tobacco, manufactured.....	108	107	105	112
Gasoline.....	130	139	141	...
Tires.....	134	124	126	...
Newsprint.....	114	129	124	129
Paper, total.....	85	86	87	91
Boots and shoes.....	105 ^d	105	103	109 ^p
Anthracite coal.....	5**	103	99	106
Automobile, all.....	127	126	145	144
Automobile, passenger.....	118	134	157	151
Automobile, truck.....	163	97	99	115

*=Seasonal variation not allowed for. p=Preliminary. **=Strike.

Wholesale Trade

September wholesale trade in this district averaged 4 per cent lower than a year ago, a considerably smaller decrease than in the previous two months, due largely to the fact that sales of women's clothing, although still below last year's level, showed substantial improvement compared with recent months. Actual increases over last year were reported in only five lines, but in shoes and silk goods the gains were the largest so far this year, and diamond sales were the largest for the month of September in the past 6 years. Paper and drug sales continued larger than a year ago.

Sales of cotton goods continued smaller in value than a year ago, but when allowance is made for the reduction of nearly 20 per cent in prices, which is indicated by the Textile World index of cotton goods prices, the actual quantity of goods sold in recent months appears to have been considerably larger. Stationery sales fell below the previous year's level for the first time since the spring of 1925, and wholesale grocers and machine

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tool dealers reported the largest decreases in more than a year. Decreases also occurred in sales of men's clothing, hardware, and jewelry.

At the end of the month jewelry and diamond stocks showed a large increase over a year ago, and hardware stocks, which were below last year's level in August, were somewhat larger at the end of September. Stocks of silk goods were slightly below the high level of a year previous, the first decrease in more than a year, and decreases were also reported in shoes, groceries, and cotton goods.

Collections continued smaller than a year ago, but in a majority of reporting lines they compared more favorably with a year ago than in August. Outstanding accounts at the end of the month were slightly larger than last year.

Commodity	Percentage Change September 1926 from August 1926		Percentage Change September 1926 from September 1925			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collections	Acct's Receivable
Groceries.....	+12.3	+ 9.7	- 5.9	- 1.6	- 1.9	- 0.9
Men's clothing.....	- 9.2	.....	- 4.4	.....	+ 9.7	+15.1
Women's dresses.....	+10.3	.....	-17.3	.....	- 2.1	- 6.4
Women's coats and suits.....	+125.9	.....	-11.5	.....	-21.0	-19.1
Cotton goods—Jobbers	+15.5	- 6.0	- 3.6	- 0.9	- 8.1	- 8.0
Cotton goods—Commission.....	+19.0	.....	- 7.7	.....	.....	.....
Silk goods.....	+10.4	- 3.2*	+ 7.7	- 1.3*	+ 4.6	+16.7
Shoes.....	+13.4	-15.1	+13.6	-29.4	+ 4.5	+ 3.5
Drugs.....	+39.3	.....	+ 1.0	.....	+ 5.3	+ 4.6
Hardware.....	+15.7	+ 1.7	- 2.9	+ 4.1	- 5.5	+ 6.6
Machine tools.....	+ 4.2	.....	-18.1	.....	.....	.....
Stationery.....	+ 8.2	.....	- 1.4	.....	+ 4.3	+ 4.7
Paper.....	+ 7.7	.....	+ 2.8	.....	.....	.....
Diamonds.....	+12.1	+ 9.3	+12.9	+21.4	+ 2.8	+ 1.9
Jewelry.....	+29.8	.....	+ 5.7	.....	.....	.....
Weighted Average..	+ 21.6	.....	- 4.4	.....	- 1.6	+ 1.6

*=Quantity not value.

Department Store Business

September sales of department stores in this district were 6 per cent larger than a year ago. Increases occurred in most localities, and in Newark the year-to-year gain was the largest in several months. Apparel store sales increased 12 per cent and mail order sales 7 per cent compared with September 1925.

Locality	Percentage Change September 1926 from September 1925			
	Net Sales	Stock on hand end of month	Collections*	Acct' Receivable*
New York.....	+ 6.4	- 0.3	+ 3.0	+14.1
Buffalo.....	+ 0.4	- 0.2	+ 1.7	- 2.4
Rochester.....	+ 4.9	- 0.3	+20.9	+18.7
Syracuse.....	- 6.7	-10.4	.....	.....
Newark.....	+14.2	+ 6.9	+ 8.8	+18.4
Bridgeport.....	+14.8	+ 3.6	.....	.....
Elsewhere.....	+ 4.9	+ 4.4	+ 8.9	+ 2.9
Northern New York State.....	- 1.8	.....	.....	.....
Central New York State.....	+ 2.6	.....	.....	.....
Southern New York State.....	+ 7.4	.....	.....	.....
Hudson River Valley District.....	- 1.6	.....	.....	.....
Capital District.....	+ 0.5	.....	.....	.....
Westchester District.....	+25.6	.....	.....	.....
All department stores.....	+ 6.4	+ 0.6	+ 5.8	+12.2
Apparel stores.....	+11.9	+16.8	.....	.....
Mail order houses.....	+ 7.0	.....	.....	.....

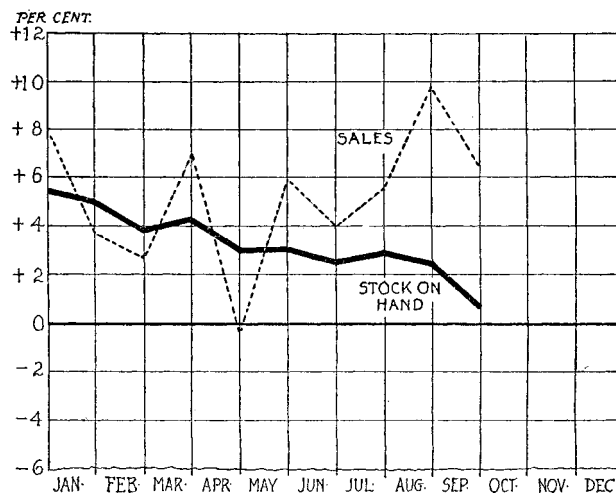
*=Exclusive of instalment accounts.

Collections on regular charge accounts were about 6 per cent larger, and on instalment accounts 10 per cent larger than a year ago. Outstanding instalment accounts, however, were only slightly larger than a year ago, whereas outstanding charge accounts were 12 per cent larger.

A comparison of sales by individual departments indicates a large increase compared with last year in sales of musical instruments and radio, following decreases in most previous months this year. Substantial increases continued in the furniture, books and stationery, and men's and women's ready-to-wear departments. Sales of departments carrying less essential articles were relatively slow, and sales of silk and woolen goods were considerably below a year ago.

	Net Sales Percentage Change September 1926 from September 1925	Stock on Hand Percentage Change September 30, 1926 from September 30, 1925
Musical instruments and radio.....	+32.1	-10.7
Furniture.....	+19.4	+ 9.4
Books and stationery.....	+14.8	+ 3.8
Women's and Misses' ready-to-wear.....	+10.5	-11.6
Men's and boys' wear.....	+ 9.9	- 2.0
Hosiery.....	+ 9.1	+ 0.5
Linens and handkerchiefs.....	+ 7.6	- 1.3
Shoes.....	+ 5.7	- 3.1
Women's ready-to-wear accessories.....	+ 4.3	- 4.5
Toys and sporting goods.....	+ 4.1	-18.9
Men's furnishings.....	+ 3.7	- 2.0
Cotton goods.....	+ 3.3	- 5.7
Toilet articles and drugs.....	+ 1.1	+12.1
Home furnishings.....	+ 0.8	+ 1.2
Silverware and jewelry.....	+ 0.1	+ 6.0
Luggage and other leather goods.....	- 1.3	+ 5.0
Woolen goods.....	-20.5	-29.8
Silks and velvets.....	-22.1	- 0.4
Miscellaneous.....	- 3.7	-15.2

Stocks of goods on hand at the end of the month were less than one per cent larger than a year ago. As the accompanying diagram shows, the increases in stocks of merchandise over last year have been diminishing in recent months, while sales have been high, so that the rate of stock turnover has been steadily increasing.



Per Cent Increase in Sales and Stocks of Merchandise on Hand in Representative Department Stores of the Second District, First Nine Months of 1926 Compared with Corresponding Months in 1925.