

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

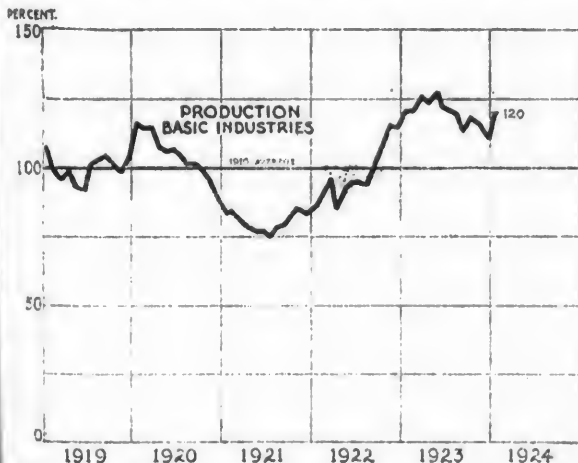
March 1, 1924

Business Conditions in the United States

PRODUCTION of basic commodities increased sharply in January; the volume of distribution continued larger than a year ago; and the wholesale price level remained unchanged. In February there was an increase in the demand for credit for commercial purposes.

PRODUCTION

The Federal Reserve Board's index of production in basic industries increased 8 per cent. in January and was at approximately the same level as a year ago. This increase followed a downward movement which had been under way since May 1923. The increases over December, which occurred in most of the industries, were particularly large in production of steel ingots, lumber, and bituminous coal and in mill consumption of cotton. A small but general reduction of working forces at industrial establishments resulted in a slight decline in the index of factory employment. The largest decreases occurred at plants manufacturing food products and tobacco. Contract awards for new buildings in January were slightly higher in value than in December and were 24 per cent. above a year ago.



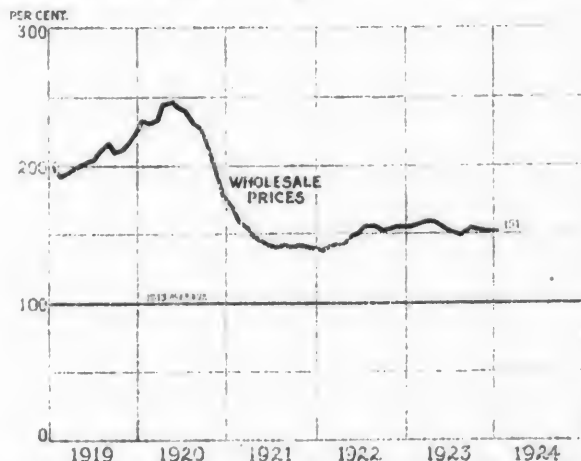
Index of 22 Basic Commodities corrected for seasonal variations (1919 = 100 Per cent. Latest figure, January)

TRADE

Railroad shipments, particularly of miscellaneous merchandise, increased during January and total car loadings were somewhat above the high level of January 1923. The index of wholesale trade increased 11 per cent. during January and was slightly higher than a year ago. Sales of groceries, meat, and drugs were larger than in January 1923, while sales of drygoods and shoes were smaller. Retail trade in January showed the usual seasonal decline. Compared with a year ago, department store sales were 7 per cent. larger and stocks of merchandise at these stores, after declining in January, were 6 per cent. above last year's level. Sales of mail order houses in January exceeded those of a year ago by 11 per cent.

PRICES

The wholesale price index of the Bureau of Labor Statistics remained unchanged during January and was at a level 5 per cent. lower than a year ago. Prices of fuel and building materials, which had been declining since early in 1923, increased in January, while prices of farm products, foods, and clothing declined. During the first two weeks of February prices of hogs, sugar, hides, lumber, and metals advanced while prices of cotton, wheat, and silk declined.



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



Reserve Bank Credit—Weekly Figures for 12 Federal Reserve Banks (Latest figures, February 20)

BANK CREDIT

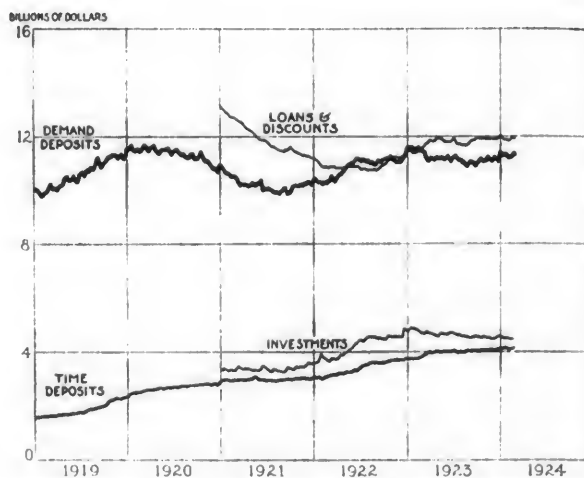
The volume of borrowing for commercial purposes at member banks in leading cities, after an almost continuous decline for more than three months, increased considerably during the latter part of January and the first two weeks in February. This increase was accompanied by a decline in loans secured by stocks and bonds. Total loans and investments of the reporting banks are now slightly larger than a year ago. Commercial loans and loans on stocks and bonds are larger, but investments are smaller. At the Federal Reserve Banks the total volume of earning assets fluctuated within narrow limits during February. The large return flow of currency and the repayment of discounts, which characterized the early weeks of the year, did not continue after January. Since the first week in February the volume of discounts for member banks has been about \$500,000,000 and the holdings of securities purchased in the open market about \$400,000,000.

The easier money conditions of January were followed in February by slightly firmer rates on acceptances and on short term Government securities. Commercial paper rates in the New York market remained unchanged at 4¾ per cent.

Banking Conditions in the Second District

Between January 16 and February 13 there was an increase of about \$100,000,000, or 4 per cent., in loans made largely for commercial purposes by reporting member banks in this district. The advance canceled about two-thirds of the decline which had occurred since October and brought the total of these loans to the highest point since the middle of November. This was in contrast with the situation in other districts, in which commercial loans continued to decline until late in January, and on February 13 were only slightly higher than a month previous.

Loans secured by stocks and bonds in this district declined \$60,000,000 during the period, but security in-



Member Bank Credit—Weekly Figures for Member Banks in 101 Leading Cities (Latest figures, February 13)

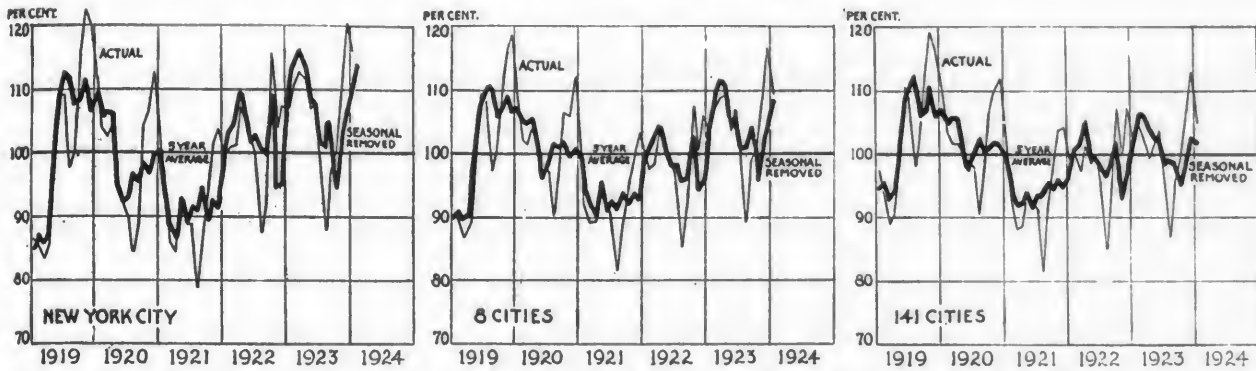
vestments were unchanged, and the total of loans and investments, therefore, showed a moderate increase. Deposits, on the other hand, were somewhat lower, due to a substantial loss of funds to other districts late in January and during the first part of February.

The volume of credit required of the Federal Reserve Bank of New York increased sharply towards the end of January, and on February 13 total earning assets of \$258,000,000 were approximately double the low total reached on January 25. Following some return flow of funds from the interior, however, total earning assets declined to \$172,000,000 on February 20, nearly \$50,000,000 above the January low point, but substantially lower than the totals prevailing in December.

Velocity of Bank Deposits

Increases during January in certain phases of industrial and business activity were reflected in a considerable increase in the rate of turnover or velocity of bank deposits, which has been previously commented upon in this Review as a measure of business activity. The diagrams at the top of page 3 give the rates of turnover of deposits in New York City, in eight selected cities, (including New York, Boston, Chicago, San Francisco, Rochester, Syracuse, Buffalo, and Albany) and in 141 clearing house centers. The figures for the 141 centers are computed by a less precise method than for the other cities, but by a method which has been found to yield generally satisfactory results. The diagrams show the actual figures and also show the same figures after provisional allowance for seasonal variations based on five years' experience.

In all of these groups of cities there was a rapid decline in the rate of turnover of deposits from early in the spring of 1923 until November, but in the past two months there has been a marked recovery, particularly in the larger cities. In the 141 cities January figures are slightly lower than for December. The general movements of the indexes in the three diagrams are remarkably similar.



Rate of Turnover of Bank Deposits in New York City, 8 Selected Cities, and 141 Cities, Before and After Allowance for Seasonal Variations, (5 year average = 100 Per cent.)

Money Rates

The easy money conditions of January were followed by a somewhat firmer market in February, accompanying loss of funds by this district to other parts of the country and increased commercial demands within the district. This firmer tendency, however, was less marked than a year ago, when business was expanding rapidly.

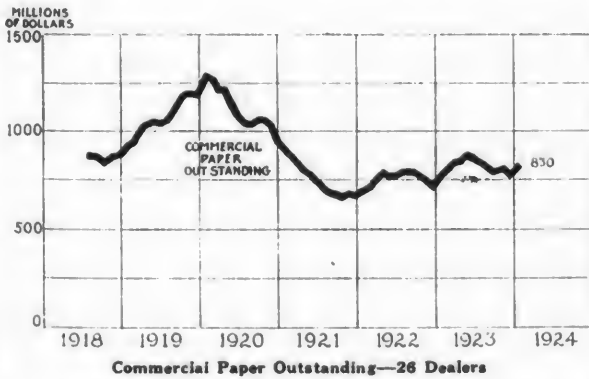
The prevailing open market rate for prime commercial paper remained $4\frac{3}{4}$ per cent., but dealers reported fewer sales below the prevailing level, particularly in the East. In the interior a considerable amount of paper continued to be sold at $4\frac{1}{2}$ per cent. The accompanying diagram shows an increase of \$62,000,000 to \$830,000,000 in the outstanding paper of 26 dealers at the end of January, in keeping with the usual seasonal tendency.

Time money rates on stock market collateral advanced from a range of $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent. to $4\frac{3}{4}$ -5 per cent., approximately the level that prevailed during the early part of January. The average renewal rate for call loans on stock market collateral was somewhat above $4\frac{1}{4}$ per cent. in February, compared with 4 per cent. for a period in the latter part of January.

Savings Bank Deposits

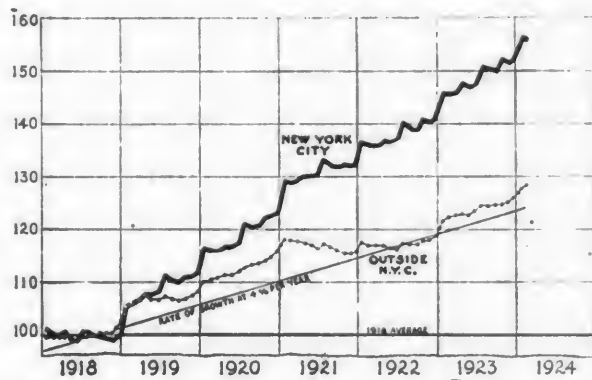
Deposits of representative savings banks in New York City declined slightly between January 10 and February 10, due to withdrawals following the crediting of semi-annual interest, but were 7 per cent. larger than a year ago.

Deposits of savings banks located elsewhere in the district continued to increase and on February 10 were 5 per cent. higher than a year ago, following a period during 1921 and 1922 when their deposits were practically stationary. The accompanying diagram shows the growth of deposits in both groups of banks since 1918 and shows also the increase which would have taken place if no new deposits had been made but the interest on the old deposits left to accumulate at an annual rate of 4 per cent.



Bill rates, which were reduced late in January to 4 per cent. for 60-90 day maturities, reverted in February to $4\frac{1}{8}$ per cent. Reduced sales at the lower rate and an increase in dealers' portfolios to the largest amount in more than two years were factors in the advance.

Rates on Government short term securities were also somewhat higher, particularly for issues maturing within a year.



Deposits of 15 Savings Banks in New York City and 15 Savings Banks in the Second District Outside New York City. (Average Deposits in 1918 = 100 Per cent.)

Security Markets

Following advances to new high points in January and early February, stock prices about the middle of February underwent a reaction. The index of 202 industrial stock prices compiled by the Standard Statistics Company showed on February 25 a decline of $3\frac{1}{2}$ points, and the index of railway issues about 2 points. The index of industrials, however, remained within 9 points of the March 1923 high figure. In the electrical equipment, chain store, food, mail order, and telegraph and cable groups, prices remained higher than at any time in 1923, while in the automobile accessory, chain store, food, railroad and electrical equipment, and traction, gas, and power groups, prices were also higher than in 1919.

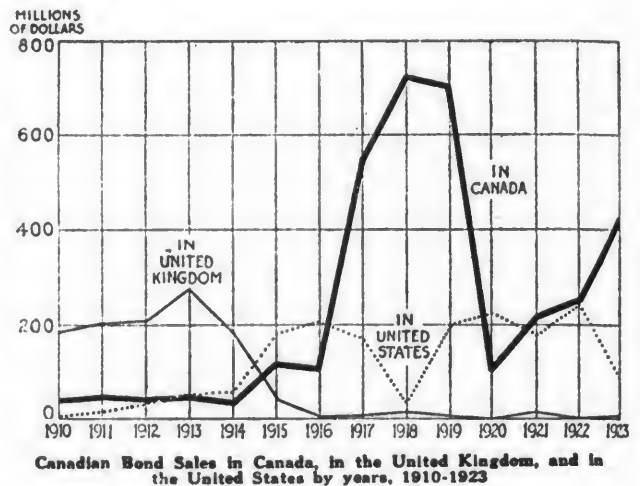
The bond market likewise showed a partial reaction from the high points reached in January, and an average of 40 high grade corporation bonds lost about half the increase since December. Losses in Liberty issues were smaller, except in the case of the tax exempt $3\frac{1}{2}$ s, which declined about a point to the lowest since early in 1922.

The volume of new securities offered during the first part of February was the largest since January a year ago. They were widely distributed among domestic corporation, municipal, and foreign issues. An issue of \$150,000,000 $6\frac{1}{2}$ per cent. thirty year bonds of the Japanese Government, offered jointly in this country and in Holland at $92\frac{1}{2}$ to yield 7.10 per cent., was largely oversubscribed. These terms compare with a rate of 6 per cent. for thirty-five years on £25,000,000 of the same loan offered in London at $87\frac{1}{2}$ to yield slightly less than 7 per cent.

Canadian Financing Abroad and in Canada

The success in January of a Canadian banking syndicate in securing for sale in Canada an issue of \$50,000,000 bonds of the Canadian National Railways was a recent indication of progress made by Canada towards greater independence of outside capital.

Prior to the war Canadian financing was done chiefly in London, and the amount of Canadian bonds sold in Canada and in New York was comparatively small. During the war, however, Canada absorbed the greater part of her own war securities and transferred most of her outside borrowing from London to New York. While the volume of issues sold in Canada declined immediately after the war, it has increased rapidly in the past three years and in 1923 was far larger than in any previous year, outside of the war period. The volume of issues sold in New York, on the other hand, declined in 1923 and was the smallest since 1918. The accompanying diagram, based on figures from the Monetary Times, shows the volume of Canadian financing in Canada, New York, and London by years.



Foreign Exchange

Sterling exchange after falling on January 21 to \$4.21, the lowest point in two years, rose steadily to \$4.36 $\frac{1}{2}$ at the second of February and closed on February 25 at \$4.29 $\frac{1}{2}$. French and Belgian francs declined about $\frac{3}{4}$ of a cent each to new low points of 4.08 cents and 3.40 cents respectively, but recovered to 4.44 and 3.85 cents by the latter part of the month.

Italian lira, on the other hand, continued steady at about 4 $\frac{1}{3}$ cents, and for a period during the month was quoted above the franc. Japanese rates, after a rally to above 46 cents accompanying the flotation of a loan in this market, reacted to approximately 45 cents. Canadian exchange declined to 96 $\frac{1}{2}$ cents, a new low point since 1922, and Indian rupees likewise were the lowest in over a year.

Brazilian and Argentine exchanges continued to rise, and at 12 and 34 cents on February 25 showed advances of 4 cents each compared with the low points reached in the latter part of last year.

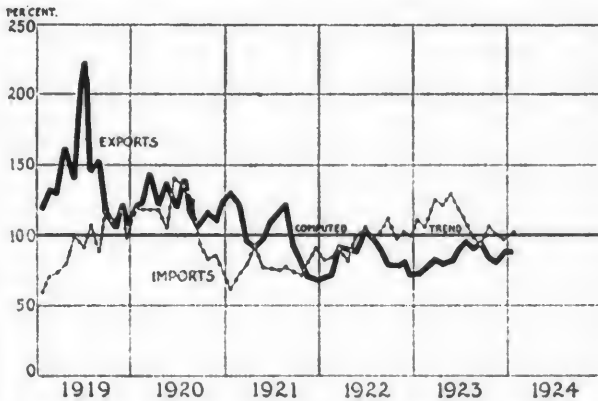
Foreign Trade

Exports of merchandise in January declined \$33,000,000 to \$394,000,000, while imports increased slightly to \$299,000,000. As a result, the net export balance was reduced by \$44,000,000 to \$95,000,000.

Cotton exports declined \$54,000,000 in January, due partly to a reduction in shipments of over 300,000 bales, following a heavy movement in the preceding four months, and partly to lower prices. Grain exports were also slightly lower, and with the exception of last November the smallest in recent years. Imports of silk, on the other hand, were the largest since November 1922.

For the entire year 1923 cotton exports were 835,000 bales less than in 1922, but \$134,000,000 higher in value. Exports of grain decreased 230,000,000 bushels in quantity, and \$205,000,000 in value, while meat exports increased both in quantity and in value.

Fluctuations in this bank's indexes of the volume of total exports and imports are shown in the accompanying diagram as percentages of the computed trend of past years with allowance for seasonal variations and price changes. During the past two years exports have been generally below the computed trend. The index of imports, however, rose steadily from 1921 to May 1923, and since then has declined approximately to the computed trend.

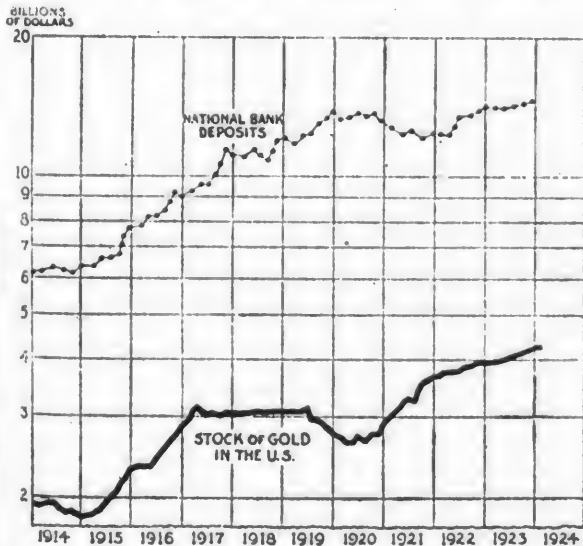


Merchandise Exports and Imports of the United States (Computed trend = 100 Per cent.)

Gold Movement

Gold imports during January amounted to \$45,469,000 and were the largest since last May. Of the total nearly \$23,000,000 came from England. Gold exports totaled \$281,000, the smallest since December 1914.

Since 1914 total net imports of gold have amounted to \$2,200,000,000, and have more than doubled the total monetary stock of gold in this country during the period.



Monetary Stock of Gold in the United States, and Total of Demand, Time, and Government Deposits of All National Banks

The accompanying diagram shows the gold stock by months since 1914 and compares with it the figures for demand, time, and Government deposits of all National banks, the movement of which is usually representative of the movement of all bank deposits. Bank deposits have likewise more than doubled since 1914, but the increase has not been simultaneous with the increase in gold. The gold inflow was checked early in 1917, but deposits increased steadily until the end of 1919. The post-war decrease in bank deposits followed the 1919-1920 outflow of gold by more than a year, and the subsequent increase of deposits followed the increase in gold by many months. In 1923 nearly \$300,000,000 net of gold was imported, but the increase in deposits was negligible. The movement of deposits is clearly influenced by other factors besides the supply of gold available as bank reserves.

Employment and Wages

Factory employment in New York State declined about 1 per cent. in the month ended January 15, due principally to decreases in the metal, textile, and food industries, and in railway equipment plants and repair shops. The decrease followed small declines in November and December and brought the total of factory employment somewhat lower than in January a year ago and about 6 per cent. below the high point of last year. The changes are approximately the same as those shown for the country as a whole by the Federal Reserve Board's employment index. Increases in factory employment during the month included a substantial seasonal recovery in the clothing industry and some increase in automobile factories.

Average weekly earnings of factory operatives in New York State declined slightly in January to \$27.81, due largely to reduction in working hours. In New York City, however, earnings increased 1 per cent., reflecting larger activity in the clothing industry.

Production

Available indexes of production in major industries during January were generally considerably higher than in December 1923. The production of steel ingots increased about 756,000 tons or 27 per cent., and this bank's index, which allows for the usual seasonal changes, advanced from 84 to 101 per cent. of the computed trend. The index of pig iron production rose from 93 to 94, but was far below the high point of 124 reached in May. There was also a further increase in the unfilled orders of the United States Steel Corporation.

The domestic consumption of cotton increased over 100,000 bales in January to the highest figure since May, but was somewhat lower than in January last year. This bank's index of consumption was 13 points higher than in December, but was 5 per cent. below the computed trend.

Automobile production continued at a high rate in January, according to preliminary figures, which indicated a total output approximately 30 per cent. larger than in January last year. Production of bituminous coal likewise showed a substantial increase, and there were increases also in the indexes for copper mining and cement production. Production of boots and shoes, though slightly larger than in December, continued to be considerably below the computed trend.

The following table shows this bank's indexes of production as percentages of the computed trend of past years, and with allowance made for seasonal variation.

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

	1923				1921
	Jan.	Oct.	Nov.	Dec.	Jan.
<i>Producers' Goods</i>					
Pig iron.....	103	98	90	93	94
Steel ingots.....	110	101	90	84	101
Bituminous coal.....	107	99	94	89	108 ^p
Copper, U. S. mine.....	94	106	107	104 ^r	110 ^p
Leather, sole.....	101	91	92	83	..
Tin deliveries.....	128	98	150	91	91
Petroleum.....	124	142	145	131	..
Cotton consumption.....	103	94	96	82	95
Woolen mill activity*.....	111	102	101	91	..
Zinc*.....	81	73	77	81	81
Cement.....	164	135	148	153	177
Lumber.....	125	137	136	122	..
<i>Consumers' Goods</i>					
Anthracite coal.....	108	95	90	93 ^r	97 ^p
Wheat flour.....	93	104	95	91 ^r	99 ^p
Cattle slaughtered.....	98	100	94	90	106
Calves slaughtered.....	141	146	142	140	145
Sheep slaughtered.....	88	77	75	83	92
Hogs slaughtered.....	100	130	130	109	113
Sugar meltings, U. S. ports.....	115	137	116	96	90
Paper, total.....	117	90	93	90	..
Tobacco, consumption.....	99	93	90	81	94 ^p
Gasoline.....	123	107	106
Automobile, all.....	115	159	161	152	..
Automobile, passenger.....	115	171	170	153	..
Automobile, truck.....	116	113	125	146	..
Automobile tires*.....	144	126	119
Boots and shoes.....	94	98	88	75	80 ^p

* Seasonal variation not allowed for.

^r Revised.

^p Preliminary.

Indexes of Business Activity

Indexes of distribution and general business activity showed as a rule considerably less change in January than did indexes of production. Wholesale trade, and total freight car loadings showed rather notable increases among indexes indicating primary distribution, but car loading of merchandise freight declined slightly. Except in the case of mail order sales, indexes of distribution to the consumer were either unchanged or slightly lower and, on the average, were considerably lower than the indexes in the other groups. Such general indexes of business activity as bank debits outside of New York, postal receipts, and employment were little changed from the December figure and stood at approximately 100 per cent. of the computed trend. The following table shows the available indexes for recent months and for January a year ago in percentages of the computed trend, allowance being made for seasonal variation.

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

	1923				1924
	Jan.	Oct.	Nov.	Dec.	Jan.
<i>Primary Distribution</i>					
Car loadings, mdse. and misc.....	104	107	105	103	101
Car loadings, other.....	111	101	108	103	108
Wholesale trade, Second District.....	111	113	100	88	105
Exports.....	74	85	83	88	88 ^p
Imports.....	110	106	100	97	101 ^p
Grain exports.....	96	58	42	53	..
<i>Distribution to Consumer</i>					
Department store sales, Second Dist.....	98	100	96	96	96
Chain store sales.....	99	97	97	103	96
Mail order sales.....	80	100	85	85	92
Life insurance written.....	102	113	113	120	..
Amusement receipts.....	106	104	108	105	..
Magazine advertising.....	92	98	98	93	92
Newspaper advertising.....	94	92	93	90	80
<i>General Business Activity</i>					
Bank debits, outside New York City.....	109	101	100	100	101
" " New York City.....	108	92	100	102	104
Electric power.....	108	111	107	103 ^p	..
Postal receipts.....	104	101	102	102	101
Building permits.....	155	159	153	155	166
Business failures.....	92	104	106	101	91
Employment, N. Y. State factories.....	101	103	101	99	99

^p Preliminary.

Building

Contracts for building construction awarded during January in 36 States totaled \$302,000,000, according to the F. W. Dodge Corporation, slightly more than the December figure and about 24 per cent. more than in January a year ago. This was about the same percentage increase as was shown in October, November, and December.

In New York State and northern New Jersey the increase over a year ago amounted to 69 per cent., and there were large increases also in the southeastern and northwestern districts. In the middle Atlantic States, on the other hand, contracts were about the same as a year ago, while in the Pittsburgh district, in New England, and the Central West they were slightly lower. Residential construction continued to lead all other types of building, and in this district was 72 per cent. of total construction, compared with 48 per cent. in all other reporting districts.

Prices of building materials advanced 2 per cent. in January, following a steady decline of about 13 per cent. since April.

Wholesale Trade

Sales by leading wholesale dealers in this district generally increased during January and this bank's weighted index of wholesale trade, in which allowance is made for seasonal variations and price changes, was 5 per cent. above the computed trend of past years, as shown by the accompanying diagram. Sales were 2 per cent. larger than in January 1923 whereas in November and December sales had been less than in the corresponding months of the previous year.

The increase in total sales over a year ago was due principally to larger sales of silk goods and men's clothing and also to an increase in the sales of groceries, which during December had fallen 12 per cent. below the year previous. Hardware sales continued to show

a substantial advance over the year before, probably due partly to the continuance of heavy building operations, while drug sales, which had been somewhat slow in December, showed an advance over January 1923.

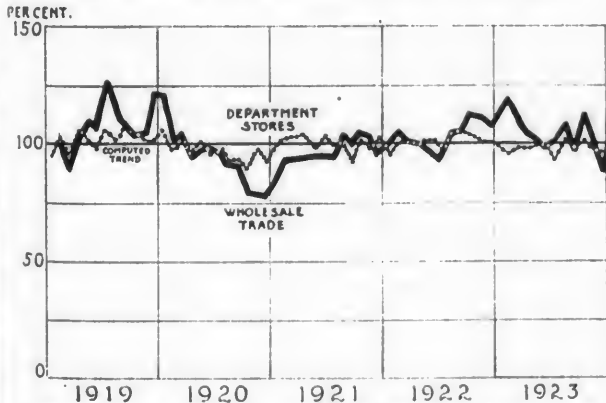
Sales of cotton goods and shoes, on the other hand, showed losses compared with the year previous for the third consecutive month and there were decreases also in sales of women's coats and suits and diamonds.

Commodity	Dollar Value of January Sales (January 1923 = 100 Per cent.)				
	1920	1921	1922	1923	1924
Hardware.....	136	97	72	100	108
Drugs.....	97	77	85	100	108
Stationery.....	115	117	88	100	107
Dry Goods.....	145	76	82	100	104
(a) Cotton goods.....	132	59	81	100	96
(b) Silk goods.....	157	93	82	100	113
Clothing.....	126	79	77	100	102
(a) Men's.....	135	58	80	100	113
(b) Women's dresses.....	129	108	99	100	100
(c) Women's coats and suits.....	112	79	49	100	90
Machine tools.....	245	98	35	100	102
Groceries.....	140	89	80	100	101
Jewelry.....	226	85	76	100	98
Diamonds.....	192	62	62	100	89
Shoes.....	150	74	77	100	89
Total (weighted average).....	137	83	79	100	102

Department Store Business

Special sales during January of men's and women's clothing were largely the cause for an increase in January of 9 per cent. in total department store sales in this district as compared with a year ago. Sales in New York City, Newark, Rochester, and Syracuse showed particularly large increases. Taking the district as a whole, and allowing for seasonal variation and price changes, this bank's index stood for the third consecutive month 4 per cent. below the computed trend, as shown in the accompanying diagram, which compares wholesale and department store trade by months.

Increases in sales occurred in all the major departments, but were particularly marked in the clothing departments and in the apparel stores. The following table shows the percentage change in the major departments compared with a year ago, and also indicates the percentage of sales in each department to total sales.



Monthly Sales of Wholesale Dealers and Department Stores in the Second Federal Reserve District (Computed trend = 100 Per cent.)

	Per cent. Change in Sales over January 1923	Per cent. of Sales in each Dept. to Sales of all Departments
Men's and boys' wear.....	+23.0	7.8
Hosiery.....	+15.7	2.7
Women's ready-to-wear accessories.....	+ 9.8	14.2
Women's and misses' ready-to-wear.....	+ 9.2	10.1
Shoes.....	+ 9.2	2.8
House furnishings.....	+ 9.0	15.2
Woolen goods.....	+ 7.6	2.8
Furniture.....	+ 7.2	6.3
Silk goods.....	+ 5.4	4.4
Cotton goods.....	+ 4.8	4.6
Miscellaneous.....	+ 9.1	29.1

Stocks of goods on hand, which in recent months have averaged about 10 per cent. above the previous year, were on February 1, only 5 per cent. above a year ago, a reduction resulting principally from the January sales. The average sales check during the month was \$2.72, or 3 per cent. larger than in January a year ago.

	Net Sales During January (Jan. 1923 = 100 Per cent.)					Stock on Hand February 1 (Feb. 1, 1923 = 100 Per cent.)				
	1920	1921	1922	1923	1924	1920	1921	1922	1923	1924
All dept. stores.....	103	99	91	100	109	110	95	99	100	105
New York.....	106	98	90	100	110	109	94	99	100	105
Buffalo.....	103	109	91	100	102	123	107	101	100	101
Newark.....	96	89	80	100	109	114	91	92	100	103
Rochester.....	106	117	103	100	120	138	136	108	100	105
Syracuse.....	111	105	98	100	111	130	118	114	100	106
Bridgeport.....	126	104	89	100	105	118	98	103	100	100
Elsewhere, 2d Dis.....	102	97	94	100	102	94	86	99	100	109
Apparel.....	87	103	93	100	111	95	83	94	100	110
Mail order houses.....	134	78	74	100	111

Sales of mail order houses in January, although 16 per cent. smaller than in December, were 11 per cent. larger than in January 1923, and this bank's index of mail order sales, in which allowance is made for seasonal variation and price changes, rose from 85 per cent. of the computed trend in December to 92 per cent. in January.

Chain Store Sales

Sales by all types of chain stores during January were 14 per cent. larger than a year ago, a slightly smaller increase than was shown in December. The increase continued to be due partly to increase in the number of stores, but apparel, ten cent, and cigar stores also showed substantial increases in sales per store. This bank's index of chain store sales, other than groceries, however, was 8 per cent. below the computed trend, after allowing for seasonal variation and price changes, compared with 3 per cent. above in December.

Type of Store	Number of Stores		DOLLAR SALES DURING JAN. (In percentages)					Per cent. Change in sales per store Jan. 1923 to Jan. 1924
	Jan. 1923	Jan. 1924	Jan. 1920	Jan. 1921	Jan. 1922	Jan. 1923	Jan. 1924	
Apparel.....	454	548	60	90	77	100	124	+ 3.0
Candy.....	98	114	82	92	88	100	117	+ 0.3
Grocery.....	15,280	18,844	80	77	83	100	116	- 5.7
Shoes.....	286	327	108	107	98	100	115	+ 0.8
Ten Cent.....	1,783	1,893	75	75	82	100	109	+ 3.0
Drug.....	280	322	96	96	95	100	104	- 6.6
Cigar.....	2,754	2,710	92	104	96	100	103	+ 4.7
Total.....	29,944	34,758	80	81	84	100	114	- 3.7

Business Profits in 1923

In the March 1923 issue of the Review figures were given showing the net profits of 122 concerns engaged in production, distribution, and public service for the years 1919 to 1922. These figures and those for an additional number of firms heretofore not included in the tabulation have been brought up to date to cover the year 1923 with results as shown in the diagram below. The dollar figures on which the diagram is based are shown in the accompanying table, together with the number of concerns included in each group. The figures for 1919 are taken as a base of 100 per cent. in each case. Computations of net profits have been made after all charges and tax deductions, but before dividends. They reflect growth in the business of the concerns reported as well as changes in the condition of business.

In all the separate groups, with the exception of the oils, the clothing, leather, textiles, the tobacco, and the food and food products groups, net profits in 1923 were larger than in any previous year covered by the tabulation. Taking the industrial group as a whole, profits show a considerably smaller increase as compared with 1919 than was shown in the public utility and railway groups, but were nearly 50 per cent. higher than in 1922.

Profits of concerns under the head of "Stores" show wide fluctuations, due partly to the inclusion in this group of mail order houses, whose sales are largely to the rural population. Certain of the larger chain store systems, however, showed steadily increasing profits during this period. The food products group also showed a deficit in 1921, caused by losses sustained by sugar companies and packing houses, following lower

prices of sugar and meat products. Steadily increasing profits, on the other hand, were shown by tobacco and public utility companies.

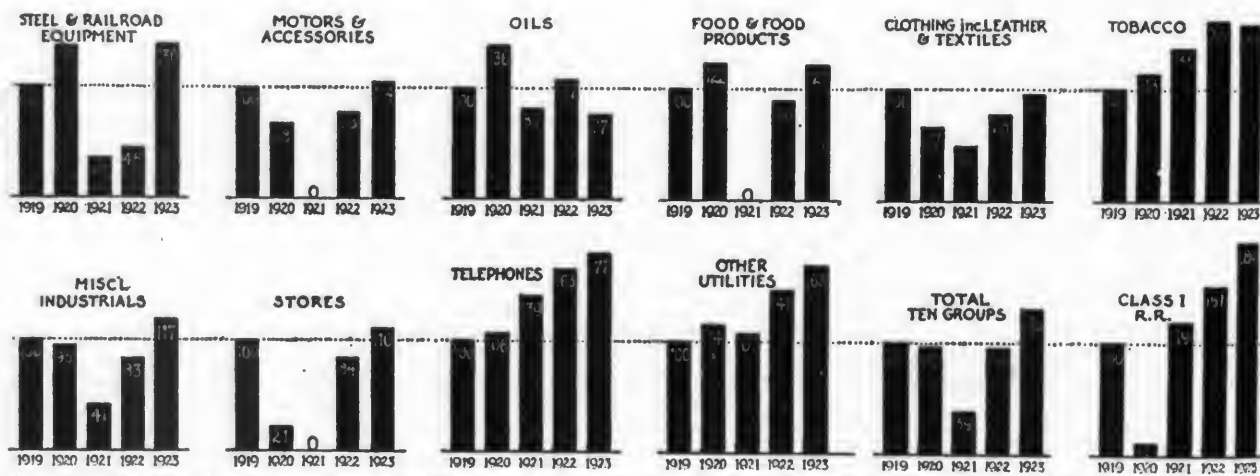
The net operating income of Class I railroads has increased consistently since 1920 and in 1923 was equal to 5.10 per cent. on their minimum tentative valuation as fixed by the Interstate Commerce Commission, compared with 5.75 per cent. set by the Commission as a fair return on capital invested.

It should be borne in mind in interpreting these data that they are simply for concerns whose profits statements were available for each of the five years and are not necessarily typical of all concerns which deal in the products represented. In making a total for the 10 groups, excluding the railroad companies, the dollar figures have been added without any attempt to weight the figures by groups. In some cases where it was necessary fiscal years not corresponding precisely with the calendar years were used.

(Net Profits in Millions of Dollars)

Group	No. of Corporations	1919	1920	1921	1922	1923
Steel and railroad equipment	11	111	149	40	50	150
Motor and accessories	15	116	78	*42	90	120
Oils	8	14	19	11	15	11
Food and food products	16	71	86	* 5	63	86
Clothing (inc. leather & textiles)	10	32	22	16	25	31
Tobacco	0	29	33	39	47	46
Miscellaneous industrials	31	73	70	30	61	86
Stores	12	59	12	*10	49	64
Total 8 groups	109	505	469	79	400	504
Telephone	70	77	82	107	126	136
Other public utilities	24	62	71	66	90	104
Total public utilities	94	139	153	173	216	240
Total 10 groups	203	644	622	252	616	834
Class I railroads	103	518	58	616	777	978

*Deficit.



Annual Net Profits of 203 Manufacturing, Merchandising, and Public Service Concerns, and of the Class I Railroads, (1919 Profits = 100 Per cent.)