

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

August 1, 1927

Business Conditions in the United States

THE output of industry declined substantially in June to a level close to that of a year ago, reflecting reduced activity both in mines and in factories. The value of building contracts awarded was the largest for any month on record. The general level of prices remained practically unchanged.

PRODUCTION

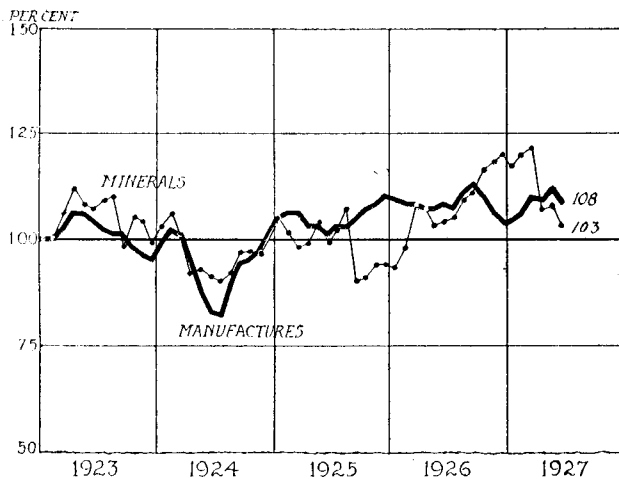
Production of iron and steel and automobiles declined considerably in June and curtailment in these industries continued during the early part of July. There were also decreases in June in silk deliveries, sugar refining, and production of lumber, copper, and anthracite coal. Cotton and woolen mills continued active for this season of the year, and consumption of raw cotton was larger than in any previous June on record. Meat packing, shoe production, and the manufacture of building materials showed increases. Production of manufactures, as a group, was slightly larger in June than in the same month of 1926, but output of minerals, owing largely to decreased production of coal, was in smaller volume than a year ago. The value of building contracts awarded in June was larger than in any previous month on record, owing chiefly to the steady increase within recent months of contracts for public works and public utilities. Awards were particularly large, as compared with previous months of this year and with June of last

year, in the New York and Chicago Federal Reserve Districts. Contracts were awarded during the first half of July in practically the same volume as in the corresponding period of last year.

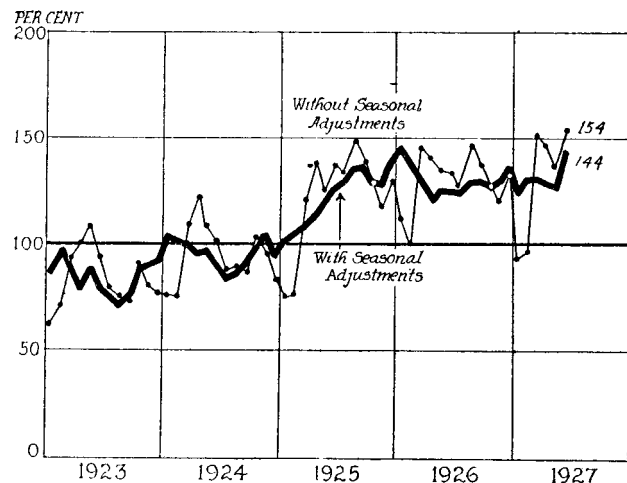
On the basis of conditions on July 1 forecasts of the Department of Agriculture indicate increases as compared with the 1926 harvested production in the output of wheat, oats, barley, rye, hay, and potatoes, and decreases in corn, tobacco, and the principal fruit crops. Cotton for which no production estimate was given, shows a decrease of 12 per cent in acreage planted, while the total area planted to all crops shows a reduction of 2 per cent. A reduction of 371,000,000 bushels in the estimated production of corn, compared with 1926, indicates the smallest crop since 1901.

TRADE

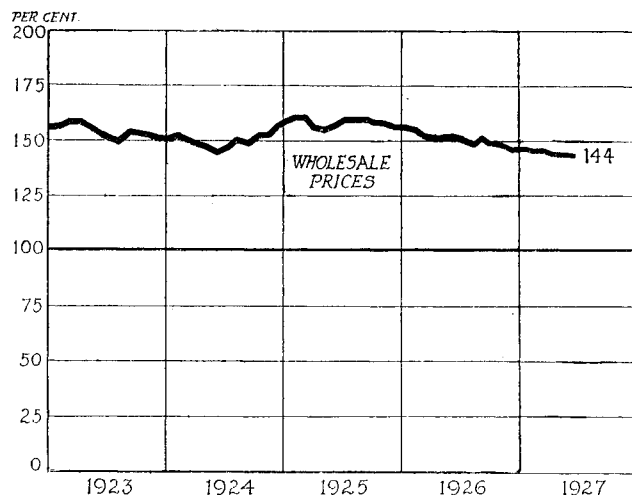
Wholesale trade in most leading lines increased slightly between May and June, while retail trade showed less than the customary seasonal decline. Sales of department stores were in about the same volume as a year ago while those of mail order houses and chain stores were larger. Sales of meat, dry goods, and hardware at wholesale were smaller than in June of last year, while sales of groceries, shoes, and drugs were about the same in volume. Inventories of department stores declined further to a level about 3 per cent below that of June 1926.



Index Numbers of Production of Manufactures and Minerals, Adjusted for Seasonal Variations. (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.)

Stocks carried by wholesale firms showed no change for the month and were smaller than a year ago. Daily average freight-car loadings failed to show the customary seasonal increase between May and June and were in smaller volume from early in May to the middle of July than during the corresponding period of last year.

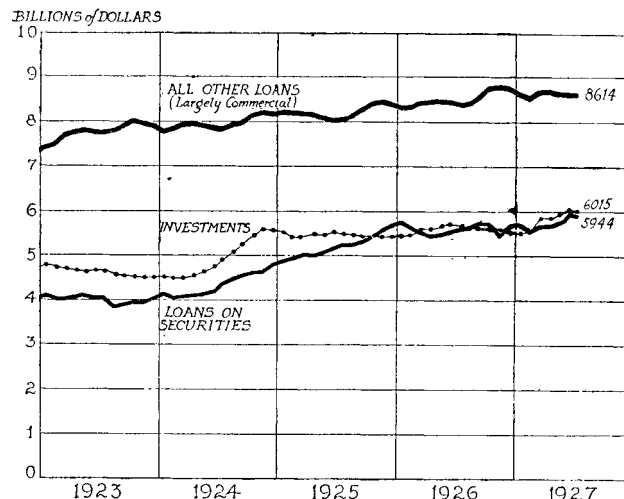
PRICES

The general level of wholesale commodity prices, according to the Bureau of Labor Statistics index, continued practically the same in June as in the two preceding months. The prices of agricultural commodities as a group declined slightly while the average for the non-agricultural group remained practically unchanged. There were declines between May and June in the prices of silk, iron and steel, nonferrous metals, building materials, and rubber and advances in grains, cotton, hides and skins, and anthracite coal. During the first three weeks of July prices of wheat, bituminous coal, iron and steel, and rubber declined while those of livestock, cotton, wool, copper, and hides advanced.

BANK CREDIT

The demand for member bank credit decreased from the latter part of June to the middle of July and on July 20 the loans and investments of member banks in leading cities were more than \$200,000,000 lower than a month before. The decline was principally in the banks' investment holdings and in loans secured by stocks and bonds. Loans for commercial, agricultural, and industrial purposes decreased by about \$45,000,000.

Demand for Reserve Bank credit in connection with settlements at the end of the fiscal year and increased currency requirements over the holiday period carried total discounts for member banks on July 6 to the highest level since the first of the year. Thereafter, largely in consequence of the return flow of currency from circulation, there was a decreased demand for member bank accommodation and on July 20 total discounts were in somewhat smaller volume than four weeks earlier. Holdings of United States securities showed a slight increase during July.



Monthly Averages of Weekly Figures for Member Banks in 101 Leading Cities. (Latest figures are averages for three weekly report dates in July.)

Money Market

The usual tightening of the money market over the period of mid-year financial settlements and holiday currency requirements resulted in a temporary advance in money rates at the end of June to the highest levels since the beginning of January. Following the holiday, however, there was a large return flow of currency from circulation, some decrease in credit demands, and substantial transfers of funds to New York. As a consequence the borrowing of member banks at the Reserve Bank decreased and money rates declined in the third week of July to approximately the lowest levels of the year.

Stock Exchange call money declined on July 21 to $3\frac{1}{2}$ per cent, equalling the previous low point of March 16, acceptance rates by a decline of about $\frac{1}{2}$ of one per cent reached the lowest levels in more than a year, and time money was as low as at any previous time this year. The prevailing rate on commercial paper declined near the end of the month to $4-4\frac{1}{4}$ per cent. Money rates near the end of July are compared in the following table with those of a month previous and a year ago.

Money Rates at New York

	July 29 1926	June 29 1927	July 29 1927
Call money	*4	*4-5	*3 $\frac{3}{4}$
Time money—90 day	4 $\frac{1}{2}$	4 $\frac{3}{8}$	4 $\frac{3}{8}$
Prime commercial paper	4-4 $\frac{1}{4}$	4 $\frac{1}{2}$	4-4 $\frac{1}{2}$
Bills—90 day unendorsed	3 $\frac{3}{8}$	3 $\frac{5}{8}$ -3 $\frac{3}{4}$	3 $\frac{1}{8}$ -3 $\frac{1}{4}$
Treasury certificates and notes			
Maturing December 15	3.15	3.18	2.78
Maturing March 15	3.42	3.24	3.19
Federal Reserve Bank of New York— rediscount rate	3 $\frac{1}{2}$	4	4
Federal Reserve Bank of New York— buying rate for 90 day bills	3 $\frac{1}{4}$	3 $\frac{3}{4}$	3 $\frac{1}{2}$

*=Prevailing rate for preceding week.

A reduction in the amount of currency in circulation was an important factor in the low money rates of July. Factory employment throughout the country has been running between 2 and 3 per cent smaller than a year ago, and retail prices are somewhat lower; consequently,

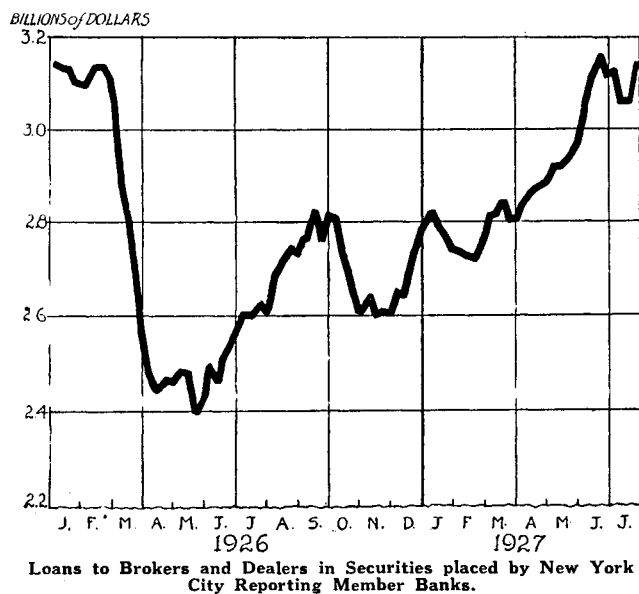
the amount of currency needed for payrolls and for retail trade has been smaller than last year. A temporary increase of more than 100 million dollars in currency circulation was required for the month-end and holiday, but by the third week of July this additional currency had been largely retired, and the amount remaining in circulation was at least 100 millions less than a year ago, a decrease corresponding closely to a reduction in member bank borrowings from the Federal Reserve Banks.

A reduction in the loans and investments of commercial banks was also a factor in the lower money rates of July, as it involved not only a reduction in the demand for credit, but also a moderate decline in bank reserve requirements. The principal reduction in member bank credit was in the security loans of banks in this district, although moderate declines in investments and in commercial loans also occurred during the first three weeks of July. The following tabulation summarizes changes in the loans and investments and deposits of reporting member banks in New York City and in other cities throughout the country.

(Change in millions of dollars)

	June 29, 1927, to July 20, 1927		July 21, 1926, to July 20, 1927	
	New York City Banks	Banks in Other Cities	New York City Banks	Banks in Other Cities
Loans on stocks and bonds.....	-132	- 3	+ 3	+326
Commercial loans.....	- 13	- 77	+282	-101
Investments.....	- 32	- 32	+ 44	+278
Demand deposits.....	-189	+ 48	+229	+ 90
Time deposits.....	- 23	- 1	+135	+364

While complete reports for all reporting banks throughout the country for the week ended July 27 are not yet available, reports from New York City banks indicate some extension of credit, especially in security loans. Brokers loans placed by New York City reporting



banks for their own account increased more than 65 millions in the week ended July 27, following a decline of nearly 125 millions in the preceding two weeks, and, as loans placed for correspondent banks and others showed an increase of about 75 millions during the three weeks, the total of these loans to brokers reached a level on July 27 nearly 540 millions or 21 per cent higher than a year ago, and the highest with one exception since the records were started in January 1926.

Commercial loans were reduced 90 million dollars in the first three weeks of July, chiefly in other Federal Reserve Districts, and were smaller on July 20 than at any time since February. The low level of commercial loans in July is seasonal, however, and is usually followed by a substantial increase in August.

BILL MARKET

The supply of bills coming into the market in July was light as the result of seasonal influences, and at the same time an active investment demand for bills developed. The net result of these conditions was a depletion of dealers' portfolios to the smallest amount since last September, and in order to attract more bills into the market, dealers made several reductions in the rates for the various maturities of bills. The ninety day maturity which was offered by dealers at a range of 3 5/8-3 3/4 per cent at the opening of the month, was reduced to 3 5/8 per cent shortly afterwards, but as the demand continued to increase, subsequent reductions brought the offering rates down to 3 1/8-3 1/4 per cent toward the close of the period, the lowest level since May 1926.

COMMERCIAL PAPER MARKET

Commercial paper dealers reported only a fair bank demand for paper, chiefly from interior institutions, during most of July, and a prevailing rate for prime names of 4 1/4 per cent. Toward the end of the month, however, the demand not only from the interior, but also from New York City banks, became considerably more active and a large proportion of the sales was made at 4 per cent. Open market borrowers continued to make limited requests for new loans and supplies of paper remained small. At the end of June, reporting dealers had outstanding \$579,000,000 of paper, an amount slightly smaller than a month earlier and 11 per cent below the outstandings of June 30, 1926.

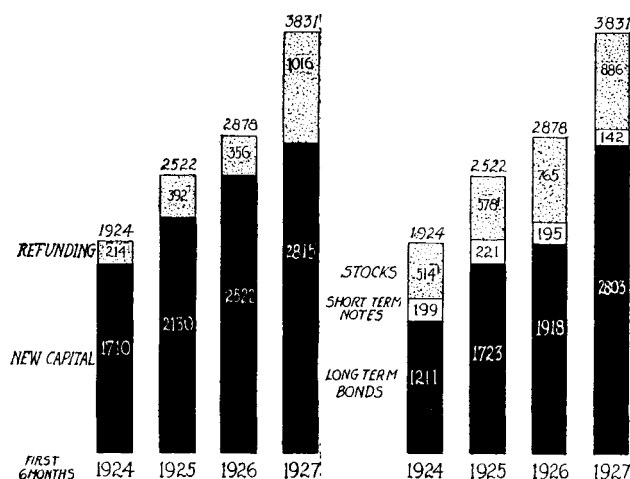
Security Markets

Following an irregular decline in June, stock prices moved generally upward in July. Industrial stock averages advanced about 10 points during the month to levels several points above the previous high levels of May. Prices of railroad stocks also were higher than in the previous two months and in fact representative averages advanced to points slightly above the former high levels of 1906.

Corporation bonds, which had been declining gradually since early in May, showed a firmer tendency in July. In the foreign bond list, there was also some improvement in prices, and United States Government obligations generally showed small net increases for the month.

New Financing

Corporate financing totaled \$3,831,000,000 during the first half of this year, a larger amount than in any corresponding period in the past and nearly \$1,000,000,000 larger than a year ago. This increase was chiefly due to the very large volume of refunding issues floated during the period, as the first section of the accompanying diagram shows, but there was also an increase of nearly \$300,000,000 in new capital issues. The classification of these security offerings by type of issue shows that the principal increase was in long term bond issues.



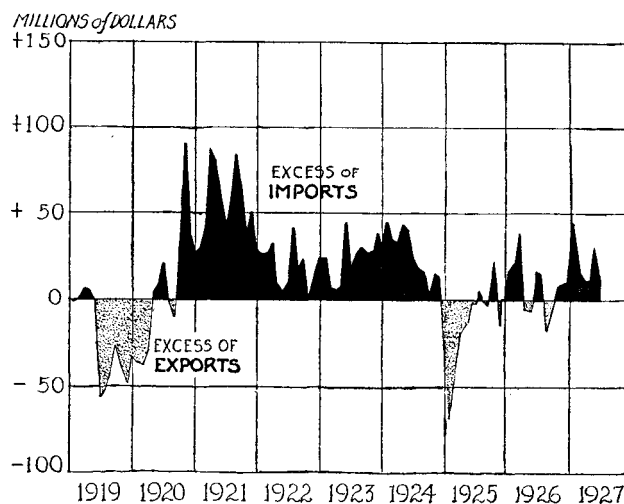
Flotations of Corporate Securities in First Half of Each Year, Showing Relative Amount of Refunding and New Capital Issues, and Type of Securities Issued. (In millions of dollars)

Following indications in recent months that the flotation of new issues had been proceeding more rapidly than their distribution, the amount of new securities offered in this market during July was about one-half as large as the amount offered during each of the preceding three months, and was also somewhat smaller than a year ago. Public utility issues were the largest element in the domestic group, followed by industrial offerings. Foreign issues were considerably below the June total and were generally small with the exception of the major part of a \$30,000,000 German Central Bank for Agriculture offering and a large part of a \$30,000,000 issue of the United Steel Works Corporation of Germany.

Gold Movement

Gold movements in July were the smallest for any month this year, but reported shipments continued to indicate at least a small net import of gold, following a steady inflow in every month since last September, as the accompanying diagram shows. The import of \$4,000,000 from Canada in consequence of the discount on Canadian exchange, and of an additional \$4,500,000 from the Netherlands accounted for nearly all of the \$9,000,000 received at New York during the first 29 days of the month. Exports were over \$1,000,000, nearly half of which went to Mexico.

In June imports into the United States totaled \$14,600,000, and included \$7,400,000 from the Nether-



United States Net Imports and Exports of Gold.

lands and \$4,900,000 from Australia. Exports, consisting of small shipments largely to Latin America and the Far East, amounted to \$1,800,000.

For the first six months of this year, imports have amounted to \$161,400,000 and exports to \$29,900,000, yielding a net import of \$131,500,000. A summary of the principal gold movements thus far this year is given in the following table:

(In thousands of dollars)

Source or Destination	January to June 1927 United States		July 1 to 29 New York and St. Lawrence Dist.	
	Imports	Exports	Imports	Exports
Canada	46,519	4,309	4,001	....
France	21,001	....	....	....
England	39,383	....	....	....
Germany	....	13,924	....	67
Netherlands	8,156	....	4,529	....
Mexico	3,263	3,468	....	513
Chile	3,732	....	26	....
China*	1,673	3,095	....	....
Australia	12,173	....	....	....
Japan	20,000	....	....	....
British Malaya	....	1,527	....	323
All other	5,472	3,549	420	178
Total	161,372	29,872	8,976	1,081

*Including Hong Kong.

Changes in Central Bank Rates

The discount rate of the Austrian National Bank was raised from 6 per cent to 7 per cent July 21, and the discount rate of the Imperial Bank of India was reduced from 5 per cent to 4 per cent on July 28.

The Foreign Exchanges

During July the foreign exchanges generally moved within unusually narrow limits, but several European rates developed considerable strength. Sterling was rather heavy, declining to \$4.8506, on the 23rd, the lowest quotation since the middle of May; but this decline was followed by a quick recovery to \$4.8525, compared with \$4.8538 the best quotation in June. The Continental gold exchanges, which had begun to show firmness about the middle of June, continued to move upward. The German mark, which did not rise above 23.70 cents

in June, advanced to 23.78 cents, the highest quotation since January; the Netherlands florin, barely over 40 cents in early June, moved up to 40.06 cents; and the Swiss franc rose to 19.26 cents, the best figure since January. Swedish crowns were firm, just under parity, and Danish crowns nearly motionless just below the Swedish. The Italian lira, which has been subject to extreme fluctuations in recent months, and in June moved between 5.84 cents and 5.50 cents, steadied near the lower level, and during the greater part of July stood fast at about 5.43 cents. The French and Belgian francs were featureless; and the peseta steady somewhat above 17 cents.

In the Far East, the Japanese yen, which had risen from 46.02 cents to 47.44 cents in June, became steadier a little above 47 cents. The rupee was quoted at about 36 cents throughout the month. The fluctuations in bar silver were unusually narrow, amounting to only a little more than one cent, with the better figures toward the end of the month; the silver exchanges showed correspondingly little movement.

The Canadian dollar, which in June had moved from a small premium to a substantial discount, remained depressed during most of July, but rallied somewhat toward the close of the month.

Foreign Trade

An even balance of trade was reached in June, both imports and exports being valued at about \$359,000,000. This is the first time imports have been as large as exports since early last year. Exports were \$34,000,000 smaller than in May, while imports were \$13,000,000 larger. Compared with June 1926, there was a gain of \$21,000,000 in exports and of \$23,000,000 in imports.

Smaller shipments abroad of raw cotton and grains accounted for over half the decline from May to June in the total value of exports. Both cotton and grain exports, however, continued to show gains over a year ago. Quantity receipts of raw silk and crude rubber declined in June, but were larger than a year previous.

Totals for the fiscal year ended June 30 indicate a gain of \$217,000,000 in exports and a decline of \$208,000,000 in imports compared with the previous year. Thus, the favorable balance of trade increased from \$289,000,000 in the previous fiscal year to \$714,000,000 this year. A large part of the gain in exports was due to heavier demand for grains, to supplement Europe's comparatively small crop last year. The value of cotton exported during the year was approximately \$50,000,000 smaller than in the previous year, although the quantity shipped was 40 per cent larger than last year, and, in fact, the largest ever reported. The price decline in crude rubber alone more than accounted for the decline in the value of all imports.

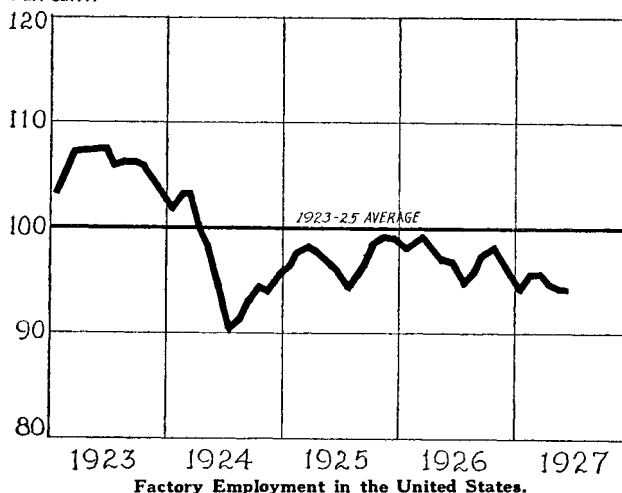
Employment and Wages

Reports to this bank from representative employers in this district continue to indicate a high degree of stability in the wages paid to male unskilled labor. The average hourly rate reported on July 1 was 49 cents, which has been the prevailing average since the end of

1925. Unskilled factory and railroad workers are in almost all cases hired at hourly rates varying from 40 to 50 cents an hour, and unskilled building laborers at somewhat higher rates. Some surplus of unskilled labor was noted and in several instances a reduced rate of turnover was reported.

Factory employment showed a small seasonal reduction in June and remained about 2½ per cent lower than a year ago. The general tendency of factory employment in the United States has been downward for sev-

PER CENT.



eral years. The gradual increase in factory production, shown by a diagram on the first page of this Review, would indicate, however, that the decline in factory employment has been due to more effective methods of production, rather than to reduced activity of our manufacturing industries. It appears probable that the great activity in the construction industry in recent years has been absorbing workers released from manufacturing, as there has been little evidence of unemployment.

Indexes of Business Activity

Notwithstanding some irregularity as compared with the previous month and a year ago, this bank's indexes of business activity for June generally reflected a continued high level of trade. Retail distribution of goods, as shown by department store and mail order sales, increased in June and was somewhat larger than a year ago. Merchandise imports increased contrary to the ordinary seasonal tendency, and although exports showed more than the usual decline from May, both elements in foreign trade remained larger than in June of last year. Indexes of debits to individual accounts in New York City and for the balance of the country again were slightly smaller than in the previous month after seasonal adjustment, but remained appreciably higher than a year ago.

Merchandise and miscellaneous car loadings were slightly below the large volume of a year ago and other loadings, comprising the bulk commodities, were considerably smaller. Business failures showed less than the

usual seasonal decline and continued more numerous than a year ago.

In the following table are given June 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		
	June	April	May	June
Primary Distribution				
Car loadings, merchandise and misc.	110	109	107	106
Car loadings, other	108	105	104	97
Exports	91	104	103	100 _p
Imports	120	126	121	132 _p
Grain exports	82	135	148	90
Panama Canal traffic	96	96	87	...
Distribution to Consumer				
Department store sales, 2nd Dist.	96	100	94	101
Chain store sales	99	103	100	100
Mail order sales	108	102	100	106
Life insurance paid for	116	114	106	112
Real estate transfers	110	96	96	96
Magazine advertising	105	101	103	97
Newspaper advertising	107	101	101	100
General Business Activity				
Bank debits, outside of N. Y. City	111	119	117	116
Bank debits, New York City	118	137	135	134
Bank debits, 2nd Dist. excl. N. Y. City ..	106	109	104	104
Velocity of bank deposits, outside N. Y. City	101	107	108	106
Velocity of bank deposits, N. Y. City ..	115	134	131	128
Shares sold on N. Y. Stock Exchange*	181	229	214	219
Postal receipts	99	97	92	95
Electric power	112	116	116	116
Employment in the United States	103	100	99	100
Business failures	116	121	111	123
Building permits	148	129	116	129
New corporations formed in N. Y. State ..	138	114	113	123
General price level	186	183	184	184

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

Production

More than the usual seasonal decline in output from May to June was reported by a number of industries. The accompanying diagram indicates that steel ingot production was smaller in June than a year previous, but remained higher than in June 1925, while automobile production was substantially smaller than in June of either of the past two years. The output of pig iron, leather, newsprint, anthracite coal, and refined sugar, and mill consumption of silk and tin deliveries

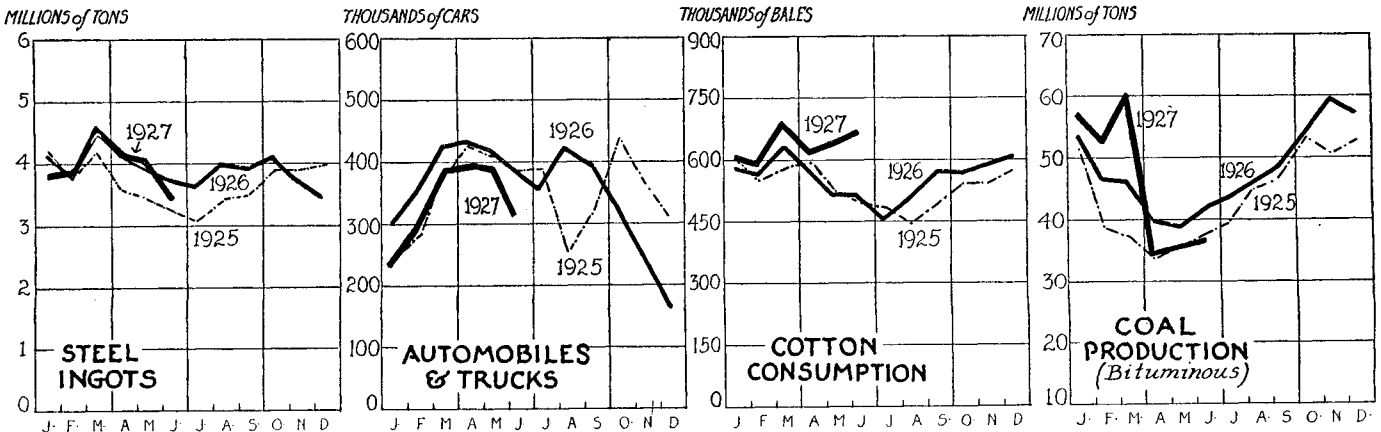
all showed reductions after adjustment for the usual seasonal changes. Mill consumption of cotton, however, reached an unusually high level in June, and more than seasonal increases occurred in the production of zinc, cement, flour, and shoes.

Bituminous coal output, as the diagram shows, has been maintained at about the 1925 level since the strike in unionized mines began April 1, and no evidence of a shortage has appeared as yet. Activity in the automobile industry appears to have been maintained in July at about the same level as in June, and steel production is reported to have shown little change. Reports from the Association of Cotton Textile Merchants of New York indicate that cotton mill activity remained at a high level, for although new business has fallen off somewhat accompanying the rise in cotton prices, shipments continue heavy and substantial unfilled orders remain.

(Computed trend of past years=100 per cent)

	1926	1927		
	June	April	May	June
Producers' Goods				
Pig iron	114	115	114	108
Steel ingots	108	111	110 _r	98
Bituminous coal	100	94	87	87
Copper, U. S. mines	102	102	99	99
Tin deliveries	110	104	102	88
Zinc	99	94	92	98
Petroleum	105	117 _r	119	...
Gas and fuel oil	95	104	101	...
Cotton consumption	92	106	108	116
Woolen mill activity*	83	87	88	89 _p
Cement	135	122	125	132
Lumber	107	87	76	80 _p
Leather, sole	67	84	79	75
Silk consumption*	105	126	119	107
Consumers' Goods				
Cattle slaughtered	114	111	116	106
Calves slaughtered	101	86	83	85
Sheep slaughtered	109	109	106	107
Hogs slaughtered	91	96	98	110
Sugar meltings, U. S. ports	97	94	92	90
Wheat flour	109	105	101	104
Cigars	106	98	105	...
Cigarettes	82	78	76	...
Tobacco, manufactured	116	103	106	...
Gasoline	136	149	141	...
Tires	124	142	127	...
Newsprint	125	116	113	110
Paper, total	93	94	87	...
Boots and shoes	96	94 _r	88	102 _p
Anthracite coal	106	93	94	86
Automobile, all	125	113	116	100
Automobile, passenger	131	118	121	102
Automobile, truck	99	92	93	91

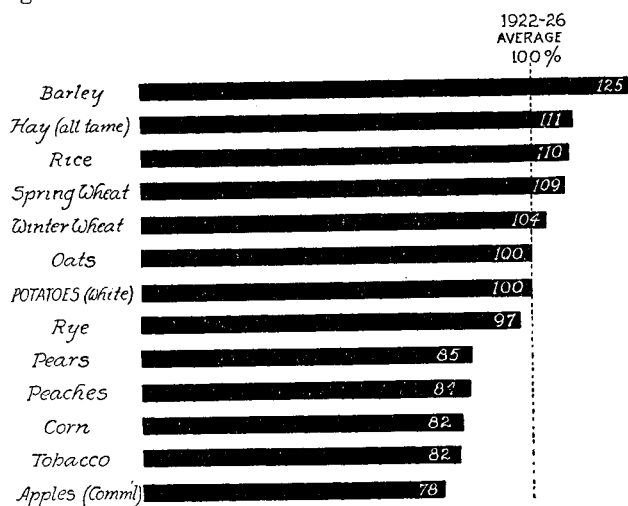
*=Seasonal variation not allowed for. p=Preliminary. r=Revised.



Production of Steel Ingots, Automobiles, and Bituminous Coal, and Mill Consumption of Cotton in 1927, Compared with 1925 and 1926.

Crops

The report of the Department of Agriculture on July 1 crop conditions showed improvement in some crops, but even less favorable prospects than a month previous for others. The great irregularity in the prospects for the various crops is indicated in the accompanying diagram.



July 1 Forecasts of 1927 Crop Production Compared with Average Harvests in 1922-1926.

Hay lands were benefited by the cool, wet weather that retarded other crops, and the prospect on July 1 was for the largest production on record. Substantial improvement occurred during June in the small grains, so that July 1 forecasts of the winter and spring wheat, oats, barley, rye, and rice crops were all close to or above the average harvests of the past five years. The indicated yield of potatoes also is considerably larger than a year ago, and about equal to the five year average.

Conditions remained very unfavorable for corn, however, and the July 1 forecast was for the smallest crop since 1901. Indicated yields of fruits and tobacco were also small. While no official estimate of the cotton crop has been issued, the reported reduction of 12 per cent in the acreage planted would indicate a crop considerably below the extremely large harvest of 1926.

(In millions)

Crop	1922-1926 Average Harvest	1926 Harvest	1927 July 1 Forecast
Corn, bushels	2,766	2,645	2,274
Winter wheat, bushels	556	627	579
Spring wheat, bushels	252	205	274
Oats, bushels	1,353	1,254	1,349
Barley, bushels	194	191	243
Rye, bushels	63.7	40.0	61.8
Rice, bushels	36.4	41.0	39.9
Potatoes, bushels	394	356	393
Tobacco, pounds	1,343	1,323	1,099
Hay, tame, tons	90.9	86.4	101
Apples, commercial crop, barrels	33.7	39.4	26.2
Peaches, total crop, bushels	54.0	68.4	45.5
Pears, total crop, bushels	20.8	25.6	17.6

Building

The volume of building and engineering construction work undertaken in June was the largest ever reported, according to statistics compiled by the F. W. Dodge Corporation from 37 states east of the Rockies. Contract awards were 15 per cent larger than in May and 16 per cent larger than in June 1926. Contracts let in the New York and Northern New Jersey district were larger than in any previous June, due to the inclusion in the figures of large contracts for road work and subway construction.

For the first half of 1927, total building contracts awarded were 2 per cent larger than last year. The increase over last year was due chiefly to an increased amount of engineering projects, such as roads, subways, and bridges, rather than to construction of residential and industrial buildings, contracts for which showed appreciable decreases from a year ago. In the New York district construction projects totaled 5 per cent less than in the corresponding period of 1926. Public works and utilities projects were considerably larger than last year, but the effect of these on the total was more than offset by substantial reductions in residential and industrial contracts.

Chain Store Sales

Chain store business compared more favorably with that of a year ago in June than in May in all reporting lines. The largest increases continued to be in grocery and variety stores, but ten-cent stores and drug stores also showed substantial gains in total sales. Shoe sales were slightly larger than in June 1926, following a reduction in May, and the June decline in candy sales was smaller than that of the previous month.

The expansion since June 1926 in the number of units operated exceeded the gain in total sales in several lines, so that sales per store were smaller than a year ago. For all types of stores combined, however, sales per store continued to average larger than last year.

Type of Store	Percentage Change June 1927 from June 1926			Percentage Change First Six Months 1927 from 1926	
	Number of Stores	Total Sales	Sales per Store	Total Sales	Sales per Store
Grocery	+ 8.6	+23.0	+13.3	+20.0	+10.4
Ten cent	+ 8.6	+10.0	+ 1.3	+10.4	+ 2.1
Drug	+20.8	+12.4	- 7.0	+14.4	- 8.1
Tobacco	+ 3.1	+ 0.1	- 3.0	+ 3.6	- 0.3
Shoe	+ 7.7	+ 2.1	- 5.2	- 0.1	- 8.9
Variety	+15.3	+24.8	+ 8.2	+26.7	+ 9.3
Candy	+ 1.6	- 4.8	- 6.3	- 3.5	- 7.3
Total	+ 8.3	+17.9	+ 8.9	+16.6	+ 7.4

Department Store Trade

Due chiefly to substantial increases in New York and vicinity, total June sales of department stores reporting to this bank were nearly 5 per cent larger than a year previous. As in many other recent months, unusually large increases were reported from Newark and Westchester County. Outside of the metropolitan

area of New York, a majority of the reporting stores had smaller sales than in June 1926.

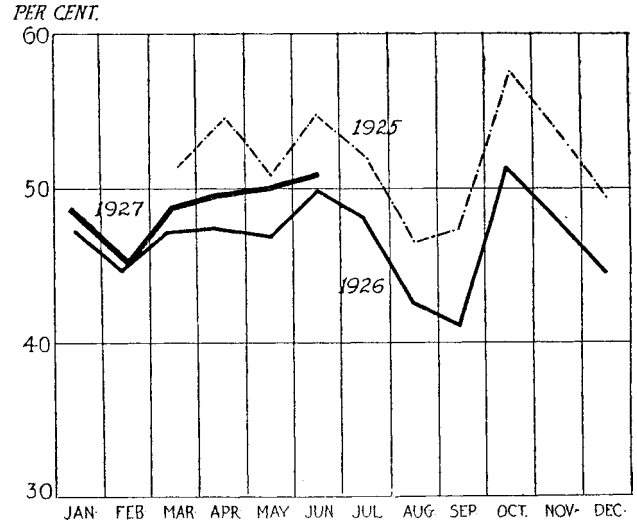
For the first half of 1927, sales of reporting department stores averaged less than 2½ per cent larger than in the corresponding period last year, but apparel store sales averaged 5 per cent larger. The value of merchandise stocks carried in several localities has been reduced considerably during the past year, and in all cases the rate of stock turnover was higher in June than a year previous.

Locality	Percentage Change June 1927 from June 1926		Percentage Change First Six Months 1927 from 1926		Per cent of Charge Accounts Outstanding May 31 Collected in June	
	Net Sales	Stock on hand end of month	Net Sales	Average Stock on hand	1927	1926
New York.....	+ 6.0	- 0.8	+ 2.4	- 0.5	50.9	49.1
Buffalo.....	- 2.3	-13.1	0.2	-11.5	55.0	52.2
Rochester.....	- 6.2	-11.8	- 2.4	- 2.8	39.9	43.4
Syracuse.....	- 3.8	-23.0	- 1.1	-20.2	26.3	24.9
Newark.....	+ 9.0	+ 4.8	+ 9.2	+ 3.1	48.4	50.4
Bridgeport.....	- 1.7	- 8.3	- 3.6	- 6.6	.....	.....
Elsewhere.....	+ 1.3	- 2.3	- 0.9	+ 0.1	34.1	33.6
North. N. Y. State.....	- 5.4	.....	- 5.2	.....	.....	.....
Cent. N. Y. State.....	+ 1.4	.....	- 1.6	.....	.....	.....
South. N. Y. State.....	- 4.9	.....	- 1.4	.....	.....	.....
Hud. Riv. Val. Dist.....	+ 2.7	.....	+ 1.3	.....	.....	.....
Capital District.....	- 0.2	.....	- 3.4	.....	.....	.....
Westchester Dist.....	+15.2	.....	+12.6	.....	.....	.....
All department stores..	+ 4.7	- 2.7	+ 2.4	- 1.8	47.7	46.7
Apparel stores.....	+ 5.4	+ 0.9	+ 5.2	+ 4.4	46.0	43.7
Mail order houses.....	+ 1.5	.....	- 0.7	.....	.....	.....

As the following table indicates, the principal increases in sales in June were in the apparel departments. Considerable increases were reported also in home furnishings, stationery, and sporting goods, and sales of woolen goods continued above the very low level of a year ago, but sales of cotton goods and silks were smaller.

	Net Sales Percentage Change June 1927 from June 1926	Stock on Hand Percentage Change June 30, 1927 from June 30, 1926
Musical instruments and radio.....	+23.0	-21.8
Shoes.....	+17.1	+ 8.9
Toys and sporting goods.....	+15.6	- 2.7
Woolen goods.....	+15.3	-13.1
Books and stationery.....	+13.4	+ 4.1
Women's ready-to-wear accessories.....	+ 9.4	+ 1.3
Hosiery.....	+ 9.4	+17.0
Women's and Misses' ready-to-wear.....	+ 9.2	+ 1.7
Men's furnishings.....	+ 8.8	+16.1
Home furnishings.....	+ 8.7	- 2.7
Men's and Boys' wear.....	+ 5.8	- 3.1
Luggage and other leather goods.....	+ 2.0	- 1.8
Silverware and jewelry.....	+ 1.4	- 1.8
Furniture.....	+ 1.2	- 3.0
Linens and handkerchiefs.....	+ 1.0	+ 4.4
Toilet articles and drugs.....	+ 0.7	+ 1.8
Cotton goods.....	- 1.7	- 8.3
Silks and velvets.....	-12.4	- 2.1
Miscellaneous.....	- 3.8	- 6.0

The rate of collections on charge accounts has been increasing this year and in recent months has been higher than a year ago, as the accompanying diagram shows. Last year the rate of collections ran steadily below that of 1925.



Percentage of Outstanding Charge Accounts Collected by New York City Department Stores in Each Month since March 1925.

Wholesale Trade

Sales of representative wholesale houses reporting to this bank continued in June to average about 5 per cent smaller than a year previous. Substantial declines were again reported in women's apparel, stationery, and diamonds, and machine tool sales were much smaller than a year ago, following an increase in May. Shipments of drugs and hardware also were somewhat smaller than in June 1926, but increases were reported in groceries, cotton goods, silk goods, shoes, and paper.

Stocks of shoes on hand at the end of June were much larger than a year ago, and cotton goods stocks held by jobbers showed a considerable increase, following the heavy mill shipments of recent months. Stocks of groceries, silk goods, and diamonds and jewelry were somewhat larger than a year ago, while stocks of drugs and hardware were considerably smaller. The ratio of collections to accounts receivable in general showed little change from June 1926.

Commodity	Percentage Change June 1927 from May 1927		Percentage Change June 1927 from June 1926		Percentage Change in Net Sales First Six Months 1927 from 1926
	Net Sales	Stock end of month	Net Sales	Stock end of month	
Groceries.....	+ 5.4	- 9.2	+ 1.9	+ 6.4	- 4.0
Men's clothing.....	-11.3	.....	- 0.3	.....	- 9.4
Women's dresses.....	-24.7	.....	-16.9	.....	-12.1
Women's coats and suits.....	-37.3	.....	-31.8	.....	-12.9
Cotton goods—Jobbers.....	+ 9.6	- 2.3	+ 4.8	+17.3	- 3.0
Cotton goods—Com- mission.....	+14.4	.....	+ 2.2	.....	- 5.2
Silk goods.....	+14.9	+ 0.4*	+ 6.3	+ 3.7*	- 6.2
Shoes.....	+27.6	+12.7	+ 6.8	+50.1	+ 4.2
Drugs.....	+ 2.4	+ 8.1	- 5.7	-19.2	- 5.5
Hardware.....	+ 6.4	-10.2	- 2.2	-14.0	- 2.7
Machine tools**.....	+ 8.9	.....	-25.5	.....	-10.7
Stationery.....	+ 3.9	.....	-15.8	.....	- 8.7
Paper.....	- 2.4	.....	+ 4.0	.....	+ 2.3
Diamonds.....	-17.1	.....	-23.9	.....	-17.9
Jewelry.....	+27.3	.....	+ 0.7	.....	-10.5
Weighted Average.....	- 2.7	.....	- 5.4	.....	- 6.7

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