

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

September 1, 1925

Business Conditions in the United States

PRODUCTION in basic industries turned upward in July after a continuous decline since January. Wholesale prices advanced further and the distribution of commodities continued in large volume.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, which makes allowance for usual seasonal variations, advanced by about 2 per cent in July to a point nearly 20 per cent above the low level of a year ago. Increased output was shown for lumber, coal, and cement, cotton consumption declined less than usual at this season, while the output of the iron and steel industry and the activity in the wool industry continued to decrease. In nearly all the industries activity was greater than in July of last year. Among industries not represented in the index the production of automobiles, rubber tires, and silk continued to be large. Volume of factory employment and earnings of industrial workers declined further in July, seasonal increases in the clothing, shoe, and meat packing industries being more than offset by decreases in the other industries. Building contracts awarded in July were in only slightly smaller volume than the exceptionally large total reached in June and the total for the first seven months of this

year exceeded that for any previous corresponding period.

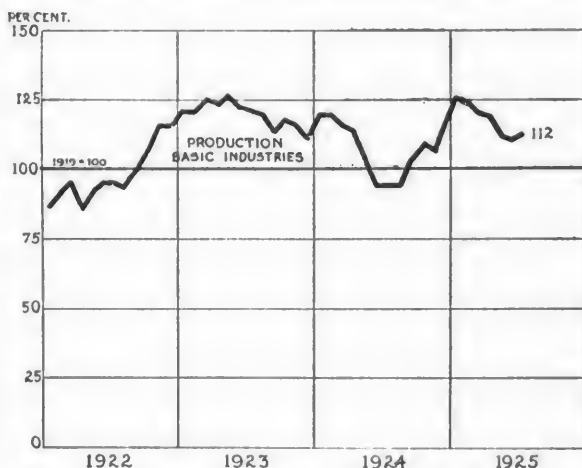
Estimates by the Department of Agriculture indicated a less favorable condition of all crops combined on August 1 than a month earlier. Expected yields of corn, wheat, rye, tobacco, and hay were somewhat smaller than in July, while the indicated production of oats, barley, and white potatoes was larger. According to present indications the yields of all principal crops, except corn and barley, will be smaller than last year. The mid-August cotton crop estimate was 13,990,000 bales as compared with a forecast of 13,566,000 bales on August 1.

TRADE

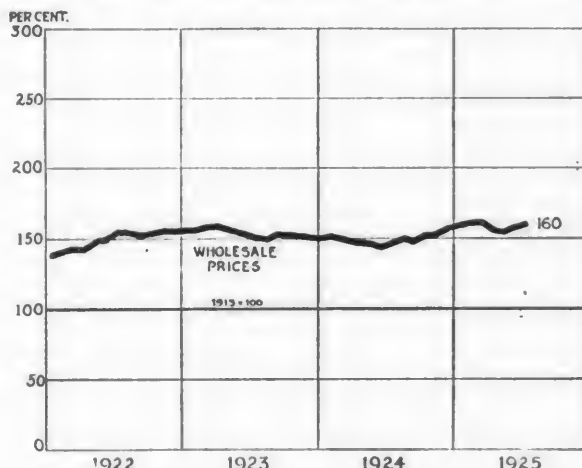
Freight car loadings during July were larger than in June and exceeded those of any previous July, and weekly figures for August indicated a continued large volume of loadings. Sales at department stores showed less than the usual seasonal decline in July and were 3 per cent larger than a year ago, and mail order sales were considerably above those of July 1924. Wholesale trade continued at the June level and was 6 per cent above the corresponding period a year ago.

PRICES

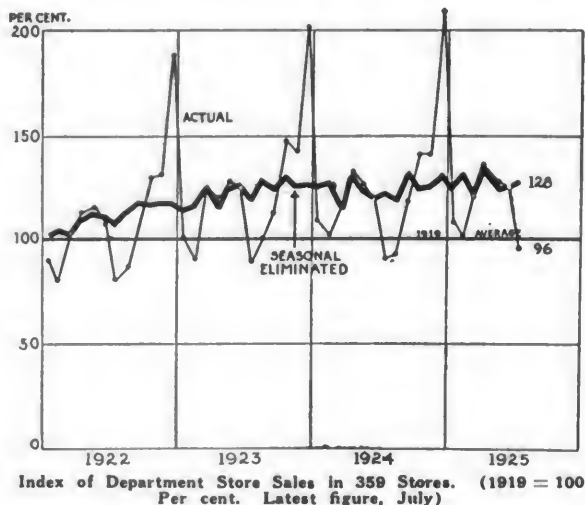
Wholesale prices advanced further by nearly 2 per cent in July, according to the index of the Bureau of



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



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



Labor Statistics. Prices of farm products and of miscellaneous commodities rose over 4 per cent, reflecting chiefly increases in livestock and rubber, while in the other commodity groups price changes were relatively small. The general level of prices in July was 9 per cent higher than a year ago, the rise being chiefly in agricultural commodities. In the first three weeks of August raw sugar, potatoes, silk, metals, and coal advanced, while grains, leather, hogs, and rubber declined.

BANK CREDIT

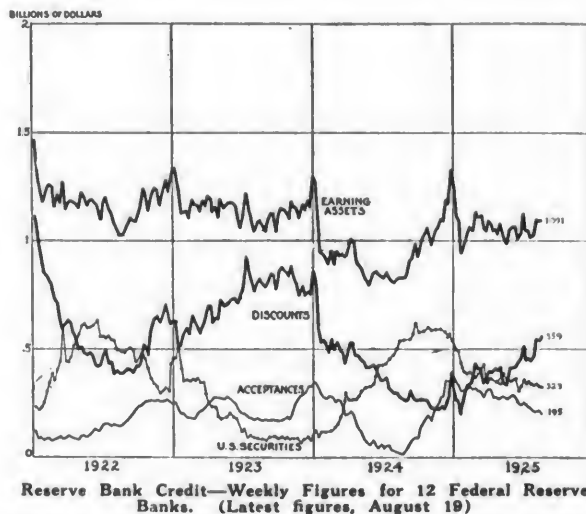
Demand for commercial credit at member banks in leading cities increased in August and the volume of commercial loans on August 12 was larger than at any time since the middle of May, but still considerably below the level at the beginning of the year. Loans on securities increased between the middle of July and the middle of August, while the banks' investments showed little change for the period.

Discounts for member banks increased at all the Reserve Banks in recent weeks and the total on August 19 was the largest in more than a year and a half. The Reserve Banks' holdings of securities and bills bought in the open market continued to decline, but total earning assets in the middle of August were near the high point for the year.

During the latter part of July and the first half of August conditions in the money market were somewhat firmer. The prevailing rate on prime commercial paper, which had remained at $3\frac{1}{4}$ to 4 per cent since early in May, advanced in August to $4\frac{1}{4}$ per cent.

Banking Conditions in the Second District

While loans and discounts of reporting member banks outside of the district continued to increase during the first three weeks of August, the figures for banks in this district showed relatively little change. Commercial loans, although moderately above the low point reached at the end of July, were only slightly above the July average, and loans secured by stocks and bonds



continued near the level which has been rather consistently held since the first of the year. This was in contrast with the figures for banks outside of this district, whose stock and bond loans reached new high levels approximately \$350,000,000 above those in January. In this district, as for the rest of the country, the volume of bank investments in securities was little changed.

At the Federal Reserve Bank of New York the volume of discounts for member banks advanced approximately \$50,000,000 in August to the highest levels since February, accompanying a loss of funds by this district to the interior. As holdings of Government securities and acceptances, however, declined slightly the average of total earning assets during the month was not far different from that of previous months.

Money Market

Money conditions showed a firmer tendency in August, accompanying increased commercial requirements within the district, a movement of funds to the interior, and continued demand from the security markets.

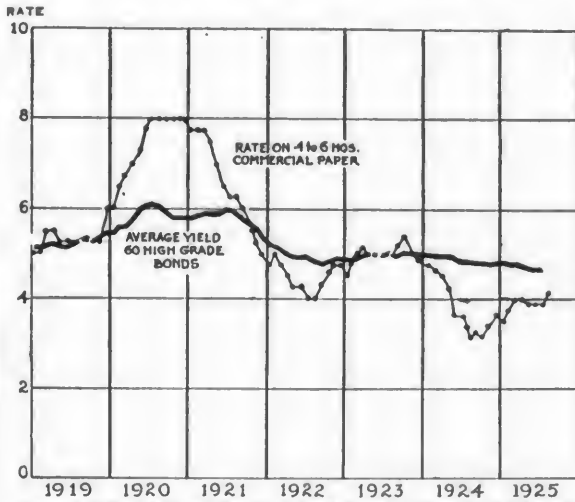
The open market rate on prime commercial paper advanced $\frac{1}{4}$ to $4\frac{1}{4}$ per cent, the highest since May 1924. Banks in New York City and in New England centers continued light buyers, while the demand from banks in the middle west was somewhat reduced owing to seasonal commercial requirements. Notwithstanding the high level of business activity, supplies of paper continued small and the amount outstanding through 26 dealers at the end of July showed a further decrease of 4 per cent to the lowest in any July since 1921.

Supplies of bills were also small and about equal to the demand, which was chiefly for foreign account and for the shorter maturities, so that dealers' portfolios showed little change. Open market rates, however, after remaining unchanged until the month-end advanced $\frac{1}{4}$ of one per cent to $3\frac{5}{8}$ per cent on purchases of 90 day bills and $3\frac{1}{2}$ per cent on sales. Yields on Government

short term securities continued to advance until after the middle of the month, when there was a partial reaction as prices became slightly firmer.

In the stock exchange money market time loans advanced $\frac{1}{4}$ to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent for 60-90 day loans, and $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent for 4-6 months loans, the highest in more than a year. Call money was likewise firmer and except for a period at 4 per cent about the middle of the month, renewals held chiefly at $4\frac{1}{4}$ per cent, and towards the end of the month advanced to $4\frac{1}{2}$ per cent.

The accompanying diagram, comparing the commercial paper rate with the yield on high grade bonds, reflects recent tendencies in money conditions. While commercial paper rates have advanced somewhat more than 1 per cent since last summer, bond yields have continued to decline until the past two months, when there has been a somewhat firmer tendency.



Open Market Rate on Prime 4 to 6 Months Commercial Paper and Yield of High Grade Bonds, by Months. (Latest figures for commercial paper, August; for bond yields, July)

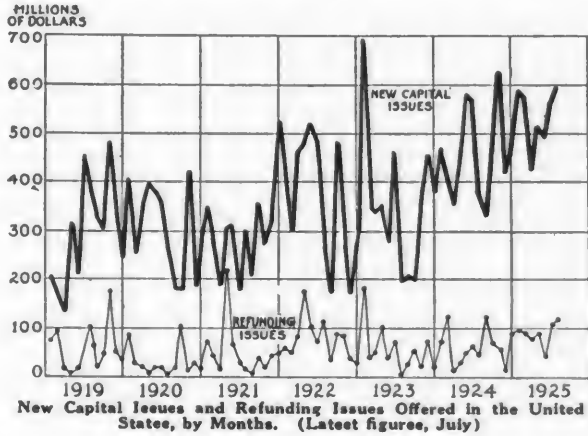
Security Markets

Stock trading in August increased in activity and prices continued to advance. Averages of active industrial stocks reached new high levels approximately 20 points above the 1919 high prices, while averages of railway stocks reached the highest points since 1917.

Bond prices, after displaying reactionary tendencies in July and the first part of August, strengthened towards the close of the month but remained generally below the high levels of May and early June. United States Government issues were also firmer towards the close of the month, while among foreign issues the French Government 8s reached new high levels for the year.

The volume of new securities offered in August fell somewhat below the totals for previous months, in keeping with the usual seasonal tendency. Public utility and industrial issues preponderated, and foreign issues, aside from a large Japanese public utility offering, were small. Since the first of the year, however, total new

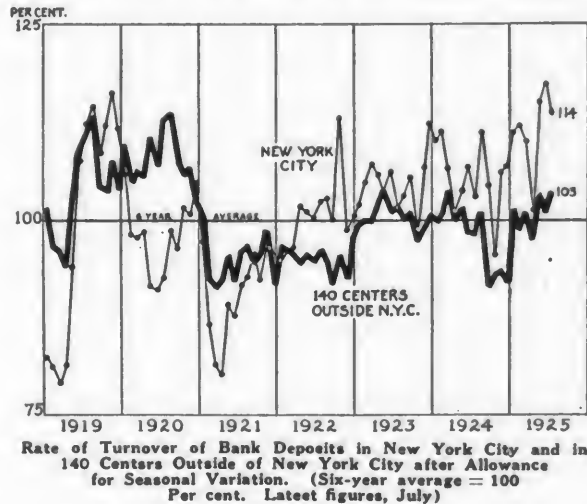
issues of all kinds sold in this market have reached approximately $4\frac{3}{4}$ billion dollars, a larger total than in any corresponding period of previous years and three quarters of a billion dollars more than in this period of last year. The following diagram, showing the new issues by months since 1919, compares the heavy financing of the past year with that of previous years.

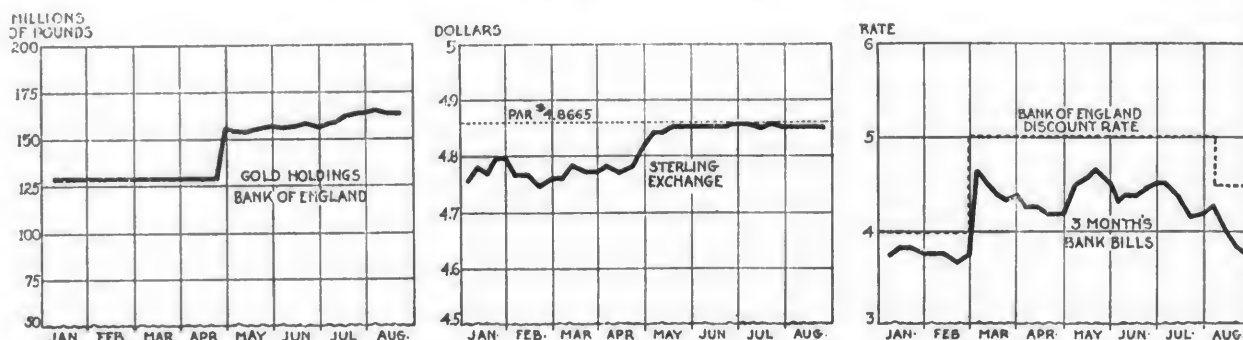


Velocity of Bank Deposits

The large volume of security offerings and continued activity in the stock and bond markets during recent months have been accompanied by an increase in the rate of turnover of bank deposits in New York City to the highest level in the last six years, as shown in the diagram below. The rate of turnover in 140 other centers, while not so high as in New York City, increased substantially as general business was maintained at high levels, and in July was approximately 3 per cent. above the six year average.

The accompanying diagram compares the rate of turnover in New York City and 140 other centers, by months, in percentages of the six year average.





Gold Holdings of the Bank of England, Sterling Exchange, the Bank of England Discount Rate, and the Market Rate on 3 Months' Bank Bills in London, by weeks, since the first of January. (Latest figures for gold holdings, August 19; for sterling, August 22; and for interest rates, August 25)

Money Conditions in Great Britain

The reduction on August 6 of the Bank of England's discount rate from 5 to 4½ per cent has called attention to the changes in the financial situation in Great Britain which have taken place since the resumption of gold payments in April. These changes are illustrated in the diagram above.

One of the uncertainties attending the restoration of the gold standard was the extent to which gold might be withdrawn from London once the prohibition on exports was removed. Since the restoration of a free gold market, however, the gold movement instead of being adverse to London has been generally favorable, partly because foreign funds, assured of ready convertibility and attracted by London rates, have tended to flow into the British market. Gold holdings of the Bank of England up to August 19 showed an increase of £8,000,000 due to imports, which together with an increase of £27,000,000 due to the transfer of gold from the Currency Note Redemption Account to the Bank of England in the week of April 29, raised the total gold holdings of the bank to £164,000,000, a new high level, and £126,000,000 above the 1913 average. Sterling exchange has advanced from \$4.8156 to \$4.8538, while the effect of the influx of gold upon money conditions is shown by the substantial decline in money rates.

Gold Movement

In July, for the first time since last November, gold movements resulted in a net import balance for the United States. Total gold imports were \$10,200,000, and exports \$4,400,000, so that the excess of imports was \$5,800,000. Of the imports, \$6,000,000 came in one shipment from France and \$2,900,000 was from Canada, while exports were chiefly for Mexico and the Orient.

For the eight months from December 1 to July 31 the net outflow of gold amounted to \$174,000,000.

During the first 28 days of August gold movements were unusually small. Imports at the Port of New York totaled only \$500,000, while exports were slightly more than a million.

Foreign Exchange

Sterling exchange continued to be firmly maintained at above \$4.8531 during August. French francs, on the other hand, declined slightly, and Belgian exchange showed a small net loss, notwithstanding a partial recovery later in the month following the debt settlement with the United States. Lire declined during the early part of the month, but recovered, and at 3.76 cents on August 28 showed a net gain of about 10 points.

Dutch exchange rose above parity for the first time since the resumption of gold payments, and heavy dealings occurred in the Danish and Norwegian exchanges, which continued their rapid advance to new high levels for recent years. Brazilian exchange was also active and strong, and at 12¾ cents reached a new high price for the year, 27½ per cent above the recent low.

Among Far Eastern exchanges, Japanese yen reacted below 41 cents, while rupees were steady. Chinese rates were generally higher, accompanying an advance in silver on August 27 to 71¾ cents, the highest since October 1924.

Foreign Trade

Contrary to the usual seasonal tendency, exports of merchandise increased \$15,000,000 in July to \$338,000,000, at which level they were \$61,000,000 above July 1924. Imports valued at \$326,000,000, while practically unchanged from the June figures, were also substantially above July of the previous year.

In the case of exports, the increase from June occurred despite the fact that there was little change in the value of grain and cotton shipments. Of imports, receipts of rubber increased during July, while those of silk declined.

Detailed figures made available for the fiscal year ended June 30 show heavy exports of raw cotton amounting to over a billion dollars. Exports of wheat and wheat flour were the next in value at approximately \$400,000,000 followed closely by mineral oils, while automobiles and parts came fourth with nearly \$250,000,000. Leading articles of import during the fiscal year were raw silk, valued at \$353,000,000, followed by sugar, coffee, and crude rubber.

Production

Preparations for a strike in the anthracite coal fields on September 1 were reflected by heavy production of anthracite in both July and August. In the week of August 22 the production of 2,200,000 net tons was the largest for any week since 1922, and 29 per cent greater than in the corresponding week a year ago. Bituminous output also increased during July and August and reached the highest levels since early in February.

The continuance of the automobile industry at unusually high levels of activity was shown by an output of 346,700 passenger cars in July, a total nearly equal to that of June and 46 per cent larger than a year previous. In the case of trucks, the output was larger than in June and 48 per cent above a year ago.

In the iron and steel industry, production in July, while slightly below that of June, remained substantially above July last year, and during the first three weeks of August operations showed a gradual upward tendency. A decrease of 170,991 tons in the unfilled steel orders of the Steel Corporation at the end of July was the smallest monthly decrease since the downward movement began in March.

Silk mill activity increased in July to near the high level of last March, and cotton consumption and woolen mill activity, while considerably below normal, were substantially larger than in July 1924. The following table gives this bank's indexes of production in major industries in percentages of the computed trend, after allowance for seasonal variation.

(Computed trend of past years=100 per cent)

| | 1924 | | 1925 | |
|----------------------------------|------|-----|------|------|
| | July | May | June | July |
| <i>Producers' Goods</i> | | | | |
| Pig iron..... | 57 | 80 | 84 | 83 |
| Steel ingots..... | 55 | 90 | 94 | 89 |
| Bituminous coal..... | 75 | 87 | 88 | 91p |
| Copper, U. S. mines..... | 101 | 99 | 102r | 104 |
| Tin deliveries..... | 60 | 87 | 99 | 96 |
| Zinc..... | 96 | 96 | 98 | 102 |
| Petroleum..... | 123 | 132 | 129 | ... |
| Gas and fuel oil..... | 97 | 107 | 114 | ... |
| Cotton consumption..... | 61 | 89 | 84 | 83 |
| Woolen mill activity*..... | 70 | 83 | 81 | 77p |
| Cement..... | 123 | 125 | 128 | 132 |
| Lumber..... | 100 | 105 | 110 | ... |
| Leather, sole..... | 73 | 74 | 76 | ... |
| Silk consumption*..... | 98 | 115 | 118 | 130 |
| <i>Consumers' Goods</i> | | | | |
| Cattle slaughtered..... | 103 | 113 | 99 | 122 |
| Calves slaughtered..... | 107 | 97 | 105 | 114 |
| Sheep slaughtered..... | 101 | 110 | 101 | 103 |
| Hogs slaughtered..... | 136 | 86 | 101 | 91 |
| Sugar meltings, U. S. ports..... | 111 | 93 | 100 | ... |
| Wheat flour..... | 103 | 88 | 99 | 107 |
| Cigars..... | 107 | 96 | ... | 105 |
| Cigarettes..... | 80 | 79 | ... | 79 |
| Tobacco, manufactured..... | 103 | 104 | ... | 111 |
| Gasoline..... | 114 | 130 | 135 | ... |
| Tires..... | 92 | 121 | 128 | ... |
| Newspaper..... | 101 | 115 | 113 | 111 |
| Paper, total..... | 85 | 97 | 87 | 83 |
| Boots and shoes..... | 93 | 90 | 91 | 102p |
| Anthracite coal..... | 96 | 97 | 93 | 104p |
| Automobile, all..... | 113 | 132 | 136 | 156 |
| Automobile, passenger..... | 122 | 140 | 148 | 169 |
| Automobile, truck..... | 80 | 97 | 87 | 104 |

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

Indexes of Business Activity

General business activity in July, as measured by this bank's indexes, continued at an unusually high level. The index of bank debits outside of New York City, which reflects closely changes in the total volume of trade, was only slightly lower than in June, and equal to or above any other month since January.

Car loadings of merchandise and miscellaneous freight continued above the computed trend, or normal, for the month, and other loadings increased over June, due largely to the heavier movement of coal and the marketing of the new winter wheat crop. Mail order sales were 29 per cent above a year ago, building permits were exceptionally heavy, and factory employment held close to a normal level for this time of year.

In the following indexes of business activity allowance has been made for the usual year to year increase, seasonal variations and, where necessary, an adjustment has been made for estimated price changes.

(Computed trend of past years=100 per cent)

| | 1924 | | 1925 | |
|--|------|-----|------|------|
| | July | May | June | July |
| <i>Primary Distribution</i> | | | | |
| Car loadings, merchandise and misc..... | 98 | 106 | 103 | 103 |
| Car loadings, other..... | 92 | 108 | 99 | 101 |
| Wholesale trade, Second District..... | 91 | 91 | 90 | 94 |
| Exports..... | 89 | 94 | 86 | 98p |
| Imports..... | 108 | 110 | 115r | 115p |
| Grain exports..... | 42 | 141 | 77 | 76 |
| Panama Canal traffic..... | 123 | 83 | 98 | 96 |
| <i>Distribution to Consumer</i> | | | | |
| Chain store sales..... | 95 | 96 | 94 | 93 |
| Mail order sales..... | 95 | 111 | 111 | 117 |
| Life insurance paid for..... | 118 | 114 | 112 | 123 |
| Real estate transfers..... | 109 | 112 | ... | ... |
| Magazine advertising..... | 99 | 97 | 100 | 96 |
| Newspaper advertising..... | 90 | 95 | 91 | 92 |
| <i>General Business Activity</i> | | | | |
| Bank debits, outside of New York City..... | 100 | 110 | 111 | 110 |
| Bank debits, New York City..... | 109 | 124 | 119 | 118 |
| Bank debits, 2nd Dist. excl. New York City r..... | 99 | 103 | 105 | 103 |
| Velocity of bank deposits, outside of New York City..... | 98 | 103 | 101 | 103 |
| Velocity of bank deposits, New York City..... | 103 | 115 | 118 | 114 |
| Postal receipts..... | 99 | 99 | 100 | 105 |
| Electric power..... | 99 | 104 | 106 | ... |
| Employment, N. Y. State factories..... | 95 | 99 | 98 | 98 |
| Business failures..... | 103 | 108 | 119 | 94 |
| Building permits..... | 122 | 160 | 177 | ... |

p= Preliminary
r= Revised

Employment and Wages

Factory employment in July showed only the usual mid-summer decline of about 1 per cent from June, both in New York State and in the United States, and remained well above the level of a year ago. The decline from March to July in this state was only 5 per cent this year, compared with 14 per cent last year.

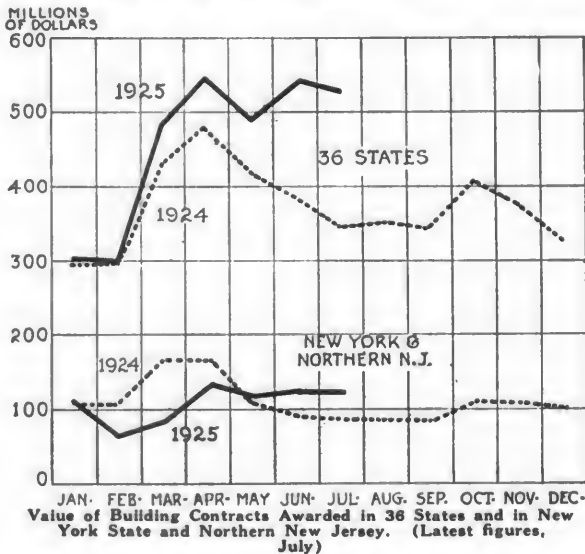
Average weekly earnings of factory workers in the state showed little change during the month, though a 1 per cent decline occurred for the country as a whole, probably due to vacations. Total factory pay roll expenditures in the United States declined over 2 per cent from June to July, but were 15 per cent larger than a year ago.

Building

July records of building permits and contracts indicate the continuation of construction work at unprecedentedly high levels. Contracts awarded in 36 states totaled \$529,000,000, an increase of 53 per cent over last year, and larger than ever before in July. Permits issued in 377 cities were 41 per cent above a year ago and also larger than in any July.

In New York City the building totals are rapidly overtaking those of 1924, after falling much below in the early months of this year. Contracts awarded in July were 76 per cent larger and permits more than twice as large as a year ago. These increases were due chiefly to residential contracts, which reached the highest level since the spring of 1924. Influence of the New York City figures is shown in total contracts for the district, which were 40 per cent above last July. The accompanying diagram compares by months the figures for the country and for this district with last year.

Reflecting the continued heavy building, costs are somewhat higher than a year ago. While disputes between various labor unions have caused suspension of work on a number of large projects, in general operations are proceeding at a high level, and labor supply has been adjusted fairly closely to demand.



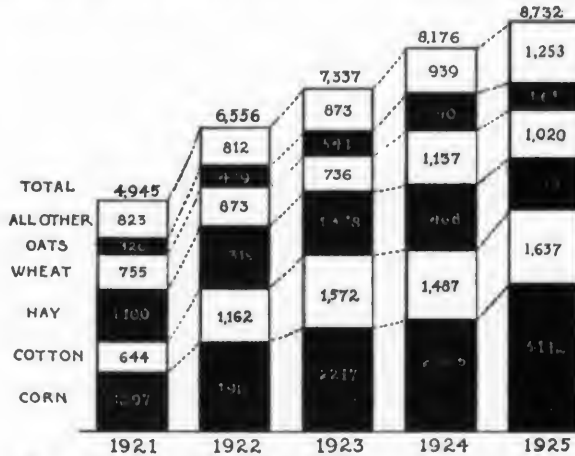
Crops

Ample rainfall resulted in a rather general improvement in crop conditions in New York State during July. Indicated yields of oats, corn, barley, apples, and pears on August 1 were larger than last year's crops. In the cases of buckwheat and potatoes, however, yields apparently will be smaller than in 1924.

While the composite condition of crops throughout the country as reported by the Department of Agriculture was 1.6 per cent lower on August 1 than on July 1, and below the average of the last ten years, a preliminary calculation of aggregate values, based on

August 1 estimates for all crops except cotton, and August 15 prices at the farms, indicates an increase of 7 per cent over 1924, and over 75 per cent since 1921.

Compared with last year, the increase in aggregate values is chiefly due to larger crops of corn and cotton, although a number of minor crops also promise substantially larger financial returns than last year. The accompanying diagram compares the preliminary estimates of this year's crop with the final figures for recent years. In the case of cotton, the 1925 figures are based on estimates as of August 15.

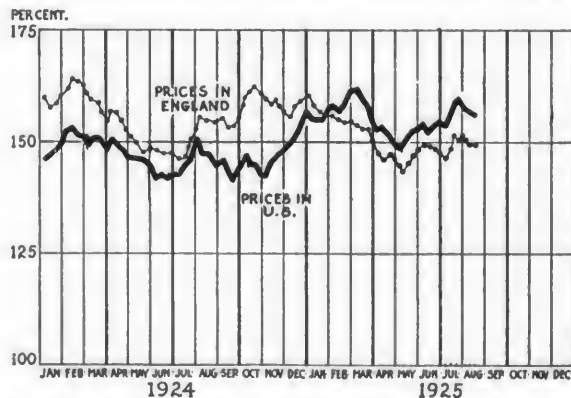


Estimated Value of Principal 1925 Crops at August 15 Prices at the Farm Compared with Dec. 1 Value of Crops Harvested in Previous Years. (In millions of dollars)

Commodity Prices

After advancing during the early summer this bank's price index of 20 basic commodities declined late in July, and in August. This was due chiefly to the reaction in rubber, which fell to 95 cents, or 26 cents below the July high point, and also to a drop of nearly 3 cents a pound in cotton, accompanying improved prospects for the crop.

The prices of corn, hogs, and petroleum were also lower, but metals, on the other hand, were firmer. Scrap steel continued to advance. Pig iron became slightly



Price Indexes of 20 Basic Commodities in the United States and in England. (1913 = 100 Per cent. Latest figures, August 22)

firmer, and copper and lead reached the highest levels since January.

As compared with a year ago, both this bank's index of wholesale prices and that of the Department of Labor showed considerable advances, due largely to increases in farm products and foods. These tendencies are reflected also in a moderate advance in the semi-annual cost of living index of the Department of Labor to a level slightly higher than at any time since 1921. As indicated in the following table, this increase was due almost wholly to increases in the retail price of foods.

(1913 Average=100 per cent)

| | Index June 1924 | Index June 1925 | Per cent Change June 1925 from June 1924 |
|-----------------------------|--------------------|--------------------|---|
| Food..... | 142.4 | 155.0 | +8.8 |
| Clothing..... | 174.2 | 170.6 | -2.1 |
| Housing..... | 168.0 | 167.4 | -0.4 |
| Fuel and light..... | 176.7 | 176.7 | 0 |
| House furnishing goods..... | 216.0 | 214.3 | -0.8 |
| Miscellaneous..... | 201.1 | 202.7 | +0.8 |
| All items..... | 169.1 | 173.5 | +2.6 |

Wholesale Trade

Trade of representative wholesale dealers in this district during July averaged 10 per cent above a year ago, reflecting increases in a majority of the reporting lines.

The largest increase occurred in women's coats and suits, and was probably due chiefly to the fact that sales last year were unusually small because of labor troubles. Machine tool sales, however, were also substantially larger than last year, silk goods business was maintained at a high level, and considerable gains occurred in men's clothing, cotton goods, shoes, and diamonds.

Stocks of wholesale shoe dealers continued to expand, whereas a year ago they were being sharply reduced, and stocks of groceries, and jewelry and diamonds were likewise larger than a year ago, although the increases were not so large as in previous months. In the cases of cotton goods and silk goods, stocks continued smaller than last year.

| Commodity | Net Sales Percentage Change | | Stock at end of month Percentage Change | |
|-------------------------------|--------------------------------|--------------------------------|--|--------------------------------|
| | July 1925 from June 1925 | July 1925 from July 1924 | July 1925 from June 1925 | July 1925 from July 1924 |
| Groceries..... | + 2.1 | + 2.3 | - 4.9 | + 3.8 |
| Men's clothing..... | +54.8 | +20.3 | ..... | ..... |
| Women's dresses..... | -38.6 | -11.0 | ..... | ..... |
| Women's coats and suits..... | +523.5 | +130.0 | ..... | ..... |
| Cotton-Jobbers..... | +12.4 | + 9.6 | +36.2 | -22.1 |
| Cotton-Commission houses..... | - 0.5 | + 9.9 | ..... | ..... |
| Silk goods..... | -14.2 | +24.0 | + 8.1* | - 2.1* |
| Shoes..... | - 6.6 | +11.1 | + 7.4 | +59.5 |
| Drugs..... | - 1.2 | - 7.7 | ..... | ..... |
| Hardware..... | -11.9 | + 3.4 | + 1.3 | - 9.4 |
| Machine tools..... | -13.5 | +56.6 | ..... | ..... |
| Stationery..... | - 7.5 | + 2.2 | ..... | ..... |
| Paper..... | - 4.1 | - 1.7 | ..... | ..... |
| Diamonds..... | +17.3 | +15.6 | ..... | ..... |
| Jewelry..... | - 8.5 | - 3.2 | - 7.5 | + 6.6 |
| Weighted Average..... | + 8.7 | +10.2 | ..... | ..... |

*=Stock at first of month—quantity not value

Department Store Business

Department store sales in this district averaged 2 per cent larger in July than a year ago. If allowance is made, however, for an extra selling day this year for stores in New York City and vicinity, the sales, on a working day basis, fell slightly below those of a year ago, despite increased floor space in a number of the stores. In the case of apparel stores, the unadjusted sales averaged 3 per cent smaller than in July 1924.

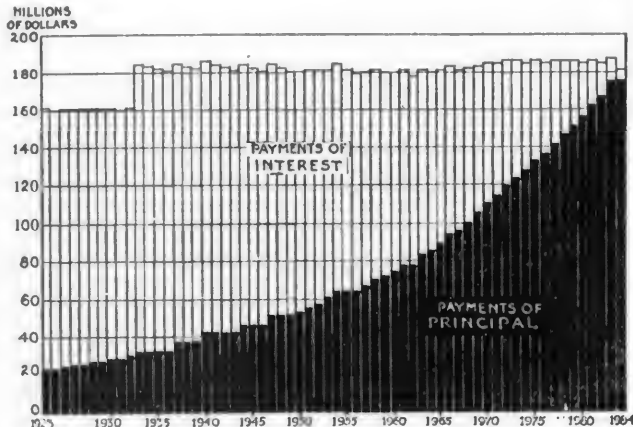
Stocks of merchandise on hand in reporting stores were 4½ per cent larger than in last year, a somewhat greater increase than occurred in sales. The rate of turnover for the month, in consequence, fell slightly below last year, though for the year to date the average continues slightly above 1924.

| | Net Sales Percentage Change July 1925 from July 1924 | Stock on Hand Percentage Change July 31, 1925 from July 31, 1924 |
|-------------------------------|--|--|
| New York..... | + 2.1 | + 5.1 |
| Buffalo..... | + 3.6 | + 2.9 |
| Rochester..... | + 6.5 | - 0.5 |
| Syracuse..... | - 4.7 | + 5.9 |
| Newark..... | + 1.2 | + 8.8 |
| Bridgeport..... | + 2.8 | + 4.9 |
| Elsewhere..... | + 5.0 | - 3.8 |
| Northern New York State..... | + 3.3 | ..... |
| Central New York State..... | - 0.4 | ..... |
| Southern New York State..... | + 3.2 | ..... |
| Hudson River Valley Dist..... | +11.3 | ..... |
| Westchester District..... | - 7.9 | ..... |
| All department stores..... | + 2.3 | + 4.5 |
| Apparel stores..... | - 2.9 | - 0.9 |
| Mail order houses..... | +29.2 | ..... |

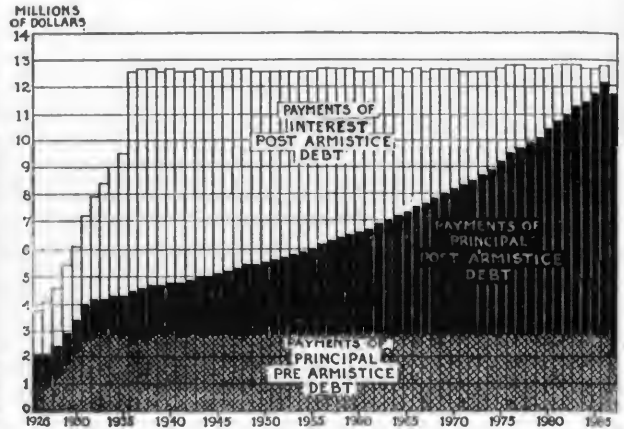
The largest increases in sales over last year were in sporting goods, books and stationery, luggage and leather goods, and toilet articles and drugs. Furniture and home furnishings continued to show large gains, and there were substantial increases also in shoes and hosiery. Silk goods and apparel sales, on the other hand, did not compare so favorably with a year ago as in June, and cotton goods showed a sharp decline.

The average value of the individual sales transaction in July was \$2.41 compared with \$2.38 a year previous.

| | Net Sales Percentage Change July 1925 from July 1924 | Stock on Hand Percentage Change July 31, 1925 from July 31, 1924 |
|--|--|--|
| Toys and sporting goods..... | +33.7 | + 2.8 |
| Books and stationery..... | +20.8 | + 2.3 |
| Luggage and other leather goods..... | +17.7 | +10.0 |
| Furniture..... | +16.1 | + 1.8 |
| Toilet articles and drugs..... | +16.1 | +12.1 |
| Hosiery..... | +12.0 | + 4.9 |
| Home furnishings..... | +10.9 | - 3.0 |
| Silverware and jewelry..... | + 9.2 | - 3.0 |
| Shoes..... | + 9.0 | + 3.6 |
| Linens and handkerchiefs..... | + 8.1 | + 5.2 |
| Women's and Misses' ready-to-wear..... | + 6.8 | + 1.5 |
| Men's and Boys' wear..... | + 4.9 | + 5.6 |
| Silk goods..... | + 2.6 | + 0.2 |
| Men's furnishings..... | + 2.0 | + 1.4 |
| Woolen goods..... | + 1.4 | + 1.3 |
| Women's accessories..... | - 0.7 | - 0.2 |
| Cotton goods..... | -10.0 | +12.7 |
| Miscellaneous..... | - 3.2 | - 1.2 |



Schedule of Interest and Principal Payments on Account of British Debt to This Government



Schedule of Interest and Principal Payments on Account of Belgian Debt to This Government

The Belgian Debt Agreement

With the funding of its debt of \$417,780,000 to this Government, subject to the approval of the Belgian Government and the United States Congress, Belgium becomes the sixth country to make formal provision for payment of its indebtedness to the United States. This settlement brings the total of foreign debts which have been funded to approximately \$5,166,000,000, out of a total of about \$12,000,000,000, including principal and accrued interest. Countries which have previously concluded funding arrangements are Great Britain, Poland, Finland, Lithuania, and Hungary.

Under the terms of the Belgian settlement payment

of principal of the pre-Armistice debt of \$171,780,000 without interest, and of the \$246,000,000 post-Armistice debt with interest, amounting to \$310,050,500, are to be made over a period of 62 years in annual instalments of about \$12,700,000, except during the first ten years, for which smaller fixed payments are specified. Interest on the post-Armistice debt is fixed in arbitrary amounts for the first ten years and at 3½ per cent thereafter. The diagrams above, comparing the methods of payment of both the British and Belgian debts, show the smaller payments which are made during the first ten years under both the British and Belgian debt settlement plans, and also the manner in which the amounts paid on principal increase and interest charges decrease.

Statement showing principal amount of obligations of Foreign Governments held by the United States Treasury, interest accrued and unpaid thereon up to and including the last interest period prior to May 16, 1925, and payments received on account of principal and interest up to August 24, 1925.

| Unfunded Obligations | Principal Amount of Obligations Now Held | Interest Accrued as of Last Interest Paying Dates | Total Indebtedness | Payments on Account of Principal | Payments on Account of Interest |
|---|--|---|-------------------------|----------------------------------|---------------------------------|
| France..... | \$3,310,516,044 | \$870,040,904 | \$4,180,556,948 | \$64,302,901 | \$231,405,062 |
| Italy..... | 1,647,869,198 | 490,674,654 | 2,138,543,852 | 164,852 | 57,598,852 |
| Russia..... | 192,601,297 | 62,546,395 | 255,147,692 | ..... | 7,913,702 |
| Czechoslovakia..... | 91,879,671 | 25,799,424 | 117,679,095 | ..... | 304,178 |
| Jugoslavia..... | 51,037,886 | 14,377,111 | 65,414,997 | 720,600 | 636,059 |
| Rumania..... | 36,128,495 | 10,380,166 | 46,508,661 | 1,794,180 | 263,313 |
| Austria..... | 24,055,709 | 6,495,041 | 30,550,750 | ..... | ..... |
| Estonia..... | 13,999,145 | 3,794,875 | 17,794,020 | ..... | ..... |
| Greece..... | 15,000,000 | 2,625,000 | 17,625,000 | ..... | 1,159,153 |
| Armenia..... | 11,959,917 | 2,999,562 | 14,959,479 | ..... | ..... |
| Latvia..... | 5,132,287 | 1,219,852 | 6,352,139 | ..... | 129,266 |
| Nicaragua..... | 100,590 | ..... | 100,590 | 50,513 | 8,182 |
| Liberia..... | 20,000 | 6,768 | 32,768 | ..... | 861 |
| Cuba..... | ..... | ..... | ..... | 10,000,000 | 2,286,751 |
| Total..... | \$5,430,306,239 | \$1,490,959,752 | \$6,921,265,991 | \$77,033,046 | \$301,702,979 |
| Funded Obligations | | | | | |
| Great Britain..... | \$4,554,000,000 | ..... | \$4,554,000,000 | \$46,000,000 | \$343,620,000 |
| Belgium..... | *416,904,160 | ..... | 416,904,160 | 875,839 | 192,567 |
| Poland..... | 178,560,000 | ..... | 178,560,000 | ..... | 500,000 |
| Finland..... | 8,910,000 | ..... | 8,910,000 | 90,000 | 672,300 |
| Lithuania..... | †6,045,225 | ..... | 6,045,225 | 30,000 | 135,673 |
| Hungary..... | 1,972,883 | ..... | 1,972,883 | 9,672 | 44,203 |
| Total..... | \$5,166,392,268 | 0 | \$5,166,392,268 | \$17,005,511 | \$345,161,750 |
| Grand Total Funded and Unfunded..... | \$10,596,698,507 | \$1,490,959,752 | \$12,087,658,259 | \$124,038,557 | \$646,864,729 |

*Funding Agreement concluded but not approved by Congress
 †Funding Agreement approved by Congress but bonds have not been exchanged