

PERIODICAL ROOM  
GENERAL LIBRARY  
UNIV. OF MICH.

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

June 1, 1923

#### Business Conditions in the United States

**P**RODUCTION and trade continued in large volume during April. There was some slackening of business activity in the latter part of the month and during the early weeks of May, partly on account of seasonal influences.

#### PRODUCTION

The Federal Reserve Board's index of production in basic industries declined about 1 per cent. in April. Production of lumber, anthracite coal, and mill consumption of cotton decreased, while there were increases in the output of pig iron and petroleum. There was a further increase in the value of building contracts awarded in April but the value of building permits issued in 168 cities was 16 per cent. less than the record figures of March. The decrease was due chiefly to a curtailment of new projects in New York, as the aggregate value of permits at other reporting cities showed an increase of 20 per cent. Car loadings continued to be much larger than in the corresponding weeks of previous years, owing chiefly to heavy shipments of manufactured goods. In spite of present heavy traffic, the shortage of freight cars has largely disappeared.

Employment at industrial establishments continued to increase during April, although plants in eastern States reported some reductions in their forces and there was an increase in those States in the number of concerns working part time. Increases in wage rates

were announced by many concerns, and average weekly earnings of factory workers increased about 1 per cent.

#### TRADE

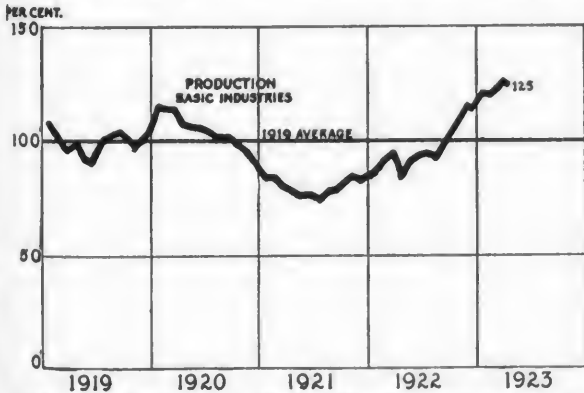
Wholesale and retail trade were somewhat smaller in April than in March, which is the customary trend at this season of the year. Both were well above the level of a year ago. Decreases in sales by department stores in April as compared with March were in part due to the fact that Easter purchases were made in March and to unseasonably cold weather in many localities. Mail order sales during April were 10 per cent. less than in March, but 32 per cent. larger than a year ago.

#### WHOLESALE PRICES

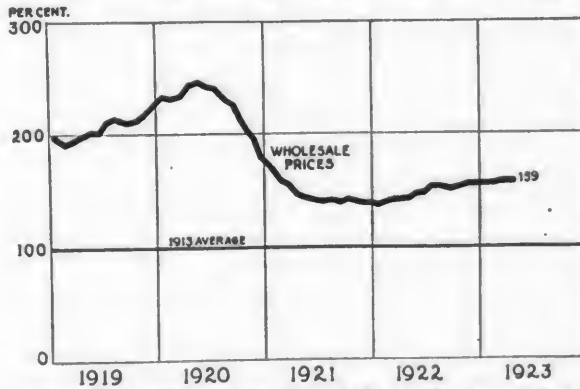
Prices of certain basic commodities declined during April and the early part of May. The general index of wholesale prices of the Bureau of Labor Statistics, it is to be noted, showed no change between March and April. Prices of building materials, metals, cloths and clothing were higher in April than in March. These advances were offset by declines in prices of fuel, and of farm products, especially livestock and dairy products.

#### BANK CREDIT

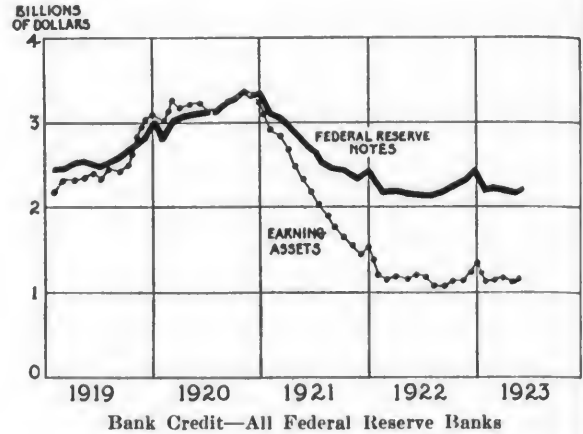
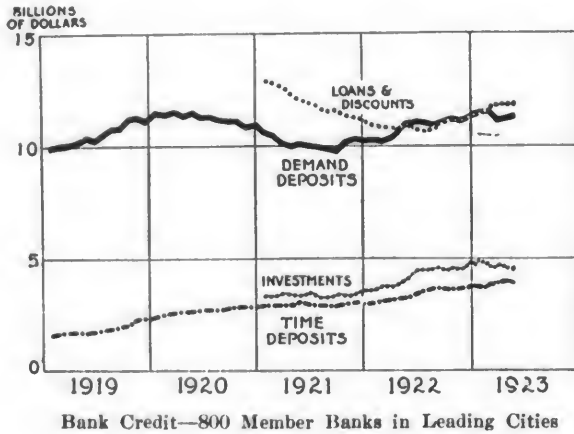
Since the middle of April the volume of bank credit in use has remained relatively constant. Between April 11 and May 9 loans of member banks in leading cities showed an increase of nearly \$100,000,000, a large part of which occurred in the Chicago district. These in-



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



Index of Wholesale Prices, United States Bureau of Labor Statistics (1913 average = 100 per cent.)



creases in loans were accompanied by a somewhat larger liquidation of investments which was general throughout the country. Partly as a result of the sale of these investments reporting member banks have met the demand for additional loans without obtaining increased accommodation at the Reserve Banks. The volume of Federal Reserve Bank credit has, consequently, continued to remain fairly steady at the level which has prevailed since the middle of January, and the volume of Federal Reserve notes in circulation has remained practically unchanged.

Somewhat easier money conditions are indicated by slightly lower rates on commercial paper and lower yields on outstanding Treasury certificates. The Treasury offering of approximately \$400,000,000 4¾ per cent. notes, maturing March 1927, was heavily oversubscribed, and the issue was subsequently quoted at a premium in the open market.

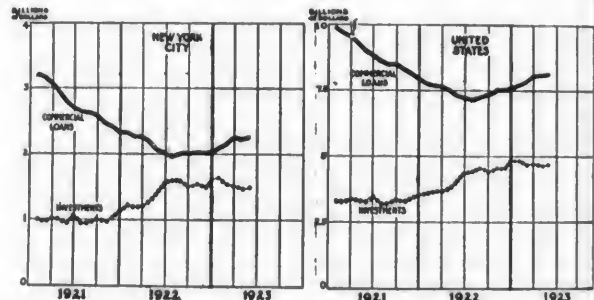
### Banking Conditions

During April and the early part of May there was a slight decrease in commercial borrowing in this district, indicated by a decrease of \$20,000,000 between April 11 and May 16 in loans made largely for commercial purposes by reporting member banks. Such loans had increased nearly \$200,000,000, or 8 per cent., during the preceding three months of the year. Bank investments in Government and other securities and loans on stocks and bonds showed little change; so that there was a slight decrease in the amount of total loans and investments.

There was little change in the amount of borrowing from the Federal Reserve Bank. Fluctuations were due chiefly to temporary conditions in the money market. On May 23 total earning assets of the New York Reserve Bank stood at \$263,000,000, a figure somewhat below the average for the past four months.

The accompanying diagrams compare recent tendencies of member bank loans and investments in New York City with those for the country as a whole. In this city, the rise since the first of the year in advances largely to commercial customers has been more than equaled by liquidation of security investments and of loans on stocks and bonds (not shown in the diagram),

thus resulting in a decline in the total volume of credit outstanding. For the country as a whole, however, these offsetting factors have been somewhat less than the commercial loan increase, so that total loans and investments have shown a moderate increase.



Loans Largely for Commercial Purposes and Total Investments of Reporting Member Banks in New York City

Loans Largely for Commercial Purposes and Total Investments of Reporting Member Banks in the United States

### Money Market

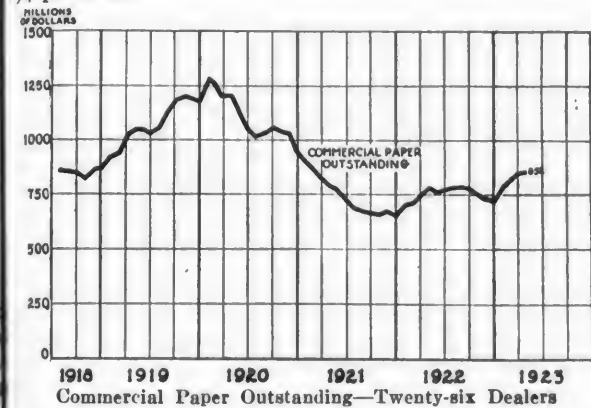
In May as in April, money rates continued to become slightly easier, in accord with the usual seasonal tendencies.

Commercial paper sales were somewhat more generally at 5 per cent., and in a few cases were 4¾ per cent. compared with prevailing rates of 5 to 5¼ per cent. month ago. As shown by the accompanying diagram there was a slight increase in the sales of commercial paper through the open market.

In the bill market, where dealers' buying rates have been advanced a month ago to a range of 4¼ to 4¾ and offering rates to a range of 4⅛ to 4¼ per cent., rates became established more uniformly at the lower levels at which the market was moderately active.

Slight easing in commercial money rates was accompanied by lower rates for Government certificates and notes, nearer maturities of which declined about ¼ of one per cent. between the first of April and the middle of May.

Except for a brief period around the first of the month, and on May 21 when the last Victory notes outstanding fell due, call money on the Stock Exchange continued to rule generally under 5 per cent. Time money on stock market collateral was also easier at 5 to 5 1/4 per cent.



**Government Debt**

Treasury operations during May in connection with the Government debt included the cash offering of \$400,000,000 4 3/4 per cent. Treasury notes dated May 15 and maturing March 15, 1927, with provision for additional allotments in exchange for 4 3/4 per cent. Victory notes, for the purpose of meeting the maturity of \$770,000,000 Victory notes falling due May 21.

The new issue, which was the ninth of a series of refunding notes, was heavily oversubscribed and subsequently quoted in the open market at a premium. Total cash subscriptions were nearly a billion dollars, of which \$382,000,000 was allotted, while exchanges amounting to \$287,000,000 reduced the amount of Victory notes to be redeemed in cash on May 21 to about \$475,000,000. Due, however, to the failure of many holders to present their notes promptly for payment, the amount of redemptions was comparatively light.

The results of the Treasury's program of debt redemption and refunding during the past two years were described by the Secretary of the Treasury in a letter accompanying the new offering of notes. It was estimated that by June 30 this year the total gross debt will show a reduction of about \$1,600,000,000 since April 30, 1921, when the amount outstanding was 24 billions. Approximately 7 1/2 billions of the short-dated debt maturing within two years, including Victory notes, Treasury certificates, and War Savings issues, will have been retired or refunded. In its place will be a new class of short-dated debt aggregating about 5 1/2 billion dollars distributed in convenient maturities over 5 years up to the maturity of the Third Liberty Loan, and consisting of \$4,000,000,000 short-term Treasury notes, together with Treasury certificates and Savings issues. These maturities have been so arranged as to permit of their refinancing with a minimum of disturbance to industry and to facilitate their gradual retirement from surplus revenue.

The accompanying diagram shows as of May 23 the changes since 1917 in type of the short-dated debt.

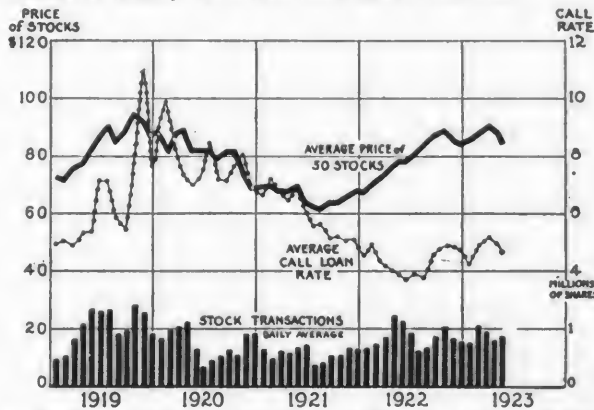
Victory notes still outstanding are notes matured but not yet presented for payment.



**Security Markets**

Accompanying indications of slackened demand in certain commodity markets and a pause in the upward movement of commodity prices, stock prices declined late in April and in May. Industrial price averages reached levels 10 to 15 points lower than the March high points and about even with the lowest points touched in November. Railroad price averages declined about 5 to 10 points to the autumn low point.

The following diagram compares the movement of 50 stocks, both railroad and industrial, during the past four years with the volume of transactions and average rates for Stock Exchange call money. In 1919, the decline in stocks accompanied high money rates and there continued to be a close relationship between prices and money rates until the middle of 1921. Since then, however, large gold imports have greatly augmented money supplies, so that the relation between stock market movements and money rates has been much less close.



In contrast with weakness in stocks, bonds were steadier, due partly to easier money conditions. Liberty bonds were little changed but averages of high grade corporation bonds showed a gain of about 1½ points since the first of April, though still 2 points lower than at the first of the year. Foreign bonds reacted moderately following the failure of Germany's new proposals regarding reparations. Despite steadiness in outstanding bonds, new financing showed a further decline, and during the second and third weeks of May was the smallest at any time this year.

### Foreign Exchange

Accompanying an upward trend of prices in foreign countries which in many cases has been more rapid than in this country, the tendency of the major exchanges was downward during the past month. Sterling on May 9 dropped below \$4.60 for the first time since last fall, though there was later a recovery to \$4.63. Dutch, German, Spanish, Norwegian, and Swiss exchanges also established new low points for the year.

Of the exchanges intimately concerned in reparations, marks displayed most acute weakness, breaking to more than 59,000 to the dollar, a new low record. For a considerable period during February and March when the attempt was being made to stabilize the mark the rate had been fairly stable around 21,000 to the dollar. French and Belgian exchanges were comparatively steady, while Italian lire eased to around 4.85 cents, compared with 5 cents early in April.

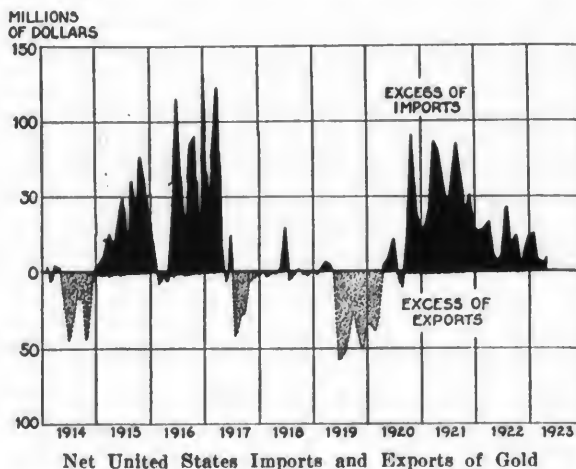
Japanese exchange was an important exception to the general tendency and at 49¼ cents on May 12 reached the highest price since 1920. Other leading Far Eastern rates, and Argentine and Brazilian exchanges were uniformly lower. Indian rupees at 31 cents showed a loss of over 8 per cent. from the point reached in the rapid advance of last year and January this year. Brazilian exchange, after some recovery late in April, reacted to the low point established during the early part of that month.

### Gold Movement

April imports of gold amounted to \$9,188,000 and were largely from Great Britain and Canada. Exports during the month were \$655,000, of which \$413,000 went to Mexico. The excess of imports was \$8,533,000, as compared with \$5,559,000 in March and \$6,984,000 in February.

The total excess of imports since January 1 has been \$45,424,000, or an average of \$11,356,000 a month, as compared with an average of \$19,858,000 a month for the year 1922. There has been a gradual reduction in the monthly averages of net imports since early in 1921 accompanying a reduction in excess exports of merchandise. Aside from the export balance of merchandise prevailing until recently, the depreciation of the European exchanges and the desire of foreign holders to place balances in the United States for investment, the payment of debts, or for other purposes, are factors which have made for a continuance of gold imports.

The following diagram shows the net movement of gold since 1914.

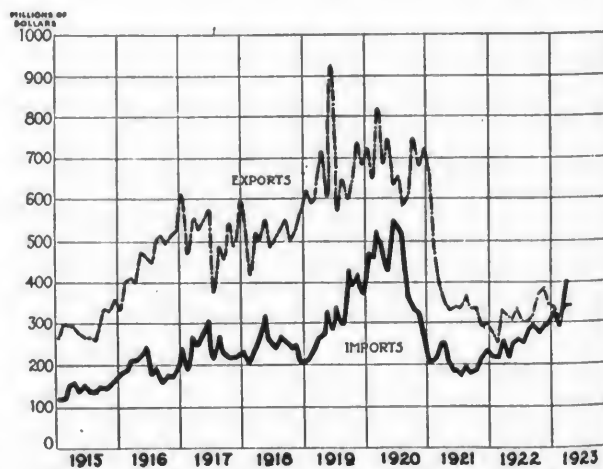


### Foreign Trade

In both March and April, for the first time since August 1914, the value of imports exceeded the value of exports. Imports in March were valued at \$402,000,000 and in April at \$367,000,000. Exports were \$341,000,000 in March and \$326,000,000 in April and the excess of imports amounted to \$61,000,000 in March and \$41,000,000 in April. Details as to the character of the imports have not been published but in February a large percentage of receipts consisted of crude or partly manufactured materials.

For the ten months ending April 30 the excess of our exports has amounted to \$233,000,000, the smallest for any similar period since 1910 and with that exception since 1896. In only five full years in the past 52 have merchandise imports exceeded exports.

The following diagram shows the fluctuations in the value of exports and imports during the past several years.





### Price Increases Abroad

Prices in foreign countries as far as figures are available have been markedly upward in the past few months, and on the whole the increase has been greater than the increase in this country. Since last December prices in France have risen 15 per cent., those in Denmark 12 per cent., and those in Japan 7 per cent. In England the prices of 20 basic commodities have been rising rapidly and have increased 14 per cent. since last December, as compared with a 6 per cent. increase in a similar list of commodities in this country. The Statist and the Economist indices for England have also been rising more rapidly than the Department of Labor index for the United States. Comparisons are shown in the following table.

(1913 = 100 Per cent.)

	Dec. 1922	Latest figure	Date of latest figure	Per cent. change since Dec. 1922
United States:				
Department of Labor	156.	159.	April (av.)	+ 2
Twenty Basic	148.	157.	May 19	+ 6
Bradstreet's	180.	148.	May 1	- 1
Dun's	153.	160.	May 1	+ 4
England:				
Statist	152.	156.	March 31	+ 3
Economist	158.	165.	April 30	+ 4
Twenty Basic	141.	160.	May 19	+ 14
France	302.	415. p	April 30	+ 15
Italy	580.	588.	April 30	+ 1
Canada	165.	188.	April 15	+ 2
Japan	183.	196.	April (av.)	+ 7
Shanghai	149.	158. p	April 30	+ 6
Norway	220.	231.	April 30	+ 5
Sweden	155.	163.	March 15	+ 5
Denmark	182.	204.	May 1	+ 12
Germany	166,500.	639,300.	April 1	+284
Holland	158.	164. p	March 31	+ 4
Calcutta	176.	181.	March 31	+ 3
Australia	161.	163.	March (av.)	+ 1

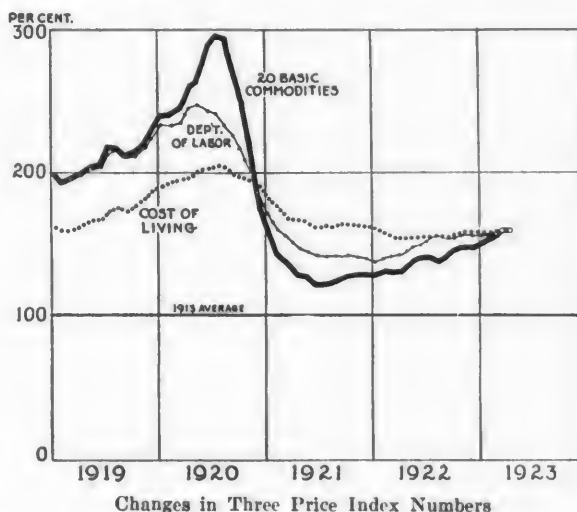
p—preliminary.

### Commodity Prices

Recessions in the prices of several important basic commodities during April and the first two weeks of May carried the price index of 20 commodities computed weekly by this bank down 3 per cent. These price recessions were not reflected, however, in the Department of Labor index for April, which remained the same as for March. There were increases in the group figures for building materials, metals, and cloths and clothing, but decreases in fuel and in farm products. In the past five months prices of farm products have declined 3 per cent., while the general index of prices has risen 2 per cent.

The cost of living index computed by the National Industrial Conference Board, which indicates the movement of retail prices, was also unchanged in April.

The following diagram shows the trend of prices of basic materials, the Department of Labor index, which also includes manufactured and semi-manufactured products, and the cost of living during the past several years. Prices of basic materials are now 29 per cent. higher than at the low point of 1921, the Department of Labor index is 15 per cent. above the low point, but the cost of living has shown no appreciable increase. All three indices are now at the same point in relation to pre-war figures.



### Production in Basic Industries

Pig iron production in April, amounting to 3,548,000 tons, was larger than in any month in the past and 14 per cent. above estimated normal, when seasonal tendencies and year to year growth are taken into consideration. Steel ingot output declined slightly because of the shorter month, but the average daily output increased. The heavy output of iron and steel reflects the pressure for the immediate delivery of steel for use in building construction, the manufacture of automobiles, railroad equipment, and other products. Greater caution in placing forward orders, however, has reduced the unfilled orders of the United States Steel Corporation from 7,405,000 tons on April 1 to 7,289,000 tons on May 1. While current production is well above any previous figures, unfilled orders are 34 per cent. below the high point of 1920.

Consumption of cotton by domestic mills was 577,400 bales in April as compared with the exceptionally high figure of 623,000 bales in March. Further curtailment of production by Fall River mills has been reported in the past few weeks. Many cotton mills have completed orders on hand and operators are reluctant to manufacture cotton goods from cotton at present price levels unless assured of a ready sale.

Among other basic industries, there was a reduction in output of anthracite coal, cement, zinc, and sugar, but increases in petroleum, bituminous coal, and tin, when adjustment is made for usual seasonal tendencies. Automobile production again reached a new high figure of 382,000 vehicles, or 29,000 more than in March.

The following table shows the index numbers computed by this bank for production in different industries. In each case production during the current month is compared with estimated normal after making allowances for seasonal changes and year to year growth.

(Estimated normal production = 100 Per cent.)

	Low 1921-22	1923				
		Dec.	Jan.	Feb.	Mar.	Apr.
Anthracite coal.....	74†	103	108	112	112	102 <sub>p</sub>
Bituminous coal r.....	71†	106	107	104	105	117 <sub>p</sub>
Pig iron.....	30	101	103	105	110	114
Steel ingots.....	26	85	97	95	99	99
Zinc*.....	20	80	81	74	85	82
Tin deliveries.....	25	95	128	109	110	132
Copper, U. S. mine.....	15	85	94	89	91	90 <sub>p</sub>
Wheat flour.....	75	93	93	109	122	110
Sugar meltings, U. S. ports.....	55	136	115	121	132	122
Meat slaughtered.....	77	94	104	108	119	...
Wood pulp.....	67	93	100	103	100	...
Paper, total*.....	64	103	109	101	(a)	...
Cotton consumption.....	64	95	103	108	107	101
Wool consumption* s.....	55	120	138	126	136	...
Tobacco consumption r.....	76	85	99	90	91	...
Cement.....	86	135	158	160	146	133
Leather, sole.....	73	94	101	100	106	102 <sub>p</sub>
Gasoline r.....	89	116	123	120	121	...
Petroleum.....	89	120	124	126	127 <sub>p</sub>	134 <sub>p</sub>

\* Seasonal variation not allowed for. † Strike period not included.

<sub>p</sub> Preliminary. <sub>r</sub> Revised. (a) Report not completed by Federal Trade Commission. <sub>s</sub> Estimated.

## Wages and Employment

There were about as many wage increases in industrial establishments in the latter part of April and the early weeks of May as in the preceding month. A report by the National Industrial Conference Board shows 201 increases and 1 decrease between April 15 and May 14. Almost half of the increases were in the textile and clothing industries.

Average weekly earnings of operatives in representative factories in New York State were \$27.00 in April, slightly above the March figure. April earnings were \$2.85 or 12 per cent. above the low point reached in April 1922, due to increased working time and advances in wage scales.

Seasonal inactivity in the clothing and food-products industries caused a slight decrease during April in the number of workers employed in New York State factories, according to the New York State Department of Labor. There were 18 per cent. more workers than in April 1922, however, and 28 per cent. more than in August 1921. The United States Bureau of Labor Statistics reported a slight increase in employment for the country as a whole during April. About 85 per cent. of the factories reporting were operating on full time.

Employment agencies in New York City report continued difficulty in securing unskilled labor, certain types of mechanics, and stenographers. One agency has mentioned the creation of 28 new classifications of office workers as indicating greater division of work with increased business activity. Wage rates for office workers and sales clerks have risen somewhat. Agencies dealing with farm labor in this district report that thus far they have been able to meet the demand.

## Employment in Commercial Lines

Wholesale and retail dealers in this district which report their sales to this bank each month have recently furnished additional figures showing changes since a

year ago in the number of employees. In representative wholesale houses there has been an increase of 12 per cent. in the number of employees as compared with an increase of about 20 per cent. in the dollar amount of sales. Chain stores reported an increase of 11 per cent. in the number of employees and an increase of 11 per cent. in sales. Department stores reported a gain of 7 per cent. in the number of workers and an increase for the first 4 months of 7 per cent. in sales. In all of these lines increases in the dollar amount of sales are due in part to higher prices.

The following table shows the percentage change in the number of workers in different commercial lines from April 1922, to April 1923, and in comparison the change in the number of workers employed in various industries, as reported by the New York State Department of Labor.

COMMERCIAL LINES	Per cent. Change	FACTORIES, NEW YORK STATE	Per cent. Change
DEPARTMENT STORES.....	+ 7	Metals, machinery, and conveyances.....	+38
CHAIN STORES.....	+11	Paper, clay, and glass products.....	+24
WHOLESALE TRADE		Stone, clay, and glass products.....	+23
Machino tools.....	+58	Wood manufacturing.....	+15
Shoes.....	+23	Fur, leather, and rubber goods.....	+14
Hardware.....	+13	Water, light and power.....	+14
Jewelry and diamonds.....	+ 7	Clothing, millinery, and laundering.....	+11
Clothing.....	+ 7	Chemicals, oils and paints.....	+10
Groceries.....	+ 4	Textiles.....	+ 7
Stationery.....	0	Printing and paper goods.....	+ 4
Drugs.....	- 1	Food, beverages, and tobacco.....	+ 2
Dry goods.....	- 1	All industries.....	+18
Average.....	+12		

The largest change has been in industry, the next largest in wholesale trade, and the smallest in retail trade, as illustrated in the following diagram.



Employment in New York State Factories, Wholesale Firms, and Retail Stores, in the Second Federal Reserve District

## Wholesale Trade

Reports received from representative dealers in ten commodities indicate a slightly smaller volume of wholesale trade in this district in April than in the two preceding months. This bank's weighted index of dollar sales corrected for seasonal changes shows a decline of 4 per cent. from the March index. April sales were 19 per cent. above those of April last year, whereas the gains in January, February, and March were about 23 per cent.

April sales of women's clothing were exceptionally large, particularly to the middle west and the far west. Retailers who underestimated their spring requirements placed numerous reorders for prompt shipment. Sales of hardware were also good, reflecting building activity.

Diamond sales were almost twice as large as last year but were much smaller than in 1919 or 1920. Detailed figures follow.

Commodity	DOLLAR SALES DURING APRIL (In Percentages)				
	1919	1920	1921	1922	1923
Machine tools.....	412	469	160	100	344
Diamonds.....	534	301	75	100	191
Jewelry.....	293	312	113	100	145
Hardware.....	122	148	107	100	132
Clothing.....	107	123	93	100	131
(a) Men's.....	58	110	63	100	99
(b) Women's.....	140	132	114	100	153
Stationery.....	107	161	119	100	123
Groceries.....	141	158	106	100	115
Dry goods.....	96	147	124	100	115
Drugs.....	98	100	95	100	115
Shoes.....	188	214	116	100	113
Total (weighted).....	117	145	102	100	119

April 1920, a reduction due largely to lower prices. Stock turnover for the first four months of 1923 was at the rate of 3.6 times a year compared with 3.4 times for the first four months of 1922 and 3.1 times in 1920.

The preceding diagram shows the fluctuations in sales and stocks during the past several years. The light lines show the actual value of sales and stocks each month, while the heavy lines show the same figures with allowances made for normal seasonal fluctuations. The diagram indicates that the rate of stock turnover was slowest in 1920, when prices were highest, and that it has been relatively steady since that time.

Sales by mail order houses during April continued to show about the same increases as have been reported since the first of the year.

Detailed figures follow.

Department Store Business

April sales by department stores in this district were 2.1 per cent. above those of April a year ago. This gain is smaller than the year to year increase in sales reported by the stores for some months past, owing in part to unseasonably cold weather, and in part to the fact that Easter buying took place largely in March, whereas a year ago many Easter purchases were made in April. Sales by stores in Newark and Buffalo were relatively larger than those of stores situated in New York and other cities of the district.

An increase of 11.5 per cent. in the average amount of each department store sale from \$2.52 in April last year to \$2.81 this year is some indication of the change in prices since a year ago. The number of individual transactions this April was 8 per cent. less than a year ago.

Stocks of department stores on May 1, computed at the selling price were about 4 per cent. above those held last year, but about 15 per cent. less than those held in

	NET SALES DURING APRIL (In Percentages)					STOCK ON HAND MAY 1 (In Percentages)				
	1919	1920	1921	1922	1923	1919	1920	1921	1922	1923
All dept. stores....	85	98	98	100	102	75	119	97	100	104
New York.....	86	100	96	100	101	74	119	96	100	103
Buffalo.....	83	101	111	100	113	82	113	100	100	104
Newark.....	81	103	104	100	111	79	140	99	100	113
Rochester.....	76	91	102	100	96	83	142	108	100	98
Syracuse.....	91	107	108	100	105	94	142	116	100	103
Bridgeport.....	95	112	100	100	97	85	122	101	100	100
Elsewhere in 2nd District.....	80	94	102	100	100	80	105	94	100	114
Apparel stores.....	84	86	92	100	101	57	99	89	100	107
Mail order houses	119	137	100	100	135	**	**	**	**	**

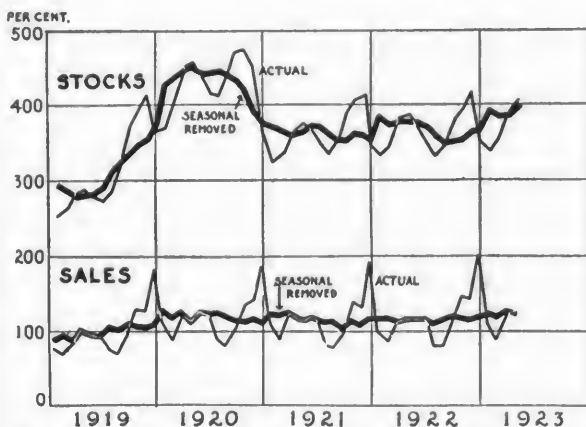
Chain Store Sales

A decline in sales by chain store systems during April as compared with March probably was due in part to the fact that Easter purchases were made during March rather than April this year. Shoe stores reported sales nearly 25 per cent. less than in April a year ago. The number of pairs of shoes sold was 20 per cent. less and the average price per pair declined 6 per cent.

Reports this month include sales figures from 21 systems of chain grocery concerns which operate about 13,500 stores throughout the country.

Detailed figures follow.

TYPE OF STORE	NUMBER OF STORES		DOLLAR SALES DURING APRIL (In Percentages)					Per cent. change in sales per store April 1922 to April 1923
	April 1922	April 1923	1919	1920	1921	1922	1923	
Grocery.....	11,323	13,544	67	111	88	100	118	- 1.5
Apparel.....	373	438	55	71	93	100	114	- 2.7
Drug.....	278	305	86	97	105	100	110	- 0.2
Ten Cent.....	1,739	1,796	70	84	83	100	106	+ 2.4
Cigar.....	2,253	2,747	74	99	108	100	100	- 17.8
Shoe.....	202	241	67	86	90	100	76	- 36.6
Total.....	16,168	19,071	68	99	90	100	111	- 5.8



Sales and Stocks of Department Stores in the Second District. (Average Sales in 1919 = 100 per cent.)

## Building Activity

Projects for new building construction in the United States, represented in permits granted in 158 cities, amounted to \$322,940,000 in April and were \$46,000,000 less than in March. The decrease from March to April in New York City alone more than accounts for the total decline. There were recessions in the Southwestern and Pacific Coast States and continued increases in other sections of the country. During the early weeks of May there were postponements of several important building projects in this city, due, it was announced, to rapidly advancing costs. Labor disputes were also a factor, both in restricting new operations and retarding work under construction.

Notwithstanding the decline in the volume of building as compared with March, activity continued at a high rate. This bank's index of the volume of construction planned, in terms of normal, stood at 144 in April, compared with 182 for March when it reached the highest point ever touched. Allowance is made in the index for both the usual seasonal movement and for changes in the costs of construction.

The April index of construction costs, based on prices of building materials and wages in the building trades, was 3.1 per cent. above the March index and about 20 per cent. below the highest levels reached in 1920. The recent increase was due to advances both in materials and wages. Basic wage rates reached approximately the high points of 1920 and additional bonus payments have become frequent.

## Railroad Traffic

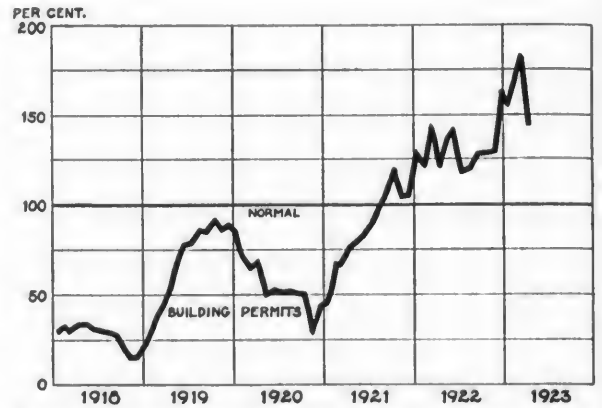
Car loadings of revenue freight during April were 19 per cent. above an estimated normal which makes allowance for usual seasonal fluctuations and year to year growth. This is the highest figure since data became available in January 1918, and indicates slightly heavier traffic than in the spring of 1918 when the movement of war materials was at its height. The total shortage of cars was decreased about 50 per cent. by the placing of new cars in commission, progress in repair work, and more economical operation.

## Electrical Power Production

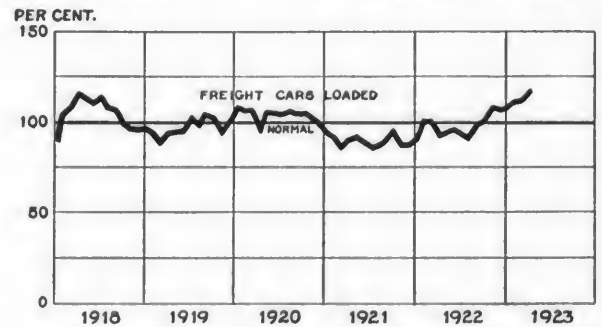
In recent years the production and consumption of electricity have furnished a good reflection of general business activity because of the increasing use of electrical power in industrial plants. An index computed by this bank of electrical power production in percentage of estimated normal shows that the production in April was 15 per cent. above the estimated normal for that month.

## Postal Receipts

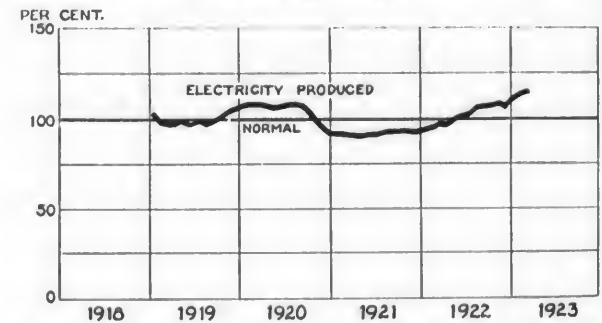
Post Office receipts in 50 selected cities throughout the United States, which were 5 per cent. above the estimated normal in March, dropped to a point fractionally below this normal during April, according to an index prepared by this bank. The adjacent diagram, in which estimated normal is taken as 100 per cent., shows the fluctuations since January 1918. The figures include all postal receipts except postal savings in 50 cities, which are selected by the Post Office Department as representative of the country. Receipts in these cities are about 50 per cent. of total receipts.



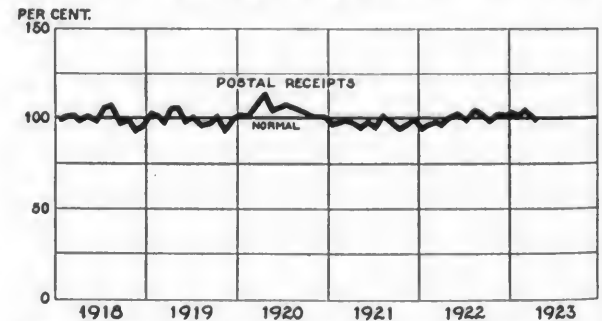
Value of Building Permits in 158 Cities Compared with the Value Normally to be Expected Each Month. Allowance is Made for Seasonal Fluctuations and Year to Year Growth



Car Loadings as Percentages of Estimated Normal Loadings. Allowance is Made for Usual Seasonal Fluctuations and Year to Year Growth



Production of Electricity by Central Stations Throughout the United States. Allowance is Made for Seasonal Fluctuations and Year to Year Growth



Postal Receipts in Selected Cities Throughout the United States Shown as Percentages of Estimated Normal Receipts. Allowance is Made for Seasonal Fluctuations and Year to Year Growth