

# MONTHLY REVIEW

## of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

February 1, 1927

### Business Conditions in the United States

**V**OLUME of output of industry decreased further in December to the lowest level in more than a year, and wholesale prices continue to decline. Easier conditions in the money market in January reflected the usual seasonal liquidation after the turn of the year.

#### PRODUCTION

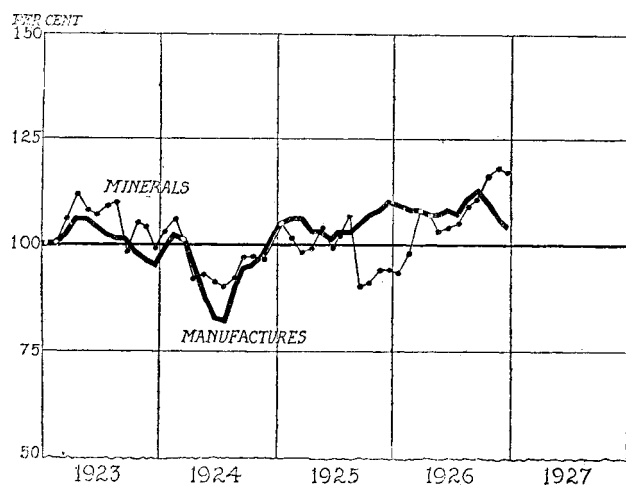
In December, for the third consecutive month, there was a decrease in industrial production, and the Board's new index, with adjustment for seasonal variations, was 105 on the basis of the average for 1923, 1924, and 1925 as 100. This compares with 113 in September, the high point of the year, and with 108 a year ago. The decline since the recent high point has been entirely in the manufacturing industries, as the output of minerals was at a record high level in November and showed only a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the United States decreasing from 425,000 in August to 165,000 in December. Reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory taking and repairs, but in December 1926, the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the

middle of autumn, and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement, and other building materials has reflected the usual winter decrease in demand. Cotton consumption, on the other hand, was larger than in any previous December. Factory employment and payrolls declined further in December, reflecting decreases in nearly all industries except cotton goods, clothing, foundries and machine shops, and printing and publishing.

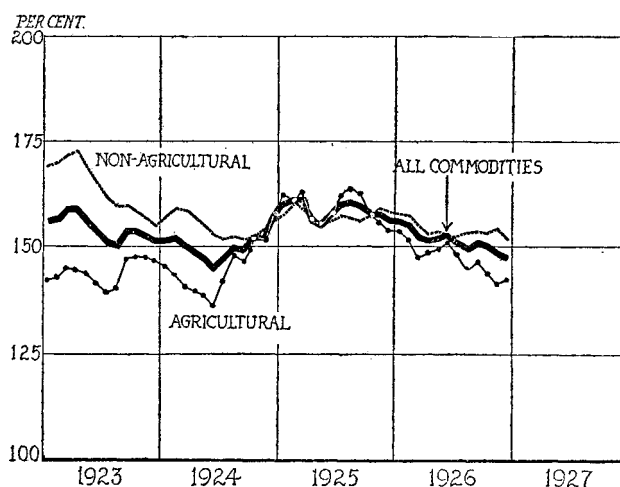
The value of building contracts awarded in December, as in November, was larger than in the corresponding period a year earlier, but for the first three weeks of January contracts were in smaller volume than during the same weeks of 1926. This decline in January was largely concentrated in the New York and Atlanta Federal Reserve districts, where building was unusually active a year ago. Residential contracts were smaller in December than a year earlier in nearly all districts, the increase in the total for the month being in other types of building.

#### TRADE

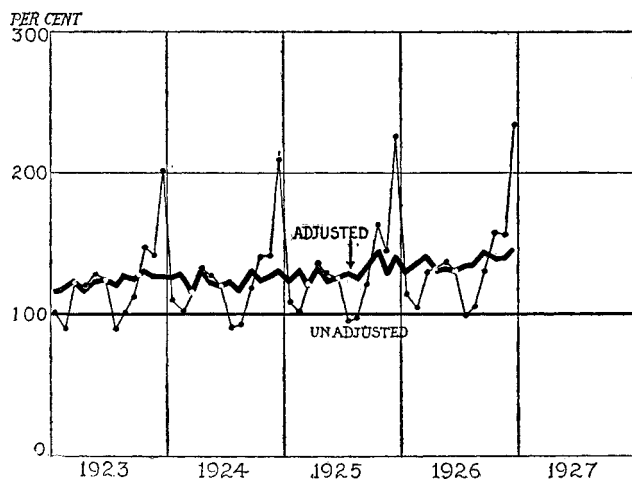
Retail sales during the holiday trade in December exceeded all previous records. Sales of department stores were approximately 3 per cent larger than in December of last year, and sales of mail order houses, while slightly smaller than in 1925, were larger than in



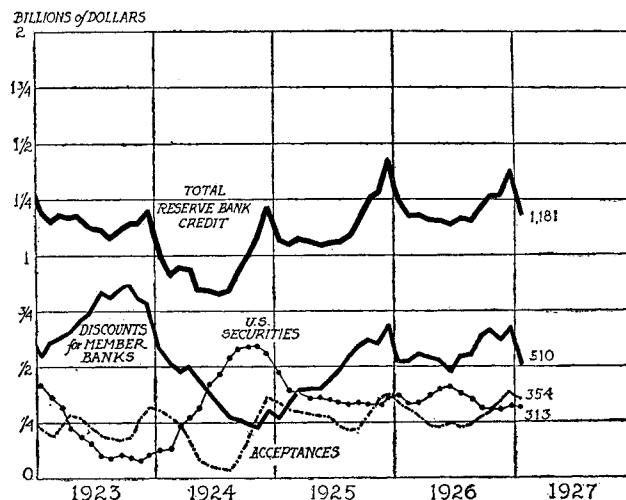
Index Numbers of Production of Manufactures and Minerals, Adjusted for Seasonal Variations. (1923-25 average = 100 per cent).



Price Indexes of United States Bureau of Labor Statistics (1913 average = 100 per cent).



Index of Sales of 359 Department Stores, Adjusted for Seasonal Variations and Unadjusted (1919 = 100 per cent).



Monthly Averages of Daily Figures for All Federal Reserve Banks. Latest Figures are Averages of First 23 Days of January.

the corresponding month of any other year. Sales at wholesale, on the other hand, declined in December and were smaller than a year ago in practically all leading lines, except shoes. Merchandise stocks carried by department stores were reduced slightly more than is usual in December and were somewhat smaller at the end of the month than in 1925, and wholesale stocks were also slightly smaller than a year ago.

Freight car loadings showed about the usual seasonal decline in December, with shipments of all groups of commodities, except coal and merchandise in less than car load lots, in smaller volume than a year earlier.

#### PRICES

Wholesale prices declined further in December, and the Bureau of Labor Statistics index at 147 for that month was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November, increased slightly in December, owing to advances in prices of grains and cattle. In the first three weeks of January there were further increases in grains, and advances also in cotton, hogs, and flour. Prices of non-agricultural products declined in December owing chiefly to decreases in bituminous coal, clothing materials, nonferrous metals, and building materials. In January iron and steel prices were slightly reduced and there were further declines in bituminous coal and nonferrous metals, while prices of cotton goods and coke advanced.

#### BANK CREDIT

At the Reserve Banks during the four weeks following the peak of the seasonal currency demand, there was a return flow of Federal Reserve notes and other cash from circulation amounting in the aggregate to about \$400,000,000. This return flow of currency was in about the same volume as a year ago, and, together with substantial gold imports, was reflected in a reduction of the volume of Reserve Bank credit in use to a level on January 19 lower than at any time since the summer of 1925.

Loans and investments of member banks in leading cit-

ies, after increasing to a record level at the end of the year, declined sharply in January. Commercial loans, which had reached their seasonal peak in November, were in the middle of January about \$200,000,000 below the maximum figure but still more than \$300,000,000 above the level of a year ago. Loans on securities of the reporting banks also declined after the turn of the year following a large increase in December and were slightly smaller than in January of last year.

#### Money Market

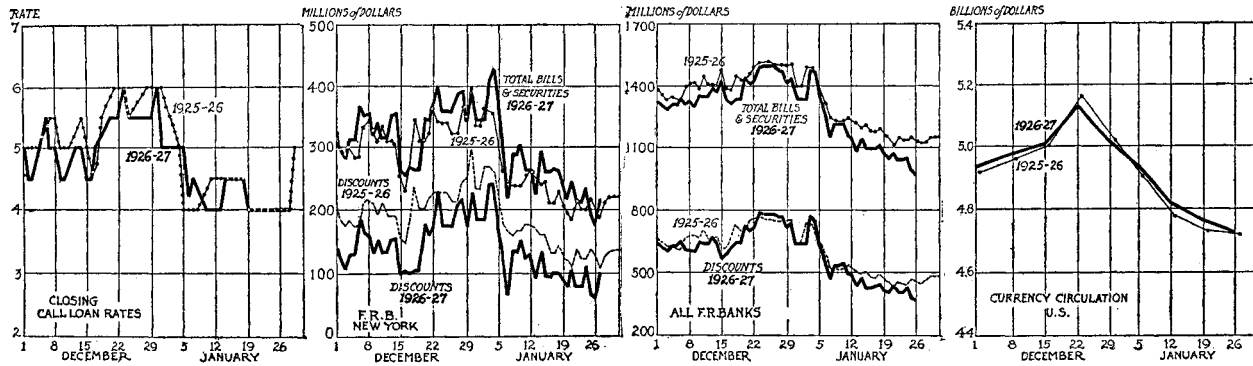
Changes in money rates during the past month have reflected chiefly year-end conditions very similar to those of a year previous, except for the additional factor of large gold imports in January. Call loan rates after advancing to a maximum of 6 per cent near the end of December, declined early in January to 4 per cent. Smaller declines occurred in time money, commercial paper, and acceptance rates. The following table indicates the changes during the past month and also compares present money rates with those of a year ago.

Money Rates at New York

	Jan. 28 1926	Dec. 27 1926	Jan. 28 1927
Call Money.....	*4	*5½-6	*4
Time Money—90 day.....	4½-4¾	4¾	4½
Prime Commercial Paper.....	4¼-4½	4½	4-4¼
Bills—90 day unendorsed.....	3¾-3¾	3¾-3¾	3¾-3¾
Treasury Certificates and Notes			
Maturing March 15.....	3.35	2.97	3.40
Maturing June 15.....	3.32	3.02	3.31
Federal Reserve Bank of New York—			
Rediscount Rate.....	4	4	4
Federal Reserve Bank of New York—			
Buying Rate for 90 day Bills.....	3½	3¼	3¼

\*=Prevailing rate for preceding week.

Changes in currency in circulation continued to have an important influence on the New York money market. The amount of currency in use throughout the country, following an increase of at least \$300,000,000 from November 15 to Christmas declined more than \$450,000,000 during the subsequent month, which reduced the amount in circulation to the lowest level in a year. Gold imports



Year End Call Loan Rates, Federal Reserve Discounts, Total Bills and Securities, and Weekly Estimates of Currency Circulation.

from Canada, France, and other countries, in the first 28 days of January, totaled \$55,000,000.

The crediting of a considerable amount of returned currency and most of the imported gold to member banks in this district, together with a reduction of \$40,000,000 in the reserve requirements of leading New York City banks, as temporary needs for year-end funds passed, resulted in the retirement by January 26 of more than \$175,000,000 of loans at the Federal Reserve Bank of New York.

The diagrams above show call loan rates, bill and security holdings of the New York Reserve Bank and the System, and estimated currency circulation in the United States during December and January, compared with the corresponding period a year ago. Call money rates and the New York Reserve Bank's bill and security holdings showed approximately the same movement in both years. The average level of total bills and securities has been slightly higher this year, due to considerably larger holdings of acceptances. For the System as a whole, however, total bills and securities are under last year due largely to gold imports. Currency requirements are now approximately the same as a year ago.

MEMBER BANK CREDIT

Loans on stocks and bonds by member banks in the Second District showed the usual sharp increase at the end of the year, partly replacing a temporary reduction in loans to brokers placed in New York for correspondent banks in other districts. The increase during the month ended January 5 amounted to about \$300,000,000, but a reduction of about \$200,000,000 occurred in the following two weeks. Commercial loans declined gradually from the high level of December first, but changes in total loans and investments in this district reflected chiefly the movement of security loans.

BILL MARKET

Although dealers' purchases of bills in the first part of January were heavy, the demand, owing to exceptionally large buying orders for foreign account, substantially exceeded the supply, particularly in the 90 day maturity. Reflecting this condition and the general ease in money rates which developed after the turn of the year, dealers reduced rates on bills of 60 days to 6

months maturity by 1/8 per cent, making the offering rate on 90 day unindorsed bills 3 5/8 per cent, the lowest since August. Following this reduction, the supply of bills continued large, but the demand was rather light except for irregular buying of a substantial nature for foreign account, and some dealers advanced rates on 90 day bills 1/8 per cent, so that toward the close of the month this maturity was offered at a range of 3 5/8 to 3 3/4 per cent.

COMMERCIAL PAPER MARKET

A good bank investment demand together with larger supplies of paper contributed to a more active commercial paper market in January. Rates on prime names generally eased 1/4 per cent to 4 1/4 per cent, and in the Middle West where the best buying demand originated, a considerable amount of paper was sold at 4 per cent. Borrowings of commercial and industrial concerns in the open market increased following the turn of the year as has been the experience in past years, but were generally reported as somewhat smaller than in January 1926. This was in keeping with reports on paper outstanding, which totaled \$526,000,000 for 26 dealers at the end of December, an amount 15 per cent smaller than a year ago.

Gold Movement

With the receipt of \$17,000,000 during December, imports of gold for the year 1926 reached a total of nearly \$213,500,000. Exports of \$7,000,000 brought the export total up to \$115,700,000. For the entire year there were net imports of slightly under \$97,800,000, as compared with net exports of \$134,000,000 in 1925, but, with the exception of 1925, net imports of gold in 1926 were the smallest in any year since 1920.

Of the exports during December, \$5,000,000 went to Germany, continuing the movement of earmarked gold to the Reichsbank, and \$1,000,000 was shipped to the Dutch East Indies. Imports included \$5,000,000 each from China and Chile, \$4,000,000 from Japan, and \$1,000,000 from England.

The most important movements of the year have been as follows: the import of \$83,000,000 from Canada and the export of \$42,000,000 to that country in consequence

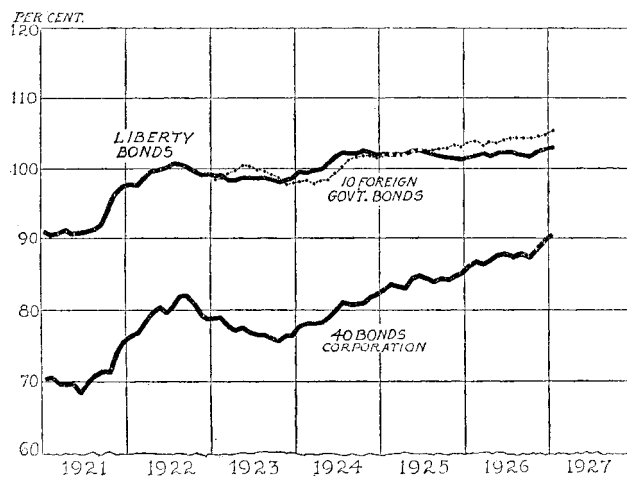
of seasonal fluctuations in exchange; the import of \$51,000,000 from Australia; the import of \$24,000,000 from Mexico, largely due to special shipments by the Bank of Mexico, and partly offset by exports of \$6,000,000; the import of \$21,000,000 from Chile, chiefly from the Central Bank of Chile for the creation of a reserve in New York; the import of \$14,000,000 from Japan, sent by the Japanese Government for the support of its exchange; and the export of \$48,000,000 to Germany, consisting chiefly of earmarked gold belonging to the Reichsbank.

In January, following the decline of Canadian exchange below the gold shipping point, there was an earlier and heavier gold movement from Canada than in either of the two previous years. This movement amounted to \$37,500,000 in the first 28 days of January. In addition, gold imports at the Port of New York amounted to \$17,700,000, including \$14,700,000 from France and \$2,600,000 from Chile, and exports totaled \$14,500,000, of which \$12,500,000 went to Germany.

**Security Markets**

Industrial stocks continued in January the irregular decline which began late in December and at the end of the month representative price averages were several points below the December high levels. Railroad shares, however, showed increased activity and advanced slightly higher than in December.

The bond market was very active and strong. Corporation bond averages advanced almost a point further to the highest levels since 1913, and foreign bonds on the average were quoted at the highest prices since the War. Most of the United States Government long term obligations sold at the highest prices since they were issued. The recent strength in the bond market is shown in the accompanying diagram.



Monthly Average Prices of Liberty Bonds, Domestic Corporation Bonds, and Foreign Government Bonds in Per Cent of Par. January Estimated from Figures for First 27 Days.

As is usual in the first month of the year, new security offerings increased substantially and the total was larger than a year ago, and not far from that of January 1923, which was the largest on record. The chief elements in

the increase for the past month were larger amounts of industrial and public utility financing, and a rise in state and municipal issues, including an offering of \$60,000,000 City of New York 4¼ per cent corporate stock. The longer maturity of this issue sold on a 4.09 per cent yield basis, compared with a yield of 4.15 per cent for a similar issue dated last February.

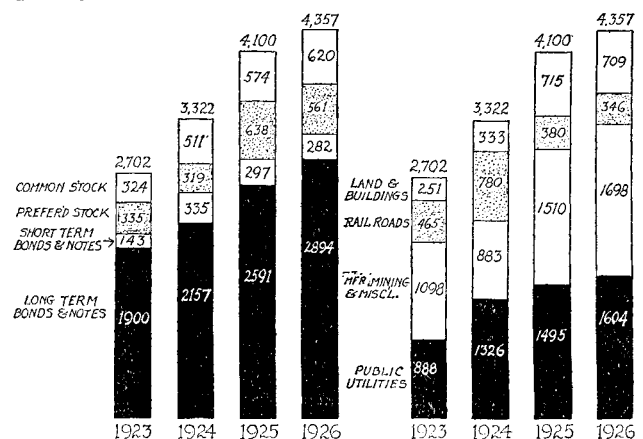
**New Financing in 1926**

New securities, other than refunding issues, offered in the United States during 1926 reached a total of \$6,311,000,000, the largest amount issued in any year on record, though only \$87,000,000 larger than in 1925. Municipal and farm loan financing continued to decrease and the total of \$1,402,000,000 was \$123,000,000 smaller than a year previous. Foreign financing arranged in this country was slightly larger than in 1925. The following table gives the totals of foreign issues offered in this country in recent years, and also indicates a tendency for governmental issues to be replaced by corporate borrowing.

(In millions of dollars; refunding issues excluded)

	1922	1923	1924	1925	1926
Government.....	553	221	712	599	552
Corporate.....	121	54	293	496	603
Total.....	674	275	1,005	1,095	1,155

Corporate security issues, including domestic and foreign, showed an increase of about \$250,000,000 over 1925. The increase was chiefly in long term bond issues, though common stock flotations continued to increase. Preferred stock issues were considerably below the exceptionally large total for 1925, and the volume of short term bond and note issues declined further. Borrowings by public utility and industrial companies showed large increases over previous years, but realty issues showed little change from the large total of 1925, and railroad financing continued to decrease. The composition of corporate financing during 1926 by type of securities and by type of companies is shown in the accompanying diagram.



Corporation Securities Offered in the United States, Classified by Type of Security and by Type of Company. Refunding issues excluded. (In millions of dollars.)

## The Foreign Exchanges

The closing days of 1926 were marked by general strength in the European gold exchanges; in January this tendency was continued in sterling, but reversed in most of the Continental rates. Sterling, though stronger than in December, did not reach the levels of January 1926, but this fact is hardly surprising in view of the relative position of the New York and London money markets during the past month as compared with the same period a year ago. The Continental gold exchanges were rather heavy, particularly German marks, Dutch florins, Swedish crowns, and Swiss francs.

Among the unstabilized European rates, movements were diverse. French francs, since the last week in December, have continued to fluctuate in a narrow zone, the range for the first three weeks of January being between 3.98 cents and 3.94 cents. Italian lire declined from 4.51 cents at the beginning of the month to 4.28 cents on the 25th; while Spanish pesetas, above 16.50 cents on the 27th, rose to the highest levels since July 1920.

The Canadian dollar, which was over parity in early December, declined to 99.81 cents on January 11, giving rise to substantial gold shipments to New York. Argentine pesos showed little change, but milreis, after a decline below 11.50 cents early in the month, recovered a part of the loss.

Among the Asiatic rates, the silver exchanges were strong, accompanying a rise in the price of silver above 57 cents, to the highest quotation since early October. Rupees maintained the recovery effected in December, but yen were rather heavy.

## Changes in Central Bank Discount Rates

Easier money in European markets was reflected in reductions in the discount rate of banks of issue in the following countries:

	Date of Change	Rate Change
Latvia.....	Jan. 1, 1927	to 7 from 8
Germany.....	Jan. 11, 1927	to 5 from 6
Belgium.....	Jan. 12, 1927	to 6½ from 7
Austria.....	Jan. 18, 1927	to 6½ from 7

The Imperial Bank of India raised its rate from 4 per cent to 5 per cent on the first of January, and to 6 per cent on the 13th of the month.

## Foreign Trade

The value of our foreign merchandise trade declined during December and was slightly less than a year ago. Exports valued at \$467,000,000 were only slightly smaller than in December 1925, but imports valued at \$361,000,000 were \$36,000,000 smaller. Exports of grain were seasonally smaller, both in volume and in value, than in November, but considerably larger than in December 1925. In actual volume, cotton shipments abroad were the largest for any month since November 1912, but in value were smaller than those of the previous month or of a year ago. Quantity imports of raw silk and crude

rubber were below the high figures in November, and together with coffee imports were also below December 1925.

Total exports for the calendar year 1926 amounted to \$4,810,000,000, or slightly less than in 1925, due largely to lower prices, while imports valued at \$4,432,000,000 were larger than in the previous year. Consequently, the favorable balance of \$378,000,000 was the smallest, excepting 1923, since 1914. The decline of over \$200,000,000 in the value of cotton exports more than accounts for the loss in total exports. Meat exports also showed a decline, but grain shipments, despite the very low figures in the first half of the year, were about equal to those of 1925. Automobile exports, including passenger cars, trucks, and busses, were larger than in 1925, and finished manufactures as a whole showed a gain of over \$100,000,000. Bituminous coal exports in 1926 were more than double those of 1925 and petroleum products also showed a considerable increase. Imports of all economic groups except manufactured foodstuffs, including sugar, were larger than in 1925. Quantity receipts of raw silk, crude rubber, and coffee were from 3 to 10 per cent larger than in the preceding year.

## Wages and Employment

Wage rates paid to unskilled labor at the beginning of 1927, as reported to this bank by representative employers, showed only slight change from those of six months ago. The average hourly rate showed a small reduction for the first time in two years, but owing to slightly longer schedules of working hours than in the summer, the average weekly wage remained the same as last July.

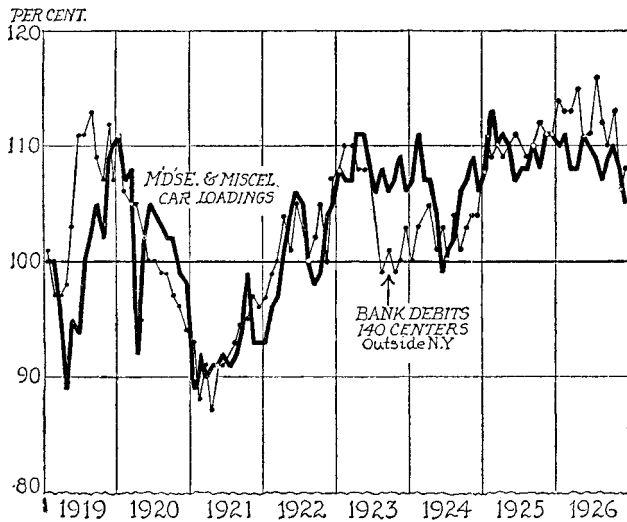
The railroads reported difficulty in securing enough track labor, especially in the vicinity of New York, but manufacturing industries reported a surplus of unskilled labor in many localities, and of skilled labor also in some cases. The rate of turnover in factories tended to be somewhat lower than a year ago. Further evidence of this appears in the ratio of "voluntary quits" to number employed as reported to the Metropolitan Life Insurance Company,—the December ratio was the lowest since the end of 1924.

Reports of State and Federal Labor Departments showed a further decline in factory employment from November to December in New York State and throughout the country. There were further reductions in working forces in the iron and steel and automobile industries, in addition to seasonal curtailment in building materials, and the general level of factory employment was about 3 per cent lower than in December 1925.

## Indexes of Business Activity

Retail distribution of merchandise in December was at a high level even for the time of year, but the indications of other measures of business were somewhat mixed. Car loadings, foreign trade, advertising, and employment were somewhat smaller than in November, after allowance for the usual seasonal variations, while bank debits, stock trading, and postal receipts showed increases.

Two of the best indicators of general business conditions—loadings of merchandise and miscellaneous freight, and bank debits in 140 centers outside of New York—which have shown very similar movements in recent years, are shown in the accompanying diagram. Both of these indicate a moderate decline toward the end of 1926 to a level somewhat below that of a year previous.



Indexes of Merchandise and Miscellaneous Freight Loadings and of Bank Debits Outside of New York City, Adjusted for Seasonal Variations and Year to Year Growth, and in the Case of Bank Debits, for Price Changes.

Various indexes of business in per cent of trend, with allowance for seasonal variations, and, where necessary, for price changes, are shown below.

(Computed trend of past years=100 per cent)

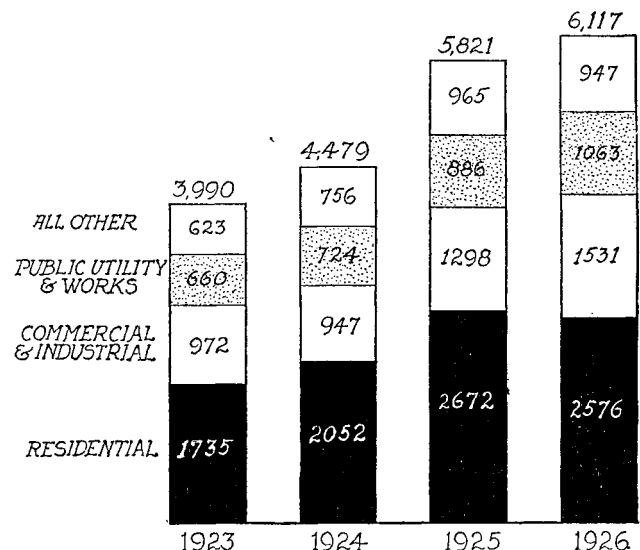
	1925		1926	
	Dec.	Oct.	Nov.	Dec.
<b>Primary Distribution</b>				
Car loadings, merchandise and misc. r...	111 <sub>r</sub>	110 <sub>r</sub>	108 <sub>r</sub>	105 <sub>r</sub>
Car loadings, other.....	106	107	113	112
Exports.....	89	92	96	92 <sub>p</sub>
Imports.....	124	124	124	117 <sub>p</sub>
Grain exports.....	47	71	70	63
Panama Canal traffic.....	104	84	84	84
<b>Distribution to Consumer</b>				
Department store sales, 2nd Dist.....	100	105	102	107
Chain store sales.....	102	99	98	101
Mail order sales.....	134	119	120	138
Life insurance paid for.....	113	109	117	121
Real estate transfers.....	126	102	100	103
Magazine advertising.....	102	108	111	103
Newspaper advertising.....	108	111	108	103
<b>General Business Activity</b>				
Bank debits, outside of N. Y. City.....	111	113	106	108
Bank debits, New York City.....	122	122	112	126
Bank debits, 2nd Dist. excl. N. Y. City.....	100	108	102	103
Velocity of bank deposits, outside N. Y. City.....	100	105	99	101
Velocity of bank deposits, New York City.....	115	129	115	124
Shares sold on N. Y. Stock Exchange*.....	207	189	146	195
Postal receipts.....	108	98	98	105
Electric power.....	112	117	113	110
Employment in the United States.....	104	103	102	101 <sub>p</sub>
Business failures.....	101	107	111	110
Building permits.....	160	169	137	158
New corporations formed in N. Y. State.....	127	122	112	114
General price level.....	188	186	185	186

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

### Building

The building industry closed the year 1926 at a high level of activity, according to the F. W. Dodge Corporation's reports. December awards of building and engineering contracts were 10 per cent larger than in November and 2 per cent larger than a year ago. In the New York and Northern New Jersey district, contract awards were the largest on record, and, although the increase was due partly to the inclusion in the month's figures of contracts for a large amount of subway construction in New York City, all principal classes of building with the exception of residential, compared favorably with a year ago.

For the year 1926, the volume of construction, as indicated by contracts let, was 6 per cent larger than in 1925, and was the largest for any year on record. This increase occurred despite a decrease of about 4 per cent in residential building, as is indicated in the accompanying diagram. Construction of public works and utilities and of commercial and industrial buildings has had an important influence in the maintenance of a large total of construction during the past year.



Building and Engineering Contracts Awarded in 36 States, Classified by Type of Project. (In millions of dollars.)

The volume of building permits reported to S. W. Straus & Company in December was 2 per cent smaller than a year previous, and the total for the completed year was 5 per cent below 1925. The divergent tendencies of these figures and those for building contracts may be explained by the inclusion in permit figures of a larger proportion of residential building and the exclusion of important engineering projects. Residential building was the only class of construction to show a material reduction during the past year.

### Production

Production in a majority of basic industries declined somewhat further in December, even after allowance for

the usual seasonal changes. The average daily output of pig iron was the smallest for any month of 1926, and, as was the case with steel ingot production, was substantially smaller than a year previous. Considerably more than the usual seasonal curtailment occurred in the automobile industry and December production of passenger cars and trucks was the smallest since early in 1922 and nearly 50 per cent below the total of December 1925. More active operation has been resumed in January. Domestic consumption of cotton was the largest ever recorded for any December, but silk and woolen mill activity was curtailed.

In the following table are given this bank's indexes of production in which allowance is made for seasonal variation and year-to-year growth.

(Computed trend of past years=100 per cent)

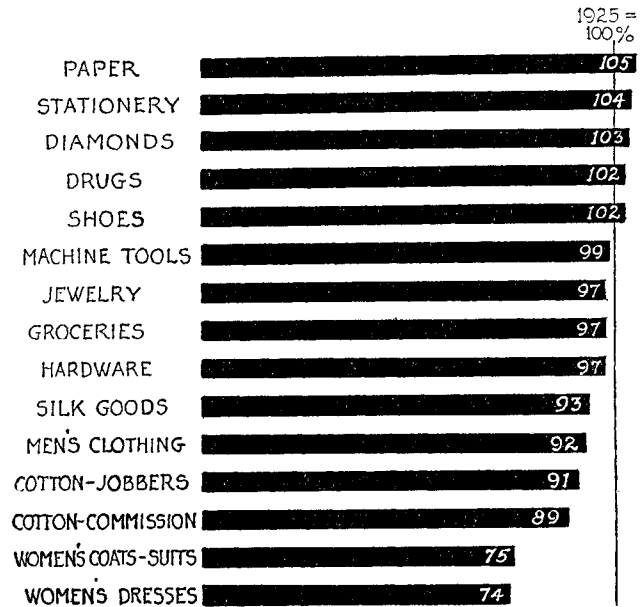
	1926			
	Dec.	Oct.	Nov.	Dec.
<b>Producers' Goods</b>				
Pig iron.....	112	111	108	105
Steel ingots.....	123	107	103	105
Bituminous coal.....	116	109	129	128p
Copper, U. S. mines.....	103	109	114	105
Tin deliveries.....	109	96	124	112
Zinc.....	113	118	116	115
Petroleum.....	116	119	124	...
Gas and fuel oil.....	107	98	100	...
Cotton consumption.....	106	98	102	110
Woolen mill activity*.....	96	103	102	99p
Cement.....	124	126	123	120
Lumber.....	113	104	99	113p
Leather, sole.....	68	74	79	80
Silk consumption*.....	122	130	129	107
<b>Consumers' Goods</b>				
Cattle slaughtered.....	108	101	101	102
Calves slaughtered.....	132	102	107	115
Sheep slaughtered.....	104	102	105	123
Hogs slaughtered.....	80	90	82	76
Sugar meltings, U. S. ports.....	184	144	126	...
Wheat flour.....	97	93	86	94
Cigars.....	98	111	119	100
Cigarettes.....	82	70	69	72
Tobacco, manufactured.....	100	101	101	101
Gasoline.....	135	142	148	...
Tires.....	141	127	119	...
Newsprint.....	120	125	129	119
Paper, total.....	95	86	93	89
Boots and shoes.....	95	100	95	98p
Anthracite coal.....	**	98	90	97p
Automobile, all.....	149	112	105	78
Automobile, passenger.....	153	112	104	73
Automobile, truck.....	132	110	110	101

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

### Wholesale Trade

Sales of representative wholesale dealers in this district, which in ten of the first eleven months of 1926 had averaged smaller than a year previous, continued in the final month of the year to show a substantial reduction. For the year as a whole, a weighted average of sales in all reporting lines shows a reduction of 8 per cent from sales in 1925. Lower prices, especially for textiles, were probably responsible for a part, but not all, of the decline.

Most of the larger declines in December sales compared with those of a year ago were in clothing and textiles, and, as the accompanying diagram shows, the same was true for the year as a whole. The women's clothing business showed the most unfavorable comparisons with 1925, due partly to labor troubles, but sales of men's clothing, cotton goods, and silk goods also were consid-



Sales of Representative Dealers in Various Lines of Wholesale Trade during 1926 Compared with 1925.

erably smaller. Shoe sales, however, continued the tendency of most preceding months of 1926 and were larger in December than a year previous.

Machine tool sales in December, as in other recent months, were considerably smaller than a year previous, though substantial increases had been reported in the earlier months of the year. Sales of groceries, drugs, stationery, and diamonds also showed declines in the later months of 1926, following increases in the first half of the year. Hardware sales, on the other hand, were larger in December than a year previous, after decreases had been reported in most previous months of 1926.

Stocks on hand at the close of the year continued considerably larger than in 1925 in silk goods, and somewhat larger in hardware and jewelry and diamonds. A slight increase was shown in jobbers' stocks of cotton goods, but shoe stocks remained much smaller.

Commodity	Percentage Change December 1926 from December 1925				Percentage Change in Net Sales	
	Net Sales	Stock end of month	Collections	Acct's Receivable	Dec. 1926 from Nov. 1926	Year 1926 from Year 1925
Groceries.....	- 6.7	- 1.4	-14.7	- 7.8	- 8.2	- 2.6
Men's clothing.....	-21.0	.....	-10.4	+ 0.4	-27.4	- 7.5
Women's dresses.....	-23.7	.....	.....	.....	+55.0	-26.3
Women's coats and suits.....	-23.0	.....	- 5.3	- 5.6	-29.1	-25.5
Cotton goods-Jobbers.....	- 0.6	+ 2.1	- 1.5	-12.3	-11.4	- 9.1
Cotton goods-Commission.....	-16.1	.....	.....	.....	+ 4.3	-11.4
Silk goods.....	-12.8	+11.4*	- 4.5	- 8.1	+ 7.2	- 6.7
Shoes.....	+ 5.8	-13.0	- 0.7	- 5.4	+11.4	+ 2.0
Drugs.....	- 7.4	.....	.....	.....	-27.1	+ 2.4
Hardware.....	+ 4.7	+ 7.4	- 1.1	+ 5.7	+ 9.0	- 2.8
Machine tools.....	-15.3	.....	.....	.....	- 4.3	- 1.4
Stationery.....	- 8.9	.....	+ 6.4	- 5.7	+ 1.4	+ 4.0
Paper.....	+ 0.8	.....	- 5.4	-19.2	- 1.7	+ 5.0
Diamonds.....	-13.6	+ 4.6	+ 6.5	+ 4.8	-17.1	+ 3.5
Jewelry.....	- 3.0	.....	.....	.....	- 9.4	- 2.5
Weighted Average.....	-11.5	.....	- 6.8	- 4.5	- 3.7	- 7.9

\*=Quantity not value.

### Department Store Business

According to final reports, December department store sales were 4 per cent larger than a year ago, a slightly smaller increase than was indicated by business of the first 24 days of the month. Apparel store sales increased nearly 5 per cent, but sales of mail order houses fell slightly below the high level of December 1925. For the first time in two years department store stocks at the end of month showed no increase over a year previous.

Total sales of department stores for the year 1926 were 4 per cent larger than in 1925, compared with increases of 5½ and 4½ per cent in the two previous years. Sales of apparel stores and mail order houses increased 6 and 5 per cent respectively.

Locality	Percentage Change December 1926 from December 1925				Percentage Change Year 1926 from Year 1925	
	Net Sales	Stock End of Month	Collections*	Acc'ts Receivable*	Net Sales	Stock on Hand
New York.....	+ 3.8	+ 1.2	- 0.2	+10.6	+ 3.7	+ 2.6
Buffalo.....	0	- 6.3	+ 2.4	+ 1.6	- 2.0	+ 0.4
Rochester.....	- 1.3	+ 3.4	+ 9.5	+22.0	+ 4.4	+ 2.2
Syracuse.....	+ 2.6	-14.2	.....	.....	- 2.3	- 5.3
Newark.....	+10.2	- 2.6	+ 9.9	+13.8	+ 8.0	+ 7.5
Bridgeport.....	+ 9.6	+ 3.4	.....	.....	+11.2	+ 4.4
Elsewhere.....	+ 3.4	+ 1.9	- 0.4	+ 5.8	+ 3.4	+ 3.5
Northern N. Y. State	- 0.3	.....	.....	.....	- 1.9	.....
Central N. Y. State..	+ 6.2	.....	.....	.....	+ 3.6	.....
Southern N. Y. State	+ 3.3	.....	.....	.....	+ 2.0	.....
Hudson River Valley	+ 2.9	.....	.....	.....	+ 6.1	.....
Capital District.....	- 4.1	.....	.....	.....	- 1.0	.....
Westchester.....	+19.8	.....	.....	.....	+15.6	.....
All department stores..	+ 4.3	- 0.1	+ 2.6	+11.1	+ 3.9	+ 2.8
Apparel stores.....	+ 4.8	+16.9	.....	.....	+ 6.2	+13.6
Mail order houses.....	- 0.6	.....	.....	.....	+ 5.0	.....

\*=Exclusive of instalment accounts.

The rate of turnover for the year was slightly higher than in 1925, although for the first half year it had been running somewhat behind a year ago. In the case of apparel stores, due to the considerably larger increase in stocks than sales, the turnover was not so high as last year.

In December for the second consecutive month the largest increases were in sales of shoes, furniture, books

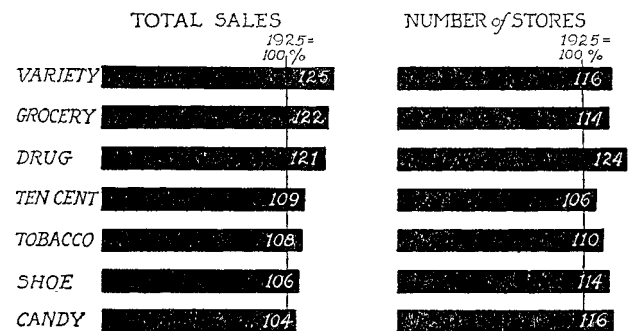
Department	Percentage Change in Net Sales		Percentage Change in Stock on Hand	
	Dec. 1926 from Dec. 1925	Year 1926 from Year 1925	Dec. 31, 1926 from Dec. 31, 1925	Year 1926 from Year 1925
Shoes.....	+25.3	+ 9.4	- 0.3	- 0.1
Furniture.....	+12.7	+14.0	+ 3.6	+ 7.2
Men's and Boys' wear.....	+12.6	+ 5.1	+ 6.2	+ 5.4
Books and stationery.....	+12.2	+15.0	-14.2	+ 1.4
Hosiery.....	+12.1	+ 8.2	- 2.9	+ 1.6
Women's ready-to-wear accessories.....	+11.3	+ 5.4	- 2.9	- 5.9
Men's furnishings.....	+ 8.8	+ 6.5	+ 3.0	- 0.2
Toys and sporting goods.....	+ 8.2	+11.8	- 5.4	+ 4.2
Luggage and other leather goods.....	+ 6.1	+ 6.4	- 6.3	+ 7.7
Women's and Misses' ready-to-wear.....	+ 4.9	+ 3.1	+ 4.9	- 4.4
Home furnishings.....	+ 3.8	+ 4.7	+ 5.6	+ 3.7
Linens and handkerchiefs.....	+ 3.6	+11.4	+ 1.8	- 0.1
Toilet articles and drugs.....	+ 1.6	+ 7.2	- 0.7	+ 4.7
Silverware and jewelry.....	+ 1.2	+ 3.4	- 0.7	+ 4.8
Cotton goods.....	+ 0.9	+ 2.3	- 5.7	- 3.4
Silks and velvets.....	- 2.2	- 0.4	- 6.5	- 1.4
Musical instruments and radio.....	- 3.6	-26.9	- 7.4	- 6.3
Woolen goods.....	-19.5	-24.1	-44.5	-29.9
Miscellaneous.....	- 1.2	- 2.7	-15.3	-10.3

and stationery, men's and boys' wear, and hosiery. The increases in total sales for the year compared with those of 1925 were especially large in books and stationery and furniture, and all other leading departments except silk and velvets, woolen goods, and musical instruments and radio apparatus showed at least moderate increases. The substantial reduction in radio sales followed a very large increase in 1925.

### Chain Store Sales

Aggregate December sales of chain stores in this district were 14 per cent larger than a year ago, one of the smallest increases reported in recent months. The increase in average sales per store, however, was larger than in most months of 1926, and in shoe chains it was the largest in more than two and a half years.

Total sales for the year increased 17 per cent over 1925 due mainly to the large increases in sales of grocery, variety, and drug stores which have each month in the year shown larger gains than the other types of stores. Moderate increases were reported for the year in all other lines, but, as the accompanying diagram shows, only in variety, grocery, and ten cent systems did the increases in sales exceed the expansion in number of stores in operation.



Total Sales and Number of Units Operated by Chain Store Systems in 1926 Compared with 1925.

New stores opened ordinarily have smaller sales for some time than the established units. Consequently in variety and grocery chains where the opening of new units proceeded less rapidly than in 1925, sales per store averaged larger in 1926, and the increase in total sales was larger than in the number of stores operated. In drug, tobacco, and candy chains, the opening of new stores was more rapid in 1926 than in 1925, sales per store averaged smaller, and the increase in total sales was smaller than in the number of units operated.

Type of Store	Percentage Change December 1926 from December 1925			Percentage Change Year 1926 from Year 1925	
	Number of Stores	Total Sales	Sales per Store	Total Sales	Sales per Store
Variety.....	+12.9	+25.2	+10.9	+25.2	+ 8.2
Drug.....	+30.6	+19.7	- 8.4	+20.8	- 2.8
Grocery.....	+ 9.0	+17.5	+ 7.9	+21.8	+ 6.7
Shoe.....	+10.4	+14.6	+ 3.9	+ 6.1	- 6.6
Ten cent.....	+ 7.7	+ 9.0	+ 1.1	+ 9.3	+ 2.7
Tobacco.....	+ 5.4	+ 4.8	- 0.5	+ 8.6	- 1.6
Candy.....	+ 4.7	+ 2.4	- 2.2	+ 4.1	-10.2
Total.....	+ 8.8	+14.2	+ 4.9	+17.4	+ 3.5