

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

September 1, 1927

Business Conditions in the United States

INDUSTRIAL production declined in July to a level below that of a year ago, while the Department of Labor's index of wholesale prices advanced for the first time since last autumn. Demand for bank credit showed a seasonal increase, but easy conditions prevailed in the money market.

PRODUCTION

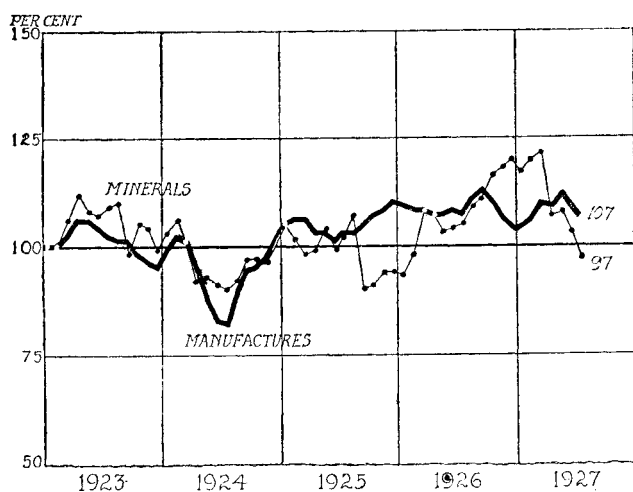
Output of manufactures declined in July and was in practically the same volume as a year ago, and the production of minerals, which was further reduced during the month, was at the lowest level since early in 1926, when the anthracite strike was in progress. Iron and steel production in July was in the smallest volume since 1925, and continued at practically the same level during the first three weeks of August. Automobile output for July and the early weeks of August was considerably below that of the corresponding month of last year; production of rubber tires, nonferrous metals, and food products, and activity of woolen mills were smaller in July than in the preceding month. Cotton consumption was smaller than in June, but continued unusually large for this season of the year. Production of leather, shoes, and lumber increased in July as compared with June. Factory employment and pay rolls showed seasonal decreases in July and were smaller

than in any month since 1924. Employment in coal mining has been reduced in recent months, and reports indicate some unemployment in certain of the building trades owing to the decline in the construction of houses. Building contract awards in July and in the first three weeks of August continued larger than a year ago, the increase reflecting chiefly a growth in awards for engineering projects.

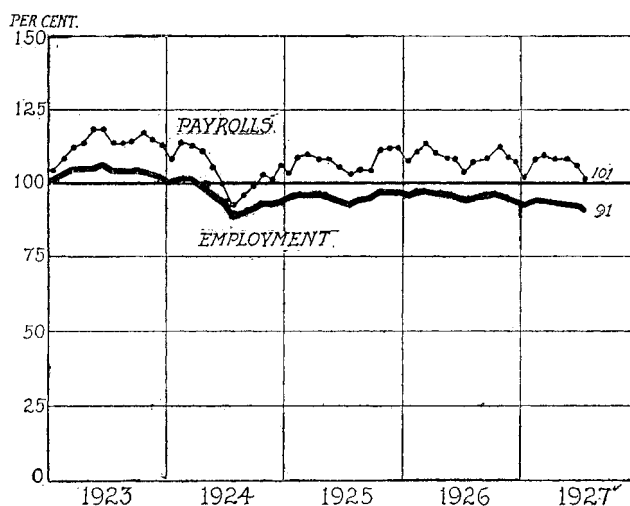
The August 1 cotton report of the Department of Agriculture indicated a production of 13,492,000 bales or 25 per cent less than the record yield of last year. The indicated production of corn, though considerably larger than the expectation in July, was 262,000,000 bushels lower than the harvested crop of 1926. The August estimate of 851,000,000 bushels of wheat indicated an increase of 18,000,000 bushels over the 1926 crop yield.

TRADE

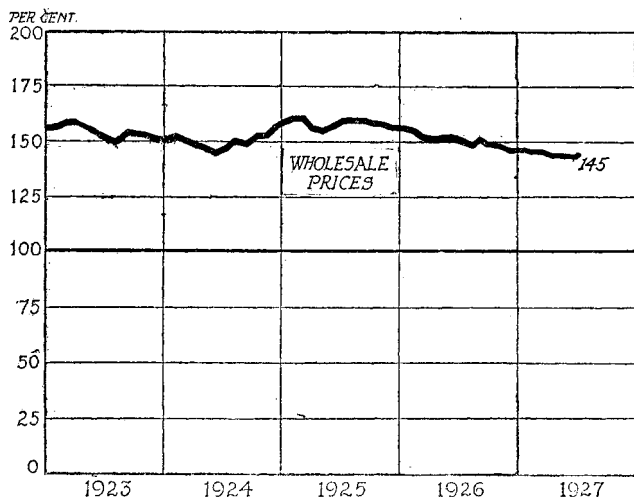
Distribution of merchandise at wholesale and retail showed about the usual seasonal decline in July. Compared with a year ago sales of wholesale firms and department stores were slightly smaller, owing largely to the fact that there was one less business day in July of this year than in July 1926. Sales of mail order houses and chain stores were somewhat larger than a year ago. Inventories of department stores continued to decline in July and at the end of the month were slightly smaller



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



Federal Reserve Board's Indexes of Factory Employment and Payrolls. (1919 average = 100 per cent.)



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

than a year ago; and wholesale stocks also continued smaller than last year. Shipments of commodities by freight decreased, contrary to the usual seasonal trend, and were smaller in July and in the first two weeks of August than in the same period of last year.

PRICES

The Bureau of Labor Statistics index of wholesale prices advanced slightly in July, reflecting chiefly increases in the prices of corn, livestock, cotton, and leather, while prices of wheat, silk, metals, and building materials declined. Since the latter part of July prices of corn, cotton, and cattle have continued upward and those of wheat, nonferrous metals, and rubber have also advanced, while hogs, lumber, and hides have declined.

BANK CREDIT

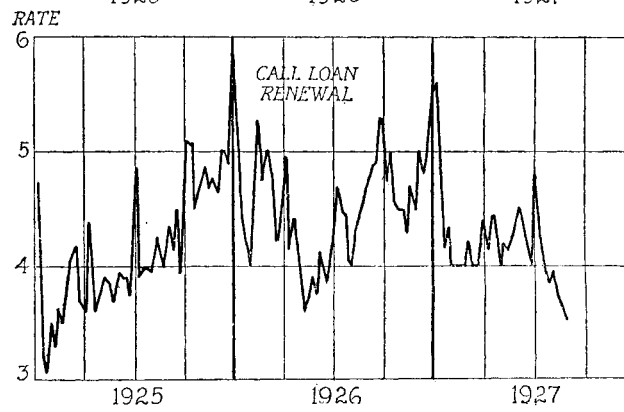
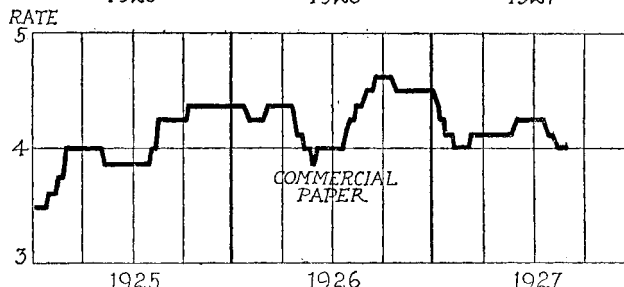
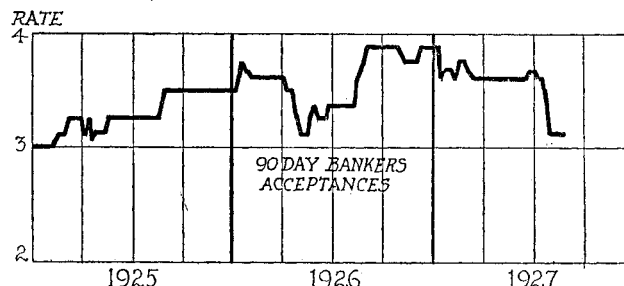
There was an increase in the volume of commercial loans at member banks in leading cities between July 20 and August 17, as is usual at the beginning of the crop-moving season. Loans on securities, as well as commercial loans, increased, while investment holdings declined, and total loans and investments were about \$60,000,000 larger than a month earlier.

Total borrowings of member banks at the Reserve Banks increased slightly between July 20 and August 24; there was a growth of discounts at the Federal Reserve Bank of New York, partly offset by declines in other districts. There was little change in the System's holdings of acceptances and a growth in the portfolio of United States securities.

Money rates on all classes of paper in the open market declined sharply in August, and were at a lower level than a year ago. Discount rates at eight Federal Reserve Banks were reduced from 4 to 3½ per cent.

Money Market

Both prior to and following the reduction of the discount rate of the Federal Reserve Bank of New York from 4 to 3½ per cent on August 5, open market money rates tended to decline and reached the lowest levels in more than a year. In each of the past two years, as the



Weekly Money Rates at New York.

accompanying diagram shows, the tendency of rates had been upward during August.

Rates prevailing near the end of August are compared below with those of a month previous and a year ago.

Money Rates at New York

	Aug. 30, 1926	July 30, 1927	Aug. 30, 1927
Call money.....	*5	*3½	*3½
Time money—90 day.....	5	4¾	4
Prime commercial paper.....	4½	4-4¼	4
Bills—90 day unendorsed.....	3¾	3½	3½
Treasury certificates and notes			
Maturing December 15.....	3.29	2.78	2.61
Maturing March 15.....	3.40	3.19	2.95
Federal Reserve Bank of New York			
rediscount rate.....	4	4	3½
Federal Reserve Bank of New York			
buying rate for 90 day bills.....	3¾	3½	3¼

*=Prevailing rate for preceding week.

The demand for currency continued small in August; the amount in circulation showed some increase from the low level reached near the end of July, but remained more than 100 million dollars lower than a year ago. There were evidences, however, of the beginning of the Fall expansion in credit requirements. Commercial loans of reporting member banks in this district showed a net increase of about 30 millions in the four weeks ended August 24, and an increase of similar

amount occurred in other districts, so that the total increase in commercial loans of all reporting member banks throughout the country was over 60 millions.

In the New York district the increase in commercial loans was more than offset by reductions in loans on securities and in investments, so that the total amount of bank credit outstanding on August 24 was smaller than a month previous. In other districts, however, there was a moderate increase in security loans, which, with the increase in commercial loans, was only partly offset by a reduction in investments; so that the total amount of credit outstanding increased somewhat.

(Change in millions of dollars)

	July 27, 1927, to August 24, 1927		Aug. 25, 1926, to August 24, 1927	
	Banks in Second District	Banks in Other Districts	Banks in Second District	Banks in Other Districts
Loans on stocks and bonds.....	- 38	+ 44	+ 71	+255
Commercial loans.....	+ 31	+ 31	+254	- 95
Investments.....	- 54	- 33	+ 37	+254
Demand deposits.....	-123	+ 87	+206	+123
Time deposits.....	+ 15	+ 32	+167	+389

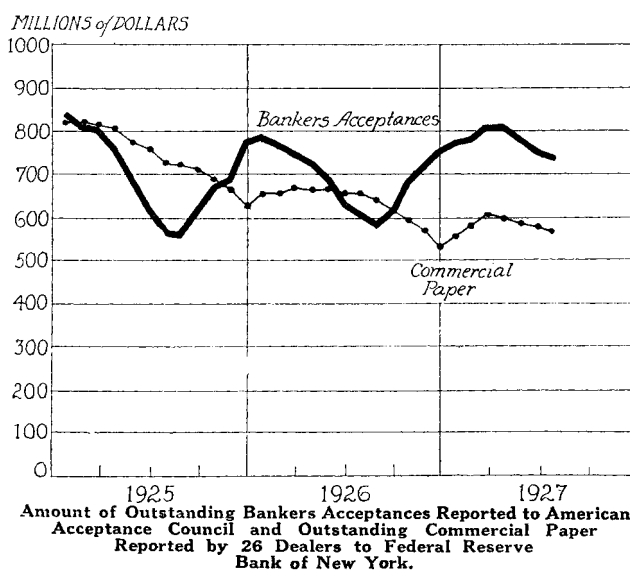
The greater part of the change in security loans of reporting banks was accounted for by changes in the volume of loans to brokers and dealers in securities, placed by New York City banks. The total of these loans increased nearly 50 million dollars in the two weeks ended August 10, and reached a new high level, but in the subsequent two weeks declined 22 millions. Loans placed by New York banks for their own account were reduced 47 millions during the four-week period, but loans placed for correspondent banks and others increased 74 millions.

There was evidence of some flow of funds from New York to other districts and abroad in August, but the loss to the New York money market was made up by the sale of bills and securities to the Reserve Bank. Required reserves of banks in this district were reduced somewhat, accompanying the reduction in deposits shown above, but required reserves of reporting member banks in other districts appear to have increased slightly during the month.

BILL MARKET

The lower level of rates established late in July brought a larger supply of bills into the market during August. Investment demand became less active at these rates, due partly to a decrease in foreign orders, and dealers' holdings of bills increased to the largest volume for any Summer since 1921. Later in the month, local bank demand for short bills developed and the offering rate on 30 day bills was reduced to 3 per cent. Ninety day bills were offered throughout the period at 3 1/8 per cent.

The volume of bankers acceptances outstanding during recent months has been larger than in the corresponding period of 1926 and 1925, as the accompanying diagram shows. Outstandings have fluctuated from about 550 to over 800 millions of dollars in recent years, chiefly as the result of the seasonal movement of exports



and imports. The large amount of acceptances outstanding during the first half of this year doubtless reflects largely exports of cotton, which reached unusually large proportions.

COMMERCIAL PAPER MARKET

Commercial paper rates continued to ease gradually, and following the reduction in the Reserve Bank's discount rate, reached a prevailing level of 4 per cent for prime names. The market for paper among interior institutions was good, and there was also a more active demand from some New York City banks, but available supplies remained limited. Occasional sales of very choice names of moderate maturity were made in the Middle West at 3 3/4 per cent.

Outstandings of commercial paper have shown a gradual and practically continuous decline in recent years, except for seasonal changes. The decline in the volume of commercial paper may be attributed to a number of factors, including the policy of hand-to-mouth buying, which has reduced the needs of industrial and merchandising concerns for funds, the funding of short-term borrowings into longer-term note and bond issues, and a reduction in the requirements of concerns in the textile trades which formerly had been heavy borrowers but which in recent years have been affected by slow business.

Gold Movement

The flow of gold in and out of the country during August was of even smaller proportions than in the previous month, but again resulted in some excess of imports. Reports of the movements through the Port of New York during the first 29 days of August showed imports of \$6,000,000. The principal imports were an additional \$2,400,000 from the Netherlands, continuing a movement which began in May, and \$3,100,000 from Chile to further augment the reserves of the Central Bank of Chile maintained in this country. Exports totaled \$900,000, of which about half was shipped to Mexico.

Complete July figures for the United States show a net import of \$8,900,000, the result of imports of \$10,700,000 and of exports of \$1,800,000. The imports included chiefly \$4,800,000 from Canada and \$4,500,000 from the Netherlands, while exports were principally to Mexico and the Far East. These figures raised the net gold import balance for the first seven months of the year to \$140,000,000, and on the basis of preliminary reports for August, the net inflow since the first of the year has been further increased to approximately \$145,000,000.

The Foreign Exchanges

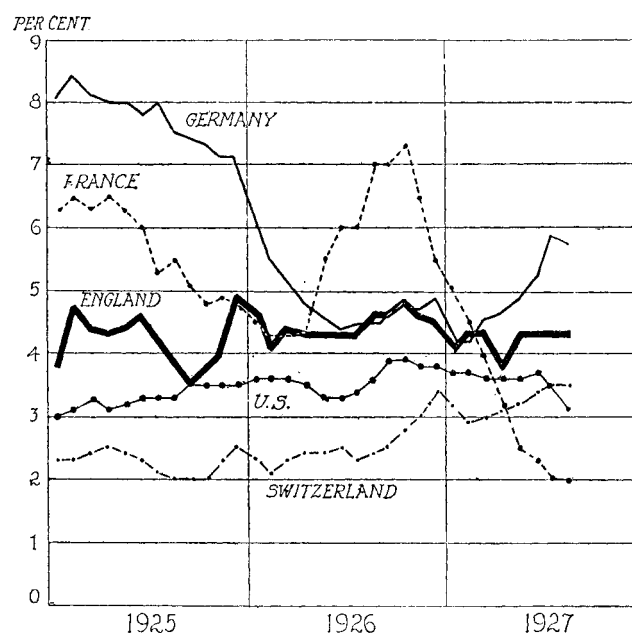
The strength in the European exchanges, which was perceptible in July, became more pronounced in August. From a July low of \$4.8506, sterling advanced above \$4.8581, the highest quotation in twelve months. The German mark reached parity for the first time in the current year; the Swiss franc, just under parity, was at its highest since January; and the Swedish crown, at 26.83 cents was at a level not reached since July, 1926. The belga, at 13.92 cents was within a point of the highest figure since stabilization, and the Danish crown in the early part of the month reached parity for the first time since early 1919. Fluctuations in the French franc were nominal and in the Italian lira, small; the Netherlands florin was steady near 40.06 cents, the level reached in July. Among the unstable exchanges, the Norwegian crown shared the prevailing strength, crossing 26 cents for the first time in several months, but Spanish pesetas were heavy.

Among the American rates, Canadian dollars crossed parity, and the Argentine peso, at 42.70 cents was the highest since May 1920. On August 27, the opening of the Caja de Conversion announced the return of Argentina to the gold standard. Brazilian milreis were the highest since March of the current year.

The strength of European rates was not shared by the Far Eastern. Yen and rupees were steady, the former at about 47 $\frac{1}{4}$ cents and the latter at 36 cents; but silver and the silver exchanges were weak. Bar silver dropped to 54.13 cents, the lowest figure since January. Toward the end of the month, silver rallied from this low level.

Money Rates Abroad

Notwithstanding the strength of the exchanges, European money rates showed little change in August. The London bill rate remained at about 4 $\frac{3}{8}$ per cent, and on August 23 the Treasury bill rate ran up to the highest figure since the first week of the year; but this was followed in the closing days of August by pronounced ease in the short money market. Rates in both Amsterdam and Zurich were firm just under 3 $\frac{1}{2}$ per cent, the official rates. In Berlin, the early part of August brought some evidence of an easier tendency; the bill rate was an eighth lower at 5 $\frac{3}{4}$ per cent, and day-to-day funds and monthly money were more plentiful. Toward the end of the month, the bill rate advanced to 6 per cent, and monthly money became scarce; day-to-day funds, however, remained relatively easy. The rate in Paris remained in the vicinity of 2 per cent, but



Prevailing Open Market Money Rates in European Countries and in the United States in Each Month Since January 1925. (Ninety-day Bill Rate in the United States and Corresponding Rates for Other Countries.)

it was reported that the market was somewhat firmer. The accompanying diagram compares tendencies of bill rates in several European countries and in the United States since the beginning of 1925.

The Bank of Finland reduced its official rate from 7 per cent to 6 $\frac{1}{2}$ per cent on August 11. The Finnish rate had not been below 7 per cent since it was advanced to that figure on November 18, 1919. The Austrian National Bank reduced its rate to 6 $\frac{1}{2}$ per cent on August 24, from 7 per cent, to which it had been raised on July 21.

Security Markets

The stock market was subject to wide price movements and large fluctuations in the volume of trading during August. Industrial stocks advanced in the first part of the month to slightly higher levels than in July, but several subsequent heavy selling movements resulted in sharp declines in the price averages in the second week. Following the middle of the month, however, the trend of the market again was upward and average prices of industrial stocks attained new high levels. Railroad shares were relatively inactive and after advancing early in the month to above the previous high points of 1906, showed average net losses of several points, which were not fully regained before the end of the month.

Pronounced ease in money rates and a continued restriction of the volume of new security offerings were accompanied by further strength in the bond market during August. Corporation bond averages advanced about $\frac{3}{4}$ of a point further and approximately equaled the high levels of early 1913, and a large number of foreign bonds, including nearly all of the French issues, sold at the highest prices of the year. United States Government long term bonds showed gains ranging from

about 1/4 to over 1/2 point, the June issue of 3 3/8 per cent Treasury bonds advancing as high as 100 31/32, compared with the cash subscription price of 100 1/2.

The volume of new securities floated in this market in August continued very small until the final week, due in part to seasonal influences, and with the exception of July was the smallest for any month since September 1926. The reduction from previous months of this year was chiefly in offerings of industrial and public utility issues. For the first eight months of the year, however, total security offerings, including refunding as well as new capital issues, have been approximately \$1,000,000,000 larger than in the corresponding period of 1926. Foreign issues, during the same period, have been over \$150,000,000 larger than a year ago.

Foreign Trade

The value of our foreign trade declined in July. Exports of merchandise valued at \$343,000,000 showed less than the usual decline from June, but were \$25,000,000 smaller than in July 1926. Imports valued at \$327,000,000 were \$28,000,000 smaller than in June, and \$12,000,000 less than a year ago.

Cotton exports, in accordance with the usual tendency at the end of the crop year, continued to decline. For the entire crop year, however, cotton exports totaled 11,184,000 bales, or about 60 per cent of the largest crop ever produced in this country. This percentage of cotton production exported was the highest since 1921, when the crop was the smallest in 26 years, and when prices about as low as during the past year stimulated foreign purchases.

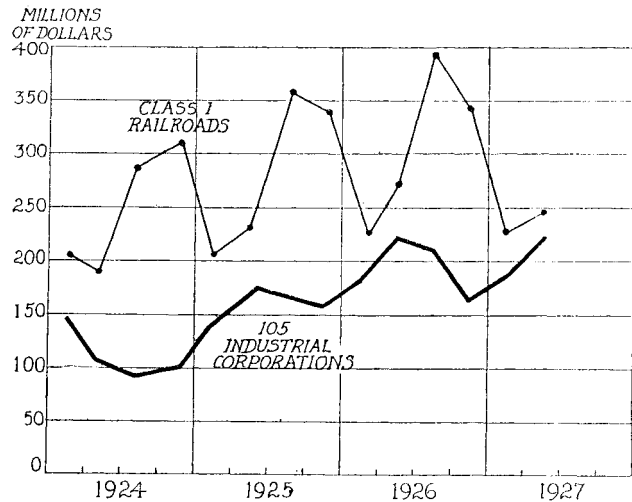
Shipments abroad of coal and petroleum products, and also grains and meats, declined in July as compared either with the previous month or with July of last year. Available data indicate the import of larger quantities of raw silk and crude rubber than in the previous month or in July 1926. Receipts of coffee declined, however, and were the smallest since May 1926.

Business Profits

Earnings of industrial and mercantile corporations in the second quarter of 1927 were irregular, and the (Net profits in millions of dollars)

	No. of Corporations	Second Quarter		First Six Months		
		1926	1927	1925	1926	1927
Motors and Accessories.....	28	114	121	148	198	204
Oil.....	22	44	14	64	72	41
Steel.....	16	45	41	70	88	82
Food & Food Products.....	20	29	30	44	53	54
Machine and Machine Mfg.....	15	8	7	15	16	13
Mining and Smelting.....	21	13	14	21	26	28
Chemicals.....	7	9	12	14	19	23
Building Supplies.....	42	6	6	11	12	11
Miscellaneous.....	42	26	30	46	62	64
Total 9 groups.....	180	294	275	433	546	520
Telephone.....	79	52	59	90	103	117
Other Public Utilities.....	14	21	23	43	45	52
Total Public Utilities.....	93	73	82	133	148	169
Class I Railroads.....	183	272	247	439	496	473

total net income of 180 companies for which reports are now available was about 6 per cent smaller than in 1926, but continued considerably larger than in 1925. Nearly all the oil companies reported sharp reductions in net income, reflecting the effects of overproduction, and about three-fourths of the automobile manufacturers had smaller earnings, though the large increase reported by General Motors and smaller increases in the profits of a few other companies resulted in some increase for the motor group as a whole. In other industry groups, earn-



Quarterly Profits of 105 Industrial Corporations and Net Operating Income of Class I Railroads.

ings were irregular, and of the total of 180 corporations, the number reporting increases and decreases was almost evenly divided. Profits of telephone companies and other public utilities continued to increase gradually, but the net operating income of the principal railroads showed less than the usual seasonal increase and was 9 per cent smaller than in the second quarter of 1926.

Production

The output of a majority of industries declined from June to July after allowance is made for the usual seasonal variations, and in most cases was also smaller than a year ago. Substantial curtailment occurred in the production of pig iron and steel ingots; the July rate of output in each case was the smallest for any month since 1925, and no increase in activity was indicated by trade reports in August. Production of passenger automobiles and motor trucks was reduced considerably in July, and preliminary employment reports indicate only a slight increase in the activity of the industry in August.

Bituminous coal output did not show the usual seasonal expansion in July and was smaller than in the corresponding period of any year since 1924. The results of a survey made by the U. S. Bureau of Mines indicated that domestic consumption and export demand for bituminous coal exceeded production by an average of 1,000,000 tons a week between April 1 and July 1, but that consumers' stocks at the beginning of July remained larger than at the corresponding time in any

previous year, being equal to requirements for nearly seven weeks. The export demand is now considerably below that of a year ago when the British coal strike was in progress, but evidence of a stronger domestic market in August has appeared in a moderate advance in prices, and some increase in output has occurred. Anthracite production in July was the smallest for that month since the strike of 1922, but a more active market has been reported in August.

Mill consumption of cotton was reduced considerably, but was, nevertheless, the largest for that month in several years. The market for cotton goods has been unsettled by the rapid advance in raw cotton prices, and although continued large shipments prevented the accumulation of heavy stocks of most lines of cotton goods at the mills during the first half of August, some further curtailment of production occurred. Silk and woolen mill activity also was curtailed moderately in July.

The indexes of production in the following table are adjusted for seasonal variations and year-to-year growth.

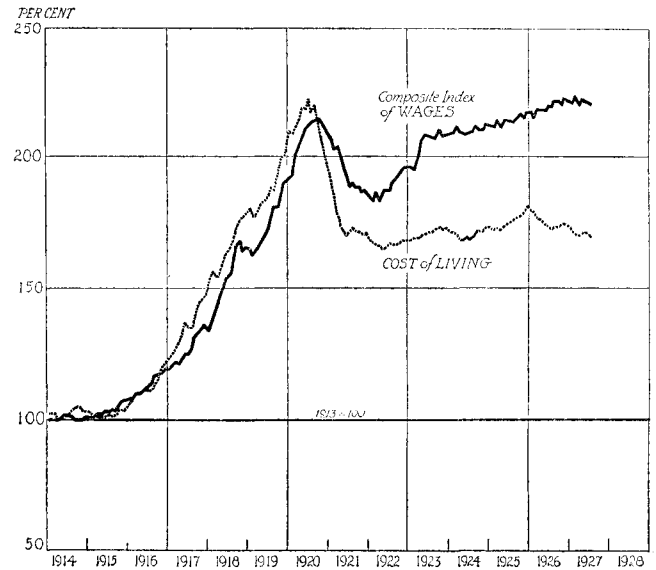
(Computed trend of past years=100 per cent)

	1926		1927	
	July	May	June	July
Producers' Goods				
Fig iron.....	113	114	108	102
Steel ingots.....	104	110	98	89
Bituminous coal.....	95 ^r	85 ^r	81 ^r	74
Copper, U. S. mines.....	109	99	99	98
Tin deliveries.....	121	102	88	92
Zinc.....	100	92	98	95
Petroleum.....	107	119	118	...
Gas and fuel oil.....	99	101	96	...
Cotton consumption.....	86	108	116	105
Woolen mill activity*.....	77	88	89	83 ^p
Cement.....	139	125	133 ^r	136
Lumber.....	109	76	80 ^p	98 ^p
Leather, sole.....	91 ^r	107 ^r	92 ^r	93
Silk consumption*.....	115 ^r	129 ^r	116 ^r	112
Consumers' Goods				
Cattle slaughtered ^r	116 ^r	111 ^r	107 ^r	98
Calves slaughtered ^r	96 ^r	83 ^r	87 ^r	76
Sheep slaughtered ^r	101 ^r	108 ^r	108 ^r	98
Hogs slaughtered ^r	95 ^r	99 ^r	105 ^r	101
Sugar meltings, U. S. ports.....	96	92	96 ^r	91
Wheat flour.....	114	101	104	94
Cigars.....	106	105	...	...
Cigarettes.....	70	76	...	...
Tobacco, manufactured.....	107	106	...	...
Gasoline.....	139	141	142	...
Tires.....	124	127	138	124 ^p
Newsprint.....	113 ^r	98 ^r	97 ^r	94
Paper, total.....	108 ^r	102 ^r	103	...
Boots and shoes.....	105	89 ^r	103	114 ^p
Anthracite coal.....	103	94	86	61
Automobile, all.....	128	116	100	92
Automobile, passenger.....	134	121	102	95
Automobile, truck.....	105	93	91	78

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

Wages and Employment

This bank's composite index of wages has continued to rise gradually during the past year, and as the accompanying diagram shows, 1927 wages in general are above the highest level reached in 1920. Meanwhile the cost of living has declined slightly, so that the purchasing power of wages has increased further. At the end of the first half of 1927 the cost of living index of the United States Bureau of Labor Statistics was 71 per cent above the pre-war level, whereas the wage index was 121 per cent higher. This indicates a gain of 29 per cent in the average purchasing power of the wages



Composite Wage Index of the Federal Reserve Bank of New York and Cost of Living Index of the U. S. Bureau of Labor Statistics. (Fluctuations in Cost of Living between Report Dates Interpolated by Federal Reserve Bank.)

paid to all classes of workers since 1914, largely in the past six years.

The composite wage index includes per capita earnings of factory operatives and railroad employees, wage rates paid to agricultural labor, building labor, and general unskilled labor, salaries paid to teachers, and earnings of clerical help. Accompanying some evidence of decreased opportunities for securing employment, the average hiring rate paid to unskilled labor has remained virtually unchanged during the past year. All other groups have shown at least slight gains, though factory operatives' earnings, after reaching in March the highest level ever reported, have subsequently declined somewhat, accompanying the moderate recession in factory activity since that month.

The number of workers employed in factories was reduced about 2 per cent in New York State and in the country as a whole, from June to July. A part of this decline in factory employment was attributed to mid-summer closings for vacations and plant repairs, but there was evidence of more than seasonal curtailment in some industries, notably iron and steel and automobiles. Farm work, road building, and fruit and vegetable canning provided employment for a considerable number of workers, but the voluntary labor turnover rate continued to be very low and State employment offices reported some surplus of applicants over opportunities for employment.

Indexes of Business Activity

There appears to have been no curtailment of general business activity comparable to the reduction in industrial production in July. This bank's indexes showed no consistent change from the previous month, nor from July 1926. Bank debits in localities outside of New York City continued in about the same volume as in June and the corresponding month a year ago, but New

York City debits showed an increase after seasonal adjustment and were larger than last year. The distribution of goods at retail continued fairly large and foreign trade remained active.

Railway distribution of commodities, especially of the heavy freight, such as coal and ore, declined slightly further after seasonal adjustment and was considerably smaller than in July of last year. The number of companies incorporated in New York State was smaller than in the previous month and a year ago, but business mortalities were less numerous than in June, although they continued appreciably higher than last year.

In the following table this bank's indexes of business activity are given in percentages of the computed trend, with allowance for seasonal variations, and, where necessary, for price changes.

(Computed trend of past years=100 per cent)

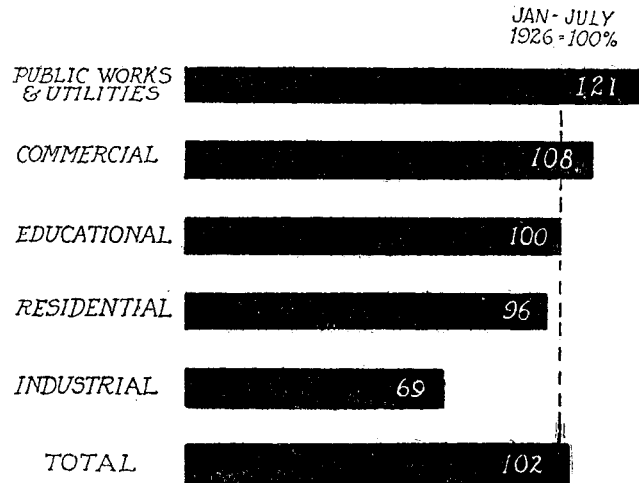
	1926		1927	
	July	May	June	July
<i>Primary Distribution</i>				
Car loadings, merchandise and misc.....	109	107	106	105
Car loadings, other.....	110	104	97	93
Exports.....	109	103	99	105 ^p
Imports.....	122	121	131	122 ^p
Grain exports.....	101	148	90	63
Panama Canal traffic.....	95	87	91	....
<i>Distribution to Consumer</i>				
Department store sales, 2nd Dist.....	99	94	101	101
Chain store sales.....	104	100	100	106
Mail order sales.....	115	100	106	117
Life insurance paid for.....	118	106	112	109
Real estate transfers.....	109	91 ^r	96	....
Magazine advertising.....	100	103	97	97
Newspaper advertising.....	103	101	100	97
<i>General Business Activity</i>				
Bank debits, outside of N. Y. City.....	116	117	116	116
Bank debits, New York City.....	123	135	134	135
Bank debits, 2nd Dist. excl. N. Y. City.....	110	104	104	106
Velocity of bank deposits, outside N.Y.C.....	108	108	106	110
Velocity of bank deposits, N. Y. City.....	123	131	128	135
Shares sold on N. Y. Stock Exchange*.....	173	214	219	176
Postal receipts.....	101	92	95	92
Electric power.....	106 ^r	108 ^r	107	....
Employment in the United States.....	103	99	100	100
Business failures.....	96 ^r	105 ^r	115 ^r	104
Building permits.....	128	116	129	104
New corporations formed in N.Y. State.....	126	113	123	116
General price level.....	185	184	184	183

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

Building

Building and engineering contracts awarded in July were nearly 16 per cent smaller than the record amount reported in June, but were 3 per cent larger than in July 1926, according to the F. W. Dodge report for 37 states east of the Rockies. The principal element in the reduction from June was a sharp decline in residential contracts. Compared with a year ago, public works and utility projects continued to show a substantial increase, and commercial and residential building was slightly heavier, while industrial and educational construction work was smaller.

The dollar value of building contracts let in the reporting states during the first seven months of this year was 2 per cent larger than in the corresponding period of 1926. The exceptionally heavy volume of civil engineering and public works and utilities projects—more than 21 per cent larger than a year ago, as the accom-



Building Contracts Awarded in 37 States during First Seven Months of 1927 Compared by Type of Project with Corresponding Period in 1926.

panying diagram indicates,—was the principal factor in the maintenance of a large amount of construction work. Commercial building was also ahead of last year and educational construction about the same, but residential contracts were 4 per cent smaller, and industrial building was considerably lower, due partly to the inclusion in the 1926 figures of a very large power house project.

In the New York and Northern New Jersey district, the accumulated amount of contract awards since the first of the year slightly exceeded the figure for the corresponding period of last year at the end of July, for the first time this year. The July increase was due primarily to the large amount of public works and commercial contracts.

Chain Store Sales

The increases over last year in total sales reported by leading chain store organizations continued large in July, especially in view of the fact that there was one less business day than in the corresponding month of 1926. Variety stores continued to show the most rapid rate of growth in total volume of business, and sales of grocery chains again showed a large increase over last year. Sales of drug and ten cent store chains also were larger than in July 1926, while tobacco and shoe systems reported slight declines, and sales of candy chains showed little change.

Type of Store	Percentage Change July 1927 from July 1926		
	Number of Stores	Total Sales	Sales per Store
Grocery.....	+ 8.8	+18.8	+ 9.2
Ten cent.....	+ 8.9	+ 7.0	- 1.7
Drug.....	+17.4	+ 8.8	- 7.4
Tobacco.....	+ 3.0	- 1.4	- 4.3
Shoe.....	+ 7.4	- 3.2	- 9.9
Variety.....	+22.2	+24.7	+ 2.0
Candy.....	+ 3.3	- 0.2	- 3.3
Total.....	+ 8.6	+14.4	+ 5.3

Wholesale Trade

July sales of reporting wholesale dealers in this district averaged 5½ per cent larger than a year ago, due chiefly to a large increase in sales of women's coats and suits, which in July 1926 were affected by a strike. Sales of cotton goods and of paper continued larger than last year and small increases were reported also in sales of men's clothing and drugs. Decreases in July following increases in June occurred in sales of groceries, silk, and shoes, however, and sales of hardware, machine tools, stationery, diamonds and jewelry were considerably smaller than in July 1926.

Stocks of groceries at the end of July were substantially larger than a year previous, and shoe stocks continued much above the low level of last summer; jobbers stocks of cotton goods and mill stocks of silk goods also remained somewhat larger than in 1926.

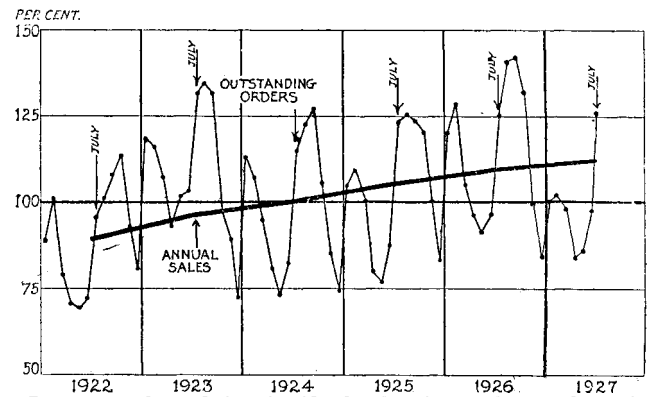
Commodity	Percentage Change July 1927 from June 1927		Percentage Change July 1927 from July 1926		Per cent of Accounts Outstanding Collected in July	
	Net Sales	Stock end of month	Net Sales	Stock end of month	1927	1926
Groceries.....	- 9.9	+ 8.8	- 8.1	+16.0	73.9	79.2
Men's clothing.....	+70.4	.....	+ 1.6	.....	36.1	45.7
Women's dresses.....	-27.7	.....	- 0.5	.....	.....	.....
Women's coats and suits	+213.9	.....	+99.6	.....	.....	.....
Cotton goods—Jobbers	+24.5	- 5.0	+10.4	+ 5.9	37.5	41.7
Cotton goods—Com-	-17.2	.....	+ 4.2	.....	.....	.....
mission.....	-13.7	+ 1.2*	- 9.6	+ 6.7*	48.9	53.8
Silk goods.....	-22.5	+ 1.7	- 2.4	+39.9	36.8	36.9
Shoes.....	+12.6	+ 9.6	+ 2.0	-17.6	39.2	38.2
Drugs.....	-20.3	+ 3.1	-11.9	- 8.6	48.3	49.6
Hardware.....	- 6.6	.....	-25.3	.....	.....	.....
Machine tools**	-12.8	.....	-22.8	.....	74.7	66.3
Stationery.....	- 9.6	.....	+ 4.9	.....	65.0	66.4
Paper.....	+ 5.9	.....	-24.9	.....	.....	.....
Diamonds.....	-42.2	0	-12.9	+ 0.6	28.3	24.4
Jewelry.....	+22.8	.....	+ 5.5	.....	50.7	54.4
Weighted Average...						

*=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 averaged 3 per cent smaller in July than a year previous, but there were five Sundays during the month this year, and daily average sales were slightly larger than a year ago. All sections of the district reported smaller total sales than in July 1926, except Westchester County, where reporting stores have been expanding their business rapidly, and the lower Hudson River Valley. Leading apparel stores also had a slightly smaller volume of business.

The accompanying diagram, showing outstanding orders for merchandise reported by department stores at the end of each month, indicates that forward buying during the Spring season was even smaller this year than in other recent years, but the July reports indicate that advance buying of Fall merchandise has been of about the usual proportions. Average stocks of merchandise at the end of July remained somewhat smaller than a year ago, but the decline in total sales caused a slight reduction in the rate of stock turnover compared with last year.



Department Store Orders for Merchandise Outstanding at the End of Each Month in Percentage of 1924 Average, Compared with Volume of Sales. (1927 Sales Estimated on Basis of First Six Months.)

The proportion of outstanding charge accounts collected during July was slightly smaller than a year previous; this also may have been due to the fact that there was one less business day this year.

Locality	Percentage Change July 1927 from July 1926		Per cent of Charge Accounts Outstanding Collected in July	
	Net Sales	Stock on hand end of month	1927	1926
New York.....	- 2.6	- 0.8	45.8	47.3
Buffalo.....	- 3.3	- 7.0	48.7	48.3
Rochester.....	- 9.1	- 1.6	36.4	39.6
Syracuse.....	- 9.0	-22.9	26.0	23.8
Newark.....	- 2.8	+ 7.2	44.0	45.3
Bridgeport.....	- 9.4	9.4	.....	.....
Elsewhere.....	- 2.7	- 2.7	31.2	32.0
Northern New York State.....	- 1.8	.....	.....	.....
Central New York State.....	-14.4	.....	.....	.....
Southern New York State.....	- 2.8	.....	.....	.....
Hudson River Valley District.....	0	.....	.....	.....
Capital District.....	- 2.4	.....	.....	.....
Westchester District.....	+ 5.3	.....	.....	.....
All department stores.....	- 3.4	- 1.5	43.3	44.3
Apparel stores.....	- 1.8	+ 3.1	44.6	45.0
Mail order houses.....	+ 0.7	.....	.....	.....

Comparisons of July sales and stocks in leading departments with those of a year ago are shown in the following table.

	Net Sales Percentage Change July 1927 from July 1926	Stock on Hand Percentage Change July 31, 1927 from July 31, 1926
Woolen goods.....	+25.3	-16.8
Books and stationery.....	+11.5	- 1.1
Women's and Misses' ready-to-wear.....	+ 7.7	+12.4
Home furnishings.....	+ 5.1	- 2.7
Women's ready-to-wear accessories.....	+ 4.4	- 2.3
Shoes.....	+ 4.1	+12.2
Linens and handkerchiefs.....	+ 4.1	+ 0.2
Toys and sporting goods.....	+ 3.7	- 3.0
Hosiery.....	+ 1.4	+ 7.6
Luggage and other leather goods.....	- 0.6	- 4.9
Silverware and jewelry.....	- 1.2	- 4.0
Toilet articles and drugs.....	- 1.4	- 0.7
Men's furnishings.....	- 2.1	+11.9
Cotton goods.....	- 3.7	-13.1
Musical instruments and radio.....	- 8.4	-24.2
Furniture.....	- 8.6	+ 2.3
Silks and velvets.....	- 8.7	- 9.1
Men's and Boys' wear.....	-10.7	- 1.3
Miscellaneous.....	- 6.8	-12.1