

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

December 1, 1923

Business Conditions in the United States

PRODUCTION of basic commodities and retail trade increased during October, and the volume of freight shipments and wholesale trade continued large. The level of wholesale prices and the volume of employment showed but little change.

PRODUCTION

The Federal Reserve Board's index of production in basic industries advanced 3 per cent. in October, after having declined for four months. The increase for the month, while due in part to the resumption of anthracite coal mining, also reflected increases in textiles, lumber, and sugar, and most other industries included in the index. Employment at industrial establishments showed practically no change between September and October.

Contract awards for new buildings increased throughout the country considerably more than is usual at this season, and were 25 per cent. larger than in September. Residential projects formed a larger proportion of the total than in any earlier month of the year.

Crop estimates by the Department of Agriculture on November 1 indicated a substantial reduction from the September forecast in the yield of cotton, but larger yields of corn, potatoes, and apples.

TRADE

Heavy movement of miscellaneous merchandise and live stock resulted in October in the largest railroad ship-

ments of any month on record. Wholesale trade was 12 per cent. larger than a year ago and sales in all leading lines except shoes showed increases. Department store sales were 13 per cent. larger than last October and sales of mail order houses were the largest of any month since 1919.

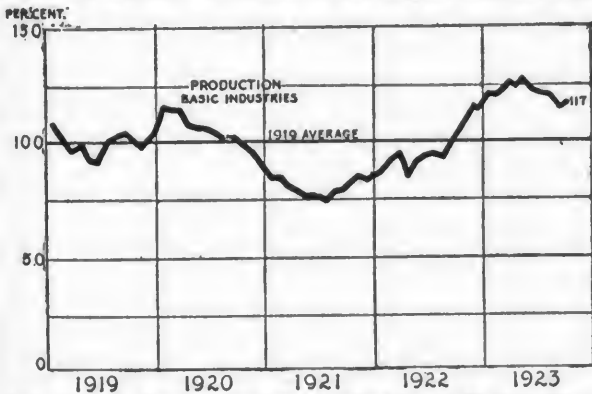
PRICES

Wholesale prices declined less than one per cent. in October, according to the index of the Bureau of Labor Statistics and stood approximately at the level of a year ago. The principal changes for the month were declines in the prices of fuel, clothing, metals, and animal products, while wholesale prices of crops, particularly cotton, increased. During the first half of November the prices of wheat, hogs, pig iron, and hides receded, and prices of cotton and cotton goods, cement, and copper advanced.

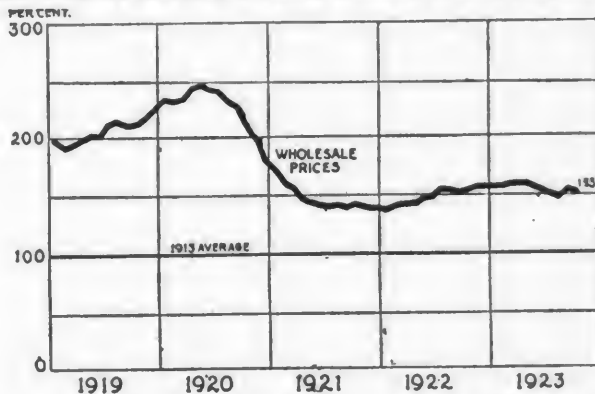
BANK CREDIT

Since the middle of October there has been a slight decline in demand for credit for commercial and agricultural purposes at member banks in leading cities. Considerable decreases in borrowings for these purposes in the New York and Chicago districts were partially offset by increases in other districts. Loans secured by stocks and bonds increased somewhat, while investments continued to decline and reached the low point for the year.

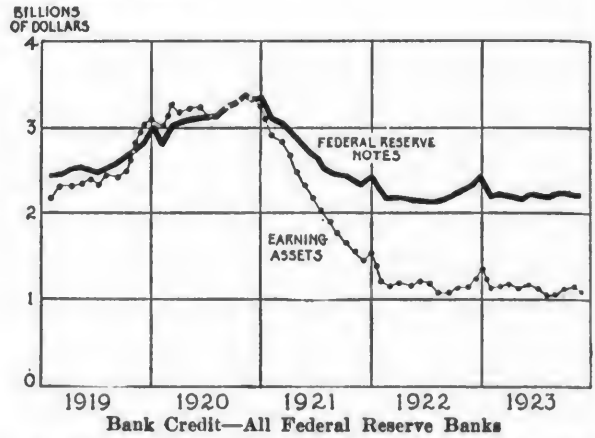
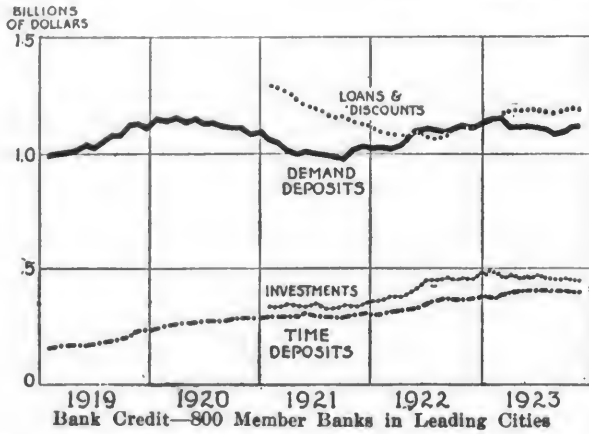
The total member bank accommodation at Federal Reserve Banks declined between October 17 and November



Production in Basic Industries—Combination of 22 Individual Series corrected for Seasonal Variation (1919 average = 100 Per cent.)



Index of Wholesale Prices, U. S. Bureau of Labor Statistics (1913 average = 100 Per cent.)



21, and on the latter date was the lowest since the middle of the year. The total volume of Federal Reserve Bank credit outstanding, however, remained relatively constant because of increased purchases of bills in the open market. The volume of Federal Reserve note circulation declined by about \$50,000,000 during the period, while other forms of money in circulation increased.

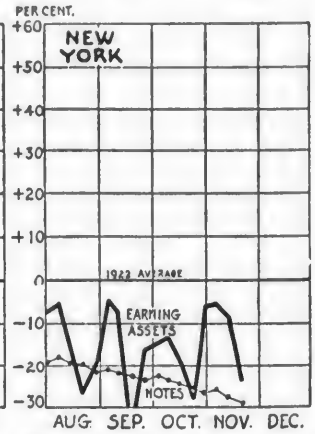
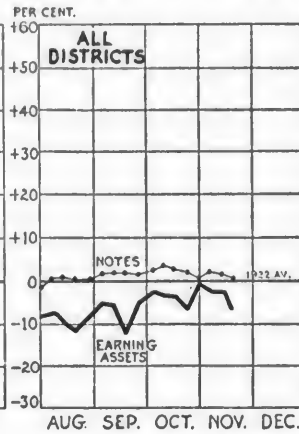
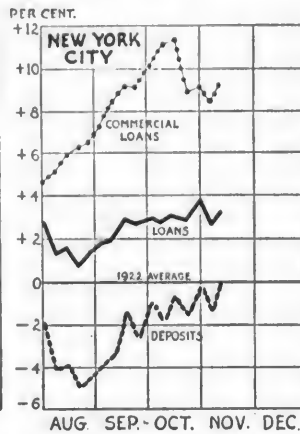
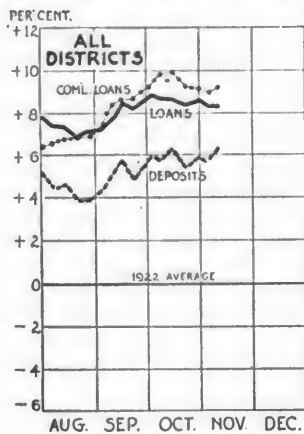
Money rates showed an easier tendency and during the early part of November the open market rate on commercial paper in New York declined from 5-5¼ to 5 per cent.

Banking Conditions, Second District

Total loans and investments of reporting member banks in this district showed little net change between the middle of October and the middle of November. There was a decrease of slightly over \$50,000,000 in loans made largely for commercial and agricultural purposes, but this was offset by increases in loans on stocks and bonds and in security investments. Total deposits showed a gradual upward tendency, and on November 14 were the highest since the first part of July.

Rediscounts and advances of the Federal Reserve Bank of New York declined \$45,000,000 between October 17 and November 21, and at \$126,000,000 were at the low point of the year. But as holdings of bills bought in the open market were \$40,000,000 larger, total earning assets were only slightly lower.

The following diagrams show recent changes in the loans and deposits of the reporting member banks for the country as a whole and for New York City and also show changes in total earning assets and note circulation of all Federal Reserve Banks and of the New York Reserve Bank. The 1922 average is in each case taken as a basis for comparison. Both for all districts and for New York City total loans and investments of reporting member banks are considerably above the 1922 average, due chiefly to increases in loans made largely for commercial and agricultural purposes. The expansion of member bank loans over a year ago has taken place without increase in the volume of credit extended by the Federal Reserve Banks, but has accompanied net gold imports amounting to \$261,000,000 since Nov. 1, 1922.

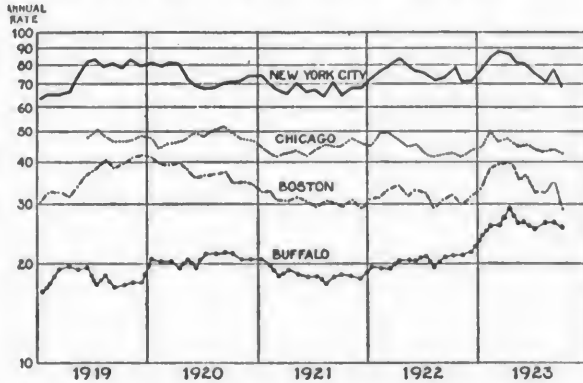


Loans (including investments), Commercial Loans, and Deposits of Reporting Member Banks (1922 average = 100 Per cent.)

Note Circulation and Earning Assets of Federal Reserve Banks (1922 average = 100 Per cent.)

Velocity of Bank Deposits

The rate at which deposits were checked out of banks in leading cities declined during October, notwithstanding increases in certain other phases of business activity. The decreases were most marked in New York City and Boston, where the rate of turnover fell to the lowest points this year, but there were also declines in all other cities for which figures are available. The following diagram shows the velocity of deposits in 4 leading cities, after allowing for seasonal variation.



Rate of turnover of bank deposits. Allowance is made for usual seasonal changes

The table below gives figures for a larger group of cities in terms of the annual rate, after allowing for usual seasonal changes.

| | Apr. | May | June | July | Aug. | Sept. | Oct. |
|--------------------|------|------|------|------|------|-------|------|
| New York City..... | 86.6 | 81.4 | 81.0 | 75.1 | 71.8 | 77.8 | 68.4 |
| Albany..... | 25.5 | 19.5 | 26.0 | 24.7 | 29.3 | 30.0 | 28.6 |
| Buffalo..... | 29.3 | 26.5 | 26.9 | 25.5 | 26.7 | 26.7 | 25.4 |
| Rochester..... | 22.0 | 23.1 | 23.8 | 23.3 | 22.4 | 22.1 | 21.0 |
| Syracuse..... | 10.0 | 10.3 | 10.3 | 9.9 | 9.8 | 9.9 | 9.6 |
| Boston..... | 39.7 | 35.5 | 36.3 | 32.8 | 32.6 | 34.6 | 28.9 |
| Chicago..... | 47.1 | 44.9 | 45.8 | 43.7 | 43.4 | 43.6 | 42.5 |
| San Francisco..... | 38.1 | 40.2 | 41.9 | 38.8 | 38.6 | 41.5 | 39.0 |

A partial explanation of the differences between cities in the rate of turnover of demand deposits is found in differences in the type of deposits. In the Buffalo banks time deposits are larger than demand deposits. In Syracuse, on the other hand, time deposits are small and there is a considerable volume of slow moving, interest bearing accounts which are listed as demand deposits. Hence the demand deposits of that city show a slower rate of turnover. The relative amounts of time and demand deposits in the banks for which velocity has been computed are shown in the following table for November 7, 1923.

Dollar figures in thousands

| | Net Demand Deposits | Time Deposits | Per cent of Time Deposits to Net Demand Deposits |
|-----------------------------|---------------------|---------------|--|
| New York City—36 banks..... | \$3,731,594 | \$407,606 | 10.9 |
| Albany—3 banks..... | 40,718 | 9,932 | 24.4 |
| Buffalo—12 banks..... | 134,898 | 138,256 | 102.5 |
| Rochester—3 banks..... | 42,122 | 19,822 | 47.1 |
| Syracuse—7 banks..... | 81,571 | 14,128 | 17.3 |
| Boston—11 banks..... | 517,602 | 75,690 | 14.6 |
| Chicago—14 banks..... | 894,263 | 184,229 | 20.6 |

Money Rates

The decline in money rates which became marked after the middle of October continued during the early part of November and rates in some instances reached the lowest points in several months.

The prevailing rate for prime commercial paper declined from 5¼ to 5 per cent., and some sales were made at 4¾ per cent., the lowest since the spring. While the market in New York was limited there was a good demand in the interior for the moderate volume of paper offered by the dealers. During October the outstanding paper of 26 dealers increased \$19,000,000 to \$805,000,000.

Bill rates for maturities up to 120 days were unchanged at 4½ to 4¾ per cent. on purchases by the dealers and 4 to 4¼ per cent. on sales by them. There was a good demand, but, owing to unusually heavy supplies arising out of cotton exports, dealers' portfolios at the end of October and in the first part of November were the largest in more than two years.

Short term Treasury securities continued in active demand and scant supply. Offering rates on 4-6 months maturities declined nearly ½ of 1 per cent. below the high point of October, and rates for longer maturities also showed substantial declines.

Stock market time money also declined in October and early November and was quoted at 5 to 5¼ per cent., compared with 5½ to 5¾ for a period late in September. Except for a few days during the early part of the month, call money averaged close to 4¾ per cent.

Security Markets

The declarations of extra dividends by a number of industrial concerns and reports of increased activity in several basic industries were among the factors in a sharp recovery in the stock market in November. Stock averages rose 4 or 5 points but remained from 10 to 15 points below the March high levels.

Liberty and high grade corporation bonds continued their recoveries and reached again the price levels which prevailed about September first. On November 20 an average of 40 corporation bonds stood nearly 5½ points below the high level of September 1922, and more than a point above this year's lowest level. French and Belgian issues were weaker in sympathy with exchange rates but held substantially above the low points of earlier in the year.

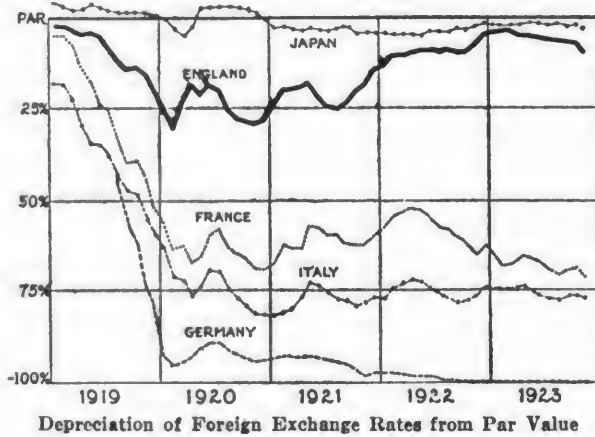
The volume of new security issues increased during the latter part of October and in November, and offerings were the heaviest since June. New financing by railroads was particularly large, and other important issues included \$100,000,000 of a leading public utility, \$25,000,000 Dutch East Indies bonds, and several large State and municipal issues. In general, the new offerings appeared to be well taken by the market.

Foreign Exchange

Under the influence of disturbed European political conditions, seasonally increased exports from the United States, and the accumulation of dollars against debt payments, sterling exchange fell by November 19 to \$4.26, or 45 cents below the February high point. There was later a recovery to \$4.38.

French francs broke below 5¼ cents to a new low figure and new low points for the year were reached by Italian, Dutch, Scandinavian, Spanish, Japanese, Chinese, and Argentine exchanges, while declines prevailed also among other rates. Brazilian exchange fell to further new low points, and there was no halt in the rapid depreciation of the mark.

The accompanying diagram compares the movements of leading exchanges by months since 1919. The diagram indicates the usual effect on the exchanges of heavy foreign purchases of foodstuffs and cotton from this country in the fall of each year.



Gold Movement

Net imports of gold into the United States during October totaled \$28,551,000, continuing the heavy flow of previous months. In the first ten months of the year net imports were \$223,195,000 compared with \$199,688,000 during the first ten months of 1922. October imports were largely from Great Britain and Germany. Exports were chiefly to British India and Mexico.

Foreign Trade

Exports of merchandise from the United States showed a further seasonal increase of \$21,000,000 during October and were the largest since February 1921. Imports likewise increased substantially and were the largest since June of this year, exceeding those of October 1922 by \$27,000,000. The following table shows imports and exports for the different months since the first of the year and indicates that whereas during the four months from March to June imports exceeded exports the balance of trade has again become favorable to this country by a substantial margin.

(In millions)

| Month | Exports | Imports | Balance |
|----------------|---------|---------|---------|
| January..... | 335 | 329 | + 6 |
| February..... | 307 | 303 | + 4 |
| March..... | 341 | 398 | - 57 |
| April..... | 325 | 364 | - 39 |
| May..... | 316 | 373 | - 57 |
| June..... | 320 | 320 | |
| July..... | 302 | 287 | + 15 |
| August..... | 311 | 275 | + 36 |
| September..... | 382 | 254 | +128 |
| October..... | 402 | 303 | + 99 |

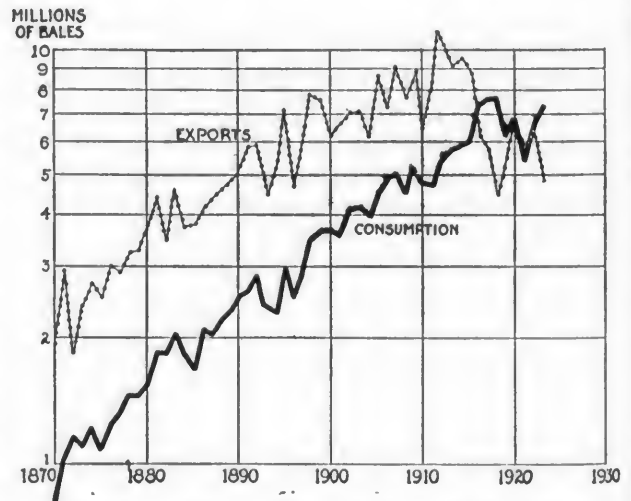
In October as in September, cotton shipments were an important factor in large exports. Exports of cotton manufactures increased over September, but there were decreases in shipments of meats and grains.

Factors in higher imports were increased receipts of raw silk which had decreased in September following the earthquake in Japan, and larger receipts of coffee, rubber, and sugar.

Cotton Exports and Consumption

During the first three months of the current cotton marketing year, exports of cotton have been larger than last year by approximately 276,000 bales, or 19 per cent, due chiefly to the increase shown in the September shipments. In the cotton year ended July 31 the exports were, with the single exception of 1918, the smallest of any year since 1896.

The relation between exports and domestic consumption of cotton in past years is shown by the accompanying diagram. Prior to the war, exports consistently exceeded domestic consumption by a substantial though gradually decreasing margin. Exports, however, declined sharply during the war and since the war have averaged below the consumption figures. Factors in lower exports in recent years have been decreased buying power abroad and high prices accompanying short crops.



Exports and Domestic Consumption of Cotton by years ended July 31 (Exports prior to 1915 by fiscal years)

Prices

The Department of Labor's index of wholesale prices declined from 154 to 153 during October, due to declines in fuel, metals, and miscellaneous articles and small decreases in prices of cloths and clothing resulting from lower prices for silk and worsted yarn. Other groups, including farm products, were unchanged or higher.

The total index is now at practically the same point as in October a year ago. As shown in the following table the changes since that time have tended to bring the various groups which comprise this index nearer to a common level.

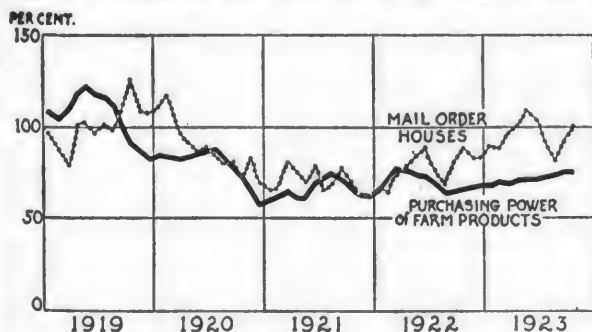
| | October 1922 | October 1923 |
|--------------------------|--------------|--------------|
| Farm products..... | 138 | 144 |
| Foodst..... | 140 | 148 |
| Cloths and clothing..... | 188 | 199 |
| Fuel and lighting..... | 226 | 172 |
| Metals..... | 135 | 142 |
| Building materials..... | 183 | 182 |
| Chemicals..... | 124 | 129 |
| House-furnishings..... | 176 | 183 |
| Miscellaneous..... | 120 | 120 |
| Total (weighted)..... | 154 | 153 |

This bank's index of 20 basic commodities declined during the first half of November, due partly to reaction in silk from the high prices reached after the earthquake, decline in hogs to the lowest since 1915, and further loss in petroleum. Cotton rose to nearly 36 cents and there were smaller advances in copper, lead and sugar.

There was practically no change during October in the cost of living index computed by the National Industrial Conference Board.

Farm Prices and Purchasing Power

The continued strength of prices of farm products, together with price declines in many other commodities, has resulted in a further narrowing of the spread between agricultural and other prices, and the Department of Agriculture's index of the relative purchasing power of farm products advanced in October to 75 per cent. of the 1913 average, compared with 64 per cent. in August, the low month last year. The following diagram compares the movement in this index in



Mail Order Sales in Percentages of Computed Normal, and Purchasing Power of Farm Products as shown by the ratio between Prices of Farm Products and of other Commodities

recent years with the course of mail order sales. Mail order sales appear to give evidence of an even more rapid recovery in rural buying power than is indicated by the ratio between prices of farm products and other prices. Other factors besides prices which enter into buying power include changes in costs of production on the farm and changes in fixed charges and credit facilities. The curve for mail order sales is based upon this bank's index, which allows for price changes, seasonal variation, and usual year to year growth.

Employment and Wages

Employment in New York State factories increased 1 per cent. in the month ended October 15, due to larger employment in the iron and steel and railway equipment industries and to seasonal activity in the clothing and food products industries.

The number of wage changes, as reported by the National Industrial Conference Board for the United States and summarized in the table below, was larger in the month ended November 14 than in any month since June.

| Month Ended | Increases | Decreases | Total Changes |
|--------------------|-----------|-----------|---------------|
| June 14, 1923..... | 287 | 1 | 288 |
| July 14..... | 137 | 0 | 137 |
| August 14..... | 77 | 0 | 77 |
| September 14..... | 22 | 1 | 23 |
| October 14..... | 28 | 2 | 30 |
| November 14..... | 151 | 5 | 156 |

Voluntary advances of 1 to 3 cents an hour were made by several railways to clerks, mechanical and electrical employes, and stationary engineers and firemen. Increases occurred also in the street railway and printing industries and on November 14, building trade unions in New York City presented demands upon employers for an increase of \$1 a day in the basic wage. Several large corporations announced plans for profit sharing and employment insurance.

Average weekly earnings of factory workers in New York State increased 1 per cent. in October to \$27.73, and with the exception of June were the highest since the end of 1920. During the past year average weekly earnings have increased 8 per cent., due to increased working time and higher wage scales.

Production

Production in basic industries increased during October, following declines in the preceding four months. The Federal Reserve Board's index covering 22 commodities advanced from 114 to 117 and most of the indexes of this bank for separate industries showed increases.

The output of steel ingots increased 7 per cent. from 3,313,000 tons in September to 3,548,000 tons in October, and there was a small increase in pig iron production for the month, though the daily rate of output was somewhat lower. Unfilled orders on the books of the United States Steel Corporation showed a further decline of 363,000 tons to 4,673,000 tons, the smallest amount since March 1922.

The production of passenger automobiles totaled 335,000 cars, an output which has been exceeded in the past only by the unusual production of April, May and June of this year. There was also an increase in the output of motor trucks.

Notwithstanding the high prices of cotton, domestic mills consumed 542,000 bales in October, or 12 per cent. more than in September. During November, however, some of the New England mills announced a 60 per cent. curtailment in operations, and certain of the southern mills made reductions in working schedules.

Bituminous coal production during October, while the largest since January, increased somewhat less than usual as compared with September, and the index of production, in consequence, declined. Following curtailment of operations in September due to the strike, anthracite mining was resumed in October at somewhat less than the August rate.

The following table gives this bank's available indexes of production during October. The figures are expressed as percentages of computed normal. Allowance is made for seasonal variation and the usual year to year growth.

(Computed normal = 100 Per cent.)

| | 1922 | | 1923 | | | |
|----------------------------------|------|------|------|------|-------|------|
| | Oct. | June | July | Aug. | Sept. | Oct. |
| Producers' Goods | | | | | | |
| Pig iron..... | 184 | 122 | 121 | 110 | 102 | 98 |
| Steel ingots..... | 100 | 114 | 105 | 107 | 99 | 101 |
| Bituminous coal..... | 91 | 109 | 108 | 105 | 99 | 99 |
| Copper, U. S. mine..... | 84 | 98 | 102 | 111 | 102 | 107p |
| Leather, sole..... | 94 | 93 | 105 | 106 | 91p | ... |
| Tin deliveries..... | 103 | 92 | 84 | 99 | 80 | 98 |
| Petroleum..... | 112 | 139 | 142 | 146 | 144 | ... |
| Cotton consumption..... | 95 | 96 | 83 | 89 | 88 | 94 |
| Woolen mill activity*..... | 106 | 113 | 104 | 98 | 100 | 101p |
| Wood pulp..... | 92 | 123 | 110 | 103 | ... | ... |
| Zinc*..... | 75 | 75 | 75 | 73 | 68 | 73 |
| Consumers' Goods | | | | | | |
| Anthracite coal..... | 95 | 98 | 100 | 104 | 35 | 95 |
| Wheat flour..... | 112 | 107 | 122 | 116 | 109 | 104 |
| Cattle slaughtered..... | 93 | 101 | 105 | 109 | 98 | ... |
| Calves slaughtered..... | 139 | 114 | 123 | 145 | 118 | ... |
| Sheep slaughtered..... | 74 | 89 | 86 | 79 | 78 | ... |
| Hogs slaughtered..... | 109 | 122 | 135 | 149 | 146 | ... |
| Sugar meltings, U. S. ports..... | 108 | 79 | 70 | 74 | 102 | 137 |
| Paper, total..... | 102 | 101 | 84 | 83 | 85 | ... |
| Tobacco consumption..... | 87 | 93 | 88 | 83 | 89 | ... |
| Gasoline..... | 102 | 111 | 110 | 108 | 107 | ... |
| Automobile, all..... | 114 | 152 | 151 | 145 | 140 | 159p |
| Automobile, passenger..... | 119 | 159 | 162 | 157 | 149p | 171p |
| Automobile, truck..... | 92 | 126 | 109 | 98 | 104p | 113p |
| Automobile, tires..... | 132 | 134 | 95 | 121 | 107p | ... |
| Boots and shoes..... | 99 | 105 | 89 | 90 | 90p | 98p |

* Seasonal variation not allowed for.
p Preliminary.

Index of Business Activity

October indexes of business activity generally showed increases compared with September, but in a majority of cases were lower than the average figures in March, April, and May. In the group covering distribution to the consumer the October indexes were in every case above September figures, and noteworthy increases occurred in car loadings of merchandise and miscellaneous freight, wholesale trade, building activity, and bank debits outside of New York. The following table gives the indexes in percentages of computed normal, with allowance made for seasonal changes, year to year growth and, when necessary, for changes in prices.

(Computed normal = 100 Per cent.)

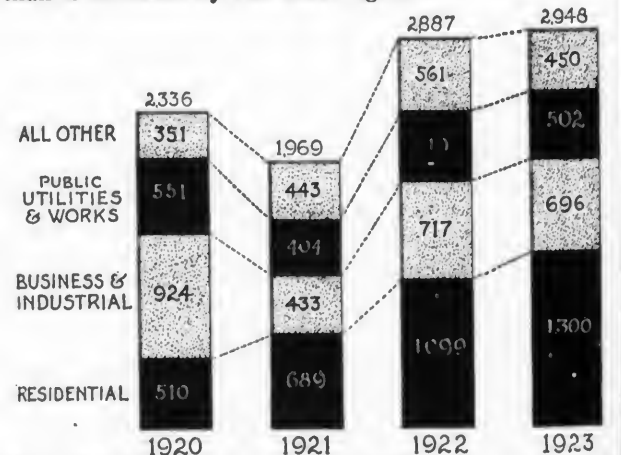
| | 1923 | | |
|--|---------------------------|-------|------|
| | Average for Mar. Apr. May | Sept. | Oct. |
| Primary Distribution | | | |
| Car loadings, mdse. and misc..... | 110 | 103 | 107 |
| Car loadings, other..... | 121 | 108 | 101 |
| Wholesale trade, Second District..... | 106 | 100 | 116 |
| Exports..... | 83 | 95p | 85p |
| Import..... | 126 | 94p | 104p |
| Cereal exports..... | 119 | 86 | 68 |
| Distribution to Consumer | | | |
| Department store sales, Second District..... | 98 | 97 | 100 |
| Chain store sales..... | 100 | 96 | 97 |
| Mail order sales..... | 102 | 91 | 100 |
| New life insurance written..... | 103 | 112 | 113 |
| Amusement receipts..... | 101 | 84 | ... |
| Magazine advertising..... | 93 | 96 | 98 |
| Newspaper advertising..... | 96 | 90 | 92 |
| General Business Activity | | | |
| Bank debits, outside N. Y. City..... | 110 | 97 | 102 |
| Bank debits, New York City..... | 106 | 93 | 92 |
| Electric power..... | 110 | 109 | ... |
| Postal receipts..... | 103 | 97 | 101 |
| Building permits..... | 149 | 127 | 152p |
| Business failures..... | 103 | 88 | 111 |
| Employment, N. Y. City factories..... | 104 | 101 | 103 |

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Building

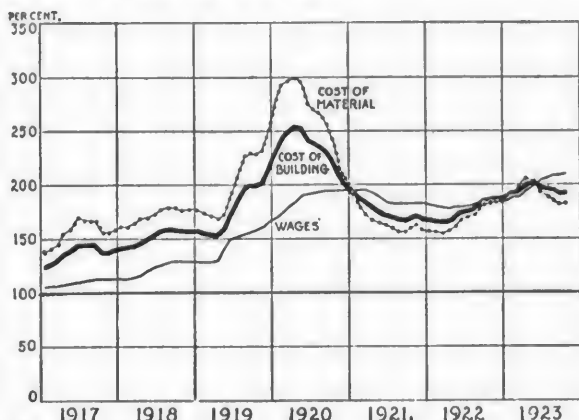
The value of building permits granted in 158 principal cities increased 22 per cent. in October, according to Bradstreet's, although there is ordinarily little change at this season of the year.

There was also a substantial increase in contracts actually awarded, as indicated by a gain of 26 per cent. in the F. W. Dodge Company figures for the 27 northeastern States. The increase was due chiefly to increased residential construction in New York and northern New Jersey, and brought total contracts for the first ten months of the year slightly ahead of those for the same period of last year. The following diagram, comparing the figures for the first ten months of the years from 1920 to 1923, indicates the importance of residential construction in increased building activity, as business and industrial building has declined since 1920 and other groups have shown small changes. Because of the decline in construction costs from the high point of 1920, the increase in the actual volume of building has been larger than is indicated by the dollar figures.



Value of Building Contracts awarded in 27 Northeastern States in first 10 months of the years 1920 to 1923 (In millions of dollars)

The prices of building materials generally remained unchanged in October, but building wages increased slightly. As shown in the diagram below, building wages are at the highest level of the year and 7 per cent. above the maximum of 1920, but the price of materials has declined 11 per cent. since April and about 40 per cent. since 1920. The composite cost of building as computed by this bank is 4 per cent. lower than in May but nearly twice the 1913 cost.



Changes in Wages of Building Workers, the Cost of Building Material, and the Total Cost of Building (1913 average = 100 Per cent.)

Profits in the Third Quarter of 1923

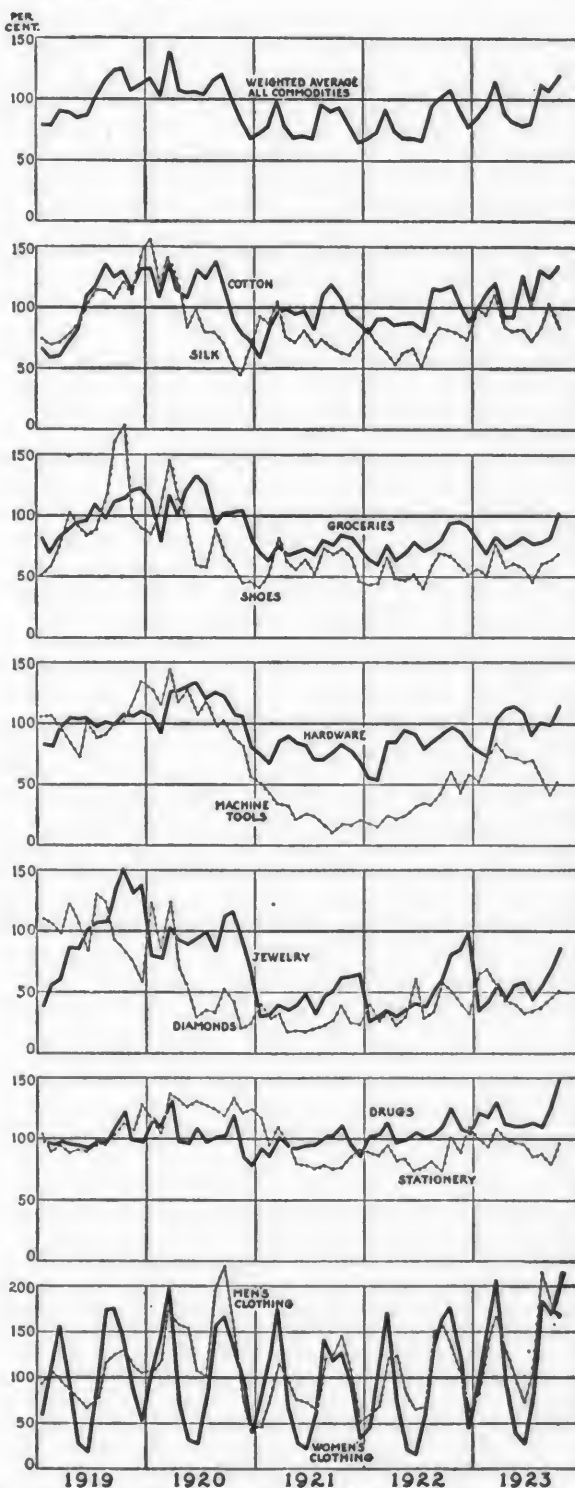
In the November 1 issue of this REVIEW figures were given showing the profits of 190 business corporations during the first six months of 1923. Figures for the third quarter of the year available for 36 industrial and 128 public utility concerns generally show a decline in profits as compared with the first and second quarters, apparently a reflection of reduced rate of operations and in some cases higher operating costs.

(Net profits in thousands of dollars—000 omitted)

| | Number of Concerns | 1923 | | |
|-------------------------------------|--------------------|----------------|----------------|----------------|
| | | First Quarter | Second Quarter | Third Quarter |
| Iron and steel..... | 8 | 23,500 | 41,800 | 38,100 |
| Motors and accessories..... | 4 | 9,600 | 12,000 | 8,300 |
| Oil..... | 7 | 12,900 | 9,900 | 11,500 |
| Miscellaneous Industrials..... | 17 | 12,200 | 12,900 | 5,900 |
| Industrials, total..... | 36 | 58,200 | 76,600 | 63,800 |
| Telephone..... | 72 | 36,100 | 35,500 | 30,200 |
| Other utilities..... | 56 | 23,500 | 21,100 | 19,700 |
| Public utilities, total..... | 128 | 59,600 | 56,600 | 49,900 |
| Grand, total..... | 164 | 117,800 | 133,200 | 113,700 |

Wholesale Trade

Wholesale trade in this district was more active in October than in September, and this bank's weighted index of the sales of 164 dealers in 11 principal lines advanced 12 per cent. over September and was 11 per cent. higher than in October last year. This increase occurred



Monthly Sales of Representative Wholesale Dealers in the Second Federal Reserve District (Average sales in 1919 = 100 per cent.)

notwithstanding the fact that there is usually a decline in October, and probably reflects delay by many retailers

in making their purchases until later than usual in the fall.

Sales of women's coats and suits increased 25 per cent. over September and 20 per cent. over October a year ago, and sales of men's clothing were nearly equal to those of September, whereas last year September sales greatly exceeded those of October. Other factors in larger trade in October were increased sales of hardware, accompanying continued active building operations, and gains in sales of cotton goods, groceries, and drugs, due partly to higher prices.

The diagrams on page seven compare fluctuations in sales in the different commodity lines during the past several years. Monthly average sales during 1919 have been taken as 100 per cent., and no allowance has been made for price changes or seasonal variation.

Detailed comparative figures of October sales are shown in the following table with the different commodity lines grouped as shown by the diagrams.

| Commodity | Dollar Sales During October (October 1922 = 100 Per cent.) | | | | | Per cent. Change, September to October 1923 |
|-------------------------------------|---|------|------|------|------|--|
| | 1919 | 1920 | 1921 | 1922 | 1923 | |
| Dry goods..... | 129 | 70 | 85 | 100 | 108 | - 6.0 |
| (a) Cotton goods..... | 109 | 74 | 92 | 100 | 114 | + 7.0 |
| (b) Silk goods..... | 148 | 66 | 77 | 100 | 102 | - 18.9 |
| Groceries..... | 120 | 109 | 89 | 100 | 108 | + 23.9 |
| Shoes..... | 250 | 80 | 109 | 100 | 103 | + 8.8 |
| Hardware..... | 110 | 110 | 85 | 100 | 117 | + 15.2 |
| Machine tools..... | 168 | 146 | 29 | 100 | 86 | + 26.2 |
| Diamonds..... | 167 | 82 | 77 | 100 | 97 | + 7.6 |
| Jewelry..... | 183 | 141 | 76 | 100 | 104 | + 22.5 |
| Drugs..... | 98 | 95 | 89 | 100 | 118 | + 18.7 |
| Stationery..... | 111 | 132 | 76 | 100 | 96 | + 22.6 |
| Clothing..... | 88 | 95 | 83 | 100 | 116 | + 10.3 |
| (a) Men's..... | 98 | 116 | 110 | 100 | 131 | - 0.9 |
| (b) Women's dresses..... | 80 | 87 | 57 | 100 | 93 | + 8.9 |
| (c) Women's coats and suits..... | 84 | 75 | 73 | 100 | 120 | + 25.4 |
| Total (weighted)..... | 116 | 96 | 86 | 100 | 111 | + 11.6 |

Department Store Business

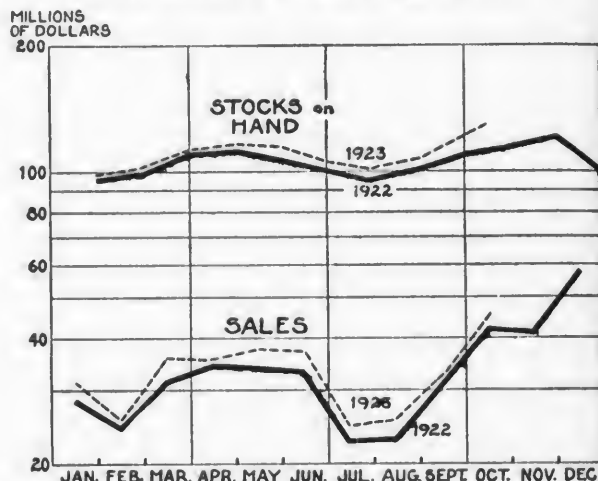
Department store sales in this district were 9.5 per cent. above those of October a year ago compared with increases of 4 per cent. in September and 11 per cent. in August. Sales in Newark and in New York City were relatively larger than in any other city in the district, but in no city were the sales below those of last October.

With the exception of the cotton and silk goods departments, sales in all sections of the stores were considerably above those of last October; and sales of clothing, both men's and women's, and of shoes, hosiery, woolen goods, furniture, and house furnishings showed particularly large increases. The following table shows the changes in sales in eleven major groups of departments.

| | Per cent. Change in Sales, October 1922 to October 1923 |
|--|---|
| Woolen goods..... | + 18.6 |
| Men's and boys' wear..... | + 15.0 |
| Shoes..... | + 13.2 |
| Hosiery..... | + 13.2 |
| House furnishings..... | + 11.6 |
| Women's and misses' ready to wear..... | + 9.9 |
| Furniture..... | + 9.7 |
| Women's and misses' ready to wear accessories..... | + 8.0 |
| Cotton goods..... | + 2.1 |
| Silk goods..... | - 0.5 |
| Miscellaneous..... | + 16.9 |

Stocks held by department stores on November 1 were 8 per cent. larger than on October 1, due to receipt of Christmas and winter merchandise. Compared with November 1 last year there was an increase of 13.5 per cent., reflecting in part higher prices. Higher prices were further indicated by an advance of 5 per cent. in the average sales check from \$3.20 last October to \$3.36 this year.

The following diagram compares the sales and stocks of department stores in this district during the first ten months of the current year with those of 1922.



Sales and Stocks on Hand of Representative Department Stores in the Second Federal Reserve District

Sales by mail order houses during October were 22 per cent. above those of last October, and the largest in dollar value of any month since December 1919. A diagram comparing the mail order sales in percentages of computed normal with the purchasing power of farm products is shown elsewhere in this issue of the REVIEW.

Detailed figures of the stocks and sales of department stores in this district are shown below.

| | Net Sales During October (Oct. 1922 = 100 Per cent.) | | | | | Stock on Hand November 1 (Nov. 1, 1922 = 100 Per cent.) | | | | |
|------------------------|---|------|------|------|------|--|------|------|------|------|
| | 1919 | 1920 | 1921 | 1922 | 1923 | 1919 | 1920 | 1921 | 1922 | 1923 |
| All dept. stores..... | 89 | 94 | 96 | 100 | 110 | 100 | 120 | 103 | 100 | 114 |
| New York..... | 93 | 94 | 96 | 100 | 111 | 100 | 120 | 103 | 100 | 114 |
| Buffalo..... | 77 | 91 | 92 | 100 | 104 | 104 | 125 | 108 | 100 | 108 |
| Newark..... | 83 | 93 | 91 | 100 | 114 | 102 | 125 | 104 | 100 | 117 |
| Rochester..... | 82 | 97 | 94 | 100 | 108 | 122 | 141 | 103 | 100 | 118 |
| Syracuse..... | 98 | 103 | 96 | 100 | 108 | 129 | 153 | 102 | 100 | 111 |
| Bridgeport..... | 101 | 110 | 97 | 100 | 102 | 103 | 118 | 100 | 100 | 100 |
| Elsewhere..... | 91 | 105 | 111 | 100 | 107 | 91 | 110 | 108 | 100 | 113 |
| Apparel stores..... | 83 | 88 | 94 | 100 | 105 | 83 | 103 | 93 | 100 | 113 |
| Mail order houses..... | 143 | 93 | 80 | 100 | 122 | ... | ... | ... | ... | ... |

Chain Store Sales

October sales by all types of chain stores were larger than in either September or in October a year ago. The gain over October a year ago was due in part to the opening of new stores but the average sales per store of ten cent, cigar, candy, grocery, and apparel stores were larger this year than last.

