

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

December 1, 1926

Business Conditions in the United States

INDUSTRIAL activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks reflecting the continued liquidation of loans on securities.

PRODUCTION

Production in basic industries, as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile mill activity and the daily average output of iron and steel were maintained during October but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November, and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January. The volume of building activity, as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts

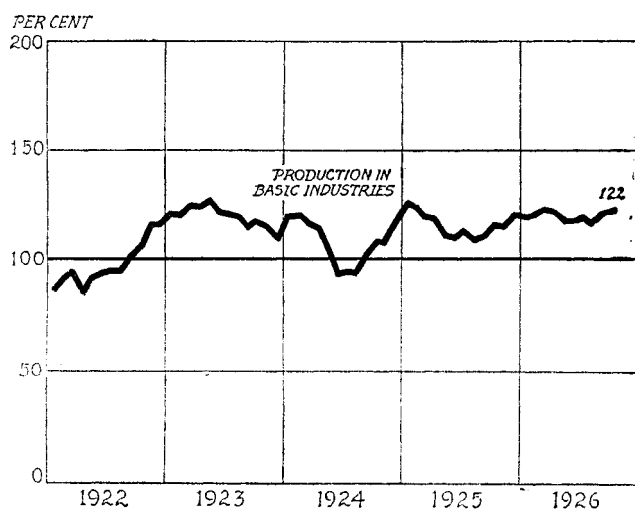
during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

TRADE

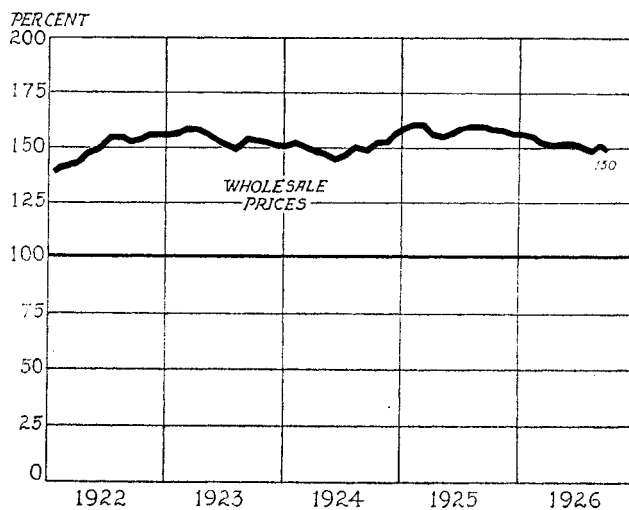
Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month, and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October, but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

PRICES

Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of

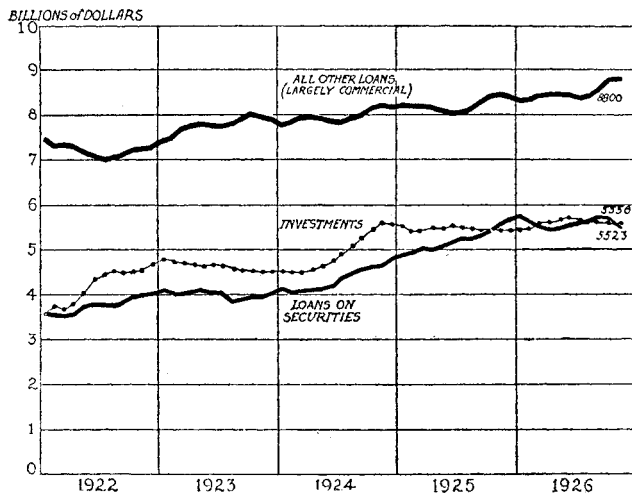


Index of 22 Basic Commodities, Adjusted for Seasonal Variations (1919 = 100). Latest Figure, October.

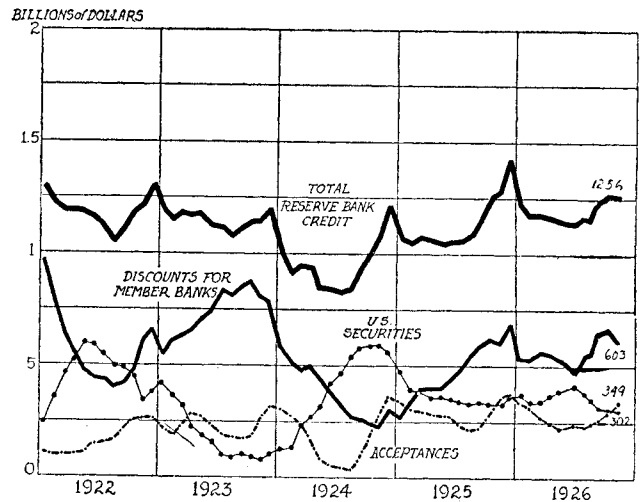


Index of United States Wholesale Prices. (1913 = 100; Base Adopted by Bureau). Latest Figure, October.

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



Reserve Bank Credit: Monthly Averages of Daily Figures for 12 Federal Reserve Banks. Latest Figures are Averages of First 22 Days in November.

raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

BANK CREDIT

Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier.

At the Reserve Banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller.

Money Market

Following the tendency of the latter part of October, money rates eased slightly further in November. The decline, which at first affected call loan rates chiefly, extended to time money, commercial paper, and bill rates, and yields on short-term Government securities. There was a firmer tendency towards the end of Novem-

Money Rates at New York

	Nov. 28 1925	Oct. 29 1926	Nov. 29 1926
Call Money.....	*4 1/8-5	*4 1/2	*4 1/2-5 1/2
Time Money—90 day.....	4 7/8-5	4 3/4	4 5/8-4 3/4
Prime Commercial Paper.....	4 1/4-4 1/2	4 1/2	4 1/2
Bills—90 day unendorsed.....	3 1/2	3 3/4	3 3/4
Treasury Certificates and Notes			
Maturing Dec. 15.....	3.15	3.44	3.15
Maturing March 15.....	3.62	3.55	3.10
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 3/4	3 3/4	3 3/4

*=Prevailing rate for preceding week.

ber accompanying holiday currency demands. Money rates near the end of November are shown with comparative figures for a month previous and a year ago in the accompanying table.

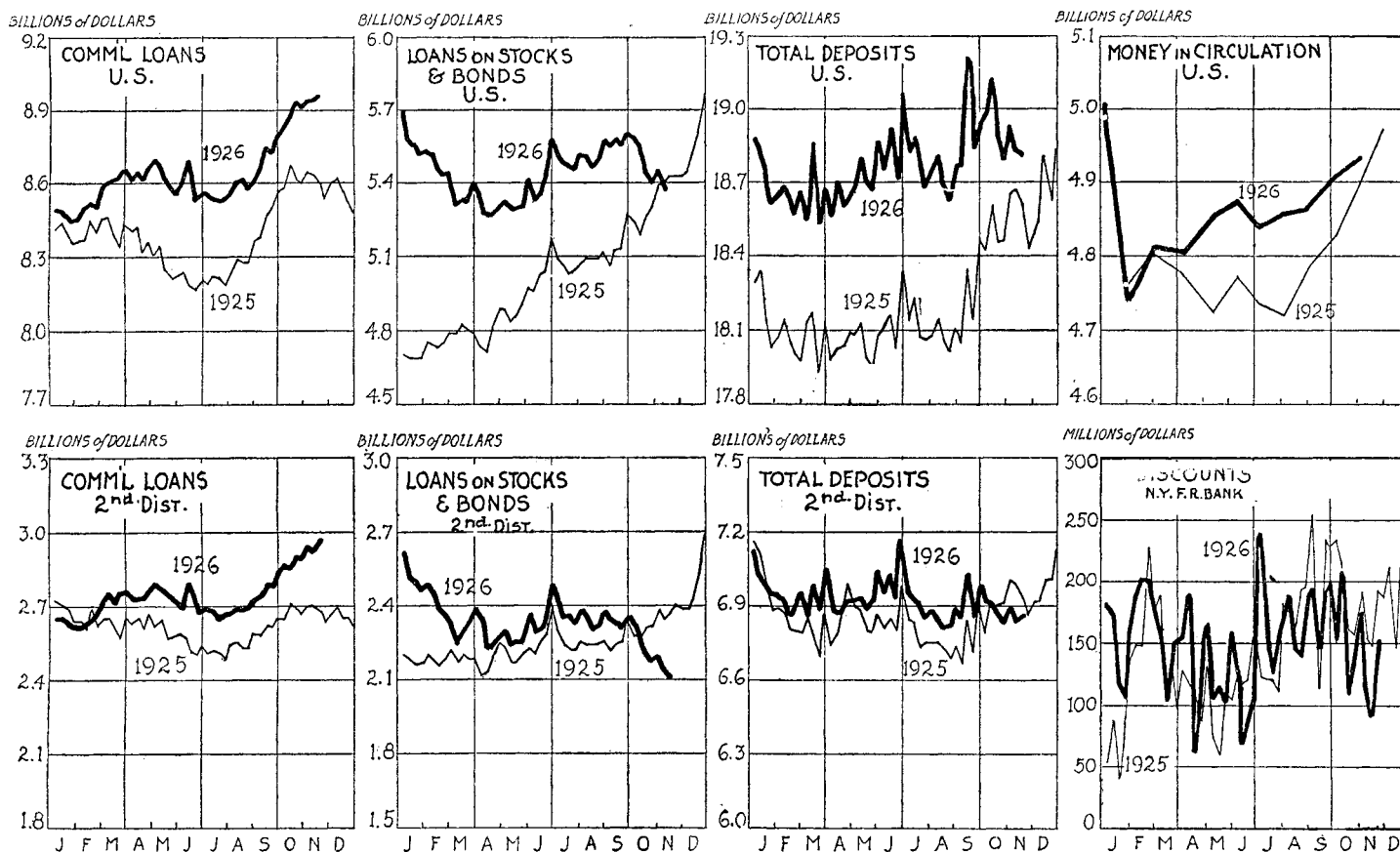
An analysis of the factors influencing money conditions indicates that the recent ease in rates reflects in part a very moderate reduction in bank credit throughout the country, as indicated by a decrease between the middle of October and the middle of November of about \$100,000,000 in the total loans and investments of reporting member banks. The total amount of Federal Reserve credit which has been currently in use during November has been about 13 millions under the October average, although there has in past years frequently been an increase at this time of year.

There was, moreover, an important, though largely seasonal, change in the character of Federal Reserve credit in use as indicated by the following table.

(Daily average—in millions of dollars)

	Discounts for Member Banks	Acceptances	U. S. Securities	Total Reserve Bank Credit
September.....	642	264	316	1225
October.....	666	294	306	1269
November 1-26	603	349	302	1256

The seasonal increase in acceptance holdings which usually occurs in October and November, as more acceptances come into the market, to finance the movement of cotton particularly, puts Federal Reserve credit into the market and enables member banks to liquidate part of their indebtedness at the Reserve Banks, and thus puts them in a position to extend credit a little more freely. The close relationship which has existed in the past between the amount of member bank discounts at the Reserve Banks and interest rates is shown in the accompanying diagram. There has been a marked tendency for interest rates to rise when member banks increased their indebtedness at the Reserve Banks and fall when they decreased their indebtedness. The movement of rates in the past month has conformed to that tendency.



Loans and Deposits of Weekly Reporting Member Banks, Currency Circulation, and Discounts of the Federal Reserve Bank of New York, 1926 Compared with 1925.

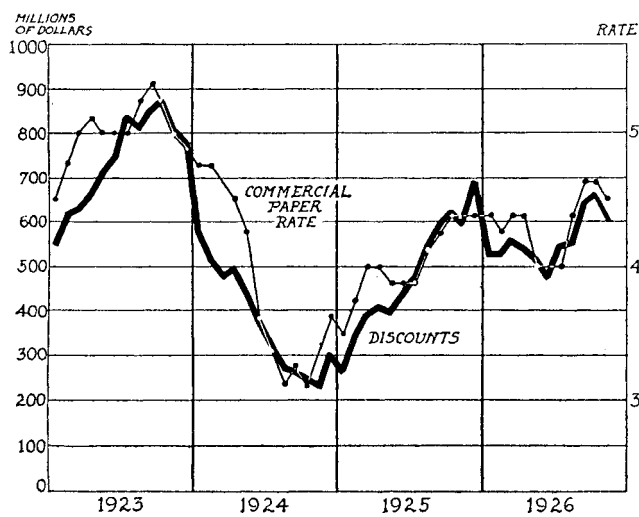
The recent tendency towards easier rates has been accentuated by some movement of funds towards New York, and the greater part of the reduction in member bank borrowing has occurred in New York. The effect upon rates has probably been greater than as though the decrease had been evenly distributed through the

country. This movement of funds to New York appears to reflect in part an unusually large but temporary return of currency from circulation about the middle of October and again about the middle of November.

MEMBER BANK CREDIT

Loans on stocks and bonds of all reporting member banks were reduced further in November, and on November 17 were about \$275,000,000 less than at the end of September. Most of the reduction was in the loans of New York City banks for their own accounts. The seasonal increase in commercial loans continued later this year than last, and largely offset the reduction in security loans, but the tendency in total loans and investments and in total deposits of reporting member banks has been somewhat downward during the past two months. The decrease in deposits has been sufficient to release about enough reserves to account for the 13 million dollar decrease in total Reserve Bank credit in use referred to above.

In the accompanying diagrams a comparison is made between reporting bank figures for this year and for 1925. They indicate a marked contrast from a year ago. Last year at this time the amount of bank credit in use was increasing rapidly due largely to increases in loans on stocks and bonds. This year the tendency is steady or downward. Similarly currency requirements are showing a smaller increase than last year.



Daily Average Discounts of all Federal Reserve Banks Compared with Prevailing Rate on Prime Commercial Paper (November 1926 Discounts Based on Average of First 22 Days).

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BILL MARKET

Early in November investment demand for bills was active and somewhat in excess of offerings to the market, and dealers reduced rates on bills of 60 days and longer maturity by $\frac{1}{8}$ per cent, making the open market rate on purchases of 90 day bills $3\frac{3}{8}$ per cent and on sales, $3\frac{3}{4}$ per cent. This reduction in rates was followed by an increase of about 15 per cent in dealers' portfolios, but subsequently, due principally to local buying for foreign account, portfolios returned to levels little changed from the end of October. At the close of the month, both the supply of and demand for bills were in moderate volume.

COMMERCIAL PAPER MARKET

Buying demand for commercial paper on the part of the banks continued moderately active in November but due to the generally small supplies of paper that dealers were able to offer, the market was rather quiet. Open market rates on prime paper declined slightly further and although the bulk of the sales was at $4\frac{1}{2}$ per cent, the level reached late in October, frequent sales of choice paper were reported in interior markets at $4\frac{1}{4}$ per cent. The amount of commercial paper outstanding through 26 dealers at the end of October was \$593,000,000, a total 3 per cent smaller than a month previous and $13\frac{1}{2}$ per cent smaller than a year ago.

Security Markets

Industrial stocks continued during the first half of November the recovery begun late in October. The rise was relatively small, however, and after irregular fluctuations in the latter part of the month, price averages were still below the September levels. Railroad averages fluctuated narrowly and also remained lower than in September.

A strong rise in corporation bonds carried average prices somewhat above the June levels which had been the highest since 1917. United States Government obligations also were strong; the three post-war Treasury bond issues rose to the highest points since issuance, and the $4\frac{1}{4}$ per cent Liberty issues advanced within $\frac{1}{4}$ of a point of the high levels of the year. Foreign bonds continued firm and average prices were the highest in recent years. The firmness in bonds was not due to buying by commercial banks, as bank investment accounts have shown a continuous decline since the middle of the year.

New security offerings in November continued fairly large and exceeded those of a year previous. In domestic issues, industrial financing was the largest group, due to the inclusion of a \$120,000,000 issue of Standard Oil Company of New Jersey debentures, which partly replaced the preferred stock of the company. Public utility financing continued in large volume, but other classes of domestic issues were relatively small. For the first 11 months of this year, domestic security offerings totaled approximately \$5,300,000,000, a slightly larger amount than in the corresponding period of last year.

The volume of foreign securities offered during November was somewhat smaller than in the previous month

or in November of last year, due to the absence of any very large government loan. There were, however, several moderate sized loans to German industrial and public utility companies, and a \$19,740,000 loan to the City of Yokohama, guaranteed by the Japanese Government. Foreign issues in this market since the first of the year have amounted to \$1,200,000,000, of which \$200,000,000 was for refunding purposes. This total is close to that of the first 11 months of 1925.

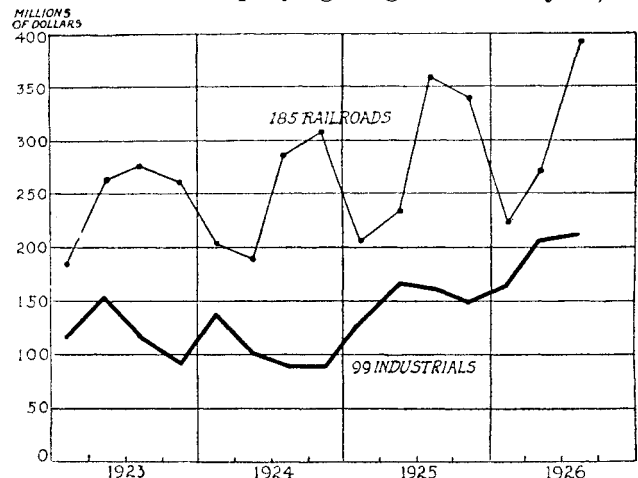
Business Profits

Earnings reports of 99 industrial and mercantile concerns for the third quarter of 1926 showed net profits 32 per cent larger than in the corresponding period of 1925, following increases of 28 and 24 per cent, respectively, in the first and second quarters of this year. All groups of companies shared in the larger profits, but in the oil and steel groups the increases were particularly large. In the motor and accessories group, the increase in the third quarter over last year continued large, but was somewhat smaller than in the first half of the year. For the first 9 months of the year, earnings of all companies were 28 per cent larger than a year ago, and far above the total for any similar period of recent years, due chiefly to the larger earnings of the motor, oil, and steel groups.

(Net profits in millions of dollars)

Group	No. of Corporations	Third Quarter		First Nine Months			
		1925	1926	1923	1924	1925	1926
Motors & accessories	18	63	76	117	82	169	216
Oil.....	14	22	37	52	58	65	86
Steel.....	12	33	46	116	93	100	130
Food & food products	13	16	21	38	40	43	57
Machine & machine mfg.....	10	5	5	12	11	16	16
Metal & mining.....	10	7	10	22	16	23	30
Miscellaneous.....	22	14	17	30	27	38	46
Total 7 groups....	99	160	212	387	327	454	581
Telephone.....	71	45	51	102	108	136	154
Class I Railroads....	185	359	393	723	678	797	888

The unusually high level of corporate earnings is shown in the accompanying diagram. This year, cor-



Quarterly Net Operating Income of 185 Railroads and Profits of 99 Industrial Corporations, 1923 to 1926.

poration profits in the third quarter were slightly larger than in the second quarter, whereas in the three previous years, decreases were reported. This condition was due primarily to the fact that oil and steel companies continued to increase their net revenue in the third quarter, contrary to previous tendencies. Earnings of Class I railroads were the largest for any quarter in the past 6 years.

Gold Movement

Exports of gold during October totaled only \$1,160,000, the smallest amount in any month since July 1924. Imports totaled \$8,900,000 and included chiefly a further shipment of about \$4,900,000 from Australia and \$2,000,000 from Japan. The net import of \$7,700,000 brought the gold import balance for the first 10 months of the year to nearly \$79,000,000.

The gold movement thus far during the current year has been due chiefly to the shipment of large amounts of gold between this country and Canada in consequence of seasonal fluctuations in exchange, and to a number of special movements rather independent of the exchanges such as the recall of earmarked gold by the Reichsbank, shipments from Australia, and shipments to the United States by the central banks of Chile and Mexico. The principal gold movements of the year are summarized below:

Gold Movement January 1 to November 1, 1926

	Imports from	Exports to
Canada.....	\$ 77,637,000	\$ 35,985,000
Australia.....	46,243,000	.....
Germany.....	.....	40,312,000
Chile.....	15,737,000	.....
Mexico.....	15,330,000	.....
Japan.....	6,000,000	.....
Other transactions.....	18,815,000	24,487,000
All transactions.....	\$179,762,000	\$100,784,000

Gold movements at the Port of New York during the first 22 days of November were very small, both imports and exports being less than \$400,000. Near the end of the month, however, Canadian exchange advanced above the gold import point, and shipments of \$6,000,000 were made from New York to Canada. Small purchases in London for shipment to this country were also reported reflecting the combination of rather low sterling rates and a cheap market price for gold in London, a situation which was temporary and now appears to have passed.

Foreign Exchange

The weakness in sterling, which had carried the rate as low as \$4.84 $\frac{1}{4}$ in October, continued into the first week of November when the quotation touched \$4.84 $\frac{1}{8}$. From this point there was a recovery to \$4.84 $\frac{3}{4}$, and the quotation near the end of the month was \$4.84 $\frac{5}{8}$. While the low quotation of November of this year was only slightly above the low of last November, it was a full half-cent above the lowest point in the autumn of 1925, reached in October. For both October and November of this year, the range of fluctuation was narrower than in the same months of 1925. The effect of this firm-

ness has been shown in the gold holdings of the Bank of England. Between the end of September and November 25, 1925, the Bank's gold declined £13,732,000, from £160,466,000 to £146,734,000. For the corresponding weeks of this year, the net decline has been only £2,860,000, from £155,834,000 to £152,974,000, leaving the holdings on November 24, 1926 some £6,240,000 above the corresponding date of 1925.

Movements in the German mark during November were small, at a level somewhat below the quotations of October. The French franc continued to fluctuate widely, rising from 3.18 cents on November 1 to 3.74 on the 20th, the highest level since last March. The lira was steadier, averaging about 4.20 cents.

Scandinavian rates were steady, with some tendency to heaviness in the Swedish krona. Danish rates continued slightly below parity.

The Norwegian krone rose from 25 cents early in the month to 26 on the 17th, but reacted slightly. Belgas were firm and Swiss francs were steady, but Netherlands florins were heavy, falling to 39.94 cents. Other European rates showed little change.

Canadian dollars were strong, rising to \$1.0019, a rate high enough to draw gold from both New York and London; the Brazilian milreis declined sharply from 13.75 early in the month to 11.90 on the 22nd, but rallied above 12 cents.

Far Eastern rates moved diversely. The Japanese yen was as high as 49.19 cents, the highest since June 1923; but rupees were weak, falling to the lowest level since April. Silver and the silver exchanges were also firmer. Bar silver, which was as low as 51 $\frac{5}{8}$ cents in mid-October, recovered to 56 in November.

Foreign Trade

October exports valued at \$457,000,000 were \$8,000,000 larger than in September but were \$34,000,000 smaller than in the same month of last year. Imports valued at \$383,000,000 were \$40,000,000 larger than in September and \$9,000,000 larger than in October 1925.

The value of raw cotton shipped abroad in October was \$38,000,000 larger than that of the previous month, but was \$61,000,000 less than a year ago, which more than accounts for the reduction in total exports. In quantity, however, cotton exports were only about 4 per cent below the large volume of October 1925. Grain exports were about 30 per cent less than in September, but were still 50 per cent larger than in the corresponding month last year. Coal shipments abroad continued to increase and were over three times as large as in October 1925.

The volume of raw silk, crude rubber, and coffee imported in October was in each case below the rather large figures for September, and rubber imports were also smaller than in October 1925.

Production

Automobile production was sharply curtailed in October, following nine months of very high activity and a further gradual reduction appears to have

occurred in November. Bituminous coal production has reached the highest level in recent years, but tendencies in other leading industries have been irregular. This bank's October indexes, 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	
	Oct.	Aug.	Sept.	Oct.
Producers' Goods				
Pig iron.....	101	108	109	111
Steel ingots.....	104	112	116	107
Bituminous coal.....	106	99	104	109
Copper, U. S. mines.....	104	104	108	109
Tin deliveries.....	101	96	93	96
Zinc.....	113	111	116	118
Petroleum.....	119	117	116	...
Gas and fuel oil.....	103	93	93	...
Cotton consumption.....	95	92	107	98
Woolen mill activity*.....	102	83	93	103
Cement.....	128	130	132	126
Lumber.....	110	96	88	...
Leather, sole.....	79	73	74	74
Silk consumption*.....	136	126	120	130
Consumers' Goods				
Cattle slaughtered.....	109	104	113	101
Calves slaughtered.....	117	93	97	102
Sheep slaughtered.....	95	99	106	102
Hogs slaughtered.....	102	112	111	90
Sugar meltings, U. S. ports.....	122	99	132	144
Wheat flour.....	95	103	100	93
Cigars.....	115	105	110	111
Cigarettes.....	71	73	77	70
Tobacco, manufactured.....	106	105	112	101
Gasoline.....	132	141	140	...
Tires.....	116	126	147	...
Newsprint.....	118	124	129	125
Paper, total.....	87	87	91	86
Boots and shoes.....	100	104 ^r	109	100 ^p
Anthracite coal.....	1**	99	106	98
Automobile, all.....	153	145	144	112
Automobile, passenger.....	159	157	151	112
Automobile, truck.....	128	99	115	110

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

Building

Building and engineering contracts awarded in 37 states in October as reported by the F. W. Dodge Corporation, showed a continued gradual decline. The total for the month was 8 per cent smaller than for September, and 3 per cent smaller than for October 1925. Contracts awarded in the first 10 months of the year, however, remained 6 per cent above the total for the corresponding period of 1925. The October decreases in New York State and Northern New Jersey were somewhat larger than for the country as a whole.

As in recent months, contracts for residential building continued smaller than a year ago. Industrial and educational projects also were below last year's volume, but awards for commercial buildings and public works and utilities were larger.

Following substantial decreases in recent months, the volume of building permits reported to S. W. Straus & Company was 24 per cent larger in October than in September, and was only 4 per cent smaller than a year ago. The October increases in permits occurred chiefly in the larger cities of the country. New York City showed a 9 per cent increase over October 1925, and the total for 25 leading cities was 7 per cent larger.

Indexes of Business Activity

This bank's October indexes of business activity, in which allowance is made for seasonal changes, year to year growth, and as far as possible for any price changes, are compared in the following table with figures for recent months and a year ago. In general the figures reflect a continued high level of business activity.

(Computed trend of past years=100 per cent)

	1925		1926	
	Oct.	Aug.	Sept.	Oct.
Primary Distribution				
Car loadings, merchandise and misc.....	103	101	103	104
Car loadings, other.....	94	105	107	107
Exports.....	95	106	106	92 ^p
Imports.....	118	113	121	125 ^p
Grain exports.....	48	132	112	71
Panama Canal traffic.....	85	94	92	84
Distribution to Consumer				
Department store sales, 2nd Dist.....	106	108	109	105
Chain store sales.....	99	94	95	99
Mail order sales.....	128	135	126	119
Life insurance paid for.....	116	115	116	109
Real estate transfers.....	114	106	103	102
Magazine advertising.....	106	101	106	108
Newspaper advertising.....	109	109	107	111
General Business Activity				
Bank debits, outside of N. Y. City.....	112	112	110	113
Bank debits, New York City.....	121	132	123	122
Bank debits, 2nd Dist. excl. N. Y. City.....	110	102	105	108
Velocity of bank deposits, outside of New York City.....	103	103	98	105
Velocity of bank deposits, New York City.....	121	132	127	129
Shares sold on N. Y. Stock Exchange*.....	260	209	173	189
Postal receipts.....	104	98	100	98
Electric power.....	112	115	116	...
Employment in the United States.....	104	104	104	103 ^p
Business failures.....	97	105	94	107
Building permits.....	178	137	133	169
New corporations formed in N. Y. State.....	142	108	112	122
General price level.....	187	185	186	186

*=Seasonal variations not allowed for. ^p=Preliminary.

Production and Trade in 1926

It is now possible to make a reasonably accurate estimate of the volume of the year's business in 1926 in different branches of production and trade, and the following table gives such figures with the last two months of the year largely estimated. The figures show the percentage changes from the 1925 levels. An unweighted average of 111 such series indicates a total volume of production and trade in 1926 about 5 per cent higher than in 1925. This indicated gain for 1926 compares as follows with similar estimates of previous year-to-year changes.

1920 over 1919	+ 6	per cent
1921 over 1920	-14	" "
1922 over 1921	+16	" "
1923 over 1922	+12	" "
1924 over 1923	- 2	" "
1925 over 1924	+ 6	" "
1926 over 1925	+ 5	" "

Group averages, which are unweighted, are shown to indicate roughly the general tendencies. The produc-

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tion of minerals has been rather generally higher in 1926 than in 1925, but tendencies in manufacturing have been somewhat irregular, reflecting a relatively poor year for textiles and apparel, while other industries such as automobiles and railroad equipment have made substantial gains. After a poor start, crops improved steadily during the season, and in many cases yields showed large increases over last year, though total crop values are not correspondingly high. Building activity appears to have been close to the high level of a year ago.

The volume of new corporate financing has been substantially larger than last year, but stock sales on the New York exchange have been only slightly above the large volume of 1925, and bond sales on the exchange and trading in cotton and grain futures, have been smaller.

The rapid expansion in chain store business continues, and mail order and department stores sales have shown moderate increases over last year. Imports have been large, reflecting the large raw material requirements of our industries, but exports have been slightly below last year, and domestic wholesale trade has been very irregular.

General indicators of business such as car loadings and bank debits show increases corresponding closely with the general average for all types of production and trade.

Per cent Change 1926 from 1925		Per cent Change 1926 from 1925	
Manufactures			
Locomotives.....	+55	Tires.....	0
Newsprint.....	+11	Boots and shoes.....	-1
Automobiles, passenger.....	+10	Silk consumption.....	-1
Automobiles, trucks.....	+5	Wool.....	-8
Cotton consumption.....	+4	Leather, sole.....	-13
Paper, total.....	+2	Group Average.....	+6
Minerals and Metals			
Gasoline.....	+12	Zinc.....	+8
Anthracite coal.....	+12	Copper.....	+3
Bituminous coal.....	+10	Tin deliveries.....	+1
Steel ingots.....	+10	Petroleum.....	-2
Pig iron.....	+9	Group Average.....	+7
Crops			
Peaches.....	+44	Hay.....	-4
Apples.....	+43	Tobacco.....	-5
Wheat.....	+28	Corn.....	-7
Grapes.....	+20	Barley.....	-9
Rice.....	+19	Rye.....	-14
Cotton.....	+14	Oats.....	-15
Potatoes, white.....	+11	Group Average.....	+9
Foods and Tobacco			
Cigarettes.....	+13	Wheat flour.....	+2
Poultry.....	+13	Butter.....	+2
Sheep and lambs.....	+6	Eggs.....	-1
Cattle slaughtered.....	+4	Hogs slaughtered.....	-6
Sugar meltings.....	+4	Group Average.....	+4
Building			
Maple flooring.....	+11	Lumber.....	-5
Cement.....	+2	Building permits.....	-6
Face brick.....	0	Group Average.....	0
Financial			
Corporate financing.....	+12	Cotton future sales.....	-27
Stock sales, N. Y. Ex.....	+4	Grain future sales.....	-30
Bond sales.....	-13		
Trade			
Chain store sales.....	+13	Real estate transfers.....	+2
U. S. imports.....	+7	U. S. exports.....	-3
Mail order sales.....	+6	Wholesale trade.....	-8
Dept. store sales.....	+3	Group Average.....	+3
General			
Electric power.....	+12	Debits, outside N. Y. C.....	+5
Debits, N. Y. City.....	+9	New Corporations, N. Y. S.....	+5
Debits, 2nd District.....	+7	Car loadings, Mdse.....	+3
Freight ton mileage.....	+7	Life insurance sales.....	+3
Car loadings, not Mdse.....	+6	Employment, U. S.....	+1
Postal receipts.....	+6	Group Average.....	+6

Retail Trade

Due almost entirely to the shorter business month this year, October sales of leading department stores in this district were about five per cent smaller than the unusually large sales reported a year ago. Sales of apparel stores decreased only 1 per cent, but mail order sales were 12 per cent smaller than last year.

Stocks on hand in department stores at the end of the month were 3 per cent larger than last year so that the rate of turnover for the month was considerably lower than a year ago for the first time since last spring.

Collections on regular accounts were larger than last year, but on instalment accounts they decreased 3 per cent. Outstanding charge accounts were 9 per cent larger than last year, a smaller increase than in any month since April, but instalment accounts remained at about the same level as a year ago.

Locality	Percentage Change October 1926 from October 1925			
	Net Sales	Stock on hand end of month	Collections*	Acct's Receivable*
New York.....	-4.8	+2.2	+1.7	+8.4
Buffalo.....	-11.8	0	-6.1	-3.7
Rochester.....	-5.2	+4.8	+8.3	+17.4
Syracuse.....	-11.6	-11.0	.....	.....
Newark.....	-0.2	+7.4	+9.1	+10.4
Bridgeport.....	+1.4	+4.4	.....	.....
Elsewhere.....	-2.7	+8.9	+4.6	+0.2
Northern New York State.....	+0.6	.....	.....	.....
Central New York State.....	-10.1	.....	.....	.....
Southern New York State.....	+0.4	.....	.....	.....
Hudson River Valley District.....	+1.4	.....	.....	.....
Capital District.....	-9.8	.....	.....	.....
Westchester.....	+14.0	.....	.....	.....
All department stores.....	-4.6	+2.7	+3.2	+8.7
Apparel stores.....	-1.0	+21.0	.....	.....
Mail order houses.....	-11.9	.....	.....	.....

*=Exclusive of instalment accounts.

Most of the ready-to-wear departments showed decreases from the unusually heavy apparel sales last October, but sales of furniture, books and stationery, linens and handkerchiefs, and toys and sporting goods continued larger than last year.

	Net Sales Percentage Change October 1926 from October 1925	Stock on Hand Percentage Change October 31, 1926 from October 31, 1925
Books and stationery.....	+8.1	-0.9
Linens and handkerchiefs.....	+6.6	-2.3
Toys and sporting goods.....	+6.1	+3.6
Silverware and jewelry.....	+5.0	+6.8
Furniture.....	+4.6	+6.0
Shoes.....	+3.9	+0.8
Hosiery.....	+0.2	+10.1
Women's ready-to-wear accessories.....	-1.2	-0.2
Luggage and other leather goods.....	-1.7	+2.4
Men's furnishings.....	-2.1	+2.0
Toilet articles and drugs.....	-2.3	+7.2
Musical instruments and radio.....	-2.8	-1.9
Women's and Misses' ready-to-wear.....	-4.4	+5.3
Cotton goods.....	-4.7	-6.1
Home furnishings.....	-5.4	+1.1
Men's and boys' wear.....	-6.9	+3.1
Silks and velvets.....	-8.1	+2.4
Woolen goods.....	-18.7	-34.9
Miscellaneous.....	-9.4	-12.8

Wholesale Trade

Decreases from the substantial sales of October last year were reported in practically all lines of wholesale trade this October, due partly, however, to the fact that there was one less selling day this year. The largest year-to-year declines continued to be reported in the clothing and textiles groups, although silk goods sales, while considerably smaller than a year ago, were larger than in any other October since 1919. Substantial decreases were also reported in sales of machine tools, groceries, and jewelry, and sales of shoes and drugs fell below the previous year's level for the first time since last spring. Stationery sales were considerably smaller than last year, but larger than in any other October in the past six years. Paper and diamond sales about equaled those of a year ago.

Stocks of hardware and jewelry and diamonds at the

Commodity	Percentage Change October 1926 from September 1926		Percentage Change October 1926 from October 1925			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collections	Acct's Receiv- able
Groceries.....	+10.3	+12.4	-10.1	-0.1	-5.6	-6.4
Men's clothing.....	-29.0	.....	-22.5	.....	+1.8	-0.3
Women's dresses.....	-23.8	.....	-26.4	.....	-13.4	+9.9
Women's coats and suits	+26.4	.....	-26.0	.....	-20.8	-24.0
Cotton goods—Jobbers	-8.7	-8.4	-14.2	+1.4	-21.6	-11.3
Cotton goods—Com- mission.....	-16.9	.....	-19.0	.....	.....	.....
Silk goods.....	-18.4	+8.4*	-17.4	-9.8*	+7.1	+4.8
Shoes.....	-15.8	-11.7	-6.8	-31.7	-12.2	+3.6
Drugs.....	+22.4	.....	-2.2	.....	-2.0	+13.4
Hardware.....	+7.3	+1.4	-7.4	+6.2	+5.0	+0.3
Machine tools.....	+0.5	.....	-19.6	.....	.....	.....
Stationery.....	+8.4	.....	-6.4	.....	-1.5	-1.6
Paper.....	+10.8	.....	-1.1	.....	.....	.....
Diamonds.....	+7.8	.....	+1.3	.....	.....	.....
Jewelry.....	+24.2	-4.5	+1.3	+8.6	-2.8	+3.3
Jewelry.....	+24.2	-4.5	+1.3	+8.6	-2.8	+3.3
Weighted Average..	-2.8	.....	-15.3	.....	-6.0	-2.0

*=Quantity not value.

end of October continued larger than a year ago, and cotton jobbers' stocks also showed a slight increase. On the other hand, silk stocks were 10 per cent smaller than last year, and shoes showed the largest decrease for any month for which we have records.

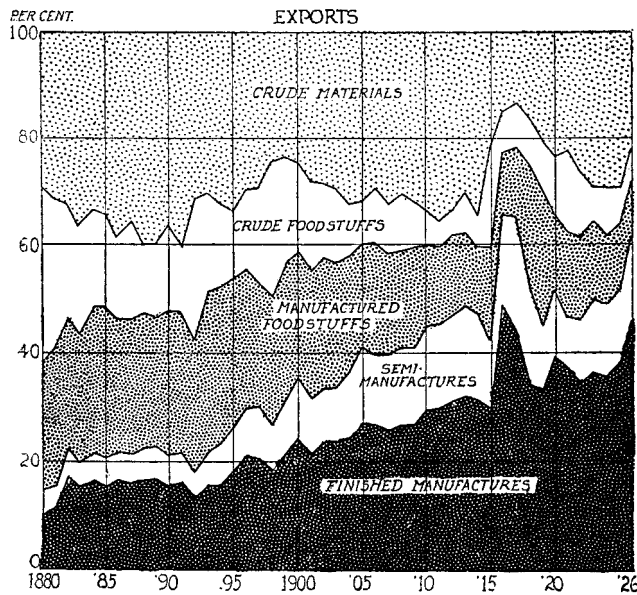
Collections during October were 6 per cent smaller than last year, a considerably larger decrease than in September. The amount of outstanding accounts at the month-end was little changed from last year.

Foreign Trade for 45 Years

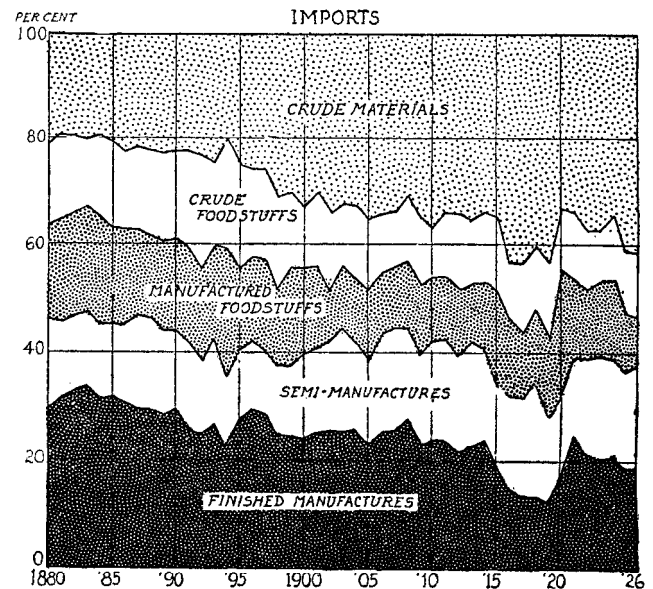
The changing character of our foreign trade during the past 45 years is shown in the diagrams below. Accompanying the rapid expansion of industrial activity in this country, the relative importance of foodstuffs has declined steadily, both in imports and in exports. Receipts of coffee and sugar and shipments of meat products and grains have increased considerably, but not so rapidly as total imports and exports, and their relative importance has therefore diminished.

Finished manufactures and semi-manufactures have constituted a steadily increasing proportion of total exports, due first to an increase in exports of iron and steel products, but more recently to the very rapid expansion in our foreign sales of automobiles and gasoline and fuel oil. The relative importance in our export trade of crude materials, consisting largely of raw cotton and unmanufactured tobacco, has tended to decline, although raw cotton continues to be our largest export and amounts to over 20 per cent of total exports.

In our import trade, finished manufactures have been diminishing in importance, due to relatively small increases in imports of cotton and wool manufactures, and an actual reduction in receipts of iron and steel products. The extraordinary increase in the use of rubber and silk in this country is reflected in the increasing proportion of crude materials in total imports.



Percentage Distribution by Type of Merchandise Exported from the United States Since 1880 (1926 Figures Estimated).



Percentage Distribution by Type of Merchandise Imported by the United States Since 1880 (1926 Figures Estimated).