

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

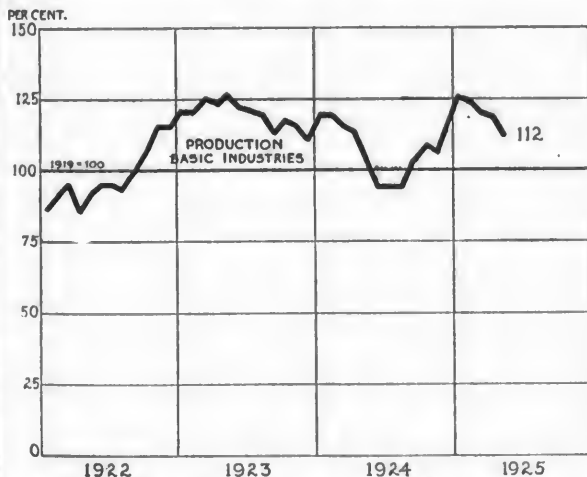
July 1, 1925

#### Business Conditions in the United States

**P**RODUCTION in basic industries and factory employment continued to decline in May and there was a further recession in wholesale prices. Distribution of commodities was in greater volume than at this time last year, but slightly less than in April.

##### PRODUCTION

The Federal Reserve Board's index of production in basic industries declined 6 per cent. in May to a level 12 per cent. below the high point in January. There were further considerable decreases in the output of the iron and steel and woolen industries; and declines also occurred in the mill consumption of cotton and in copper, sole leather, and newsprint production. The number of automobiles manufactured during May fell slightly below the record figure of April. Employment at industrial establishments was slightly less in May than in the month before, with decreases, partly seasonal, in the clothing, boot and shoe, and iron and steel industries and increases in the industries producing automobiles, tobacco products, and certain building materials. Building contracts awarded during May were smaller in value and in square feet than those for April, but were larger than for any other month on record.



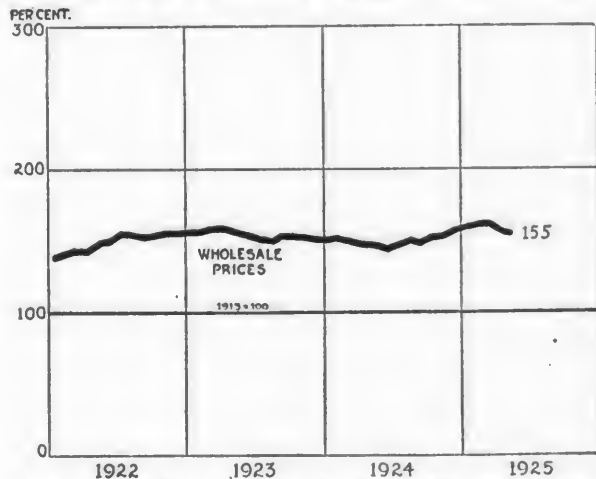
Index of 22 Basic Commodities Corrected for Seasonal Variation (1919=100 Per cent. Latest figure, May)

##### TRADE

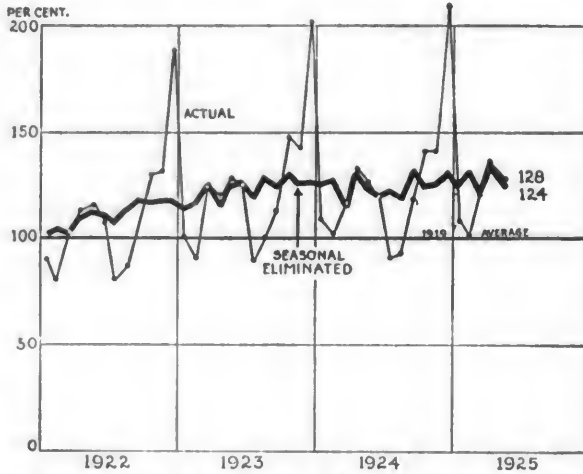
Department store sales in May were smaller than in April but somewhat larger than a year ago, and mail order sales were 5 per cent. larger than in May 1924. Department store stocks declined in May and were at the same level as a year ago. Wholesale trade was in about the same volume as the month before and about 3 per cent. larger than a year ago, increases over last year in sales of meats and dry goods offsetting decreases in sales of groceries, shoes, hardware, and drugs. Wholesale stocks of groceries in dollar values were larger than a year ago, while stocks of dry goods and shoes were substantially smaller. Car loadings of miscellaneous products and merchandise decreased slightly during May, but were greater than a year ago.

##### PRICES

Wholesale prices continued to decline in May, but the decrease was considerably smaller than for the preceding month. All groups of prices represented in the Bureau of Labor Statistics index declined except the house-furnishings and miscellaneous groups. In the first three weeks of June prices of wheat, corn, flour, cotton goods, and pig iron declined, while quotations on sheep, hogs, gasoline, hides, and rubber advanced.



Index of U. S. Bureau of Labor Statistics (1913=100 Per cent. base adopted by Bureau. Latest figure, May)



Department Store Sales. Index of Sales of 333 Stores in 117 Cities (1919 = 100 Per cent. Latest figure, May)

### BANK CREDIT

Borrowing for commercial purposes at member banks in leading cities declined further between the middle of May and the middle of June to a level lower than at any time this year, while loans on securities increased and reached a new high level in June. Investment holdings of these banks also increased, and total loans and investments at the middle of June were at a new high point.

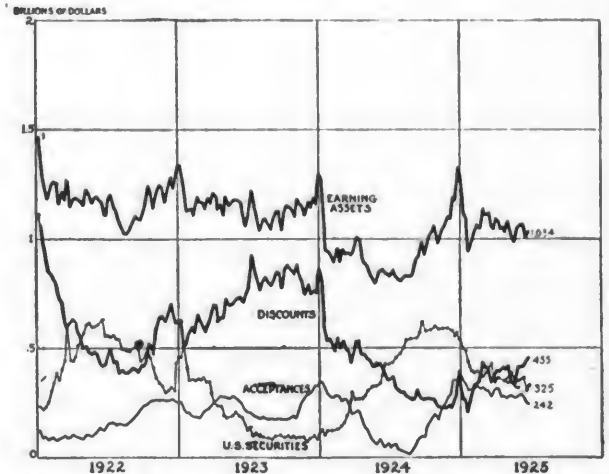
At the Reserve Banks there was an increase in member bank borrowing between May 20 and June 24 and on that date discounts for member banks were in larger volume than at any time since the opening of the year. Further decreases in the holdings of acceptances and of United States securities brought the volume of open-market holdings in June to the lowest level since last summer.

Conditions in the money market remained relatively steady during the latter part of May and first three weeks of June, notwithstanding the heavy Treasury operations in the middle of June.

### Banking Conditions in the Second District

The principal banking transactions affecting the money market in June centered about the maturity on the 15th in this district of about \$220,000,000 Treasury notes out of a total of over \$400,000,000 in the United States, payment of interest on the public debt, and collection of the second quarterly instalment of income taxes. In addition to these transactions, the British Government paid to the Reserve Bank for account of the Treasury approximately \$68,000,000 in United States securities in discharge of semi-annual interest on its debt to this Government.

As customary at tax dates the Treasury disbursements in this district on the 15th greatly exceeded receipts, and made necessary the usual temporary loan by the Reserve Bank to the Treasury pending collection of tax checks and the transfer to this market of the pro-

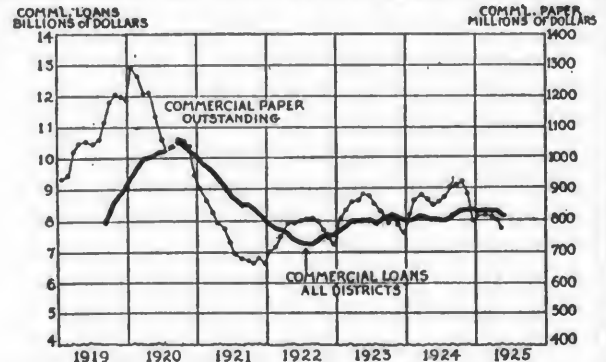


Reserve Bank Credit—Weekly Figures for 12 Federal Reserve Banks. (Latest figures, June 24.)

ceeds of tax collections in other districts. During the period of these transactions, however, money rates remained relatively stable, as excess funds were absorbed by a reduction in the earning assets of the Reserve Bank. Later, as the tax checks were collected and funds were withdrawn to the interior to replace money transferred by the Treasury, earning assets at New York increased once more.

At the principal member banks in the leading cities of the district the volume of total loans and investments and deposits showed relatively little change between the middle of May and the middle of June. In this district, as for the country as a whole, loans largely for commercial purposes declined further and reached the lowest level for the year. Loans on securities, on the other hand, continued at the year's high level, and holdings of investment securities increased and were the largest since January.

The diagram following, comparing changes in commercial loans of all reporting banks and outstanding paper of 26 commercial paper dealers, reflects recent tendencies in commercial borrowing throughout the country. Despite active business this spring, commercial loans failed to show the usual seasonal expansion, though re-



Loans largely for Commercial Purposes of 733 Weekly Reporting Member Banks in all Districts and Outstanding Commercial Paper of 26 Dealers.

maintaining at relatively high levels compared with previous years. Outstanding paper likewise showed little increase, and has recently declined to the lowest for this season since 1922. In the diagram commercial loans are shown in billions of dollars and commercial paper outstanding in millions.

**Money Market**

Money rates continued relatively steady at about previous levels during the greater part of June. Towards the end of the month conditions became firmer, owing largely to preparations by banks and other lenders for mid-year statements and financial disbursements.

Commercial paper rates remained generally firm at 4 per cent. in New York, but sales continued at 3¾ per cent. in the interior. Supplies of paper were reported small, and the amount of paper outstanding through 26 commercial paper dealers at the end of May showed a further decline to the lowest for that month since 1922.

In the bill market, after a period of over-supply of bills early in the month, the demand increased and dealers' portfolios were reduced to a new low point for the year; following this, however, there was a substantial increase as money became firmer. Dealers' rates held unchanged at 3⅜ per cent. on purchases of 90 day bills and 3¼ per cent. on sales.

The June offering of one year 3 per cent. Treasury certificates, amounting to \$125,000,000, was smaller than any offering since May 17, 1920, and was largely oversubscribed.

Time money rates on stock exchange collateral held unchanged at 3¾ to 4 per cent. until the month end, when the market became slightly firmer. Call loans renewed chiefly at 3¾ to 4 per cent., about the average of May, until late in the month when renewals touched 4½ per cent. and on June 29 the rate for new loans reached 6 per cent., the highest since December 31, 1923.

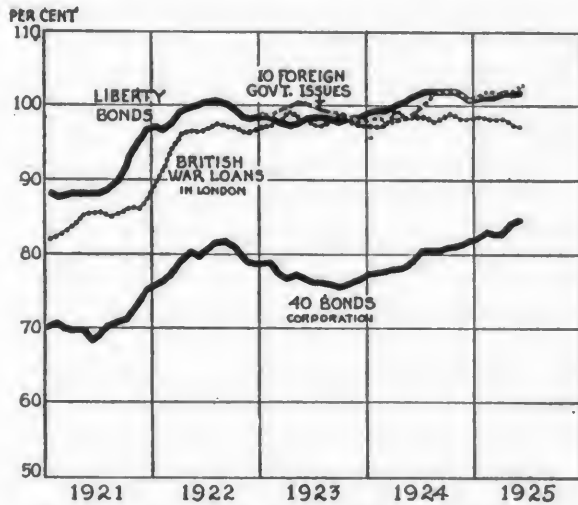
**Security Markets**

After rising to new high levels at the end of May stock price movements became more irregular in June and trading somewhat less active. Representative averages, however, both of industrial and railroad stocks held not far from the high levels previously attained.

In the bond market corporation issues held steady at the highest levels since 1917. Government bonds advanced under buying stimulated by the small size of the June 15 Treasury offering and growing scarcity of the floating supply of these issues. Liberty second and third 4¼'s reached new high prices for the year, and the first and fourth 4¼'s and Treasury 4's and 4¼'s sold higher than ever before.

The accompanying diagram reflects the strength recently shown in various groups of bonds quoted in this market and compares this with the movement of British war loans in London. These have held about the same general level in the past two years, but show some de-

cline in May this year, due partly to the quoting of issues ex-interest and partly to slightly firmer money in London.



Monthly Average Prices of Liberty Bonds, 40 Corporation Bonds, and 10 Foreign Government Issues quoted in this Market, Compared with British War Loans in London. Figures in Percentages of Par Value.

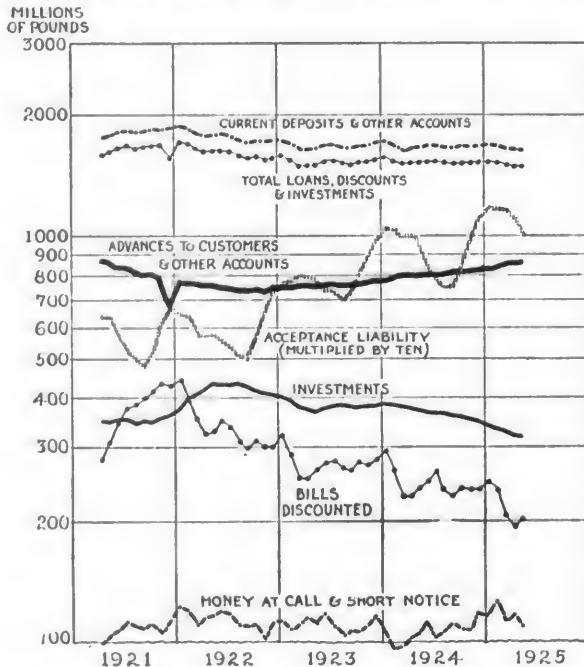
The volume of new securities sold in this market in June continued large though dealers complained of scarcity of issues. Foreign issues, including a \$50,000,000 Belgian Government issue, large loans for Norway and Argentina, partly for refunding purposes, a \$20,000,000 Chilean land bank issue and a number of smaller loans, made up a large part of total offerings, and brought the aggregate of foreign issues sold in this market since January 1 to over half a billion dollars, or about \$150,000,000 more than in the corresponding period of last year. Of the domestic issues, public utility offerings and state and municipal obligations constituted the largest proportion.

**Banking Tendencies in Great Britain**

Figures through May of this year for the ten London Clearing Banks, which do the greater part of the banking business of Great Britain, indicate a continuation of the tendencies in British banking in evidence during 1923 and 1924. Apparently reflecting increased industrial and trade activity, advances to customers have shown a further steady increase to the highest level in over four years. Paralleling the growth in advances has been a steady rise in acceptances executed for customers until this amount, after allowance for seasonal variation, stands at the highest figure since the publication of monthly figures was resumed.

The manner in which the British banks have met this increased demand from trade is indicated by the movement of investment holdings and bills discounted, shown together with the other figures in the following diagram. Both investments and discounted bills, which include Treasury bills, have declined substantially during the

past year, so that the improvement in trade apparently has been financed without increase in the total volume of credit in use largely by means of sales of securities and the use of funds released by the Treasury through the reduction of the short term public debt.



Figures for 10 London Clearing Banks. (Latest figures, May)

### Foreign Exchange

Sharp declines in Italian and French exchanges, in contrast with steadiness or strength in most other currencies, were outstanding developments in the exchange market in June.

By a decline of about half a cent during the first half of the month the Italian rate was carried down to nearly  $3\frac{1}{2}$  cents or close to the low point of 3.34 reached late in 1920. This decline, which occurred despite the success of the Italian Government in balancing its budget and the announcement of a credit of \$50,000,000 obtained in this market, was attributed largely to heavy imports of foodstuffs and raw materials.

Political and economic uncertainties in the French situation continued to be reflected in weakness of the franc, which declined from 5 cents to 4.50 cents, the lowest level since March 1924 and over half a cent below the quotation early in May. Belgian exchange was also weak, apparently in sympathy with French exchange.

Danish and Norwegian rates, on the other hand, continued their rise to new high levels for recent years. Sterling held generally above  $\$4.85\frac{1}{2}$ , and London continued to show gains in gold since the resumption of gold payments. Among other leading exchanges Swiss rates showed further advances above par, while Japanese yen reacted about a cent, due to the recent earthquake in Japan and political disturbances in China.

### Gold Movement

Imports and exports of gold were small in June. At the Port of New York imports during the first twenty-four days of June amounted to only \$569,000 and exports to \$2,569,000, including a shipment of \$1,000,000 to Italy.

For the whole country during May imports rose to \$11,000,000, the largest inflow since last November, while exports fell to \$13,000,000, so that the net export was slightly less than \$2,000,000. The largest imports were \$5,000,000 from the Netherlands, \$2,750,000 from Canada, and \$1,700,000 from England. Of the exports, \$6,450,000 went to Germany, representing chiefly the completion of shipments of earmarked gold.

The following table comparing the gold movement by months from December through May, indicates the gradual decline of the export movement since January.

(In thousands of dollars)

	Imports	Exports	Excess of Exports
December 1924.....	10,274	39,675	29,401
January 1925.....	5,038	73,526	68,488
February.....	3,603	50,600	46,997
March.....	7,337	25,104	17,767
April.....	8,870	21,604	12,734
May.....	11,404	13,390	1,986
Total.....	46,526	223,899	177,373

### Foreign Trade

Foreign trade during May continued the seasonal decline from early spring. Exports, valued at \$370,000,000, were \$29,000,000 less than in April, while imports, valued at \$328,000,000, were reduced by \$21,000,000. Compared with last year, however, exports showed an increase of 10 per cent. and imports of 8 per cent.

Shipments abroad of cotton and total grains combined were \$24,000,000 less than in April, although exports of wheat alone were considerably larger than in the previous month. Compared with May 1924, the value of grain exports was almost tripled, but that of cotton was slightly less, on account of lower prices.

Despite the decline in the total value of merchandise imports, the volume of receipts of two leading imports, silk and rubber, showed increases of 27 and 35 per cent., respectively, over April. Both showed an even larger advance over May 1924, and approached the record months in 1924.

### Production

The decline in basic production in May indicated by the Federal Reserve Board's index was reflected also in decreases in most of this bank's indexes for separate industries.

A particularly sharp decrease in the cotton industry was reflected by a decline of 66,000 bales, or 11 per cent. in cotton consumption and a decrease in this bank's index of cotton mill activity from 101 to 89 per cent. of

normal, as measured by the trend of past years. Operations in the woolen industry continued substantially below normal, but in the silk industry production remained close to the high levels of previous months.

Production of pig iron declined an additional 13 per cent. and, while the output of steel was only slightly smaller than in April, unfilled orders of the Steel Corporation decreased an additional 400,000 tons to the lowest level since last November. In June steel operations held fairly steady at slightly under 70 per cent. but pig iron prices continued weak.

Bituminous coal output was larger than in April this year, or May last year, but 22 per cent. below May 1923, and this bank's index, after allowance for seasonal variation, declined to 88 per cent. of normal. Anthracite production, on the other hand, held more closely to the normal level.

In the automobile industry production of passenger cars declined 3 per cent. from the high level of April, but was 30 per cent. larger than in May last year. For the first five months of this year, however, production has been slightly below the corresponding period of 1924. Truck production in May also decreased, but for the first five months was 16 per cent. above last year.

Among other industries showing important changes, mining of copper decreased further and was below estimated normal for the first time since last fall. The following table gives this bank's indexes of production in various industries in percentages of the computed trend, after allowance for seasonal variation.

(Computed trend of past years=100 per cent.)

	1924				1925			
	May	Mar.	Apr.	May	May	Mar.	Apr.	May
<b>Producers' Goods</b>								
Pig iron.....	81	105	99	89				
Steel ingots.....	77	107	100	99				
Bituminous coal.....	77	83	92	87				
Copper, U. S. mines.....	94	107	104	99				
Tin deliveries.....	96	111	122	87				
Zinc.....	96	96	96	96				
Petroleum.....	129	117	121	...				
Gas and fuel oil.....	105	110	111	...				
Cotton consumption.....	70	96	101	89				
Woolen mill activity*.....	84	93	89	83p				
Cement.....	116	129	129	125				
Lumber.....	106	112	113	...				
Leather, sole.....	66	82	80	74				
Silk consumption*.....	91	137	121	115				
<b>Consumers' Goods</b>								
Cattle slaughtered.....	118	110	112	113				
Calves slaughtered.....	100	116	106	97				
Sheep slaughtered.....	102	107	115	110				
Hogs slaughtered.....	118	88	92	86				
Sugar meltings, U. S. ports.....	92	115	113	92				
Wheat flour.....	107	89	90	88				
Cigars.....	100	96	95	96				
Cigarettes.....	92	80	82	79				
Tobacco, manufactured.....	101	98	104	104				
Gasoline.....	119	129	129	...				
Tires.....	93	117	128	...				
Newsprint.....	119	113	118	115				
Paper, total.....	102	102	106	97				
Boots and shoes.....	92	95	102	93p				
Anthracite coal.....	92	85	98	97				
Automobile, all.....	108	119	134	132				
Automobile, passenger.....	113	121	139	140				
Automobile, truck.....	89	112	115r	97				

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

### Indexes of Business Activity

This bank's indexes of business activity generally indicated continued large distribution of goods in May and June. Bank debits outside of New York City exceeded last year's figures by 9 per cent. in May and 15 per cent. in the first 24 days of June, and both in this district and elsewhere the totals continued above the trend of past years. Railway freight car loadings in May and the first half of June exceeded all previous years except 1923, due largely to the heavy movement of merchandise and miscellaneous freight.

Mail order sales continued to show increases over the relatively high level of a year ago, and the indexes of department store and chain store sales rose from the April level, though they remained somewhat below the computed normal. Building continued at unusually high levels, and factory employment showed no more than the usual seasonal recession.

In the following indexes, allowance has been made for year to year growth, seasonal variations, and, where necessary, for price changes.

(Computed trend of past years=100 per cent.)

	1924		1925	
	May	Mar.	Apr.	May
<b>Primary Distribution</b>				
Car loadings, merchandise and misc.....	101	105	106	106
Car loadings, other.....	101	94	108	108
Wholesale trade, Second District.....	91	95	93	93
Exports.....	91	103	95	93p
Imports.....	110	113	111	110p
Grain exports.....	65	104	146	...
Panama Canal traffic.....	129	106	97	83
<b>Distribution to Consumer</b>				
Department store sales, Second District.....	98	97	93	97
Chain store sales.....	98	96	93	96
Mail order sales.....	105	107	109	111
Life insurance paid for.....	108	112	117	114
Real estate transfers.....	106	111	116	...
Magazine advertising.....	102	97	97	97
Newspaper advertising.....	97	97	95	95
<b>General Business Activity</b>				
Bank debits, outside of New York City.....	101	110	106	110
Bank debits, New York City.....	107	121	113	124
Bank debits, 2nd District, excl. N.Y.C.....	103	103	102	102
Velocity of bank deposits, outside of New York City.....	101	101	98	103
Velocity of bank deposits, New York City.....	104	110	101	115
Postal receipts.....	101	95	103	99
Electric power.....	102	105	108	...
Employment, N. Y. State factories.....	100	99	99	99
Business failures.....	113	105	122	108
Building permits.....	141	163	192	160

p= Preliminary

### An Index of Real Estate Activity

Through the courtesy of the National Association of Real Estate Boards it has been possible to obtain by months from 1916 the number of deeds recorded in real estate transfers in 41 representative American cities, and, in addition to this, records from a number of widely scattered cities running back for twenty-five years. From these data there has been computed the index of real estate transfers shown in the following diagram, which represents in percentages the variations of activity above and below the line of normal growth. This normal growth has been found to average about 7 per cent. per annum steadily through the last quarter of a

century, while the growth of urban population has averaged about 3 per cent.

With this index of real estate activity is also shown this bank's index of the volume of urban building in percentages of the computed trend, but plotted on a smaller scale to reduce the fluctuations and make comparison of the two lines easier. As might be expected the two curves disclose much similarity, both in time and general direction of change. Notable differences, however, have been the considerably wider fluctuations of the building curve despite the reduced scale, and the much larger expansion of building in recent years as compared with 1919-1920.



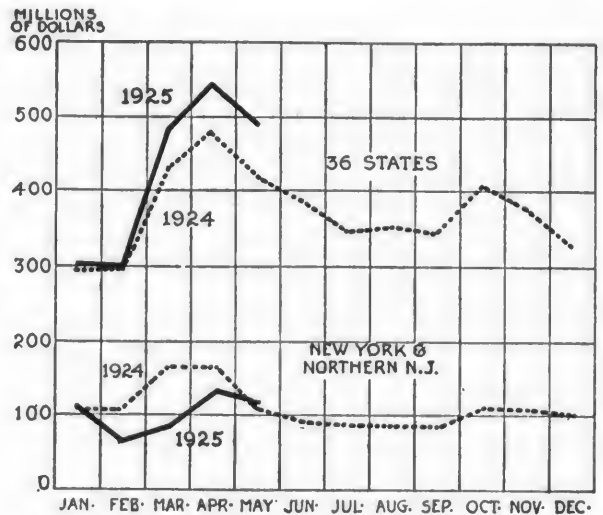
Volume of Building in 158 Cities and Real Estate Transfers in 41 Cities, in Percentages of the Computed Trend. Seasonal Variation Allowed For.

## Building

Building contracts awarded in 36 states in May were the largest ever recorded for that month, totaling \$496,000,000. While there was a seasonal decline of 9 per cent. compared with April, there was an increase of 18 per cent. over May of last year. In the New York and Northern New Jersey district also, contracts in May exceeded those of a year ago, after falling considerably below last year in preceding months. The following diagram reflects the recent tendencies in building, both in this district and for the country as a whole.

Despite heavy residential building for several years, the total contracts in May for this type of construction for the country were larger than in any previous month except April. In this district also, the May totals were larger than last year, though, as was true of total contracts, the figures for the first five months remained below 1924.

Building permits for the country were the largest ever reported for the month of May. The total for 365 cities was 14 per cent. smaller in May than in April but 16 per cent. larger than in May 1924. Increases over a year ago were reported in 21 out of 25 leading cities, including New York City where there was an increase of 9 per cent.



Value of Building Contracts Awarded in 36 States and in New York State and Northern New Jersey. (Latest figures, May.)

## Employment and Wages

A decline of 1.4 per cent., or about the usual seasonal reduction, occurred in factory employment in New York State from April to May. The total reduction from March to May this year was about 3 per cent., compared with 8 per cent. last year, and the May level of employment was about 2 per cent. below that of a year ago. Average weekly earnings, on the other hand, were higher than in April and close to the highest level since 1920.

Working forces in the railroad equipment industry were reduced to the lowest level in three years, and woolen mill employment was the lowest in any month since 1921 with the exception of last August. Substantial seasonal reductions occurred also in apparel industries, and smaller reductions in iron and steel, and furniture and piano manufacturing. These losses were largely offset in the total by seasonal gains in building materials and a further increase in workers engaged in the manufacture of automobiles and automobile parts and accessories. Employment in the automobile industry was only slightly below the highest level since 1920.

In June the State Employment Service reports that, while the demand for factory labor showed some further decrease, there continues a good demand for workers for farms and for building and road construction work, so that little difficulty has been experienced in placing the better class of labor.

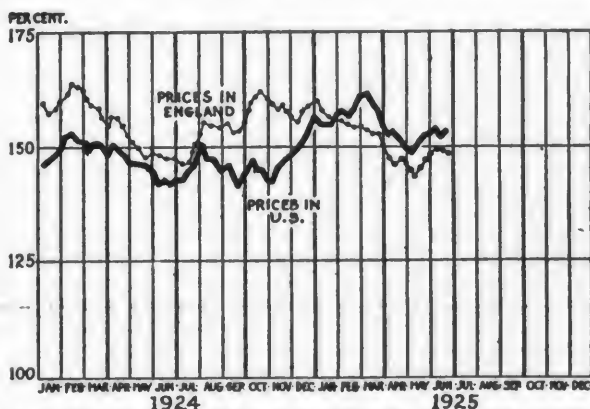
## Commodity Prices

While the Department of Labor's average of wholesale prices for the entire month of May fell slightly below the average for April, the week-to-week movement of basic commodities was generally upward during most of May, and there was a slight further rise in June. On June 27 this bank's index of 20 basic commodities stood 4 per cent. above the low point on May 2, though

still 4.5 per cent. under the high point of the year reached March 7.

Crude rubber prices continued their spectacular advance to new high levels of 88 cents a pound, compared with 19 cents a year ago; these advances have led recently to increases in tire prices. Textile raw materials, including cotton, wool, and silk, likewise advanced during the period and hides reached the highest level since late in February. Live stock prices advanced sharply, but grain prices reacted, reflecting the prospect of larger crops abroad, particularly in Canada.

Lumber prices showed a further decline, and were lower than a year ago, notwithstanding that the volume of new business reported by the mills showed an increase. Copper advanced in the latter part of the month, following announcement of a decline in production, but quotations later reacted, and pig iron prices continued weak at the lowest level for the last three years.



Price Indexes of 20 Basic Commodities in the United States and in England (1913 = 100 Per cent. Latest figures, June 20)

This bank's index of the general price level, including retail as well as wholesale prices, also rents and wages, advanced in May to 184 per cent. of the 1913 level, compared with 183 per cent. in April and 180 per cent. in May last year.

**Crops**

June 1 crop estimates for the country by the Department of Agriculture generally indicated smaller yields in farm crops than last year. Owing to the abandonment of winter wheat acreage and poor condition of the remaining crop, the outlook for winter and spring wheat combined was for the smallest crop since 1917, and one about equal to domestic consumption requirements. Smaller yields than last year were also forecast for other leading farm crops, except barley.

The condition of the cotton crop on May 25, on the other hand, was above the 10 year average and the acreage unusually large. Subsequent prospects, however, have been less favorable, due to dry weather in Texas and weevil infestation in some areas. Prospective 1925 farm crops for the country are compared in the following table with those harvested in recent years.

(Millions of bushels)

Crop	Average 1920-1924	1924 Harvest	1925 June Forecast
Winter wheat.....	592	500	407
Spring wheat.....	245	283	254
All wheat.....	837	873	661
Oats.....	1328	1542	1295
Barley.....	182	188	205
Rye.....	70	63	53
Hay*.....	107	112	96

\*Millions of tons

In New York State conditions during May appeared to be somewhat better than for the country as a whole. Pasture conditions were slightly more favorable than last year, and prospective yields of a number of important crops including grains, hay, and pears, compare favorably with former years.

**Wholesale Trade**

Further seasonal declines in most lines of wholesale trade resulted in an average reduction of 14 per cent. in sales from April to May. Compared with May 1924, however, there was an increase of 5 per cent., despite the fact that May this year included one less selling day. After allowance for price changes, seasonal variations, and year to year growth, this bank's index of wholesale trade for May stood at 93 per cent. of the estimated normal, unchanged from the April index, but 2 points above that of a year ago.

The greatest increase over a year ago was in silk goods, sales of which were larger than in any previous May. Machine tool sales showed a large increase over those of May 1924 and were the largest for any month in nearly two years. Substantial gains were reported also in men's clothing and women's dresses, but sales of women's coats and suits were much below a year ago, and sales of stationery, hardware, and jewelry continued to show losses.

Wholesale stocks of groceries, shoes, and jewelry and diamonds continued larger than those of a year ago, while stocks of cotton and silk goods and hardware were substantially smaller.

Commodity	Net Sales Percentage Change		Stock at end of month Percentage Change	
	Apr. 1925 to May 1925	May 1924 to May 1925	Apr. 1925 to May 1925	May 1924 to May 1925
Groceries.....	+11.3	- 0.4	- 9.4	+ 8.0
Men's clothing.....	-36.9	+16.2	.....	.....
Women's dresses.....	+ 0.4	+20.5	.....	.....
Women's coats and suits.....	-75.8	-35.3	.....	.....
Cotton-Jobbers.....	- 5.4	+ 4.6	+ 5.0	-14.8
Cotton-Commission houses.....	- 6.4	+ 9.4	.....	.....
Silk goods.....	- 9.4	+31.4	- 0.3*	-17.6*
Shoes.....	-19.6	+ 8.0	+ 8.5	+16.6
Drugs.....	- 8.2	-13.7	.....	.....
Hardware.....	- 5.8	- 9.2	-11.9	-13.2
Machine tools.....	+28.5	+21.3	.....	.....
Stationery.....	- 8.8	- 2.0	.....	.....
Paper.....	-10.2	- 7.9	.....	.....
Diamonds.....	-11.3	+ 5.9	.....	.....
Jewelry.....	+36.8	- 5.1	- 4.0	+14.8
Weighted Average.....	-14.0	+ 4.6	.....	.....

\*Stock at first of month—quantity not value

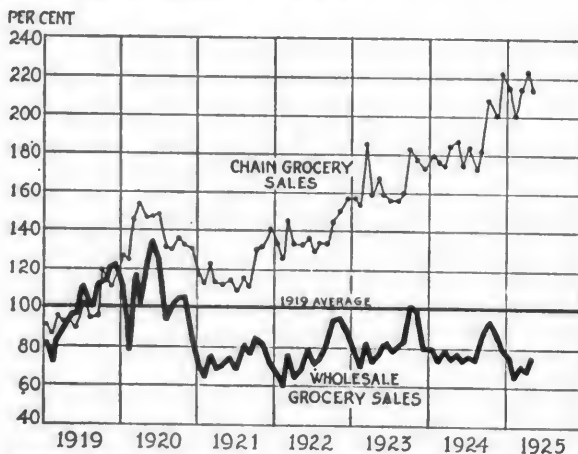
## Chain Store Sales

While aggregate sales in May of reporting chain store systems increased 14 per cent. over last year, in most lines the comparisons were slightly less favorable than in the two months preceding, due to the fact that there were five Sundays in May this year. The principal exception was the candy trade, which reported the largest increase in total sales since last October, and the first increase in sales per store compared with a year previous since May 1924.

Ten cent store systems and drug chains also reported increases in sales per store, while tobacco and shoe store sales averaged considerably smaller per store than a year ago. Grocery and variety store chains continued to lead in rapidity of expansion.

Type of Store	Percentage Change May 1924 to May 1925		
	Number of Stores	Total Sales	Sales per Store
Grocery.....	+20.2	+18.7	- 1.3
Variety.....	+17.6	+16.2	- 1.2
Ten Cent.....	+ 7.2	+ 9.4	+ 2.0
Drug.....	+ 2.4	+ 7.2	+ 4.8
Candy.....	+ 4.1	+ 6.5	+ 2.3
Tobacco.....	+ 6.2	- 0.4	- 6.2
Shoe.....	+17.4	- 1.0	-15.7
<b>Total.....</b>	<b>+17.1</b>	<b>+13.6</b>	<b>- 3.0</b>

In the case of chain grocery sales, the figures for the first five months of the year show an increase over last year of 18 per cent., whereas sales of wholesale grocers, which are largely to individual grocery stores, fell 6 per cent. below last year and were the smallest since 1922. The accompanying diagram, comparing chain grocery and wholesale grocery sales in this district for recent years indicates that, whereas wholesale grocery business in dollars for several years has averaged considerably below the 1919 level, chain grocery sales have expanded continuously since 1921 to levels more than twice those of 1919. This, of course, reflects largely the increase in the number of stores.



Monthly Sales by Wholesale Grocers and Chain Grocery Stores in the Second District. (1919 = 100 Per cent.)

## Department Store Sales

May sales of leading department stores in this district were less than 2 per cent larger than a year ago, the smallest increase since January, and excluding sales of radio sets, which were greatly increased by special sales in May, sales actually fell below last year. There was one less selling day in May this year, however, and this bank's index of department store sales, adjusted to a working day basis, advanced from 93 per cent. of the trend of past years in April to 97 per cent. in May. Apparel store sales were about 2 per cent. smaller than in May 1924.

Stocks of merchandise on hand at the end of the month increased 3 per cent. over last year, so that the percentage of sales to average stocks declined slightly from 31.2 per cent. in May 1924 to 30.9 in May 1925.

	Net Sales Percentage Change May 1924 to May 1925	Stock on Hand Percentage Change May 31, 1924 to May 31, 1925
New York.....	+ 2.1	+ 3.1
Buffalo.....	+ 3.2	+ 5.5
Rochester.....	+ 5.6	+ 7.0
Syracuse.....	- 6.2	+ 3.4
Newark.....	- 0.2	+ 3.4
Bridgport.....	- 5.2	+ 8.0
Elmhurst.....	+ 0.1	- 2.9
Northern New York State.....	- 9.4	.....
Central New York State.....	- 5.5	.....
Southern New York State.....	- 2.6	.....
Hudson River Valley District.....	+ 9.2	.....
Capital District.....	+ 3.8	.....
Westchester District.....	- 2.5	.....
<b>All department stores.....</b>	<b>+ 1.5</b>	<b>+ 3.2</b>
<b>Apparel stores.....</b>	<b>- 2.3</b>	<b>- 3.8</b>
<b>Mail order houses.....</b>	<b>+ 5.5</b>	<b>.....</b>

Sales of radio equipment were nearly six times larger than last year, due to clearance sales at greatly reduced prices. In yard goods, silks continued to show a substantial gain, while woollens showed a large loss and cotton goods were held up largely by sales of domestics, including sheets, pillow cases, etc. The popularity of silks appeared also in an increase in women's dress sales, while sales of suits and other apparel generally fell below last year.

The average amount of the individual check during the month was \$2.91 compared with \$2.81 in May 1924.

	Net Sales Percentage Change May 1924 to May 1925	Stock on Hand Percentage Change May 31, 1924 to May 31, 1925
Musical instruments and radio.....	+586.7	+ 3.8
Luggage and other leather goods.....	+13.7	+ 9.3
Silk goods.....	+ 8.7	- 3.8
Men's furnishings.....	+ 5.9	+24.7
Cotton goods.....	+ 5.2	+ 7.2
Home furnishings.....	+ 4.5	- 4.8
Shoes.....	+ 3.9	+11.1
Toilet articles and drugs.....	+ 3.8	+11.6
Furniture.....	+ 3.4	+ 2.4
Hosiery.....	+ 2.3	+ 3.5
Linens and handkerchiefs.....	+ 1.1	+ 5.6
Silverware and jewelry.....	- 0.3	- 3.5
Men's and Boys' wear.....	- 0.5	+ 2.8
Women's and Misses' ready-to-wear.....	- 2.2	+ 0.9
Women's accessories.....	- 4.0	- 2.2
Woolen goods.....	-21.4	+ 1.0
Miscellaneous.....	- 2.5	+ 0.9