

# MONTHLY REVIEW

## of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

May 1, 1927

### Business Conditions in the United States

INDUSTRIAL activity increased further in March and was larger than a year ago, while the general level of prices continued to decline. Distribution of commodities at wholesale and retail was somewhat smaller than a year ago.

#### PRODUCTION

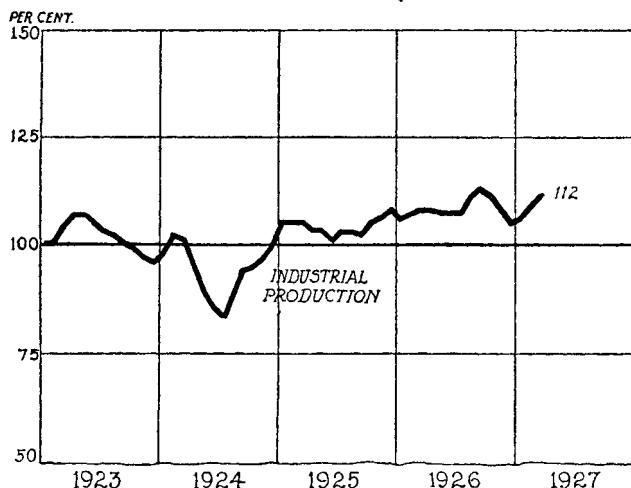
Industrial production, after increasing continuously for three months, was larger in March, when allowance is made for usual seasonal changes, than in any month since last September. Output of bituminous coal, crude petroleum, and steel ingots, and mill consumption of raw cotton in March were larger than in any previous month. Since April 1, however, steel-mill operations have been somewhat curtailed, and bituminous coal output has been reduced by about 40 per cent since the beginning of the miners' strike on April 1. The consumption of silk and wool, sugar meltings, flour production, and the output of rubber tires increased in March. Production of automobiles has shown seasonal increases since the first of the year but has been in smaller volume than a year ago. The value of building contracts awarded in March was larger than at any previous time, and the production of building materials has increased considerably in recent weeks. The largest

increases in contracts, as compared with last year, were in the middle western states, while the largest decreases occurred in the southeastern states. In the first half of April contracts awarded were in slightly smaller volume than in the same period of last year.

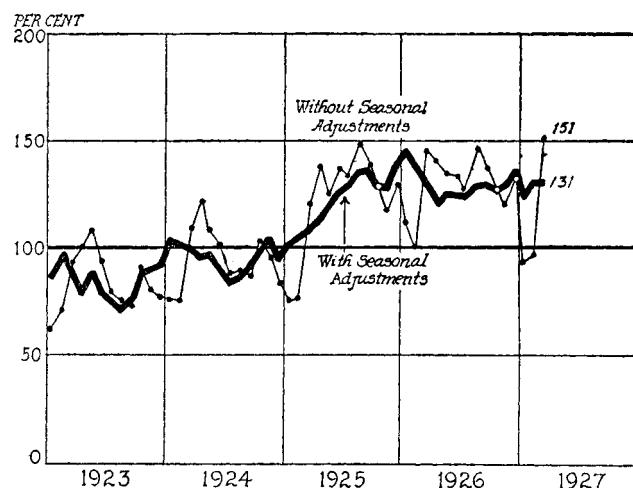
#### TRADE

Sales of department stores increased less than usual in March and were slightly smaller than last year owing in part to the lateness of Easter. Sales of mail order houses and chain stores, however, were somewhat larger than a year ago. Inventories of department stores increased slightly more than is usual in March in anticipation of the expansion in retail trade before the Easter holidays, and at the end of the month they were in about the same volume as a year ago. Wholesale trade in March continued slightly smaller than in the corresponding period a year ago. Stocks of merchandise carried by wholesale firms were seasonally larger at the end of March than in February, but in most lines continued smaller than last year.

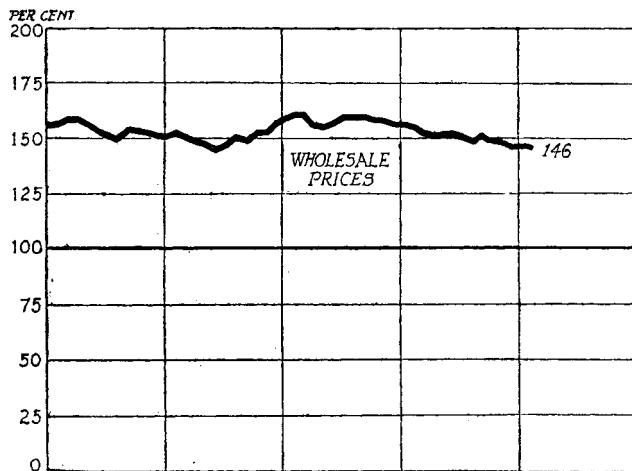
Freight-car loadings which showed seasonal increases in March, declined in the first ten days of April, owing to the smaller shipments of coal, but continued larger than in the corresponding period of previous years. Loadings of miscellaneous freight and of merchandise in less-than-car-load lots were in large volume.



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



Federal Reserve Board's Indexes of Value of Building Contracts Awarded, as Reported by the F. W. Dodge Corporation.  
(1923-25 average = 100 per cent.)



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

#### PRICES

The general level of wholesale commodity prices declined further in March, reflecting decreases in most of the important groups of commodities. Prices of non-agricultural commodities as a group declined to the lowest level since the war, while the average for agricultural products, which advanced somewhat from November to February, remained practically unchanged in March. During the first half of April prices of winter wheat, sugar, cotton, silk, bituminous coal, and hides advanced; while those of hogs, crude petroleum, gasoline, and nonferrous metals declined.

#### BANK CREDIT

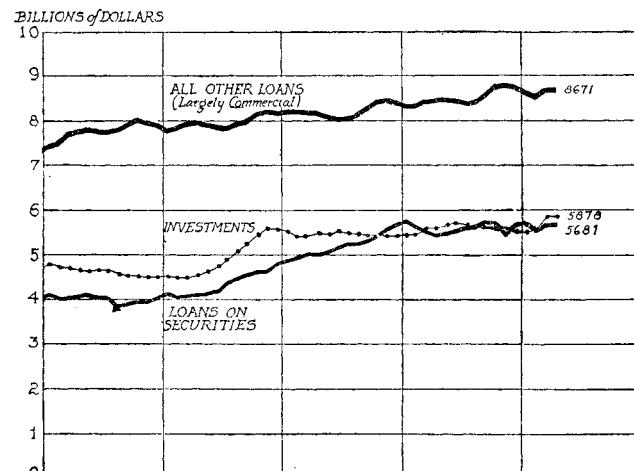
There was some decline in the volume of loans for commercial purposes and in loans on securities at member banks in leading cities between the middle of March and the middle of April. Member bank holdings of United States securities, which had increased considerably in the middle of March in connection with the operations of the Treasury, have declined by more than \$100,000,000 since that time, but are still about \$200,000,000 larger than in the early months of the year.

At the Reserve Banks total bills and securities, which have fluctuated near the \$1,000,000,000 level since the end of January, showed little change during the six weeks ending April 20. Discounts for member banks were in about the same volume on that date as on March 9, while acceptances showed a decrease and holdings of United States securities a slight increase.

During the first three weeks of April quoted rates on prime commercial paper and on acceptances were the same as in the latter part of March, while call money averaged somewhat higher.

#### Money Market

The principal factors influencing the money market during the past six weeks were a continuation in the demand for money in about the amount of mid March, and a dwindling of gold imports to a point where im-



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

ports and exports were approximately in balance, and there thus ceased to be any addition to the basic supply of credit. The result of these influences was that money rates continued at about the levels which prevailed in the latter part of March, except for a slightly easier tendency in the last two weeks of April.

The prevailing rates at the end of April are shown in the following table, compared with corresponding figures for a year ago and the latter part of March.

#### Money Rates at New York

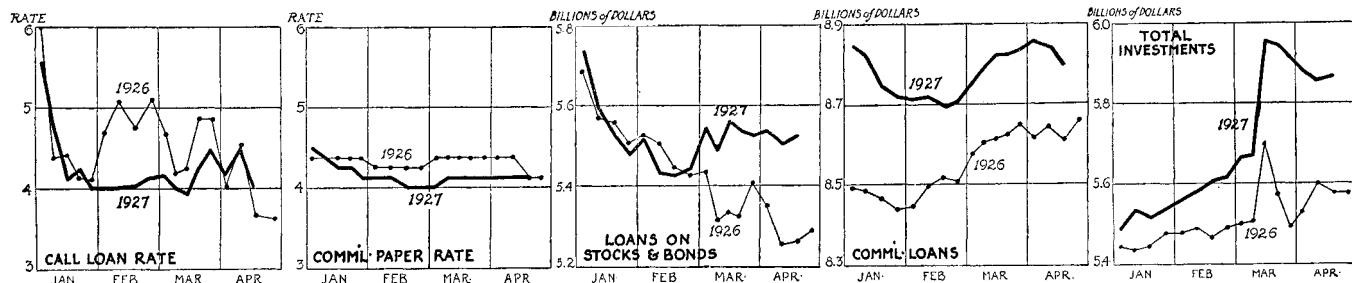
	April 28 1926	March 30 1927	April 28 1927
Call money.....	*3 1/2	*4 1/2	4
Time money—90 day.....	4	4 1/2	4 1/2
Prime commercial paper.....	4-4 1/4	4-4 1/4	4-4 1/4
Bills—90 day unendorsed.....	3 1/8	3 1/8	3 1/8
Treasury certificates and notes			
Maturing June 15.....	2.51	3.31	3.46
Maturing September 15.....	3.07	3.39	3.51
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 1/2	3 1/2	3 1/2

\*=Prevailing rate for preceding week.

As the table indicates, money rates in April, for the first time this year, were somewhat higher than a year ago due to continued firmness this year, whereas last April there was a considerable decline from the March high point.

The principal changes in the demands for money are illustrated in the diagram at the top of this page. Commercial loans of the reporting banks, loans on stocks and bonds, and investments, have all increased since February and are substantially higher than a year ago. In fact, total loans and investments of the reporting member banks in principal cities are about 700 million dollars larger than at this time last year, and total loans and investments of the New York City banks 300 millions larger.

Another factor making for firmness in the money market in early April was a temporary increase in currency circulation, due to Easter trade requirements. It is estimated that nearly \$40,000,000 of additional cur-



Call Loan and Commercial Paper Rates and Loans and Investments of All Reporting Member Banks in First Four Months of 1927, Compared with 1926

rency was drawn into circulation in the three weeks preceding April 13, and consequently caused a drain of that amount on the reserves of commercial banks. Currency returned gradually from circulation after Easter and member bank loans and investments declined somewhat, and largely as a consequence, slightly lower money rates prevailed in the latter part of April, especially for call loans.

#### BILL MARKET

The supply of bills offered to the market was moderately heavy, and, except for a short period in the first half of April, exceeded the buying demand from banks and others. As a result of this condition, dealers' portfolios increased about 50 per cent from the low level of late March. Open market rates for all maturities of bills remained at the levels established early in March.

#### COMMERCIAL PAPER MARKET

Commercial paper outstanding at the end of March through 26 dealers amounted to \$606,000,000, an increase of 5 per cent over the previous month, following a similar increase in February. March outstandings were 9 per cent smaller than in March last year. There was little change in the investment demand for paper and institutions outside of New York City continued to be the largest buyers. The prevailing rate on prime paper was steady throughout March at 4-1/4 per cent.

#### Gold Movement

The gold movement to and from the United States during March was the smallest since last October. Imports amounted to \$14,300,000, including \$5,000,000 each from Canada and Australia and \$2,000,000 from Japan, and exports totaled \$5,600,000, of which \$3,000,000 went to Canada, following the rise of Canadian exchange to a premium, and nearly all the remainder went to the Orient.

During the first quarter of 1927, \$96,000,000 of gold was imported, and \$23,000,000 exported, leaving a net import of \$73,000,000, or \$4,000,000 less than in the first three months of 1926. The excess of imports this year has shown a decline month by month from \$44,500,000 in January to \$19,900,000 in February, to \$8,600,000 in March.

The only important movements of gold at New York during the first 28 days of April were the shipment of about \$1,200,000 to Brazil, said to be for the purpose of strengthening the currency reserve, and the export of

\$1,000,000 to Canada just before the close of the month. Total exports, at New York, for this period were \$2,900,000 and imports, \$760,000.

An additional \$4,000,000 was shipped from Japan during April, making a total movement to this country of \$18,000,000 in 1927, following shipments of \$16,000,000 in 1926 and \$11,000,000 in 1925.

#### Security Markets

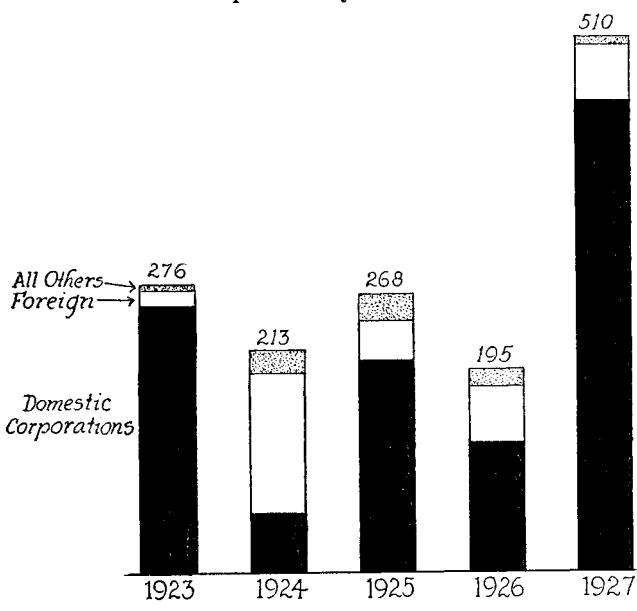
Following comparatively stable conditions in March, the rise in industrial stocks was resumed in April and price averages advanced more than 6 points to new high levels, slightly above the highest averages in 1926. Late in the month there was a sharp reaction followed by a partial recovery. In the case of railroad stocks the advance was at a slower rate but at the end of the month average prices were the highest since 1909. Trading continued active with a daily turnover on the exchange of well over 2,000,000 shares.

Corporation bond prices advanced slightly further in the first part of April but subsequently declined again and toward the close of the month were little changed from the end of March. United States Government bonds were quoted at slightly lower prices in April than in March. Japanese bonds showed moderate declines, reflecting banking and political difficulties in Japan, and other foreign bonds were slightly lower.

A heavy volume of new securities continued to be offered in this market during April and the total was somewhat larger than in the preceding month, or April 1926. An important element in the large total was the offering of \$100,000,000 Federal Land Bank 4 1/4 per cent bonds, chiefly to redeem outstanding bonds bearing a higher rate of interest. Industrial and public utility issues were again numerous, but there was a marked decline from earlier months of this year in the amount of railroad financing. Foreign issues were the heaviest since 1924, and again included a large Italian issue —one of \$30,000,000 for the City of Milan. Other important foreign offerings were \$30,000,000 of Kingdom of the Serbs, Croats, and Slovenes bonds, a \$25,000,000 issue of the State of New South Wales, and a \$21,200,000 Argentine Government loan.

An interesting feature of the new financing in the first quarter has been the large amount of refunding issues. Issues of securities wholly or principally for refunding purposes have totaled more than one-half billion dollars, exceeding by far the amount in the first

quarter of recent previous years. The increase was due primarily to refunding operations by domestic corporations, as is indicated in the accompanying diagram. Coincident with a strong demand for investment securities, moderately easy money conditions, and the consequent lowering of bond yields during the past quarter of this year, a considerable number of railroads, and industrial and public utility companies were able to refund at a lower rate of interest the securities which had been floated in previous years.



Refunding Security Issues in First Quarter of Each Year from 1923 to 1927, in Millions of Dollars.

## The Foreign Exchanges

With a few extreme exceptions, the foreign exchanges moved within unusually narrow limits during April. Sterling, which had been as low as \$4.8450 in February and \$4.8472 in March, rose to \$4.8538 in the first week of April, the highest rate since last August. German marks were steady at about 23.70 cents, French francs at 3.92 cents, Netherlands florins at 39.97 cents, Swedish crowns at 26.78 cents, Swiss francs at 19.23 cents, Danish crowns at 26.68 cents, belgas at 13.90 cents, and Austrian crowns at 14.05 cents. On the other hand, pesetas, which had been above 18 cents in March dropped below 17.50 cents in April. Lire continued to move upward. For this currency, the average rate was 4.32 cents for both January and February with narrow fluctuations; in March a steady rise began from a low of 4.36 on the 2nd to 4.67 on the 31st; the movement continued in April, the quotation rising to 5.66 cents on the 25th, but not maintaining this level.

Among the American rates, Argentine pesos were stable at about 42.29 cents, barely under the parity of 42.45 cents; the milreis moved in a narrow zone just under 12 cents. Canadian dollars were strong, rising to \$1.0017 on the 25th, the highest figure since November.

In the Far East, Indian rupees fell below 36 cents to the lowest quotations of the current year. The Japanese yen, which stood over 49 cents early in the month, broke to 46.62 cents on the 21st upon news of serious financial troubles, but recovered a part of the loss. Bar silver moved within a narrow zone between 57.75 cents and 56 cents, a range somewhat higher than for March. Similar movements were recorded in the silver currencies.

## Changes in Central Bank Rates

Four more changes in the discount rates of central banks occurred during April. On April 14 the Bank of France reduced its rate from  $5\frac{1}{2}$  to 5 per cent; on April 20 the Bank of England rate was reduced from 5 to  $4\frac{1}{2}$  per cent; on April 21 the Bank of Sweden rate was reduced from  $4\frac{1}{2}$  to 4 per cent, and on April 27 the Bank of Belgium rate was reduced from 6 to  $5\frac{1}{2}$  per cent.

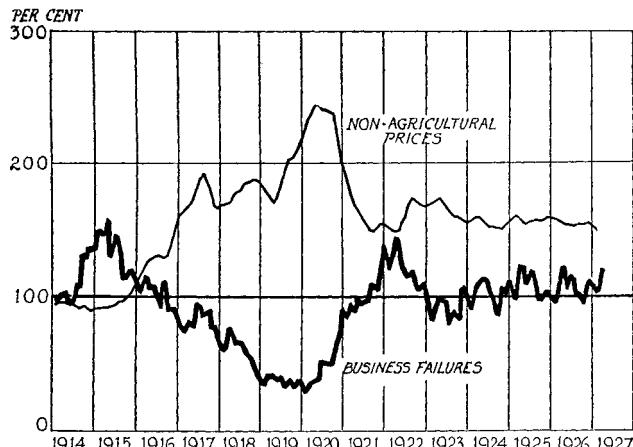
The following table shows the official discount rates of leading European countries and indicates the date and amount of the last change.

Country	Rate Changed from	Date of Change
Austria.....	$6\frac{1}{2}$ to 6	Feb. 4, 1927
Belgium.....	6 to $5\frac{1}{2}$	Apr. 27, 1927
Czecho-Slovakia.....	$5\frac{1}{2}$ to 5	Mar. 7, 1927
Denmark.....	$5\frac{1}{2}$ to 5	June 24, 1926
England.....	5 to $4\frac{1}{2}$	Apr. 20, 1927
Finland.....	$7\frac{1}{2}$ to 7	Mar. 23, 1927
France.....	$5\frac{1}{2}$ to 5	Apr. 14, 1927
Germany.....	6 to 5	Jan. 11, 1927
Hungary.....	7 to 6	Aug. 26, 1926
Italy.....	$6\frac{1}{2}$ to 7	June 18, 1925
Netherlands.....	4 to $3\frac{1}{2}$	Oct. 2, 1925
Norway.....	5 to $4\frac{1}{2}$	Oct. 26, 1926
Poland.....	9 to $8\frac{1}{2}$	Mar. 11, 1927
Spain.....	$5\frac{1}{2}$ to 5	Mar. 23, 1923
Sweden.....	$4\frac{1}{2}$ to 4	Apr. 21, 1927
Switzerland.....	4 to $3\frac{1}{2}$	Oct. 22, 1925

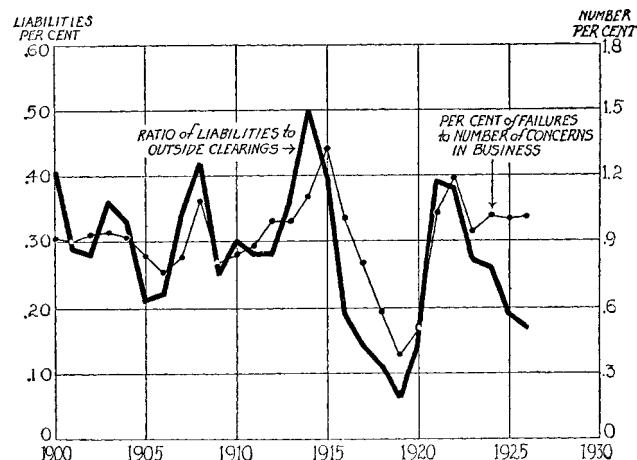
## Foreign Trade

The foreign trade of this country, especially import trade, showed more than the usual seasonal increase from February to March. Exports, valued at \$410,000,000, were \$37,000,000 above those of February and \$36,000,000 above those of a year ago. Imports, valued at \$377,000,000, were \$66,000,000 larger than in the previous month, but were smaller by the same amount than in March 1926.

The quantity of cotton shipped abroad continued very large; it was more than double the amount exported a year ago, and was the largest in any March since 1915. The value was \$26,000,000 greater than a year ago, despite a price decline of at least 25 per cent. Grain exports were slightly larger in value than in February, following a steady decline from the high level of last August, and were \$5,000,000 above March 1926. Quantity receipts of rubber, silk, and coffee were larger than in February, and silk imports were larger than last year. Imports of both rubber and coffee, however, were nearly 20 per cent less than a year ago, and the value showed even greater declines.



**Number of Business Failures Compared with Movement of Prices of Non-Agricultural Commodities (1913 average=100 per cent for prices. Index of failures represents ratio of failures, adjusted for seasonal variation, to number of concerns in business; average ratio from 1870 to 1920 =100 per cent.)**



**Number of Business Failures Relative to Number of Concerns in Business, and Ratio of Liabilities of Concerns Failing to Total Volume of Business as Indicated by Bank Clearings Outside New York City.**

## Commercial Failures

The number of business failures in each of the first three months of this year was larger than in the corresponding month of 1926, but, as the accompanying diagrams show, the number was not unusually large compared with the experience of the past years, and the liabilities of concerns failing in recent years have been very small indeed.

The index of number of failures used in both diagrams represents the percentage of failures to the total number of concerns in business, as reported by R. G. Dun and Company. The first of the two diagrams makes it evident that the number of business failures tends to increase as wholesale prices of non-agricultural products decline, and to diminish as prices rise. Thus the number of failures has shown a gradual increase since 1923, accompanying a gradual decline in prices of non-agricultural commodities.

The second diagram is an annual record of commercial failures since 1900. This shows that the number of firms failing has averaged about 1 per cent of the number in business in the last five years, or slightly above the average for the fifteen years before the War. The amount of liabilities involved in failures relative to the total volume of trade, as represented by bank clearings outside of New York, has declined sharply since 1922, however, and in 1926 was lower than at any other time since 1900, except during the price increases of 1916 to 1920.

## Indexes of Business Activity

Some irregularity in business conditions during March was indicated by this bank's indexes. Debits to individual accounts in banks outside New York City decreased slightly after allowance for seasonal change

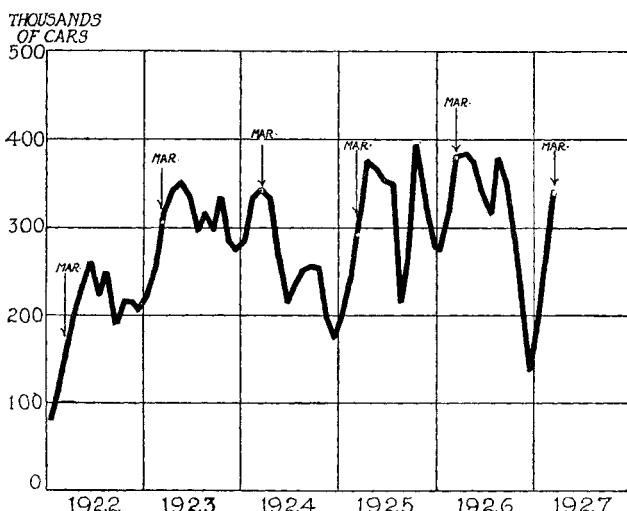
but remained larger than a year ago, while the index of debits in New York City was higher than in any previous month. Freight car loadings were slightly lower than in February after seasonal adjustment, but continued larger than in previous years. Retail trade failed to show the usual increase over February, but was somewhat larger than a year ago. Most indexes of business activity remained at fairly high levels.

Indexes for recent months and a year ago are shown below in per cent of trend, with allowance for seasonal variation, and, where necessary, for price changes.

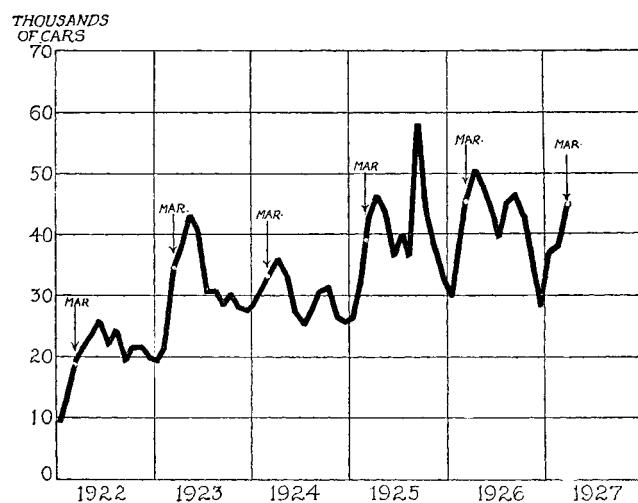
(Computed trend of past years=100 per cent)

	1926		1927	
	Mar.	Jan.	Feb.	Mar.
<i>Primary Distribution</i>				
Car loadings, merchandise and misc....	108	106	110	108
Car loadings, other.....	102	104	107	106
Exports.....	67	90	94	98 <sup>p</sup>
Imports.....	133	116	105	116 <sup>p</sup>
Grain exports.....	51	66	57	71
Panama Canal traffic.....	111 <sup>r</sup>	88 <sup>r</sup>	94 <sup>r</sup>	...
<i>Distribution to Consumer</i>				
Department store sales, 2nd Dist.....	95	104	105	98
Chain store sales.....	89	94	98	94
Mail order sales <sup>r</sup> .....	99 <sup>r</sup>	96 <sup>r</sup>	99 <sup>r</sup>	99
Life insurance paid for.....	116	101	113	119
Real estate transfers.....	109	95	102	97
Magazine advertising.....	99	99	102	97
Newspaper advertising.....	108	100	103	100
<i>General Business Activity</i>				
Bank debits, outside of N. Y. City.....	113	115	116	115
Bank debits, New York City.....	140	132	134	141
Bank debits, 2nd Dist. excl. N. Y. City.....	106	107	105	109
Velocity of bank deposits, outside of New York City.....	105	108	108 <sup>r</sup>	106
Velocity of bank deposits, New York City.....	128	127	134	135
Shares sold on N. Y. Stock Exchange*.....	248	159	204	227
Postal receipts.....	101	94	97	97
Electric power.....	113	113	113	..
Employment in the United States.....	103	100	100	99 <sup>p</sup>
Business failures.....	111	103	107	119
Building permits.....	147	130	153	130
New corporations formed in N. Y. State.....	115	114	116	120
General price level.....	186	185	184	184

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



Monthly Production of Passenger Automobiles in the United States.



Monthly Production of Motor Trucks in the United States.

## Employment and Wages

Factory employment increased about half of one per cent further in March, or somewhat less than the usual seasonal increase. Compared with March 1926 employment in this state was reduced nearly 5 per cent and in the country as a whole,  $2\frac{1}{2}$  per cent. Total payrolls increased more than employment in March, and per capita earnings in New York State factories were at the rate of \$29.78 a week, and larger than at any time in the past.

The largest gains in March over February were in the cement and brick industries, reflecting the seasonal increase in building operations. There was also increased activity in the metal industries, largely connected directly or indirectly with increased automobile output.

Reflecting the seasonal increase in industrial activity, together with the opening of the season for outdoor work, the number of workers called for at state employment offices, relative to the applications for work, increased considerably, and labor turnover, as reported by the Metropolitan Life Insurance Company, increased sharply to the highest level since October.

## Production

The output of a majority of leading industries was unusually large in March. Indexes for production of pig iron, steel ingots, bituminous coal, cement, refined sugar, flour, newsprint, and passenger automobiles, and mill consumption of cotton and silk, all showed increases after seasonal adjustment, while only copper, anthracite coal, and motor truck production failed by any considerable amount to show the usual seasonal increases.

Bituminous coal production in the first two weeks of April was at a rate about 40 per cent lower than before the strike, and somewhat lower than in April 1926, but despite the strike involving a considerable part of the unionized mines, output was larger than in the corre-

sponding periods of 1925 or 1924. Anthracite output increased following the spring reduction in prices, but remained smaller than a year ago. Steel ingot production is reported to have declined gradually in April, but weekly employment figures indicated that automobile production was maintained at about the same level as in March, and cotton mill activity continued at a high level.

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

(Computed trend of past years=100 per cent)

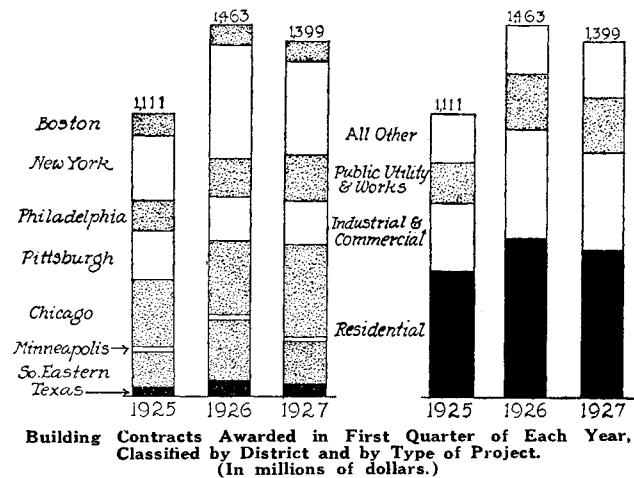
	1926		1927	
	Mar.	Jan.	Feb.	Mar.
<i>Producers' Goods</i>				
Pig iron.....	114	104	108	114
Steel ingots.....	112	99	111 <sup>r</sup>	112
Bituminous coal.....	102	120	130	133
Copper, U. S. mines.....	106	109	108	95
Tin deliveries.....	103	107	93	96
Zinc.....	98	102	98	98
Petroleum.....	109	127	130	...
Gas and fuel oil.....	105	112	108	
Cotton consumption.....	106	98	108	115
Woolen mill activity*	91	95	92	90 <sup>p</sup>
Cement.....	116	124	99	124
Lumber.....	110	83	92	
Leather, sole.....	69	71	84	87
Silk consumption*.....	111	129	114	130
<i>Consumers' Goods</i>				
Cattle slaughtered.....	116	99	106	111
Calves slaughtered.....	109	108	109	102
Sheep slaughtered.....	127	110	116	112
Hogs slaughtered.....	93	81	75	98
Sugar meltings, U. S. ports.....	100	106	92	108
Wheat flour.....	94	84	90	98
Cigars.....	110	100	99	107
Cigarettes.....	83	72	66	75
Tobacco, manufactured.....	111	110	107	107
Gasoline.....	137	160	157	...
Tires.....	117	131	131	
Newspaper.....	130	115	118	119
Paper, total.....	100	88	95	95
Boots and shoes.....	94	87 <sup>r</sup>	95	95 <sup>p</sup>
Anthracite coal.....	105	83	85	78
Automobile, all.....	138	109	118	118
Automobile, passenger.....	145	103	119	125
Automobile, truck.....	103	133	115 <sup>r</sup>	91

\*=Seasonal variation not allowed for. <sup>p</sup>=Preliminary. <sup>r</sup>=Revised.

## Building

Contracts awarded for building and engineering projects east of the Rockies during March, as reported by the F. W. Dodge Corporation, reached the largest volume on record. The total was nearly 4 per cent larger than for March a year ago and 57 per cent larger than in February. Residential building contracts continued smaller than a year previous, but commercial and educational construction and public works and utilities projects were larger.

For the first quarter of this year, contracts awarded were about 4½ per cent below the exceptionally large volume for the corresponding period of last year, but were 26 per cent larger than in the first quarter of 1925. As will be noted in the accompanying diagram, the decline from 1926 was due chiefly to smaller amounts of industrial and residential building. The New York district showed a large reduction from the first quarter of 1926, as did the southeastern district, which includes Florida. The Chicago and Philadelphia districts showed the largest increases.



## Department Store Trade

Retail trade in this district, as reported by leading department stores, was less than 1 per cent larger in March than a year previous. A considerable amount of Easter trade which was done in March last year no doubt was delayed until April this year. Three-fifths of all reporting stores had smaller sales in March than a year previous, and sales in most localities within the district either were below a year previous or showed smaller increases than in other recent months.

Sales in the first quarter of this year averaged about 2 per cent larger than a year ago. Apparel store reports showed an average increase of about 2 per cent in March, and the first quarter sales were about 5 per cent larger than in 1926. Mail order sales in March were slightly larger than a year previous, following decreases in January and February.

Stocks of merchandise remained smaller than a year ago, and the rate of stock turnover continued to be somewhat higher. Collections in March also compared favorably with those of a year ago. The collections of

reporting stores were 51 per cent of accounts outstanding at the beginning of the month, compared with 50 per cent in March 1926.

Locality	Percentage Change March 1927 from March 1926		Per cent of Charge Accounts Out- standing February 28 Collected in March	
	Net Sales	Stock on hand end of month	1927	1926
New York.....	+ 0.4	- 0.2	52.6	50.7
Buffalo.....	- 0.2	- 11.6	55.6	53.0
Rochester.....	- 0.7	+ 1.2	68.7	70.6
Syracuse.....	+ 3.4	- 19.7	.....	.....
Newark.....	+ 5.3	+ 1.2	48.0	48.4
Bridgeport.....	- 13.2	- 9.6	.....	.....
Elsewhere.....	- 19.5	+ 4.0	35.1	34.0
Northern New York State.....	.....	.....	.....	.....
Central New York State.....	.....	- 4.3	.....	.....
Southern New York State.....	.....	3.8	.....	.....
Hudson River Valley District.....	+ 2.6	.....	.....	.....
Capital District.....	- 3.6	.....	.....	.....
Westchester District.....	+ 2.0	.....	.....	.....
All department stores.....	+ 0.6	- 1.6	50.9	49.7
Apparel stores.....	+ 1.8	+ 3.1	42.7	41.6
Mail order houses.....	+ 1.4	.....	.....	.....

Sales classified by departments showed much the same tendencies as in February. The largest increases were in women's wear and hosiery and in smaller departments, such as books and stationery, and silverware and jewelry, while other important departments, including furniture and shoes, showed relatively small increases, and men's wear, yard goods, and musical instruments and radio showed substantial declines.

	Net Sales Percentage Change March 1927 from March 1926	Stock on Hand Percentage Change March 31, 1927 from March 31, 1926
Books and stationery.....	+ 17.7	- 2.8
Silverware and jewelry.....	+ 13.6	- 4.2
Women's and Misses' ready-to-wear.....	+ 11.2	+ 9.7
Hosiery.....	+ 9.6	+ 0.6
Home furnishings.....	+ 8.3	- 0.3
Toys and sporting goods.....	+ 7.4	- 2.4
Toilet articles and drugs.....	+ 6.3	- 3.6
Linens and handkerchiefs.....	+ 5.7	+ 4.3
Shoes.....	+ 3.2	+ 5.3
Luggage and other leather goods.....	+ 1.7	+ 3.0
Furniture.....	+ 1.2	+ 9.8
Men's furnishings.....	- 0.5	+ 1.2
Women's ready-to-wear accessories.....	- 3.8	- 1.0
Silk and velvets.....	- 4.6	- 10.3
Woolen goods.....	- 11.5	- 29.8
Men's and Boys' wear.....	- 12.0	+ 5.1
Cotton goods.....	- 12.8	- 7.3
Musical instruments and radio.....	- 39.6	- 17.7
Miscellaneous.....	- 2.9	- 11.5

## Wholesale Trade

Sales in a majority of lines of wholesale trade were substantially larger in March than in February, in accordance with the usual seasonal tendency, but the volume of business in dollars continued in most cases below that of a year ago, partly due to price declines. A weighted average of all reporting lines shows a decline of nearly 8 per cent from March 1926 sales.

Hardware sales were slightly larger than a year ago for the first time this year, and shoe sales continued above last year's volume. The decline in men's clothing sales was the smallest in six months, but women's cloth-

ing sales continued to be considerably smaller than a year previous. After allowance for the lower prices this year, quantity sales of cotton goods and silk goods were probably larger than in March 1926, although dollar sales remained somewhat smaller. Machine tool sales were considerably below the sales of a year ago, and diamond and jewelry sales continued much smaller.

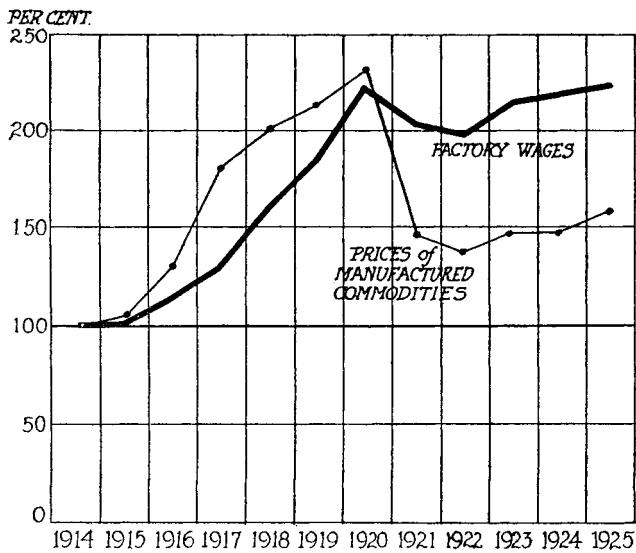
Stocks of silk goods and hardware were smaller than a year previous for the first time in several months, and cotton goods stocks continued smaller in value, though probably not in quantity. Stocks of groceries, shoes, drugs, and diamonds and jewelry were larger than at the end of March 1926.

Commodity	March 1927 from February 1927		Percentage Change March 1927 from March 1926			
	Net Sales	Stock end of month	Net Sales	Stock end of month	Collect- ions	Acct's Receiv- able
Groceries.....	+17.3	— 7.1	— 6.3	+ 6.1	— 4.5	— 2.0
Men's clothing.....	+11.9	.....	— 5.5	.....	— 7.9	+ 1.1
Women's dresses.....	+10.1	.....	— 13.9	.....	.....	.....
Women's coats and suits.....	+18.9	.....	— 23.0	.....	— 2.0	— 23.0
Cotton goods—Jobbers.....	+ 5.6	+ 5.4	— 2.5	— 7.4	— 2.5	— 8.1
Cotton goods—Com- mission.....	+25.9	.....	— 12.2	.....	— 7.9	— 2.5
Silk goods.....	+12.1	— 7.3*	— 3.1	— 2.0*	— 7.9	— 2.5
Shoes.....	+46.5	— 3.8	+ 4.4	+10.7	+ 0.4	+ 0.3
Drugs.....	+42.5	— 8.3	— 1.3	+11.7	+21.3	+25.8
Hardware.....	+29.2	— 2.2	+ 3.1	— 3.1	+ 8.4	— 3.6
Machine tools**.....	+ 6.1	.....	— 17.2	.....	.....	.....
Stationery.....	+ 2.3	.....	— 5.7	.....	+ 6.2	— 17.0
Paper.....	+20.7	.....	— 1.0	.....	.....	.....
Diamonds.....	—10.3	.....	— 28.5	.....	.....	.....
Jewelry.....	+14.1	+ 6.0	— 13.2	+ 9.3	— 12.8	— 2.5
Weighted Average.....	+18.2	.....	— 7.8	.....	— 2.2	— 3.0

\*=Quantity not value. Reported by the Silk Association of America.  
\*\*=Reported by the National Machine Tool Builders' Association.

## Increasing Use of Power in Factories

The summary report of the 1925 Census of Manufactures which was issued recently contained or suggested



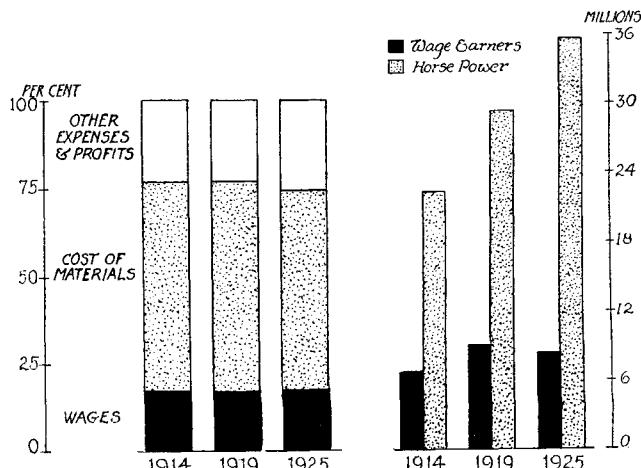
New York State Department of Labor Index of Per Capita Earnings of Factory Workers, Compared with U. S. Bureau of Labor Statistics Index of Manufactured Commodity Prices. (1914 = 100 per cent.)

a number of interesting facts indicating the progress that has been made in recent years toward more efficient employment of labor in the factories of the United States. Among these are the following:

1. The value of products manufactured was slightly larger in 1925 than in 1919, despite a decline of 20 to 25 per cent in commodity prices. This would indicate quantity output of factories about 30 per cent larger in 1925 than in 1919.
2. The average number of wage earners employed in 1925 was 7 per cent smaller than in 1919.
3. The proportion of the value of factory products taken by wage payments was no larger in 1925 than in 1919 or earlier census years, although annual per capita earnings of factory workers were 10 per cent larger in 1925 than in 1919.
4. Primary horsepower employed in factories in 1925 was 22 per cent larger than in 1919 and 60 per cent larger than in 1914.

The explanation of apparent contradictions between larger production and smaller working forces, and between high wages and reduced commodity prices without the absorption of an increased portion of the value of products by payroll expenditures, seems to lie very largely in the last item—the rapid increase in the use of power in factory production and an accompanying increase in per capita output.

More than 4 horsepower for each wage earner was used in 1925, as compared with about 3½ horsepower in 1919. This increase in the ratio of power to wage earners had been in progress for a long time, but it is only since 1919 that power has been used in sufficient quantity and so effectively that the increase in production necessary to meet the needs of a growing population with an increasing purchasing power has been maintained without increased working forces. The development of more efficient machinery and improved organization of factory processes undoubtedly have been very important supplements to the increase in quantity of power used.



Percentage of Total Value of Products of Factories Taken by Wages, Materials, and Other Expenses and Profits; also Number of Wage Earners and Amount of Primary Power Employed in Factories, 1914, 1919, and 1925.