

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

December 1, 1925

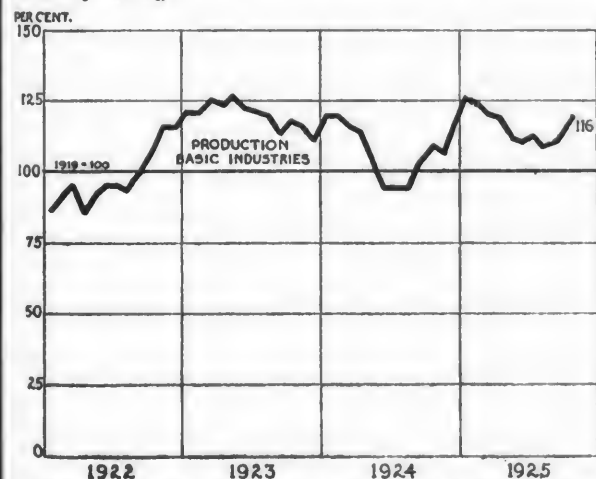
Business Conditions in the United States

INDUSTRIAL activity and the volume of wholesale and retail trade increased in October. Wholesale prices declined somewhat to the level prevailing at mid-year.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal changes, rose by about 4 per cent in October, reflecting increases in the output of most of the 22 commodities included in the index. Particularly large increases in activity were shown for the iron and steel and textile industries, and the output of bituminous coal and of lumber was in large volume. Production of automobiles in October was the largest on record. Payrolls at factories, including industries not covered by the production index, increased in October to the highest level since early in 1924. The value of building contracts awarded declined further in October, but the total was considerably larger than in the corresponding month of any other year.

Estimates by the Department of Agriculture in November indicate a corn crop of 3,013,000,000 bushels and a cotton crop of 15,298,000 bales, compared with 2,437,000,000 bushels and 13,628,000 bales in 1924. Marketing of crops was seasonally larger in October than in September but averaged nearly 10 per cent less than a year ago.



Index of 22 Basic Commodities Corrected for Seasonal Variation (1919 = 100 Per cent. Latest Figure, October)

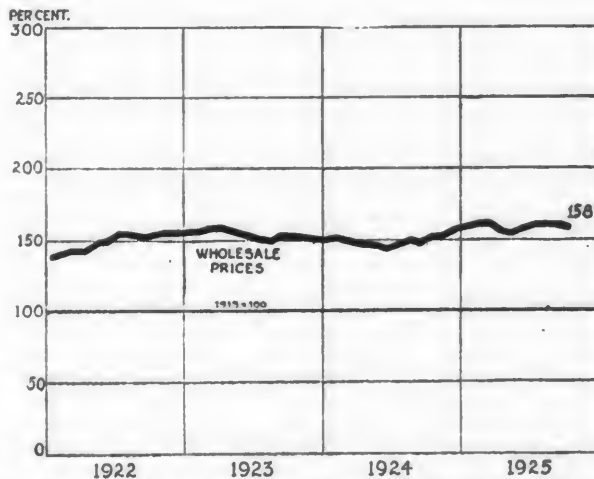
TRADE

Wholesale trade, according to the Federal Reserve Board's combined index of sales in six leading lines, reached a seasonal peak in October and was in larger volume than for any month of the past five years. Sales at department stores and mail order houses, owing partly to favorable weather conditions, showed considerably more than the usual increase in October and were the largest on record for that month. Stocks of dry-goods, shoes, and hardware at wholesale firms were smaller at the end of October than on September 30, but stocks of groceries were larger. Merchandise stocks at department stores showed slightly more than the usual increase in October, and were somewhat larger than at the end of October a year ago.

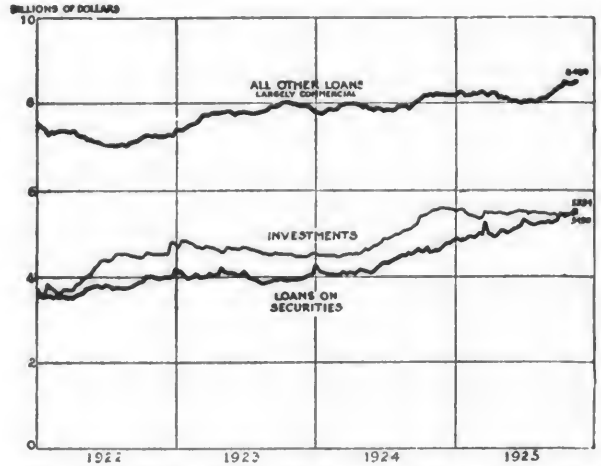
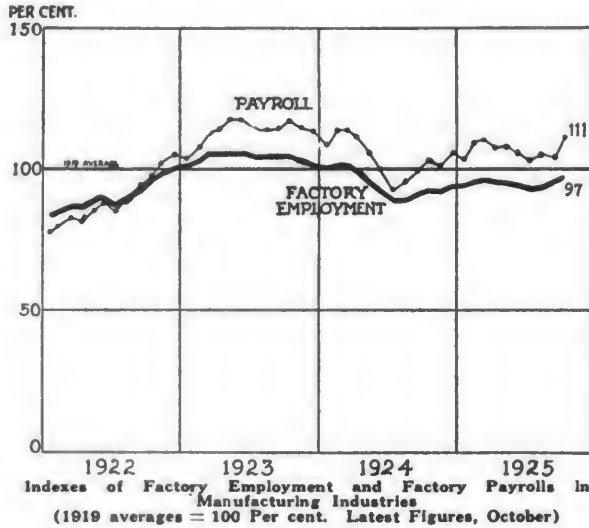
Freight car loadings reached a seasonal peak in October and totaled more than in any previous month, notwithstanding reduced shipments of anthracite and of grains and grain products.

PRICES

The Bureau of Labor Statistics index of wholesale prices, after remaining relatively constant for three months, declined from 160 in September to 158 in October, reflecting declines in the prices of agricultural products, particularly grains, livestock, meats, cotton, and sugar. Since November 1 prices of grains, wool, sugar, pig iron, and rubber have increased.



Index of U. S. Bureau of Labor Statistics (1913 = 100 Per Cent. base adopted by Bureau. Latest Figure, October)



BANK CREDIT

Between the middle of October and the middle of November, loans for commercial and industrial purposes at member banks in leading cities continued in a volume about \$450,000,000 larger than at mid-summer. Loans on securities increased further and total loans on November 11 were about \$1,000,000,000 larger than at the opening of the year. Demand deposits increased further during October and early November to a level near the high point of last January.

At the Reserve Banks total bills and securities in November were in the largest volume for the year and about \$200,000,000 larger than a year ago. Member bank borrowings declined somewhat from the high point reached early in October, while acceptance holdings continued to increase and on November 18 were larger than at any previous time for the year. The growth in Reserve Bank credit since mid-summer was chiefly in response to the seasonal increase of money in circulation, which on November 1 was about \$180,000,000 larger than on August 1.

During the latter part of October and early part of November open market rates for commercial paper and bankers acceptances remained substantially unchanged at the levels reached during the early autumn. Discount rates at the Federal Reserve Banks of Boston, Cleveland, Philadelphia, and San Francisco were advanced from 3½ to 4 per cent during November.

Money Market

Although there was little change in the general level of rates, slightly easier money conditions prevailed in the New York market after the middle of October and in most of November. Demand for funds, as reflected by commercial loans of weekly reporting banks, remained slightly below the seasonal high point reached in the middle of October, and the volume of credit employed in the security markets likewise decreased slightly accompanying the reaction in prices.

The volume of member bank loans and investments in this district remained in November slightly below the

total at the beginning of the year. Net demand deposits increased moderately over October levels, but total deposits including time and Government were little changed at levels lower than at the beginning of the year. The following table, comparing changes in total loans and investments and deposits of reporting banks by districts since the first of the year, indicates how credit tendencies in this district have differed from those in other districts.

	Per cent Change from January 7 to November 18	
	Total Loans and Investments	Total Deposits
Boston.....	+ 7.0	+ 6.2
New York.....	- 0.1	- 3.0
Philadelphia.....	+ 5.0	+ 2.2
Cleveland.....	+ 6.0	+ 5.1
Richmond.....	+ 6.7	+ 7.3
Atlanta.....	+17.7	+15.8
Chicago.....	+ 6.0	+ 4.9
St. Louis.....	+ 2.0	- 2.7
Minneapolis.....	- 4.7	- 5.5
Kansas City.....	+ 2.0	0
Dallas.....	+ 5.6	+ 0.3
San Francisco.....	+12.8	+ 9.6
Total.....	+ 4.1	+ 1.8

Member bank reserves in this district were generally maintained during November without additional borrowing at the Reserve Bank until late in the month when currency withdrawals within the district coincided with loss of funds to the interior and the withdrawal of gold for export to Canada. These requirements for funds led to some increase in rediscounts at the Reserve Bank.

Reflecting fairly ample supplies of funds during the greater part of the period, call loans, after touching 5 per cent on the first two days held generally stable around 4½ to 4¾ per cent until late in the month when the rate went to 5 and 5½ per cent. Commercial paper was also slightly easier in tone, though quoted rates remained little changed at 4¼ to 4½ per cent. At these levels, however, dealers continued to find it difficult to compete with banks, and supplies of paper continued small as in October when the outstandings of 26 dealers reached a new low point since 1921.

In the bill market, on the other hand, supplies of bills were considerably increased due both to seasonal increase in the amount outstanding and to bank selling late in the month, so that dealers' portfolios rose to the highest levels of the year, and bid and offer rates held firm at 3½ and 3½ for 90-day bills. Time loans on stock market collateral were steady during the month at 4⅞ to 5 per cent.

The Italian Debt Agreement

As a result of the conclusion on November 14 of an agreement for the funding of the Italian debt to the United States, subject still to the approval of Congress, ten countries have now funded their debts to the United States. By this agreement Italy agrees to pay a principal amount of \$2,042,000,000 in annual instalments over a period of sixty-two years, together with interest beginning after 1930 and ranging upward from ⅛ of 1 per cent annually from 1930 to 1940 to 2 per cent annually in the last seven years from 1981 to 1987. Payments of \$5,000,000 are to be made in each year up to June 15, 1930, and thereafter amounts gradually rising from \$12,100,000 in 1931 to \$79,400,000 in 1987. This method of payment is different from that of the British and Belgian debt settlements which call for payments of practically constant amounts after the first ten years.

Obligations now funded total about \$7,400,000,000, including the debts of Great Britain, Belgium, Czecho-Slovakia, Esthonia, Finland, Hungary, Italy, Latvia, Lithuania, and Poland. Under these agreements payments due in 1926 are as follows:

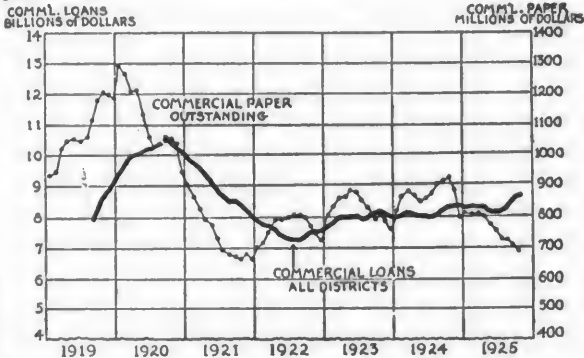
Great Britain.....	\$160,900,000
Italy.....	5,000,000*
Belgium.....	3,840,000
Czecho-Slovakia.....	3,000,000
Poland.....	1,500,000x
Finland.....	314,800
Lithuania.....	209,550†
Esthonia.....	100,000x
Hungary.....	67,588†
Latvia.....	60,000x
Total \$174,992,028	

*Paid in advance in November 1925. xOptional. †Partly payable in bonds.

Foreign Exchange

After recovering to \$1.8469, sterling weakened toward the close of November to \$1.8406, and gold shipments to this country were again reported. French exchange showed a further decline, and at 3.76 cents on November 25 reached the lowest point since March 1924, from which, however, there was later a recovery to around 4 cents. Belgian francs, on the contrary, showed unusual stability, ranging from 4.51 cents to 4.54 cents, and the Italian lira rose above the French franc to 4.07 following conclusion of the debt funding agreement and flotation of an exchange stabilization loan in this market. Both Danish and Norwegian currencies, although still strong, reacted slightly from the high levels of the previous month.

The Canadian dollar reached a new high premium of 3/16, in consequence of which further substantial shipments of gold were sent to that country. Argentine pesos were likewise strong at close to par, while Brazilian exchange turned somewhat reactionary. In the Far East, yen advanced two cents to 43.50 cents, the highest since March 1924, presumably as a result of recent shipments of gold to this country and a more favorable trade balance.



Loans largely for Commercial Purposes of 723 Weekly Reporting Member Banks in all Districts and Outstanding Commercial Paper of 26 Dealers

Security Markets

During October and early November the volume of trading on the Stock Exchange exceeded all previous levels and prices likewise rose to new high points. Later in the month industrial prices reacted to levels approximately 10 points below the maximum, while railroad issues were irregularly strong.

Corporation bond prices were firmer in November, and most United States Government issues also advanced following the announcement later in the month that the Treasury will purchase \$50,000,000, or thereabouts, of Third Liberty Loan 4¼ per cent Bonds of 1928, at the lowest prices offered, if at or below the price of 101½ and accrued interest. Among foreign bonds, French securities were weak in sympathy with the decline in exchange.

The volume of new domestic security issues was only moderately large in November, but foreign issues aggregating \$180,000,000 were the heaviest for any month this year, due largely to the offering of \$100,000,000 bonds for the Italian Government in connection with an exchange stabilization program. A feature of foreign offerings lately has been numerous loans of German corporations and Governmental sub-divisions. These totaled \$48,000,000 in November, and since the German Government international loan of \$110,000,000 in October 1924 have amounted to \$226,000,000, bringing the total of all German issues offered in this market during the past year to \$336,000,000. The following table shows the volume of these offerings.

Nature of Loan	Number of Issues	Amount
National Government.....	1	\$110,000,000
Provincial and Municipal.....	17	69,000,000
Corporate, guaranteed by government.....	8	63,000,000
Corporate, without government guarantee.....	8	64,000,000
Total.....	34	\$336,000,000

Gold Movement

Except for the receipt of nearly \$1,000,000 from Great Britain during the first week of November, imports and exports of gold at the Port of New York during the first three weeks of November were small. Late in the month, however, an easing in sterling exchange was followed by the import of an additional \$1,500,000 from England, while a rise in Canadian exchange was followed by further exports of \$20,000,000 to Canada.

For October gold imports for the country totaled \$50,741,000, of which \$41,900,000 came from England and \$4,000,000 from Japan. As exports, however, totaled \$28,000,000, chiefly to Canada, the import balance for the month was reduced to \$22,700,000. For the two months October and November, preliminary figures indicate imports from Great Britain of \$44,000,000 and exports to Canada of \$42,000,000.

Foreign Trade

The value of both imports and exports of merchandise again increased in October, but exports at \$492,000,000 were 7 per cent less than in October 1924, while imports at \$375,000,000 were 21 per cent larger than a year ago. Compared with October 1924, there was a large increase, both in incoming and outgoing trade, in the proportion of crude materials for use in manufacture.

Contrary to usual tendencies, exports of grains and grain products were \$15,000,000 lower than in September, and the smallest since the low point in the summer of 1924. Cotton exports, on the other hand, valued at \$176,000,000, were more than \$78,000,000 above September, and in volume the largest for a single month since 1915. For the crop moving year since August 1 cotton shipments amounting to nearly 2½ million bales have been heavier than for any similar period since 1913. This reflects larger production this year, as the percentage of exports to output is running no higher than in other years.

Employment and Wages

Factory employment in New York State increased 2 per cent further in October, and with the exception of last March was the highest since April 1924. Employment in other forms of industrial and commercial activities was also high, and reports indicate difficulty in some sections in securing enough farm help and skilled building labor.

The most important gain in factory employment was in the metal working group of industries. Employment in iron and steel mills was 15 per cent greater than in the previous month or a year ago, and gains were reported in automobile, machinery and electrical apparatus, brass and copper, and typewriter plants. Working forces were substantially expanded also in the woolen and worsted mills, and moderate gains occurred in cotton goods and knit goods. Curtailment in building materials was unusually small for the season and em-

ployment in these plants remained much higher than a year ago.

Weekly earnings of factory workers in New York State averaged \$28.57 in October, an increase of more than a dollar from a year ago, and the highest since 1920. The increase in earnings apparently is due to full time schedules and relatively high employment in the more highly paid trades, as wage rates have been fairly steady for the last two years. Recent moves, however, on the part of organized labor to secure higher wages have included demands by New York City building trades unions for higher wage scales when the present agreements expire at the end of the year, and a proposal by the western group of the railway brotherhoods to demand a restoration of war-time wage rates.

Production

Manufacturing activity continued to increase in October, according to this bank's indexes of production, and in many lines was substantially above the trend shown by past years.

Average daily iron and steel production increased an additional 7 per cent, and unfilled orders of the Steel Corporation rose nearly 400,000 tons to the highest level since the end of April. Railroad buying continues to supplement active demand from other consuming industries, and purchasing generally for the first quarter of 1926 is reported in increasing volume.

Due partly to the anthracite strike, production of bituminous coal in October and November reached highest levels since 1920, and since the first of the year has exceeded that of a year ago by 8 per cent. Beehive coke

(Computed trend of past years=100 per cent)

	1924		1925	
	Oct.	Aug.	Sept.	Oct.
Producers' Goods				
Pig iron.....	75	81	84	89
Steel ingots.....	85	98	105	104
Bituminous coal.....	94	96	100r	106
Copper, U. S. mines.....	103	100	103	104
Tin deliveries.....	88	110	105	101
Zinc.....	99	107	110	113
Petroleum.....	120	127	125	...
Gas and fuel oil.....	98	108	100	...
Cotton consumption.....	91	78	85	91
Woolen mill activity*.....	97	83	88	94p
Cement.....	121	131	131	126
Lumber.....	107	103	106r	108p
Leather, sole.....	81	79	71	79
Silk consumption*.....	111	130	122	136
Consumers' Goods				
Cattle slaughtered.....	105	105	102	109
Calves slaughtered.....	121	114	107	117
Sheep slaughtered.....	101	93	94	95
Hogs slaughtered.....	110	99	113	102
Sugar melt. ngs, U. S. ports.....	106	99	141r	122
Wheat flour.....	99	93r	100r	95
Cigars.....	102	100	105	115
Cigarettes.....	78	74	80	71
Tobacco, manufactured.....	102	101	108	106
Gasoline.....	114	137	130	...
Tires.....	139	125	134	...
Newsprint.....	113	108	114	118
Paper, total.....	95	81	85	87
Boots and shoes.....	100	101	105	100p
Anthracite coal.....	87	104	**	**
Automobile, all.....	120	95	126	169
Automobile, passenger.....	124	96	117	179
Automobile, truck.....	104	90	163	128

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

production continued to increase and was nearly double that of a year ago.

October production of passenger automobiles amounting to 392,600 vehicles was larger than ever before; while this was due partly to the temporarily curtailed production in August and September, the output for the three months combined was much above that of any corresponding three months except in 1923. Production of trucks, although lower than in September, was still nearly 30 per cent above the computed trend.

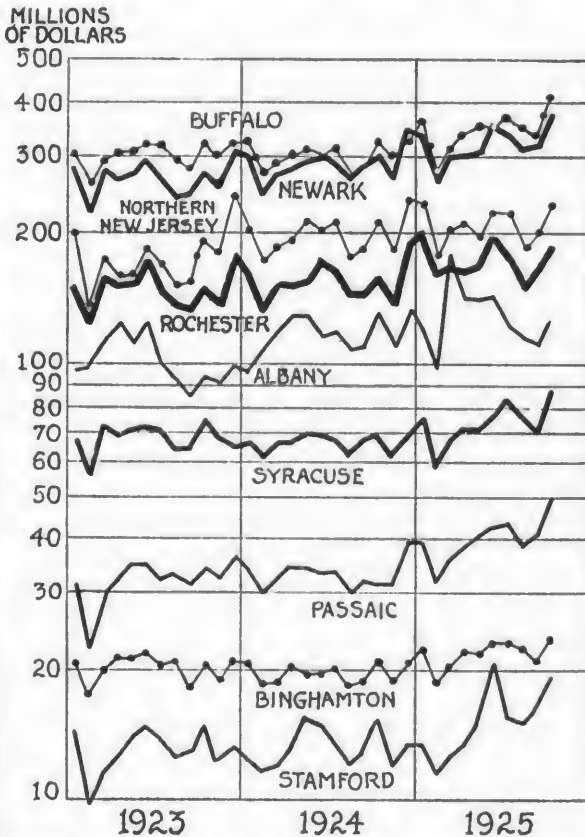
In the textile industry, this bank's indexes of woolen mill activity and cotton consumption rose above 90 per cent of the computed trend, compared with 77 to 78 per cent during the summer, and the index of silk consumption reached the highest level since March. Other major lines operating at high levels of activity during the month were cement, copper, lumber, and zinc production.

higher than a year ago compared with gains of 12 to 13 per cent earlier in the year. These increases have not been confined to the larger cities but have been widely distributed throughout the smaller cities as well. The accompanying diagram giving the figures for various cities in this district illustrates the uniform character of the increases over a year ago.

Railway shipments of merchandise and miscellaneous freight, while seasonably somewhat reduced from the high point in October, continued above all previous years, and retail sales through department stores and mail order houses were unusually large. Factory labor continued well employed, building remained at high levels, and real estate transfers were substantially above estimated normal, as measured by the trend of past years. Accompanying these evidences of business activity, the volume of speculation on the New York Stock Exchange attained new high levels.

Indexes of Business Activity

Further expansion of trade and general business activity was indicated by this bank's indexes for October and the first part of November. Bank debits outside of New York, which closely reflect business conditions, reached new high levels for all time, 15 per cent



Monthly Volume of Bank Debits for Selected Cities in the Second Federal Reserve District.

(Computed trend of past years=100 per cent)

	1924		1925	
	Oct.	Aug.	Sept.	Oct.
<i>Primary Distribution</i>				
Car loadings, merchandise and misc.	103	103	106	103
Car loadings, other.	98	104	96	94
Wholesale trade, Second District.	99	91	90	93
Exports.	111	102	95	95p
Imports.	106	114	118	118p
Grain exports.	201	83	89	...
Panama Canal traffic.	103	94	93	...
<i>Distribution to Consumer</i>				
Department store sales, Second Dist.	98	103	102	106
Chain store sales.	95	98	94	99
Mail order sales.	110	120	116	128
Life insurance paid for.	110	120	122	116
Real estate transfers.	111	101	112	113p
Magazine advertising.	100	94	105	106
Newspaper advertising.	96	95	95	100
<i>General Business Activity</i>				
Bank debits, outside of New York City.	103	109	110	112
Bank debits, New York City.	103	122	122	121
Bank debits, 2nd Dist. excl. New York City.	99	107	105	110
Velocity of bank deposits, outside of New York City.	93	105	99	102
Velocity of bank deposits, New York City.	95	121	122	123
Shares sold on New York Stock Exchange.	105	188	210	307
Postal receipts.	101	99	103	104
Electric power.	105	107	108	...
Employment, N. Y. State factories.	98	98	100	100
Business failures.	105	101	97	97
Building permits.	167	184	184	204

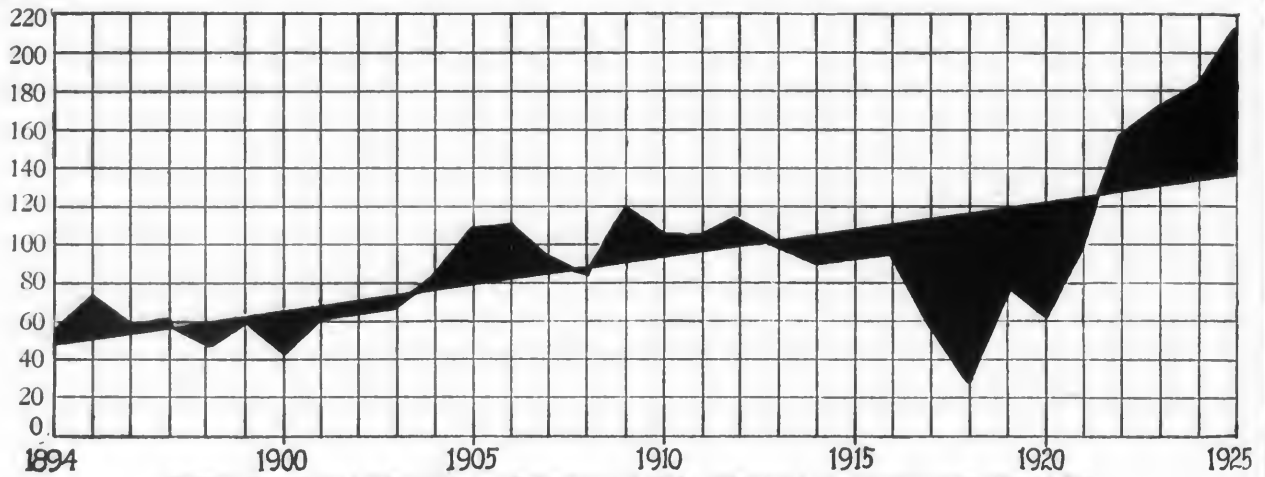
*-Seasonal variation not allowed for p=Preliminary

Building

Building undertakings continued large in October, approximately 27 per cent above a year ago, according to the F. W. Dodge Corporation's figures of contracts let and the S. W. Straus Company's report of permits issued.

In this district contracts, after falling below a year ago in the first half of this year, gained 63 per cent over 1924 in the months from July to October, while for the country as a whole, a gain of 15 per cent during the first six months was converted into a gain of 50 per cent from July to October. The following table, compares

Per Cent.



Building Permits in Leading Cities in Percentages of 1913. (Changes in Construction Costs Allowed For. Black Areas Represent Deviations from the General Trend.)

the percentage increase for the entire ten months over last year with changes in previous years.

	1920	1921	1922	1923	1924	1925
Percentage change from preceding year.....	- 0.6	- 8.2	+42.0	+ 4.8	+12.3	+28.4

Residential building continues to be largely responsible for the maintenance of high building totals, although commercial building has increased substantially and shows a larger percentage gain than other types.

The accompanying diagram, comparing permit figures for a wide sampling of cities, in percentages of 1913 and after conversion as nearly as possible to 1913 dollars, indicates the extent to which current totals have been running above the long term trend. While precise estimates of building surplus or shortage are impossible, owing to such factors as changing standards of living, changing character of cities through suburban development, longer use of old buildings, etc., it would now seem probable that recent construction has eliminated most of the shortage heretofore existing as a result of underbuilding during the war. This conclusion appears to be in keeping with the general consensus of estimates by competent authorities and with the moderate decline in rentals in many sections.

Business Profits

A continued high level of industrial profits was indicated by the third quarter earnings of 99 industrial corporations which, although slightly below those of the second quarter, were otherwise the largest in more than three years. For the three quarters combined, earnings were the largest of any recent year and 9 per cent greater than in the whole of 1924.

Despite the reduced prices of cars effective in the third quarter, profits of motor and accessory companies held close to the high total of the second quarter, and for the nine months exceeded the whole of 1923 and 1924 by 15 and 60 per cent respectively. In the steel industry, on the other hand, continued low prices were reflected by a decline in earnings as compared with 1923 though the totals rose somewhat above 1924. In other groups listed in the table below, earnings both for the third quarter and for the nine months exceeded corresponding periods in either of the two years.

Telephone companies continued to report a steady expansion in earnings, while profits of class 1 railways, both for the third quarter and the nine months were also the largest in recent years. In the case of the railroads, earnings in August and September were for the first time since the passage of the Transportation Act at a rate exceeding $5\frac{3}{4}$ per cent on tentative valuation, the figure fixed by the Interstate Commerce Commission as comprising a fair return on investment.

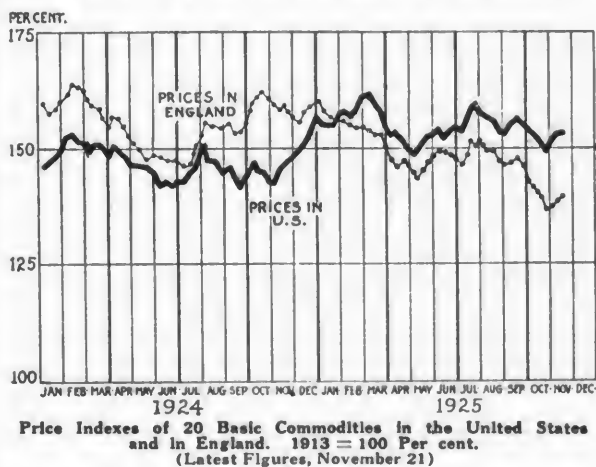
(Net profits in millions of dollars)

	No of Corporations	1923					1924					1925			
		1st Quar.	2nd Quar.	3rd Quar.	Nine Months	Twelve Months	1st Quar.	2nd Quar.	3rd Quar.	Nine Months	Twelve Months	1st Quar.	2nd Quar.	3rd Quar.	Nine Months
Motor & Motor Accessories.....	14	37	47	28	112	130	32	21	20	73	94	36	60	54	150
Oil.....	15	20	24	16	60	67	29	22	18	69	84	23	31	28	82
Steel.....	11	24	43	39	106	146	42	28	17	87	107	30	31	30	91
Food & Food Products.....	14	12	13	13	38	48	12	13	14	39	51	12	15	16	43
Metal & Mining.....	11	8	10	9	27	30	7	8	6	21	30	11	10	11	32
Machine Manufacturing.....	10	3	4	3	10	12	3	3	3	9	11	4	4	4	12
Miscellaneous.....	24	13	13	14	40	54	14	11	6	31	40	13	16	16	43
Total 7 groups.....	99	117	154	122	393	487	139	106	84	329	417	129	167	159	455
Telephone.....	70	36	35	30	101	136	35	37	36	108	151	44	46	46	136
Class I RR.....	193	185	262	277	724	979	203	188	287	678	987	204	234	359	797
Total.....	362	338	451	429	1,218	1,602	377	331	407	1,115	1,555	377	447	561	1,388

Commodity Prices

A steady decline in commodity prices during October was indicated by this bank's weekly index of 20 basic commodities, and by a decline of 1.3 per cent in the Department of Labor index of average wholesale prices. In November, however, firmer prices were reflected in a recovery by this bank's index of most of the October decline.

Important elements in the November advance were substantial gains in wheat and cotton prices. Wheat reached the highest level since August and spot cotton at 21.65 cents on November 21 was 2¼ cents above the October low point. In the case of corn, on the other hand, prices declined following a further increase in the crop estimate and were nearly 30 cents lower than a year ago. Rubber advanced to within a few cents of the July high point, and prices of both raw and refined sugar showed moderate recoveries from the low levels of October. Pig iron prices were also higher, but copper declined steadily after the first week of the month.



This bank's index of the general price level, which includes not only wholesale and retail prices but also rents and wages, advanced in October to 187 per cent of the 1913 level, compared with 186 in the three months preceding and 182 in October of last year.

Wholesale Trade

A further increase in wholesale trade, partly seasonal, occurred in October, and sales in a majority of lines also exceeded those of a year ago. The largest increase, as in other recent months, was in machine tool sales, which reached the highest level for any October since 1920. Silk goods sales showed a notable increase, and cotton goods sales were somewhat larger than a year ago notwithstanding sharp fluctuations in raw cotton. Hardware sales were larger than in any other month in the last five years, and sales of stationery, shoes, paper, and drugs also showed considerable increases.

Due, however, to the failure of wholesale groceries to show an increase, and to decreases in sales of women's clothing and of jewelry and diamonds this bank's weighted index of trade increased only 3 per cent over October 1924.

Stocks of merchandise on hand continued to show about the same changes from a year ago as at the end of September. Stocks of cotton goods, hardware, and jewelry and diamonds remained smaller, grocery stocks were little changed, while stocks of shoes and silk goods were substantially larger than in October 1924.

Commodity	Net Sales Percentage Change		Stock at end of month Percentage Change	
	Oct. 1925 from Sept. 1925	Oct. 1925 from Oct. 1924	Oct. 1925 from Sept. 1925	Oct. 1925 from Oct. 1924
Groceries.....	+16.1	0	+11.8	+ 0.9
Men's clothing.....	-12.7	+ 0.9	.....	.....
Women's dresses.....	-15.6	-11.5	.....	.....
Women's coats and suits.....	+47.3	- 2.1	.....	.....
Cotton-Jobbers.....	+ 2.6	+ 8.5	-10.0	-13.2
Cotton-Commission houses.....	- 5.3	+ 5.8	.....	.....
Silk goods.....	- 2.4	+20.1	+ 1.2*	+28.5*
Shoes.....	+ 2.6	+ 6.3	- 8.8	+19.9
Drugs.....	+34.1	+ 3.9	.....	.....
Hardware.....	+13.2	+ 7.0	- 5.0	- 9.6
Machine tools.....	+ 2.4	+51.0	.....	.....
Stationery.....	+17.7	+ 7.5	.....	.....
Paper.....	+15.1	+ 6.3	.....	.....
Diamonds.....	+20.1	- 4.2	- 4.3	- 4.0
Jewelry.....	+30.2	- 4.0	.....	.....
Weighted Average.....	+ 7.2	+ 2.6	.....	.....

*Stock at first of month—quantity not value

Chain Store Sales

Chain stores shared with other lines of retail trade in unusually large sales in October. Variety stores reported a gain of more than 40 per cent over October last year and grocery stores showed the largest increase in sales in recent years. Sales of shoe and ten cent stores also were unusually large and the increases in other types of chain stores compared favorably with those in most earlier months this year.

New stores opened showed an increase over last year ranging from 6 per cent in drug chains to 24 per cent in groceries. While this accounts for a considerable part of the gain in total sales, sales per store for several lines showed large gains over a year ago and for all chains combined averaged 4 per cent higher.

Type of Store	Percentage Change—October 1925 from October 1924		
	Number of Stores	Total Sales	Sales per Store
Variety.....	+18.4	+40.6	+18.8
Grocery.....	+23.7	+31.1	+ 6.1
Shoe.....	+18.6	+18.5	- 0.1
Ten Cent.....	+ 6.5	+16.8	+ 9.6
Drug.....	+ 5.7	+14.3	+ 8.1
Canly.....	+ 8.6	+ 8.7	+ 0.2
Tobacco.....	+12.4	+ 5.3	- 6.4
Total.....	+20.5	+25.4	+ 4.1

Department Store Trade

Department store sales in this district were 15 per cent larger in October than a year previous, the largest gain in any month in the last three years. After allowance for seasonal variations and price changes, the October volume of business appears to have been substantially above the estimated normal or trend of growth. Apparel store sales showed an increase of 19 per cent over the previous year, after the comparatively dull business of September.

Following the heavy sales of October, stocks of merchandise in department stores at the end of the month were less than 1 per cent larger than a year ago, and the rate of stock turnover was therefore higher than in October of last year. Apparently as a result of the high level of sales and relatively small stocks, outstanding orders for additional merchandise at the end of the month showed a smaller seasonal decline than usual, and were substantially larger than at the end of October in the last two years.

	Net Sales Percentage Change October 1925 from October 1924	Stock on Hand Percentage Change October 31, 1925 from October 31, 1924
New York.....	+15.3	+ 0.9
Buffalo.....	+ 8.5	+ 0.1
Rochester.....	+16.8	+ 1.1
Syracuse.....	+11.1	+ 0.4
Newark.....	+21.3	0
Bridgeport.....	+20.1	+ 3.8
Elsewhere.....	+13.9	+ 1.0
Northern New York State.....	+ 2.0	.....
Central New York State.....	+11.3	.....
Southern New York State.....	+11.9	.....
Hudson River Valley District.....	+11.5	.....
Capital District.....	+27.3	.....
Westchester District.....	+ 4.3	.....
All department stores.....	+15.1	+ 0.8
Apparel stores.....	+19.5	- 0.7
Mail order houses.....	+20.3	.....

The largest percentage increase in sales over last year was in radio sets, but a more important element in the high level of total sales was a large increase in all of the main apparel departments, following quiet business in several of these lines in September. Substantial gains were reported in toilet articles and drugs, toys and sporting goods, furniture and home furnishings, lug-

gage and other leather goods, cotton and silk goods, and books and stationery.

	Net Sales Percentage Change October 1925 from October 1924	Stock on Hand Percentage Change Oct. 31, 1925 from Oct. 31, 1924
Musical instruments and radio.....	+33.7	-13.8
Men's and Boys' wear.....	+29.7	+ 3.6
Women's and Misses' ready-to-wear.....	+24.4	- 8.0
Men's furnishings.....	+22.7	+ 0.8
Hosiery.....	+21.4	+ 8.6
Toilet articles and drugs.....	+20.6	+ 4.1
Toys and sporting goods.....	+19.8	- 5.1
Furniture.....	+18.4	+ 4.6
Shoes.....	+16.1	+ 3.0
Home furnishings.....	+15.3	+ 0.7
Luggage and other leather goods.....	+14.8	+ 5.6
Cotton goods.....	+14.6	+ 8.4
Books and stationery.....	+13.3	+ 1.2
Silks and velvets.....	+12.6	-10.1
Women's ready-to-wear accessories.....	+12.4	- 6.5
Silverware and jewelry.....	+ 9.7	- 3.5
Linen and handkerchiefs.....	+ 6.1	+ 3.4
Woolen goods.....	-10.7	- 6.3
Miscellaneous.....	+ 8.6	- 7.5

Instalment Sales by Department Stores

In view of the increase in the past few years in the use of instalment credit in merchandising, this bank recently sought information as to the amount of instalment credit in use in the department store trade in this city.

While the practise of granting instalment credit has spread during the past year to a number of stores heretofore on a cash basis, in general the results of the inquiry did not indicate any recent considerable growth in the use of this form of credit in department store trade. A wide variance in the practise was revealed; some stores are trying it experimentally, while others have fully adopted the plan and are pushing it.

A few of the stores have carried on an instalment business for several years in such articles as furniture, rugs, pianos, and other household articles. Information secured from some of these stores indicated that while instalment sales have shown a somewhat greater increase over a year ago than cash sales in particular lines, the total amount of instalment sales and accounts outstanding has not expanded more rapidly than total cash sales. In general instalment sales in this city are still only a small part of the total volume of department store business.

