

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

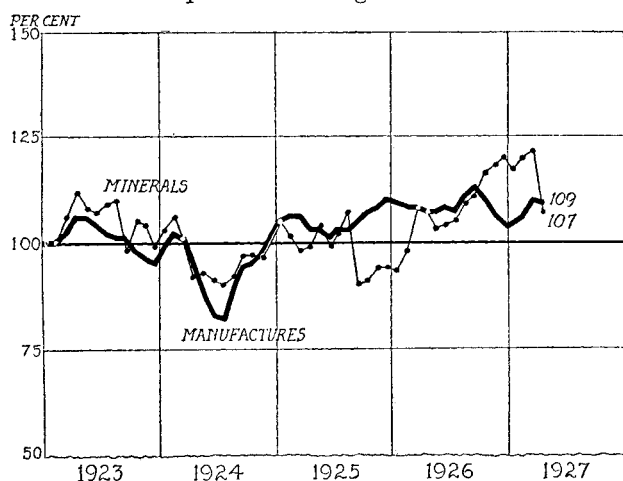
June 1, 1927

Business Conditions in the United States

INDUSTRIAL output declined in April reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased, and the level of prices showed a further slight decline.

PRODUCTION

Decreased output of industry in April, as compared with March, was due chiefly to the coal miners' strike, which caused a large decline in the production of bituminous coal. Among manufacturing industries, which as a whole were somewhat less active in April than during the previous month when allowance is made for usual seasonal changes, reductions were reported in the iron and steel and textile industries, as well as in meat packing and in the production of building materials. The manufacture of motor cars, though it showed the usual seasonal increase in April, continued at a lower level than a year ago. Petroleum production continued in record volume, notwithstanding large stocks and declining prices. Value of building contracts awarded declined slightly in April from the record high figure in March, but was larger than last year. The decline in building between March and April reflected reduced activity in the construction of commercial, industrial, and educational buildings, while contracts for residential and public buildings increased.



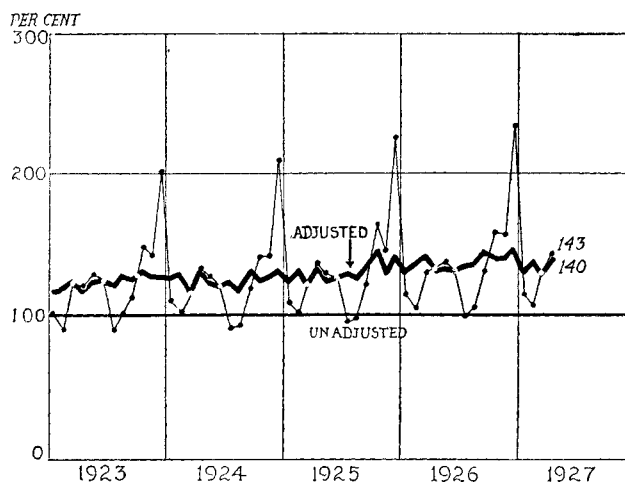
Index Numbers of Production of Manufactures and Minerals, Adjusted for Seasonal Variations. (1923-25 average=100 per cent).

On the basis of conditions on May 1, the Department of Agriculture forecasts a winter wheat crop of 594,000,000 bushels, or about 5 per cent less than in 1926. Continued wet cold weather over much of the corn belt and also in the spring wheat area has retarded the planting of spring crops.

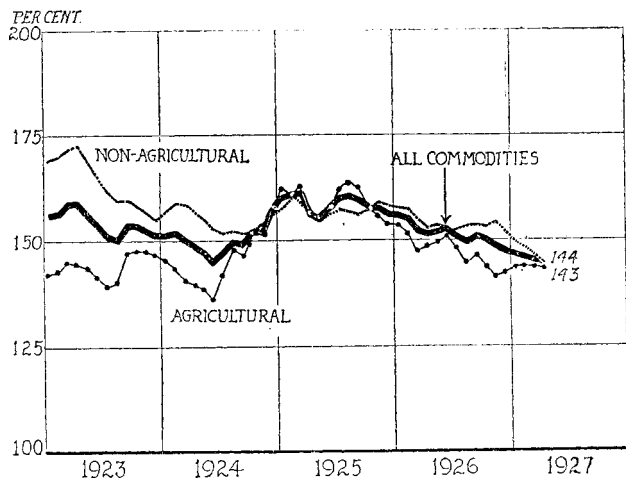
TRADE

Commodity distribution at retail was larger in April than at the same season of any previous year, owing in part to the lateness of the Easter holiday. Department store sales were approximately 7 per cent larger than in April of last year, and sales of mail order houses and chain stores were also in large volume. Wholesale trade showed about the usual decrease between March and April and continued smaller than in the corresponding month of last year. Inventories of merchandise carried by department stores were in about the same volume at the end of April as in March, while stocks of wholesale firms were smaller.

Railroad car loadings were larger in April than is usual at that season of the year, reflecting chiefly large shipments of iron ore, coke, grain, and grain products, but also increased movement of miscellaneous freight and of merchandise in less-than-carload-lots. Coal shipments were 27 per cent smaller in April than in the preceding month.



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



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

PRICES

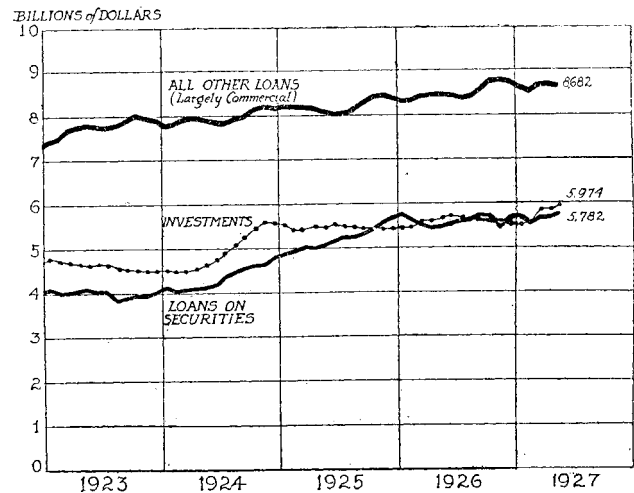
In April there was a further slight recession in the general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, but in the first three weeks of May price conditions were firmer. The decline in April reflected chiefly a decrease in the price of petroleum, lumber, and several of the non-ferrous metals. There was little change in the level of agricultural prices which have been fairly constant since the beginning of the year. During the first three weeks of May prices of grain, cotton, iron and steel, petroleum, lumber, and hides advanced, while those of livestock, coke, and non-ferrous metal declined.

BANK CREDIT

Volume of credit of weekly reporting member banks, as measured by their total loans and investments, increased by more than \$300,000,000 during the month ended May 18, and was on that date at the highest level on record. This growth represented for the most part an increase in the banks' holdings of investments and in the volume of their loans on stocks and bonds, while commercial loans showed relatively little change.

At the Reserve Banks there was a decrease during the month in total volume of credit outstanding, owing to the receipt of a considerable amount of gold from abroad, in addition to the purchase abroad by these banks of about \$60,000,000 of gold that is now held earmarked with a foreign correspondent. The banks' holdings of acceptances and of Government securities declined by about \$85,000,000, while discounts for member banks increased by about \$45,000,000, apparently in response to the increased reserve requirements arising from the growth in the member bank deposits.

Conditions in the money market were comparatively stable during the first three weeks of May and there were no changes in rates quoted on prime commercial paper and on acceptances.



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

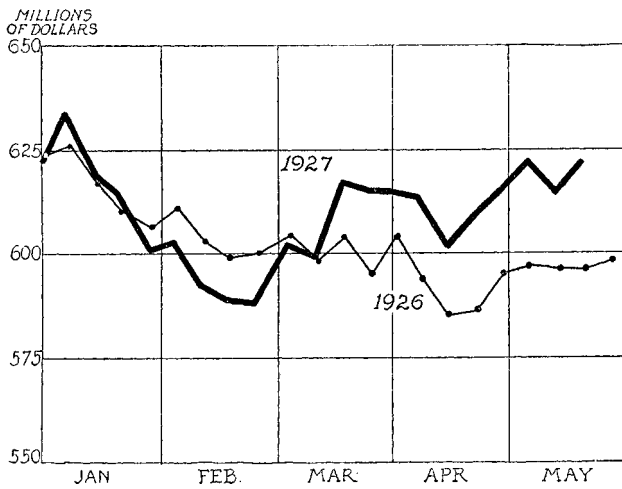
Money Market

Loans and investments of commercial banks increased in May to the highest level of the year. The largest element in this increase was an increase in investments of these banks during the four weeks ended May 18 to new high levels. Nearly 90 millions of the 165 million dollar increase for all reporting banks occurred in this district.

Loans to brokers and dealers in securities placed by New York City member banks increased over 50 millions to the highest level since the beginning of March 1926, accompanying the further rise in security prices. Total loans secured by stocks and bonds showed a corresponding increase, and for all reporting banks were 120 millions higher on May 18 than a month previous and 360 millions higher than a year ago, and in the New York district were 60 millions higher than a month ago and 105 millions higher than a year ago. Commercial loans also held at a high level during the month, both in this district and the country as a whole.

The accompanying rise in deposits resulted in an increase in the required reserves of member banks, which is shown in the diagram on the following page for 22 principal New York City banks. Reserve requirements of these banks have increased 35 million dollars from the low point of the year, and are 25 millions higher than a year ago whereas three months ago they were lower than last year.

This increase in reserve requirements has been an important factor in moderately firm money conditions in recent weeks. A renewed inflow of gold occurred in May, but was offset by reductions in the bill and security holdings of the Federal Reserve Banks. Other influences on the market included the purchase by the Reserve Banks of nearly \$60,000,000 of gold abroad and a sale of gold here to foreign account. As a consequence of these different factors money rates remained at approximately the same levels as in April, and were higher than in the corresponding month of any year since 1923. The



Required Reserves of 22 Leading New York City Banks.

Money Rates at New York

	May 28 1926	April 28 1927	May 27 1927
Call money.....	*4	*4	*4 1/2
Time money—90 day.....	4	4 3/8	4 3/8-4 1/2
Prime commercial paper.....	3 3/4-4	4-4 1/4	4-4 1/4
Bills—90 day unendorsed.....	3 3/8	3 3/8	3 3/8
Treasury certificates and notes			
Maturing June 15.....	2.70	3.46	3.15
Maturing September 15.....	3.14	3.51	3.23
Federal Reserve Bank of New York— rediscount rate.....	3 1/2	4	4
Federal Reserve Bank of New York— buying rate for 90 day bills.....	3 1/4	3 3/4	3 3/4

*=Prevailing rate for preceding week.

following table compares rates prevailing near the end of May with those of a month ago and a year ago.

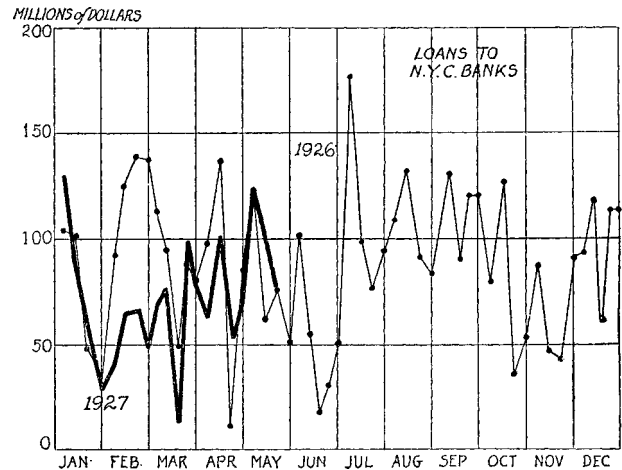
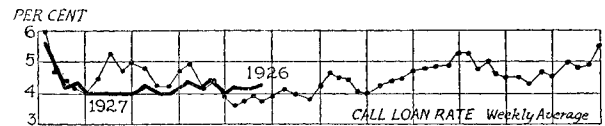
Borrowing from the Federal Reserve Bank in May was larger than in May last year as is shown in the accompanying diagram.

COMMERCIAL PAPER MARKET

The commercial paper market was rather quiet during the month due principally to a lack of demand from interior institutions. Notwithstanding this condition, rates on prime names were generally steady at 4-4 1/4 per cent. The demand for new loans in the open market was only moderate, and dealers' supplies of paper remained limited. The amount of commercial paper outstanding through 26 dealers at the end of April was \$599,000,000, a decrease of about 1 per cent during the month, and of nearly 10 per cent from a year ago.

BILL MARKET

The supply of bills continued moderately large in May and was enhanced by several substantial syndicate offerings covering the storage of commodities. Demand for bills was likewise moderately active, due chiefly to buying of 90 day maturities for foreign account. Investment buying by local banks was rather light and scattered. Dealers' portfolios during the most of the month remained near the high levels reached at the end of April. The rate for 90 day unindorsed bills was unchanged at 3 5/8 per cent on dealers' sales, and rates on other maturities were steady except for a decline in the 6 months offered rate to 3 3/4 per cent in the latter part of the month.



Federal Reserve Bank of New York Loans to New York City Reporting Member Banks and Average Call Loan Renewal Rates.

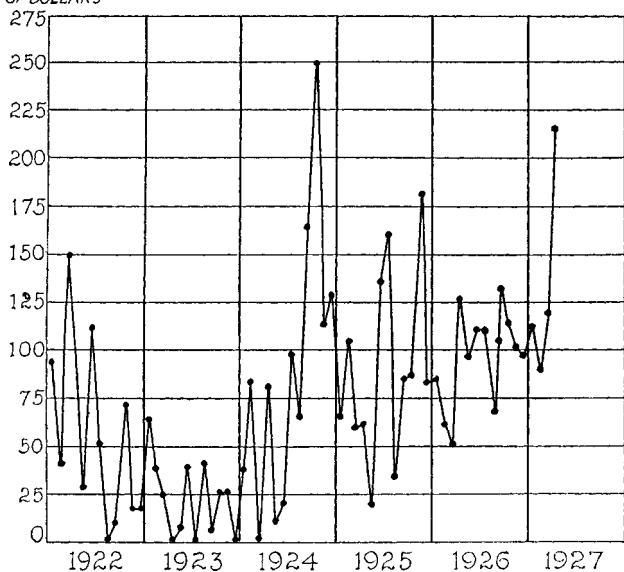
Security Markets

The advance in stock prices continued in May following a temporary reaction in the latter part of April. Industrial stock averages rose on the average to about 5 points above the previous high level and about 10 points above the highest level of 1926. Railroad shares also were strong, with representative price averages the highest in more than 20 years. Activity on the Exchange decreased slightly in May, but sales averaged nearly 2,000,000 shares a day.

In the bond market, further strength in corporation issues early in the month carried prices about 1/2 point higher and, notwithstanding a subsequent slight decline, representative averages remained higher than at any previous time since the early months of 1913. United States Treasury bond issues were strong. The Treasury 3 3/4's and 4's rose to new high points since issuance, but Liberty issues remained below the high levels of March. Foreign bonds, which showed a declining tendency in April, were firmer in May.

New security offerings during May were considerably larger in the aggregate than a year ago, and not far short of those of April, which, with the exception of February, were the heaviest for any month on record. The principal new issue of the month was the offering of \$60,000,000 of corporate stock and serial bonds of the City of New York. This issue was floated at an interest cost of 3.94 per cent, compared with 4.12 per cent for a similar issue in January, the most favorable terms on which the City has borrowed since 1909.

The amount of railroad financing about equaled that of February and included two large issues, one of \$50,000,000 by the Erie Railroad Company and the other of \$48,000,000 by the Chesapeake Corporation. Industrial and public utility offerings also included



Amount of Foreign Security Offerings in the United States,
Exclusive of Refunding Issues.

some very large issues, and were somewhat larger than in April. Flotations of foreign loans in this market, on the other hand, showed a decline in May from the large totals of recent months. As the accompanying diagram shows, the volume of foreign securities offered in this country during the first four months of this year was larger than in the corresponding period of any of the past five years.

The Foreign Exchanges

Sterling exchange, which had been as low as \$4.85½ in the third week of April, rose rapidly to \$4.85½ on May 4; and then dropped to \$4.85 on the 18th, a level low enough to move a small amount of gold to New York from London. From this point it rallied to above \$4.85½.

Throughout April, the German mark was quoted at about 23.70 cents; early in May it weakened, falling to 23.65 cents on the 10th, but rallied from this level to 23.69 cents. At its low, it was below the gold point on London, and gold movements from Germany to London were reported.

The Italian lira was strong. After crossing 5 cents in the middle of April, it touched 5.66 cents on the 25th, reacted to 5.09 on May 2, rose to 5.51 on the 9th, and steadied just under 5½ cents for the remainder of the month. Other European rates were quiet except for a small decline in pesetas, which at 17.50 cents in the middle of May, were off about one-half cent from the highest figure of April. Swedish crowns were somewhat heavy, but Swiss francs and Netherlands florins were firm. Fluctuations in French and Belgian francs were nominal.

Among the American rates, Canadian dollars were strong, being quoted at a premium throughout the month. Argentine pesos were steady slightly under parity, while Brazilian milreis scarcely fluctuated from the quotation of 11.84 cents.

In the Far East, the Indian rupee rose from 35.94 cents at the opening of the month to 36.13 cents on the 11th, a figure thereafter maintained. The yen, which, after its abrupt drop to 46.62 cents on the 21st of April, had recovered to 47.70 cents on the 30th, fell slowly to 46.18 cents on May 20, but steadied slightly above that figure. Bar silver continued firm, the range for May from 55.88 cents to 57.75 cents being almost the same as for April. The silver exchanges were similarly steady with narrow fluctuations.

Central Bank Rates

On May 12, the Bank of Poland reduced its discount rate from 8½ per cent to 8 per cent. For this institution, this is the third reduction this year, as the rate was reduced from 9½ per cent to 9 per cent on February 11, and from 9 per cent to 8½ per cent a month later.

Gold Movement

The inflow of gold was resumed in May, and preliminary reports indicated that the net excess of imports since January 1 has been close to \$120,000,000.

Receipts of gold during April totaled \$14,500,000, and included \$6,000,000 each from England and Japan. Exports were only \$2,600,000, of which \$1,200,000 went to Brazil, \$600,000 to Mexico, and \$500,000 to China.

During May the chief movement of gold at New York was the arrival of approximately \$24,000,000 from England. The receipt of an additional \$2,000,000 at San Francisco was reported, which brings the total receipts from Japan this year to \$20,000,000. Exports from the Port of New York were very small in May.

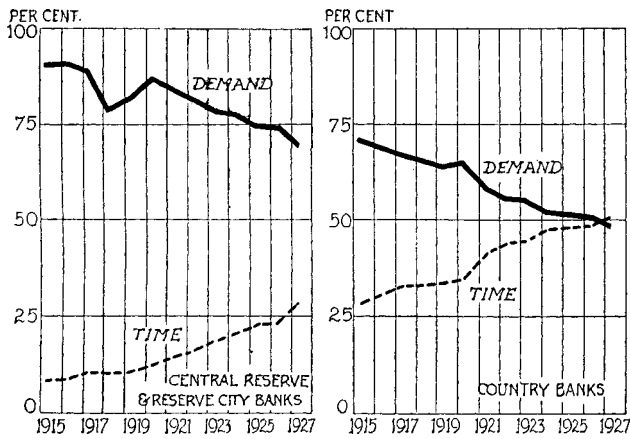
The following table summarizes the chief movements of gold in the first five months of the year.

(In thousands of dollars)

Source or Destination	January to April 1927		May 1 to 26	
	United States		New York District	
	Imports	Exports	Imports	Exports
Canada	45,274	3,224	.....	.....
England	13,317	6	26,051	.....
France	21,000	.....	.....	.....
Germany .....	.....	13,787	.....	46
Mexico	2,170	2,323	.....	460
Chile	3,644	.....	13	.....
China & Hong Kong	647	1,891	.....	.....
Japan	18,000	.....	.....	.....
Australia	4,874	.....	.....	.....
British Malaya .....	.....	1,377	.....	150
All other	3,614	2,912	365	67
Total	112,540	25,520	26,429	723

Time and Demand Deposits

The results of the Comptroller of the Currency's call for statements of the condition of National banks on March 23 indicate that the tendency for time deposits to increase much more rapidly than demand deposits has continued during the past year. Demand deposits were slightly smaller than on April 12, 1926, but time deposits increased 14 per cent during the year.



Percentage of Time Deposits and Demand Deposits to Total Deposits in National Banks (Exclusive of Deposits of Correspondent Banks).

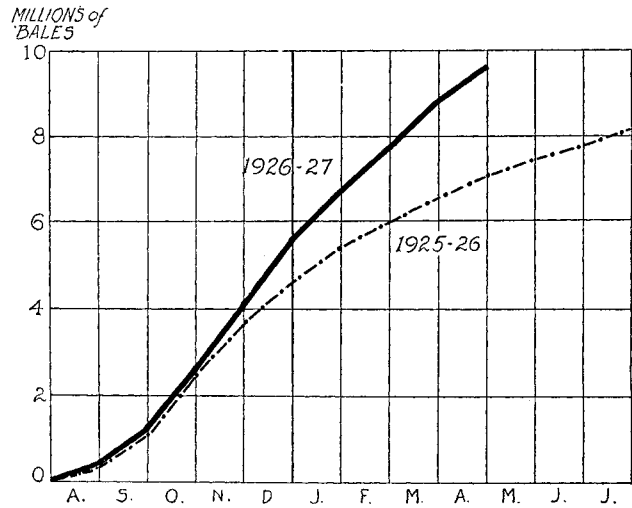
As the accompanying diagram shows, time deposits constituted more than half of the total deposits of country banks for the first time on a call date. The increase in time deposits during the year was much more rapid in central reserve and reserve cities, however, amounting to 34 per cent, as compared with 5 per cent in country banks. Since 1915, time deposits have increased from 28 per cent to 51 per cent of the total deposits of country banks, and from 8½ to 28 per cent of the total deposits of central reserve and reserve cities, while the proportion of demand deposits has been correspondingly reduced.

Foreign Trade

Exports of merchandise, valued at \$415,000,000, were slightly larger than in March and \$27,000,000 above a year ago, and were the largest in any April since 1920. Imports valued at \$378,000,000 were about the same as in March, and \$20,000,000 less than in April 1926.

Quantity receipts of both crude rubber and raw silk were considerably larger than in March and nearly 50 per cent larger than a year ago. Rubber imports, according to available data, were the largest ever recorded for a single month, but as prices were about 30 per cent less than a year ago, the total value was not much larger than in April 1926.

The increase in value of exports of grain and raw cotton accounts for the gain over April 1926 in total exports. Shipments abroad of grains, valued at \$34,000,000, were approximately double the value of shipments a year ago and were \$13,000,000 more than in the previous month, contrary to the usual seasonal tendency. Cotton exports showed the usual decline from March, but were the largest in volume in any April in the past twenty-five years. The accompanying diagram of cumulated cotton exports for the crop year 1925-1926 and thus far in 1926-1927 indicates the large increase in export demand for cotton that has followed the low prices of the past year. Of last year's cotton crop 54 per cent was exported between August 1 and April 30, whereas in the corresponding period of 1925-1926 only 44 per cent of the smaller 1925 crop was exported.

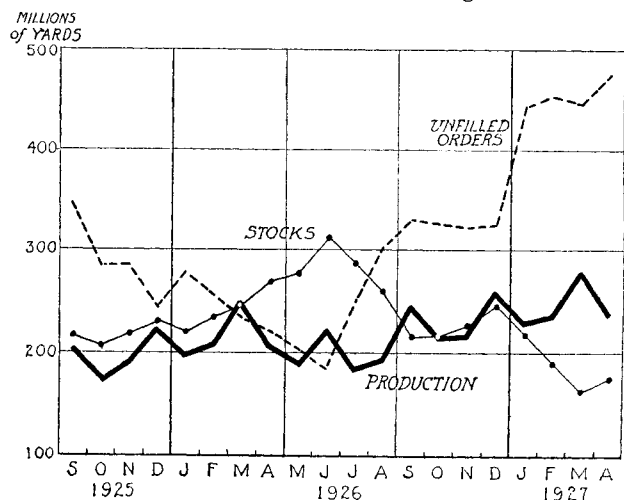


Cumulative Cotton Exports in 1925-26 and 1926-27 Crop Years.

Production

A high level of productive activity was maintained in April, although in some lines there was a slight reduction from the March level, even after allowance for the usual seasonal change. Anthracite coal production increased substantially, and a further increase occurred in the first half of May, so that the output was higher than a year previous for the first time since February. Motor vehicle output in April showed less than the usual seasonal expansion over March, but has been well maintained in May, according to the indication of employment data, whereas last year a steady decline occurred from March to June. Activity in the iron and steel industries was well maintained in April, and trade reports indicate slight curtailment in May.

Textile mill activity showed some reduction in April, but operations in the cotton goods and silk goods industries continued fairly high. The accompanying diagram, based on reports issued by the Association of Cotton Textile Merchants of New York, indicates that the volume of business in cotton goods has so in-



Mill Production, Unfilled Orders, and Stocks of Cotton Goods, Reported by the Association of Cotton Textile Merchants of New York.

creased following last year's drop in raw cotton prices, that despite moderately high levels of production, mill stocks of goods have been reduced to small proportions and unfilled orders have increased from less than one month's production last summer to over two months' output at the end of April. Current reports indicate a continued high level of production and new business in May, although the sharp advance in raw cotton is reported to have unsettled the market somewhat at the end of the month.

This bank's production indexes in which allowance has been made for seasonal change and year-to-year growth, are shown below.

(Compound trend of past years=100 per cent)

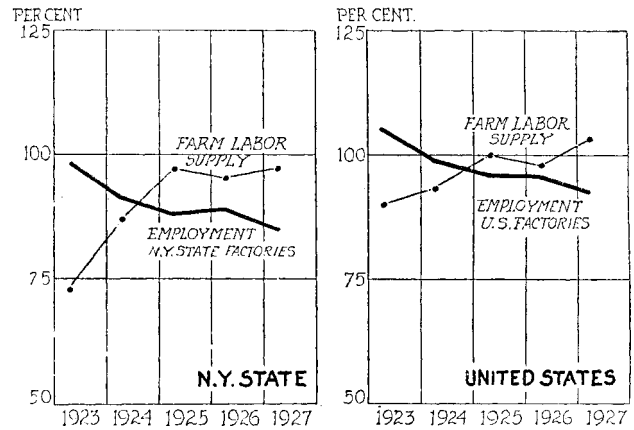
	1926		1927	
	Apr.	Feb.	Mar.	Apr.
Producers' Goods				
Pig iron.....	117	108	114	115
Steel ingots.....	113	111	112	111
Bituminous coal.....	109	130	133	94
Copper, U. S. mines.....	107	108	96 ^r	101
Tin deliveries.....	114 ^r	94 ^r	97 ^r	104
Zinc.....	101	98	98	94
Petroleum.....	105 ^r	125 ^r	120 ^r	...
Gas and fuel oil.....	101	108	106	...
Cotton consumption.....	100	108	115	106
Woolen mill activity*.....	86	92	91	86 ^p
Cement.....	112	99	124	122
Lumber.....	111	92	85	...
Leather, sole.....	67	84	88 ^r	84
Silk consumption*.....	105	114	130	126
Consumers' Goods				
Cattle slaughtered.....	116	106	111	111
Calves slaughtered.....	93	109	102	86
Sheep slaughtered.....	113	116	112	109
Hogs slaughtered.....	92	75	98	96
Sugar meltings, U. S. ports.....	93	92	108	...
Wheat flour.....	97	90	98	105
Cigars.....	105	99	107	98
Cigarettes.....	81	66	75	78
Tobacco, manufactured.....	107	107	107	103
Gasoline.....	139	157	157	...
Tires.....	124	131	130	...
Newsprint.....	129	118	119	116
Paper, total.....	99	95	95	...
Boots and shoes.....	90	96 ^r	96	92 ^p
Anthracite coal.....	108	85	73	93
Automobile, all.....	129	118	118	112
Automobile, passenger.....	133	119	125	118
Automobile, truck.....	110	115	91	86

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

Employment

Employment reports for April from both State and Federal Labor departments indicated some reduction in factory activity from the March level, especially in seasonal lines such as apparel and shoes. The principal increases during the month were in the production of building materials. The automobile industry showed some further increase, but working forces in most of the other metal industries were reduced.

In view of the drift in population from the farms to the cities, which has been reported in recent years, it is interesting to note the tendencies of factory employment and farm labor supply that are shown in the accompanying diagram. Factory output has been maintained with gradually diminishing working forces during recent years, and labor has been released for other industries. Accompanying this decline in factory employment, the supply of farm labor has increased, and on April 1 was slightly in excess of the demand in the



Employment in Factories and Farm Labor Supply in New York State and in the United States. (Factory Employment, 1919=100 per cent; Farm Labor Supply in Per Cent of Demand, as Reported by U. S. Department of Agriculture).

country as a whole for the first time on that date in the last five years.

This increase in the supply of farm labor has occurred without the inducement of high wages—farm wages have increased less than factory wages in recent years. Additional evidence of reduced opportunities for securing industrial employment appears in labor turnover records; the "voluntary quit rate" for April, computed by the Metropolitan Life Insurance Company, was the lowest for that month since 1921, which indicates that factory workers are in general finding it difficult to better themselves and are holding closely to their present employment.

Building

The volume of building contracts awarded in April continued large, according to the F. W. Dodge Corporation reports for 37 states east of the Rockies. The total was 6 per cent larger than for April 1926 and only 3 per cent below the record volume of March of this year. For the first four months of this year, building contract awards have been less than 1 per cent below the total for the same period of last year. Residential building increased in April and was slightly larger than a year ago for the first time since June 1926 and public works and utility projects showed a large increase over a year ago, but contracts for commercial, industrial, and educational buildings were smaller than in the previous month or April of last year.

The New York district continued to show a decrease from a year ago, due chiefly to smaller awards for residential and commercial buildings. The Southeastern district was considerably below last year's level, but large increases in activity were reported in the Philadelphia, Pittsburgh, and Chicago districts.

Indexes of Business Activity

This bank's indexes of business activity generally reflect a large volume of trade in April. Bank debits outside New York City were approximately the largest in recent years after allowance for seasonal variation, year-to-year growth, and price changes, and debits in New York City remained high. Retail trade was larger

than last year even after adjustment of the figures to make allowance for the late Easter. Car loadings of the bulk commodities were affected to some extent by the bituminous coal strike, but total freight car loadings were the largest ever reported for the month of April.

In the following table are given April indexes of business activity in per cent of trend with allowance for seasonal variations, and, where necessary, for price changes.

(Computed trend of past years=100 per cent)

	1926		1927	
	Apr.	Feb.	Mar.	Apr.
Primary Distribution				
Car loadings, merchandise and misc.....	108	110	108	109
Car loadings, other.....	111	107	106	107
Exports.....	94	94	98	104 ^p
Imports.....	129	105	117	127 ^p
Grain exports.....	75	57	71	135
Panama Canal traffic.....	97 ^r	94 ^r	97 ^r	96
Distribution to Consumer				
Department store sales, 2nd Dist.....	89	105	98	81
Chain store sales.....	98 ^r	106 ^r	102 ^r	103
Mail order sales.....	99 ^r	99 ^r	99 ^r	102
Life insurance paid for.....	112 ^r	110 ^r	119 ^r	114
Real estate transfers.....	107 ^r	102 ^r	100 ^r	96
Magazine advertising.....	100	102	97	98
Newspaper advertising.....	105 ^r	103 ^r	98 ^r	101
General Business Activity				
Bank debits, outside of N. Y. City.....	115	116	115	119
Bank debits, New York City.....	130	134	141	137
Bank debits, 2nd Dist. excl. N. Y. City.....	105	105	109	109
Velocity of bank deposits, outside N. Y. City.....	105	108	106	107
Velocity of bank deposits, N. Y. City.....	124	134	135	134
Shares sold on N. Y. Stock Exchange*.....	144	204	227	229
Postal receipts.....	101 ^r	98 ^r	97 ^r	97
Electric power.....	111	113	117	...
Employment in the United States.....	103	100	100	100
Business failures.....	121	107	119	121
Building permits.....	147	153	130	129
New corporations formed in N. Y. State.....	112	116	120	114
General price level.....	186	184	184	183

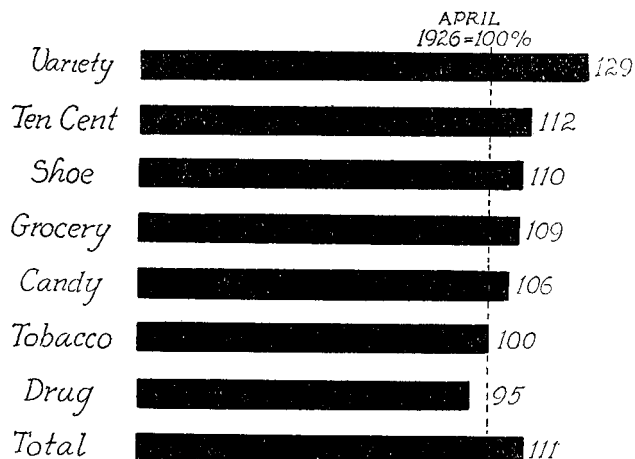
*=Seasonal variation not allowed for p=Preliminary r=Revised

Chain Store Sales

Total sales of reporting chain store systems showed an unusually large increase over a year previous in April. Sales of variety stores were nearly 50 per cent larger than in April 1926, and the increases in grocery, ten cent store, shoe, and candy chains were larger than in other recent months.

Type of Store	Percentage Change April 1927 from April 1926		
	Number of Stores	Total Sales	Sales Per Store
Grocery.....	+ 8.4	+18.6	+ 9.3
Ten cent.....	+ 8.3	+21.0	+11.7
Drug.....	+22.5	+15.8	- 5.5
Tobacco.....	+ 3.8	+ 4.4	+ 0.4
Shoe.....	+10.7	+21.6	+ 9.9
Variety.....	+15.8	+49.0	+28.7
Candy.....	+ 2.2	+ 8.5	+ 6.2
Total.....	+ 8.3	+20.4	+11.2

Average sales per store showed the largest increase for any month in at least three years. A considerable part of the increase was probably due to Easter trade, but some of the increase reflected the less rapid expansion in the number of stores operated in several lines during the past year than in the preceding year.



April 1927 Average Sales Per Store in Leading Chain Store Systems Compared with April 1926.

Wholesale Trade

Sales of reporting wholesale dealers in this district in April continued to average less than a year ago, but the decrease was the smallest since last June. Smaller sales in value, though perhaps not in quantity in all cases, continued to be reported in groceries, men's clothing, women's coats and suits, silk goods, drugs, machine tools, stationery, paper, and jewelry, but substantial increases were reported in dresses, shoes, and diamonds. Commission house sales of cotton goods were also slightly larger than a year ago, notwithstanding the decline in prices during the year, and hardware sales were practically the same as a year ago.

Commodity	Percentage Change April 1927 from March 1927		Percentage Change April 1927 from April 1926		Per cent of Accounts Outstanding March 31 Collected in April	
	Net Sales	Stock end of Month	Net Sales	Stock end of Month	1927	1926
Groceries.....	- 6.0	- 9.0	- 3.7	- 6.4	79.8	82.3
Men's clothing.....	-38.4	.....	- 6.5	.....	36.7	39.4
Women's dresses.....	- 9.7	.....	+16.7	.....	.....	.....
Women's coats and suits.....	-52.4	.....	-14.9	.....	68.7	65.4
Cotton goods—Jobbers.....	-13.4	+ 8.4	- 4.7	+ 1.6	35.9	35.6
Cotton goods—Commission.....	-22.5	.....	+ 2.1	.....	.....	.....
Silk goods.....	-31.6	+ 0.7*	- 6.6	- 1.7*	46.9	48.5
Shoes.....	- 7.3	- 5.6	+16.4	+17.3	49.3	44.9
Drugs.....	-10.3	-14.4	- 3.3	-14.9	44.0	50.1
Hardware.....	+ 2.8	- 3.4	- 0.4	- 4.0	47.2	41.4
Machine tools**.....	-16.8	.....	- 5.7	.....	.....	.....
Stationery.....	- 9.6	.....	-10.6	.....	77.8	67.6
Paper.....	- 3.6	.....	- 1.7	.....	71.9	69.5
Diamonds.....	+12.1	+ 0.7	+ 8.7	+ 4.9	29.4	27.2
Jewelry.....	- 4.8	.....	- 1.7	.....	.....	.....
Weighted Average.....	-18.4	.....	- 1.4	.....	55.7	55.7

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

Department Store Trade

Sales of leading department stores in this district in April showed the largest increase over a year previous since last August, due largely to the fact that a larger part of the Easter trade came in April this year. In-

creases in the first quarter were comparatively small, but the large April sales brought the total for the first four months of the year about 3½ per cent above that for the corresponding period last year.

Apparel stores also reported a substantial increase in April, and mail order sales compared more favorably with those of a year previous than in any month since last November.

Stocks of merchandise on hand in department stores were smaller than in April 1926, so that the rate of stock turnover was considerably higher. For the first four months of this year the ratio of sales to average stocks carried was about 4 per cent higher than in the corresponding period last year. The ratio of collections to accounts outstanding at the beginning of the month was slightly higher than a year ago for the second consecutive month, whereas in each month of the preceding year the ratio of collections had been running lower than a year previous.

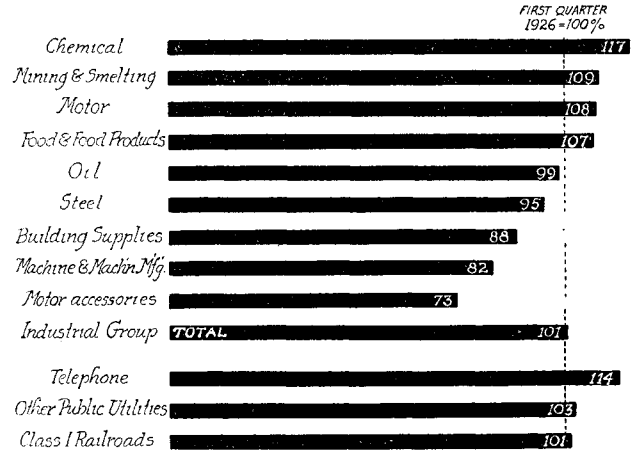
Locality	Percentage Change April 1927 from April 1926		Per cent of Charge Accounts Outstanding March 31 Collected in April	
	Net Sales	Stock on hand end of month	1927	1926
New York	+ 6.7	- 0.1	52.9	51.0
Buffalo	+ 0.9	-10.6	54.0	47.6
Rochester	+ 3.6	+ 1.1	55.7	59.8
Syracuse	+ 7.7	-19.5		
Newark	+17.2	+ 3.3	47.6	47.2
Bridgeport	+ 7.6	- 9.4		
Elsewhere	+ 8.1	- 3.7	35.0	35.5
Northern New York State	+21.6			
Central New York State	+ 6.6			
Southern New York State	+ 8.0			
Hudson River Valley Dist.	- 5.0			
Capital District	+11.6			
Westchester District	+19.1			
All department stores	+ 7.7	- 1.6	50.1	48.7
Apparel stores	+ 7.0	+ 5.9	44.5	41.0
Mail order houses	+ 5.0			

The apparel and shoe departments accounted for most of the increase in sales, reflecting Easter business in the first half of the month, and an earlier spring than last year. Sales of furniture and of home furnishings and supplies showed relatively small increases, and textile sales continued smaller than a year ago.

	Net Sales Percentage Change April 1927 from April 1926	Stock on Hand Percentage Change April 30, 1927 from April 30, 1926
Men's and Boys' wear	+26.1	- 0.5
Books and stationery	+23.1	+ 0.4
Shoes	+20.6	+ 6.0
Silverware and jewelry	+18.6	- 2.4
Toys and sporting goods	+17.8	+ 1.9
Men's furnishings	+15.7	+ 6.9
Hosiery	+15.7	+10.8
Women's and Misses' ready-to-wear	+14.7	+ 8.6
Luggage and other leather goods	+13.3	+ 1.4
Women's ready-to-wear accessories	+ 7.4	- 4.1
Home furnishings	+ 4.4	+ 0.6
Toilet articles and drugs	+ 2.8	- 0.5
Furniture	+ 1.7	+ 4.9
Linens and handkerchiefs	+ 0.8	+ 4.7
Musical instruments and radio	+ 0.7	-16.1
Woolen goods	+ 0.4	-18.8
Silks and velvets	- 3.6	- 7.7
Cotton goods	-10.7	- 4.0
Miscellaneous	- 1.4	- 3.0

Business Profits

Earnings reports of 164 manufacturing and mercantile companies showed net profits for the first quarter of this year about 1 per cent larger than in the corresponding months of 1926, which was a period of exceptionally large profits. These same concerns in the first quarter of 1926 reported an increase of 25 per cent over 1925. There was, however, much irregularity of earnings as between different kinds of industries, probably reflecting the downward tendency in prices of industrial products while labor and other costs remain at high levels.



Profits of Industrial and Public Utility Corporations and Earnings of Class I Railroads, First quarter of 1927 Compared with 1926.

The largest percentage gains over 1926 were made by the chemical, and mining and smelting companies, and corporations engaged in the production of food and food products. The motor group's earnings as a whole were ahead of last year, but, if the General Motors Corporation were excluded, profits in the motor industry would be smaller than a year previous, as were total profits for the year 1926. As the accompanying diagram shows, other groups of industrial corporations generally reported a smaller net return than in 1926.

(Net Profits in thousands of dollars)

	No. of Corporations	1925	1926	1927
		First Quarter	First Quarter	First Quarter
Motor	17	48,247	71,979	77,604
Motor Accessories	8	6,146	6,625	4,807
Oil	24	30,425	29,993	29,541
Steel	16	34,963	43,597	41,322
Food and Food Products	20	16,358	20,921	22,434
Machine and Machine Mfg.	15	7,433	8,106	6,635
Mining and Smelting	19	10,282	12,777	13,899
Leather	4	942	190	733
Chemical	7	7,119	9,682	11,276
Building Supplies	8	4,196	4,191	3,675
Miscellaneous	26	14,484	18,027	16,054
Total 11 groups	164	180,595	226,088	227,980
Telephone	70	44,400	50,500	57,500*
Other Public Utilities	15	26,798	29,327	30,054
Total Public Utilities	85	71,198	79,827	87,554*
Class I Railroads	184	203,000	224,000	227,000

*Partly estimated.