

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

April 1, 1924

#### Business Conditions in the United States

**E**MPLOYMENT at industrial establishments increased in February and the output of basic commodities was slightly larger. Distribution both at wholesale and retail continued large; wholesale prices were somewhat higher; and there was a further increase in the volume of borrowing for commercial purposes.

#### PRODUCTION

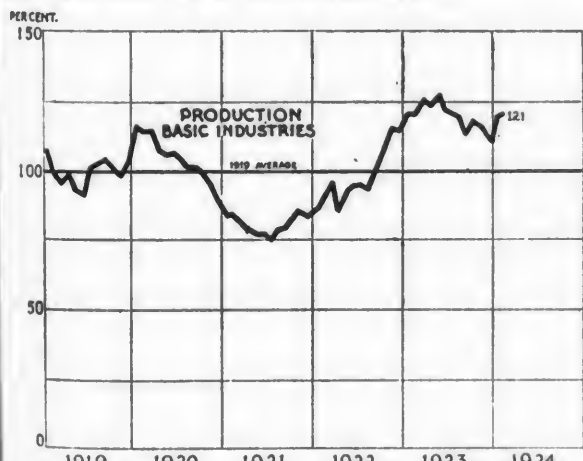
The Federal Reserve Board's index of production in basic industries, adjusted to allow for length of month and other seasonal variations, increased less than 1 per cent. in February. Production of pig iron, steel ingots, and flour increased while mill consumption of cotton and production of cement and lumber declined. Factory employment advanced 1 per cent. in February following successive decreases during the three preceding months. Increases in working forces were reported by most industries and were particularly large at iron and steel plants, automobile factories, and textile finishing establishments. Fuller employment through reduction of part time work is indicated by an increase of over 5 per cent. in average weekly earnings. Building activity was slightly less than in January though contracts awarded were 7 per cent. larger than a year ago.

#### TRADE

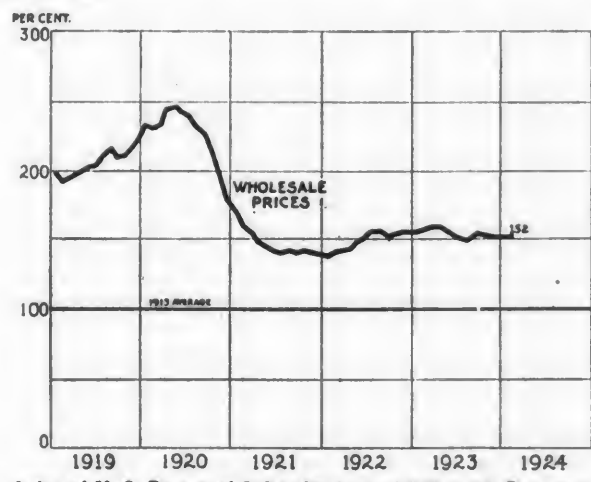
Railroad shipments in February were in greater daily volume than in January and car loadings of practically all important commodities were larger than a year ago. The daily average volume of wholesale business increased about 5 per cent. in February but was slightly smaller than a year ago. Sales of meat, dry goods, and hardware were larger than in February 1923, while sales of shoes were smaller. Department store sales in February averaged about the same daily volume as in January and about 8 per cent. more than a year ago, while merchandise stocks at these stores at the end of the month were 6 per cent. above last year's level. Business of mail order houses and chain stores also showed increased activity in comparison with January.

#### PRICES

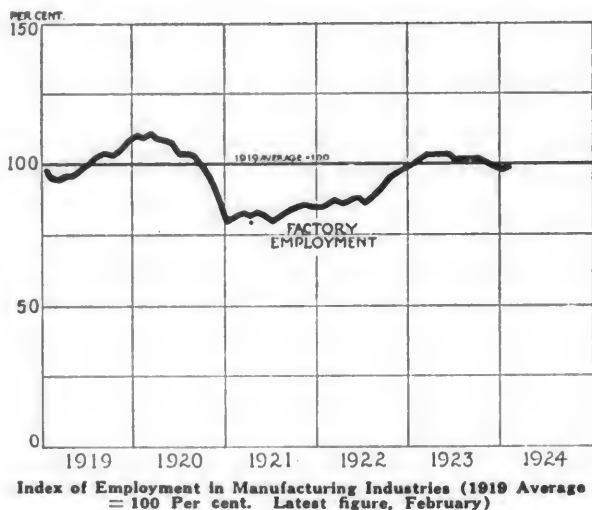
Wholesale prices as measured by the index of the Bureau of Labor Statistics advanced slightly in February. Prices of fuel, metals, and building materials increased, while prices of farm products, clothing, and chemicals declined. During the first two weeks in March price declines occurred in wheat, cotton, silk, hides, and rubber, and price advances in hogs, copper, and crude petroleum.



Index of 22 Basic Commodities corrected for seasonal variation (1919 = 100 Per cent. Latest figure, February)



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



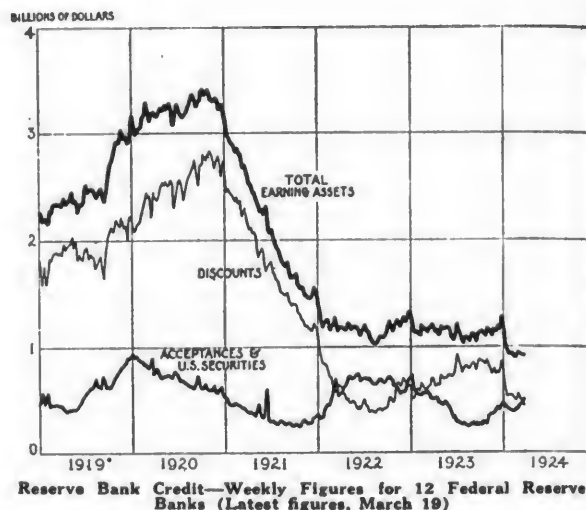
### BANK CREDIT

The volume of borrowing for commercial purposes at member banks in leading cities in the early part of March continued the increase which began in the latter part of January, and on March 12 total loans of the reporting banks were higher than at any time since the seasonal peak at the turn of the year and about \$275,000,000 higher than a year ago. At the Federal Reserve Banks during the four week period ended March 19, a further decline in the volume of discounts for member banks and of acceptances was offset by an increase in the holdings of United States securities so that total earning assets were at about the same level as in February. Federal Reserve note circulation continued to decline while the total money in circulation increased.

Easier money conditions were reflected in a slight decline in rates for commercial paper to  $4\frac{1}{2}$  per cent. and also in lower rates for bankers acceptances and reduced yields on Treasury certificates. The March offering of \$400,000,000 of one year Treasury certificates bearing interest at 4 per cent., as compared with  $4\frac{1}{4}$  per cent. on a similar issue sold in December, was oversubscribed.

### Banking Conditions, in the Second District

Banking movements during March centered largely about the usual Government transactions on March 15, when income taxes became payable and large disbursements were necessary to redeem maturing Treasury certificates and pay interest on the public debt. Following an excess of Treasury disbursements over receipts on March 15, the total earning assets of the Federal Reserve Bank of New York, exclusive of a temporary loan to the Treasury, declined \$64,000,000, and at \$111,000,000 on March 21 were the lowest since 1917. As the collection of tax checks was completed and funds were withdrawn from this district, the total earning



assets of this bank rose again and on March 26 stood approximately where they were before the 15th.

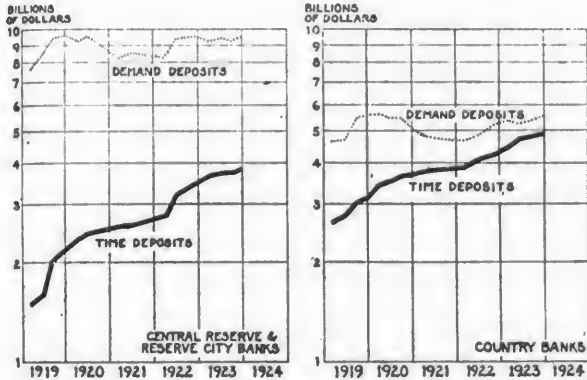
There was a further increase during March in the requirements of trade and industry for credit, and the loans of reporting member banks in this district made largely for commercial purposes rose \$70,000,000 to a point \$150,000,000, or 6 per cent. above the level at the first of the year. Loans on stocks and bonds also increased, so that notwithstanding a moderate decrease in security investments, total loans and investments rose about \$100,000,000 and were slightly higher than at any time since early in 1923.

### Changes in Member Bank Deposits

The report of condition of all member banks on December 31, published in March, shows comparatively little credit expansion during the year, despite the further inflow of gold at an even more rapid rate than in 1922. A total increase in demand, time, and Government deposits, amounting to \$1,130,000,000, or 5 per cent., was less than the normal rate of growth of bank deposits during most of the past fifty years, and was much lower than the increase shown in 1922, which was nearly 3 billions, or 15 per cent.

By far the greater part of the total increase in deposits was in time deposits, which rose over a billion. Although business generally was at a high level during the year, demand deposits, which represent more closely active mercantile credit, increased less than \$350,000,000, compared with an increase of over a billion and a half in 1922. Government deposits declined \$225,000,000. As time deposits, owing to their slower rate of turnover, tend to have less effect upon prices than demand deposits, the high proportion of time deposits in the increase of the past year undoubtedly has been a contributing factor in the maintenance of general price stability.

The accompanying diagram compares changes in demand and time deposits of all member banks, classified by country banks and reserve and central reserve city banks, and indicates a marked increase in the proportion of time to demand deposits in recent years.



Demand and Time Deposits of all Member Banks

### Money Rates

The large excess of government disbursements over receipts in this district on March 15 was followed by a period of marked ease in money and decline in rates to the lowest points in a year or more. Later in the month there was a partial recovery in rates.

The prevailing rates for prime commercial paper declined in the week following the 15th from 4¾ per cent. to 4½ per cent., the lowest since early in 1923, and demand for paper became unusually active both in New York City and elsewhere. Reports to this bank from 26 dealers showed an increase of 50 million dollars, to 880 million dollars in the volume of paper outstanding at the end of February, making a net increase of 112 million dollars since the end of December.

The demand for bills increased in March and after the 15th dealers lowered offering rates on maturities up to 90 days from 4-4½ per cent. to 3¾-3⅞ per cent., followed by a recovery of 3⅞-4 per cent. Dealers' portfolios showed a substantial reduction from the high points reached in February.

The March offering of approximately 400 millions one-year Treasury certificates at 4 per cent., compared with 4¼ per cent. on the one-year issue sold in December, was oversubscribed. Prices of outstanding issues rose sharply after the 15th, but declined again later in the month.

In the stock exchange money market unusually heavy offerings of call money after the 15th resulted in a decline in the renewal rate to 3 per cent., the lowest since the summer of 1922, and on the 21st new loans touched 2½ per cent. Time money declined ½ of 1 per cent. to 4¼-4½ per cent.

### Security Markets

Large supplies of available funds and lower money rates were accompanied by activity and strength in the bond market in March. In heavy trading the active Liberty issues rose to new high points since 1922, while the Treasury 4¼s at 100 18/32 sold at the highest point ever reached. Representative averages of high grade corporation bonds recovered nearly to the high points reached in January.

The volume of new security issues, on the other hand, was unusually small and for the four weeks ended March 22 totaled only about \$150,000,000, or less than one-third as much as in the preceding four weeks. This decrease was probably due partly to the exceptionally heavy offerings of February and partly to declines in the prices of outstanding bonds during February and the first days of March. Railroad and public utility issues constituted the major proportion of the issues during the period.

Contrasting with strength in the bond market stock prices showed reactionary tendencies in March. In some industrial groups prices declined to new low points for the year. Railroad shares, on the other hand, were steady and slightly higher than a month ago.

### Foreign Shipments of United States Currency

In the MONTHLY REVIEW of February 1 detailed figures were given showing shipments of United States currency to and from foreign countries during the eight months from May through December, as reported by member banks in this district which are the principal shippers of currency. The following table gives the figures by months from May through February 1924. The figures indicate larger net shipments in recent months, due chiefly to increased shipments to Europe, and smaller receipts, particularly from Caribbean countries. Total shipments for the ten month period were \$41,764,000, against receipts of \$25,317,000, leaving net shipments of \$16,447,000. In addition to direct shipments banks in this district during the ten months forwarded \$18,590,000 to Cuba by wire transfer through the Federal Reserve System, including both the Boston and Atlanta Reserve Banks. Of this amount, \$3,645,000\* was forwarded during the first two months of this year.

Month	Shipments	Receipts	Net Shipments	Net Receipts
May.....	\$ 3,916,000	\$ 2,341,000	\$ 1,575,000	\$ .....
June.....	2,473,000	2,568,000	.....	95,000
July.....	3,051,000	2,824,000	227,000	.....
Aug.....	1,684,000	6,161,000	.....	4,477,000
Sept.....	7,842,000	3,723,000	4,119,000	.....
Oct.....	3,095,000	2,100,000	986,000	.....
Nov.....	3,195,000	1,821,000	1,374,000	.....
Dec.....	3,825,000	933,000	2,892,000	.....
Jan.....	5,604,000	1,374,000	4,230,000	.....
Feb.....	6,989,000	1,463,000	5,526,000	.....
Total.....	\$41,764,000	\$25,317,000	\$21,019,000	\$4,572,000

\* From March 1 through March 28 transfers totaled \$5,600,000.

## Foreign Exchange

Interest in the foreign exchange market during the past month centered on the French franc, which continued its downward course until March 8, when a new low point of 3.42 cents was reached. Following the announcement, however, of large credits obtained in New York and London, and adoption of a 20 per cent. increase in taxation, and other fiscal reforms, the rate recovered strongly and on March 24 was 5.61. This was the highest in four months, though still about a cent lower than a year ago, shortly after the French entered the Ruhr. Belgian francs, which touched a new low point at 2.96 cents, rallied to 4.50 cents. Sterling continued comparatively steady at about \$4.29.

Changes in other exchanges included sharp declines in Spanish and Japanese rates, both of which reached new low points for recent years. Weakness in pesetas was generally attributed to political conditions in Spain and developments in the Moroccan campaign. A decline of 3 cents in the Japanese yen to 42 cents, on the other hand, followed an increase in February in the import trade balance of Japan to 186,500,000 yen, or the largest ever reported, reflecting chiefly the purchase of reconstruction materials.

## Foreign Trade

Exports of merchandise during February declined about \$30,000,000 to \$367,000,000, the smallest amount since August, while imports totaling \$335,000,000 were the largest since May. The net export balance for the month was \$32,000,000 compared with \$100,000,000 in January and \$3,500,000 in February 1923.

The decline in exports was due partly to a further seasonal decrease in the shipments of cotton which, however, remained approximately 34 per cent. larger than in February a year ago. Exports of wheat and flour showed a further slight decrease to the lowest point since September 1917 and for the eight months ended with February 1924 were 30 per cent. lower than for the eight months ended February 1923. This decline contrasts with an increase of approximately 13 per cent. in Canadian wheat and flour exports during the corresponding period. Heavier exports by Canada in the past year have accompanied a considerably lower range of prices in that country than in the United States.

During January iron and steel exports rose sharply to the largest amount since February 1921, due largely to heavy shipments to Japan for use in reconstruction work.

## Gold Movement

During February about \$35,000,000 of gold was imported, of which over one-half came from England, and substantial amounts from Canada, France, Argentina, and Australia. Gold exports totaled \$505,000.

For the first two months of this year net gold imports totaled \$80,000,000, compared with \$31,000,000 in the corresponding period of 1923, \$53,000,000 in 1922, and \$72,000,000 in 1921.

## Indexes of Business Activity

Nearly all available indexes of distribution and general business activity were higher in February than in January. An expansion in the primary distribution of goods is indicated by marked advances in indexes of freight car loadings, wholesale trade, and imports and exports. Increases were less marked among indexes of retail distribution, which, on the average, continued close to the computed trend. The following table shows the available indexes for recent months and for the peak month of 1923, expressed as percentages of the computed trend with allowance for seasonal variation.

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

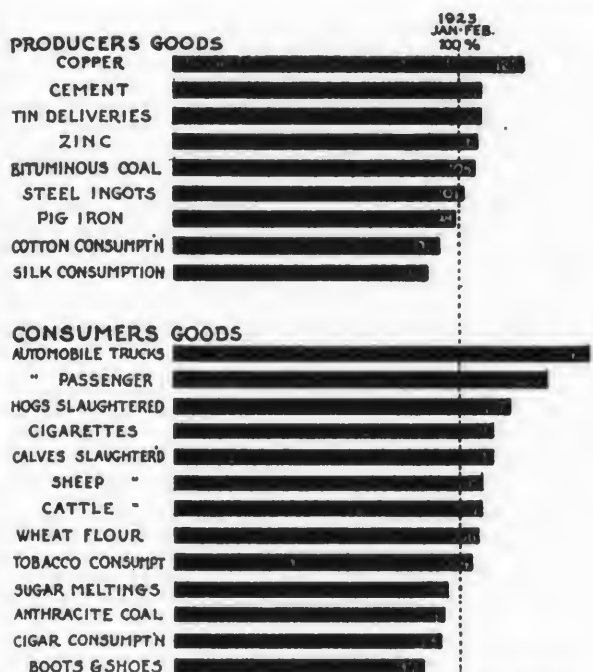
	1923 High Point	1923 Dec.	1924	
			Jan.	Feb.
<i>Primary Distribution</i>				
Car loadings, mdse. and misc.....	Apr. 114	103	101	111
Car loadings, other.....	Apr. 125	103	103	119
Wholesale trade, Second District.....	Feb. 118	88	105	111
Exports.....	July 95	88	88	96 <sub>p</sub>
Imports.....	May 130	97	100	118 <sub>p</sub>
Grain exports.....	May 143	53	62	64
Panama Canal traffic.....	July 166	160	146	147
<i>Distribution to Consumer</i>				
Department store sales, Second District.....	June 101	96	96	99
Chain store sales.....	Mar. 105	103	92 <sub>r</sub>	101
Mail order sales.....	May 110	85	92	96
Life insurance paid for.....	Dec 120	120	103 <sub>r</sub>	96
Amusement receipts.....	May 108	105	118	107
Advertising.....	Apr. 102 <sub>r</sub>	99 <sub>r</sub>	96 <sub>r</sub>	101 <sub>r</sub>
<i>General Business Activity</i>				
Bank debits, outside New York City.....	May 113	100	101	109
Postal receipts, New York City.....	Feb. 117	102	104	116
Electric power.....	Mar. 105	102	101	104
Employment, N. Y. State factories.....	May 112	103		
Business failures.....	Apr. 104	99	99	99
Building permits.....	Nov. 106	101	91	94
	Mar. 182	155	166	200

r = Revised.  
p = Preliminary.

## Production

Production of basic commodities continued generally at a high rate in February and in many industries showed increases over January totals. Taking the two months together, the output of goods exceeded in many cases the high levels of a year ago when business was expanding at a rapid pace. This was particularly true of the automobile industry and of industries supplying materials for building construction. The diagram on the next page compares total production figures for January and February this year with figures for the same two months last year.

In the steel industry an increase in the production of steel ingots during February of 181,000 tons, or 5 per cent., was reflected in an advance in this bank's index, which allows for seasonal changes, from 101 per cent. of the computed trend to 116 per cent. which, with the exception of May, was higher than at any time in 1923. The index of pig iron production advanced from 94 to 105 per cent. of the computed trend.



Production of Basic Commodities during January and February of 1924 (In percentages of production in January and February of 1923)

While cotton consumption declined 69,000 bales, the index adjusted for seasonal variation was unchanged at 5 per cent. below the computed trend. The following table compares this bank's indexes of production for recent months with the high points of last year.

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

	1923 High Point	1923 Dec.	1924 Jan.	1924 Feb.
<b>Producers' Goods</b>				
Cotton consumption	May 108	82	95	95
Woolen mill activity*	Apr. 120	91	94	96p
Pig iron	May 124	93	94	105
Steel ingots	May 122	84	101	116
Lumber	Oct. 137	122	137	...
Cement	Jan. 164	153	177	167
Copper, U. S. mines	Aug. 111	104	111	110p
Zinc	Mar. 85	81	81	72
Tin deliveries	Nov. 150	91	91	151
Petroleum	Aug. 146	131	126p	133p
Gas and fuel oil	Jan. 112	105	109	...
Leather, sole	Aug. 106	83	84	84p
Bituminous coal	Apr. 117	89	103	113
<b>Consumers' Goods</b>				
Cattle slaughtered	May 118	90	106	105
Calves slaughtered	Oct. 146	140	145	148
Sheep slaughtered	May 104	83	92	92
Hogs slaughtered	Aug. 149	109	113	118
Sugar meltings, U. S. ports	Oct. 137	96	90	123
Wheat flour	Mar. 122	91	99p	120p
Cigars	Oct. 95	79	82	87
Cigarette	Jan. 100	80	99	79
Tobacco	Jan. 110	86	115	106
Gasoline	Jan. 123	119	125	...
Automobile tires*	Mar. 178	116	144	...
Newsprint	May 124	104	109	116
Paper, total	Feb. 119	90	100	107
Boots and shoes	Apr. 118	75	79	92p
Anthracite coal	Feb. 112	93	97	109
Automobile, all	Nov. 161	151	142	151
Automobile, passenger	Oct. 171	153	139	155
Automobile, truck	Dec. 145	145	151	137

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

### Employment and Wages

An increase of about 1 per cent. in factory employment between January 15 and February 15 was reported both for New York State and for the country as a whole. This was the first increase for the State since October and resulted chiefly from enlarged activities in the clothing, woolen and worsted, iron and steel, and automobile industries, and in sugar refining. The number of employees is now about 2.5 per cent. smaller than a year ago.

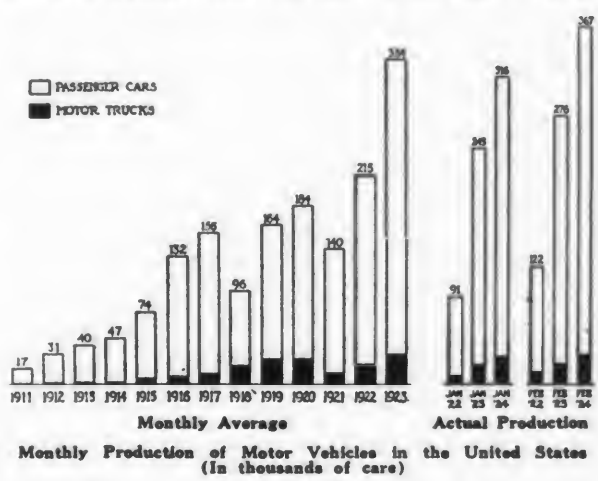
The average weekly earnings of factory workers in the State declined slightly during the period to \$27.73, compared with a substantial increase for the country as a whole, a difference partly accounted for by the widespread observance of the Lincoln Day holiday in New York City, and partly to the importance of the clothing and textile industries in New York State, in which conditions have been relatively quiet. Compared with a year ago, however, weekly earnings in the State show an increase of 7 per cent.

During the month several of the larger eastern railroads announced settlements with their employees providing for an increase in wage rates amounting to approximately 5 per cent.

### Automobile Production and Sales

Continuation of heavy production in the automobile industry was indicated by an output of 367,500 passenger cars and motor trucks in February, or 33 per cent. more than in February a year ago. For the two months of January and February production amounted to 683,600 vehicles, or about 50 per cent. above the computed line of growth shown by the industry during the past 15 years.

The accompanying diagram shows the average monthly production of passenger cars and trucks during the past 13 years and gives also the comparative figures for production in January and February of the past 3 years.



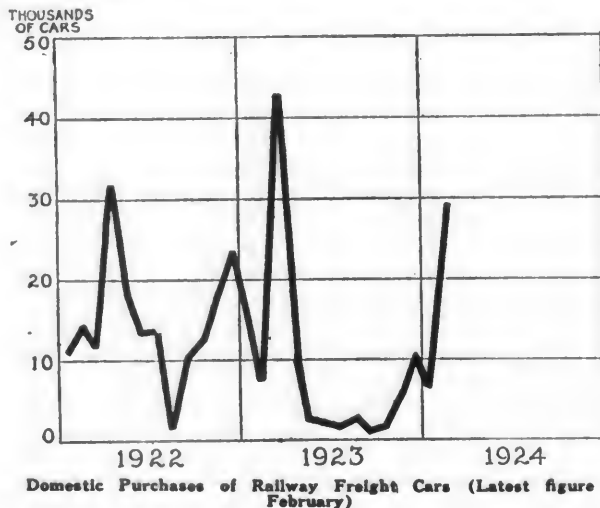
Manufacturers and dealers located in this district report that stocks of cars in dealers' hands are consider-

ably larger than at this time last year, partly due to efforts to avoid a shortage of cars this spring such as occurred last year. Current sales in the East are reported to be running larger than last year, but in parts of the Central and Far West sales are reported to be lower than a year ago. Makers are said to be watching the market with unusual care and to be prepared to adjust production promptly to meet any change in demand.

### Railway Equipment Purchases

After a period of reduced purchases in the latter half of 1923, buying of railway equipment has shown a considerable increase accompanying early indications of heavy traffic this year. Department of Commerce reports show that deliveries of locomotives continued at a high rate through 1923, but were steadily reducing unfilled orders until at the end of the year they represented only a little more than a month's work at the current rate of production. In the first two months of 1924 output was reduced and renewed buying appeared, so that the unfilled order record shows an upward turn at the end of February.

Freight car orders in February totaling 29,291 were the largest for any month in two years, excepting only March 1923 and April 1922. After April last year orders were small until the end of the year, when buying was resumed, and the total for the four months from November to February inclusive was 50,961 cars. Renewed buying of passenger cars is also indicated by the Railway Age report of 326 ordered during the month of February.

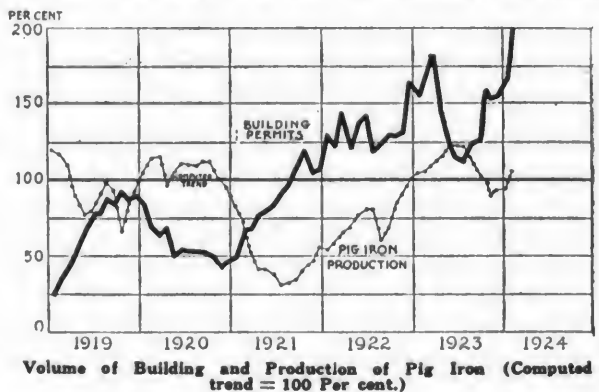


### Building

Building permits issued in 158 selected cities during February increased 24 per cent. over the January total and were 24 per cent. larger than in February a year ago. In New York City permits reached the highest level since March 1923, but in many sections of the South and West permits were smaller than last year.

Contracts awarded throughout 36 States also showed large increases over a year ago in the New York district, but decreases in the middle Atlantic, Central West, and Northwestern territories.

The continued large building totals throughout the winter have reflected partly a movement to spread construction work over a greater part of the year, which has been particularly favored in this district by weather conditions. Partly because of this the index of building computed by this bank, which allows for a normal seasonal variation as well as for changes in the cost of construction, rose in February to a point 10 per cent. above the high level of March 1923. The accompanying diagram shows the movement of this index and compares with it changes in the index of pig iron production, which is largely affected by building operations.



Due both to advances in building materials and wages the cost of construction index computed by this bank advanced to 194 per cent. of the 1913 cost, or about 3 per cent. below the May high point of last year. This index takes no account of changes in the efficiency of labor or extra wage payments above the regular scale.

### Real Estate and Rents

Real estate operators and builders in New York City report a somewhat reduced demand and occasional concessions in rents for commercial buildings and high grade apartments, as a result of the active construction in recent years, but a continued large demand for one and two-family houses and for apartments to rent for less than \$12 to \$15 per room.

Notwithstanding the heavy building of houses in the outlying boroughs and suburbs, speculative builders and promoters of large development projects continue to report a rapid turnover of this type of construction. Statistics of building permits for the first two months of this year show an increase of 25 per cent. as compared with last year in permits granted for one and two-family houses and a decrease of nearly 50 per cent. in permits granted for apartment houses.

Builders, and bankers and insurance companies making loans on real estate report a plentiful supply of funds for high grade mortgages. Some loans are being made as low as 5 per cent. in Manhattan, but the pre-

vailing rate is nearer to 5½ per cent., and in the outlying boroughs 6 per cent.

**Wholesale Trade**

Wholesale trade in this district during February, as reported by 163 dealers, showed more than the usual seasonal increase over January and this bank's weighted index of sales, after allowing for seasonal variation and price changes, was 11 per cent. above the computed trend compared with 5 per cent. above in January and 9 per cent. below in December. Compared with a year ago the increase in sales amounted to 2 per cent., or practically the same increase as was shown in January.

Sales of hardware continued to show the most consistent increases over a year ago, but substantial gains occurred also in sales of dry goods, including cotton goods which showed losses in the preceding three months. Stationery and grocery sales likewise showed larger increases in February than in January, while drug sales continued substantially larger than a year ago.

Trade in clothing, on the other hand, showed relatively small increases except in women's coats and suits which was considerably under last year. Sales of shoes, diamonds, and jewelry continued to show losses, and a sharp decline in machine tools was in contrast with large gains at this time a year ago.

Commodity	Dollar Value of February Sales (February 1923 = 100 Per cent.)				
	1920	1921	1922	1923	1924
Hardware.....	128	98	75	100	119
Dry Goods.....	111	84	76	100	109
(a) Cotton.....	98	76	82	100	106
(b) Silk.....	124	92	70	100	112
Stationery.....	111	102	92	100	108
Drugs.....	92	72	88	100	108
Groceries.....	113	91	86	100	105
Clothing.....	92	74	70	100	98
(a) Men's.....	85	55	48	100	103
(b) Women's dresses.....	96	93	95	100	101
(c) Women's coats and suits.....	97	81	75	100	89
Jewelry.....	176	69	67	100	92
Shoes.....	210	100	89	100	89
Machine tools.....	159	60	22	100	84
Diamonds.....	125	42	40	100	78
Weighted average.....	108	82	77	100	102

**Department Store Business**

Continued heavy sales of house furnishings and cut-rate sales of apparel, together with an extra day's business, contributed largely to an increase of 15 per cent. in sales of department stores in this district over February a year ago. Substantial increases occurred in all reporting cities of the district, but were particularly marked in Newark, Rochester, and Syracuse. This bank's index of sales, which allows for seasonal variation and price changes, was practically at the 100 per cent. normal line as computed from the trend of sales in previous years, compared with 4 per cent. below this line for the preceding three months.

Sales in all major departments of the stores were larger than last year but showed the greatest increases in apparel and in house furnishings other than furniture. Sales of piece goods showed relatively little increase and

in some cases a loss, after allowing for the extra day during the month.

	Per cent. Change in Sales over Feb. 1923	Per cent. of Sales in each Dept. to Sales of all Departments
Hosiery.....	+23.7	2.7
Women's and misses' ready-to-wear.....	+22.5	8.8
House furnishings.....	+20.3	16.1
Women's ready-to-wear accessories.....	+19.4	13.8
Men's and boys' wear.....	+19.1	6.6
Shoes.....	+17.2	3.1
Cotton goods.....	+ 9.7	4.1
Silk goods.....	+ 8.8	5.1
Furniture.....	+ 8.2	9.2
Woolen goods.....	+ 3.3	2.3
Miscellaneous.....	+16.3	28.2

Stocks of goods on hand March 1 were 5 per cent. higher than a year ago, identically the same increase as was shown on February 1, but much below the average increase of 10 per cent. shown during preceding months. The average sales check during February was \$2.06, unchanged from last year.

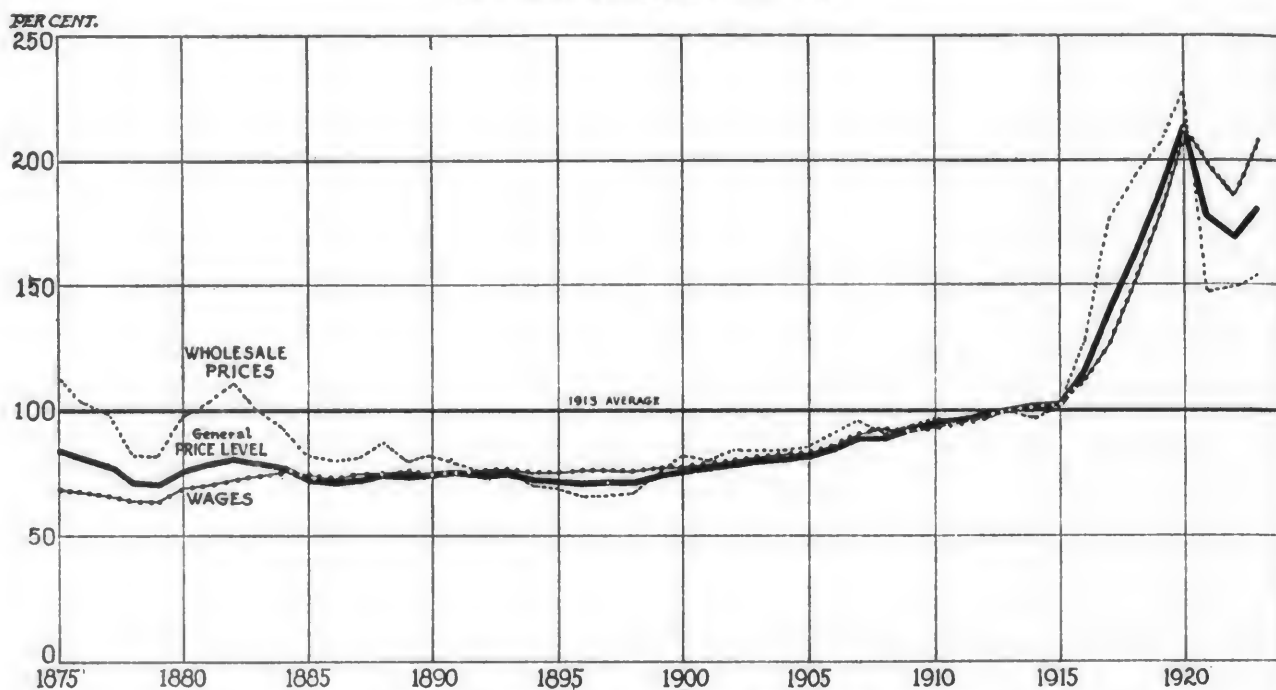
	Net Sales During February (Feb. 1923 = 100 Per cent.)					Stock on Hand March 1 (Mar. 1, 1923 = 100 Per cent.)				
	1920	1921	1922	1923	1924	1920	1921	1922	1923	1924
All dept. stores.....	99	101	97	100	115	115	96	97	100	105
New York.....	102	100	97	100	113	116	97	98	100	105
Buffalo.....	97	110	91	100	110	124	106	100	100	99
Newark.....	93	97	91	100	123	116	88	92	100	103
Rochester.....	101	117	115	100	134	141	129	101	100	121
Syracuse.....	104	107	95	100	118	141	118	104	100	111
Bridgport.....	113	114	103	100	115	113	95	102	100	105
Elsewhere, 2d Dist.	99	110	112	100	120	98	85	101	100	106
Apparel.....	90	97	96	100	114	96	81	92	100	111
Mailorderhouses	147	77	71	100	115	...	...	...	...	...

February sales by mail order houses were 15 per cent. larger than in February a year ago, a slightly larger increase than was shown in January, and this bank's index of mail order sales, in which allowance is made for seasonal variation and price changes, stood at 95 per cent. of the computed trend, compared with 92 per cent. in January and 85 per cent. in December.

**Chain Store Sales**

February chain store sales were 18 per cent. larger than a year ago, and this bank's adjusted index of sales was 1 per cent. above the computed trend, compared with 8 per cent. below in January. Nearly all types of stores showed large increases in aggregate sales, while shoe, 10-cent, and tobacco stores showed particularly large increases in sales per store.

Type of Store	Number of Stores		Dollar Sales During February (In percentages)				Per cent. Change in sales per store Feb 1923 to Feb 1924	
	Feb 1923	Feb 1924	Feb 1920	Feb 1921	Feb 1922	Feb 1923		
Shoe.....	292	333	111	121	115	100	132	+15.5
Apparel.....	454	548	55	86	80	100	130	+ 7.3
Candy.....	99	116	83	89	91	100	125	+ 6.6
Ten Cent.....	1,783	1,894	72	80	86	100	120	+12.9
Grocery.....	15,473	18,985	80	78	82	100	116	- 5.3
Tobacco.....	2,737	2,699	97	105	100	100	113	+14.5
Drug.....	300	320	94	94	96	100	109	+ 2.4
Total.....	21,138	24,895	79	81	85	100	118	- 0.2



An Index of the General Price Level Compared with Wholesale Prices and Wages  
(1913 = 100 Per cent.)

### An Index of the General Price Level

For many years indexes have been available showing the course of commodity prices at wholesale, and more recently indexes have been prepared showing changes in the retail prices of foods, in wages, in the cost of living, in the cost of building construction, etc. There has been, however, no index which would combine all these things and trace the average course of all kinds of payments, or, as it might be termed, the general price level.

The diagram at the top of this page presents an attempt to provide just such an index. Indexes of commodity prices, cost of living, rents, and wages have been worked back for half a century, weighted in accordance with their estimated relative importance in the sum total of expenditures, and combined into a single index. The diagram above shows the movement of this index by years, and compares with it the changes in two of its component groups, namely, wholesale commodity prices and wages. It will be seen that the three lines run closely together, except in times of wide price changes, when wages show more resistance to changes than do wholesale prices. In such periods there is a tendency for wages to retain permanently a larger share of their advances than do commodity prices or other elements entering into the general price level. A permanently higher level of wages was established after the Civil War, whereas commodity prices gradually receded to their previous level. Again, following the World War,

wages have retained a large share of their gains, an advantage made possible by the adoption of labor saving devices and more skilled personnel management resulting in a higher per capita production.

In February of this year the index of wholesale commodity prices computed by the Department of Labor stood at 152 per cent. of the 1913 level; the general average of wages paid to factory workers, unskilled labor, clerks, school teachers, etc., was 210 per cent. of the 1913 average; rents were approximately 165 per cent.; and the general cost of living 171 per cent. The weighted combination of these four groups, or the general price level, stood at 181 per cent. The index of the general price level may be taken to represent approximately the price changes which are reflected in the volume of credit or bank clearings.

### Federal Reserve Board Annual Report

*The annual report of the Federal Reserve Board, covering its 10th year of operation, is of special interest because the report is devoted to a discussion of the policies of the Federal Reserve Board and Banks. The topics covered are:*

*Federal Reserve Discount Policy  
Open Market Policy  
Gold and Credit  
Currency and Credit  
Guides to Credit Policy*

*Copies may be obtained by addressing the Federal Reserve Board, or the Federal Reserve Agent, Federal Reserve Bank of New York.*