

# MONTHLY REVIEW

## of Credit and Business Conditions

### Second Federal Reserve District

*Federal Reserve Agent*

*Federal Reserve Bank, New York*

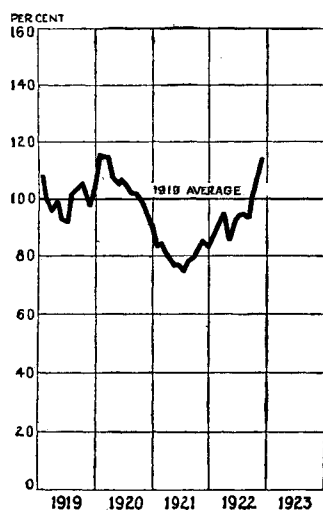
*January 1, 1923*

**B**EGINNING with this issue of the REVIEW a national summary of business and credit conditions is published. This summary, which is to be prepared each month by the statistical services of the Federal Reserve Board and the Federal Reserve Banks, will deal with the latest available facts regarding production, prices, trade, and bank credit. The figures for banking will be those of the current month, but the other figures will relate to the preceding month.

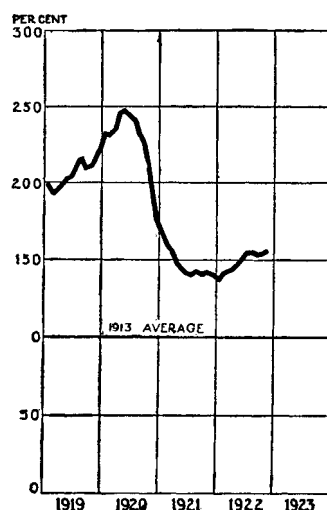
The index of production includes these 22 series:

Pig iron	Bituminous coal
Steel ingots	Anthracite coal
Cotton (consumption)	Copper
Wool (consumption)	Zinc
Wheat flour	Leather
Sugar meltings	Newsprint
Hogs slaughtered	Cement
Cattle slaughtered	Petroleum
Calves slaughtered	Cigars
Sheep slaughtered	Cigarettes
Lumber	Manufactured tobacco

In combining these series in a single index the different items have been weighted in accordance with their



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



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

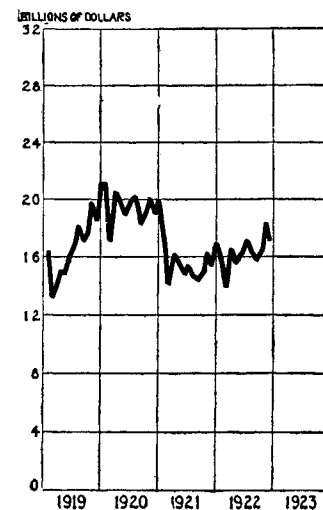
relative importance. Allowance has been made for seasonal variation, so that the index does not reflect changes due to seasonal causes. The combined production index compares current output with the production in 1919. The wholesale price index is prepared by the Bureau of Labor Statistics, and uses 1913 as a base.

### Summary of Business Conditions in the U. S.

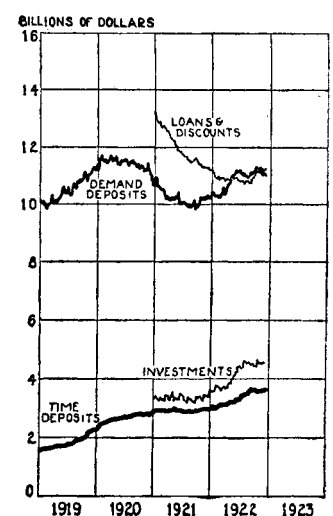
The volume of production and employment continued upward in November, and prices registered a further advance.

#### PRODUCTION

Contrary to the usual trend at this season of the year, production in basic industries in November continued to increase. Since July, 1921, when production was lower than at any time in recent years, there has been an almost uninterrupted rise month by month. The index, illustrated in the chart, in which allowance has been made for seasonal changes, shows that production in basic industries during November was 52 per cent.



Volume of Payments by Check —Checks drawn on banks in 140 centers (New York not included)



Bank Credit—800 Member Banks in Leading Cities

higher than in July, 1921, and 7 per cent. higher than in October, 1922. The chief advances from October to November were in mill consumption of cotton which reached a monthly total exceeded only once since 1917, and in the production of pig iron, which was larger than at any time in the past two years. Building operations were maintained on a large scale despite the approach of winter.

Final estimates for the year place the yields of all principal crops ahead of 1921, except that of corn which was unusually large in 1921. As a result of these larger yields, and of higher prices as well, the total farm value of crops grown in 1922, based on prices received at the farm as of December 1, is estimated to be 25 per cent. larger than in 1921, but 17 per cent. less than in 1920.

Increased production was accompanied by continued heavy freight movement. The total number of railroad cars loaded during November was substantially larger than in the corresponding month of previous years, although 5 per cent. less than in October. The decline in the demand for cars and a further decrease in the proportion of cars out of repair have resulted in a considerable reduction in the freight car shortage.

Demand for labor continued to increase, as shown by the volume of employment at industrial establishments. Local shortages of labor were reported by steel mills, textile mills, and building contractors in eastern districts, but some surplus of common labor was reported from agricultural districts.

#### WHOLESALE PRICES

Wholesale prices advanced during November and reached the highest level since March, 1921. The rise of two points in the Bureau of Labor Statistics index to 156 was due chiefly to advances in the prices of farm products, foods, and clothing, which rose to the highest points of the year. These advances more than offset declines in the prices of fuels and metals.

#### VOLUME OF TRADE

Wholesale trade in lines reported to Federal Reserve Banks was substantially larger during November than for the corresponding month last year. Sales of department stores and mail-order houses during November were also larger than a year ago, and reports of Christmas trade thus far received indicate sales larger than in either 1920 or 1921. The volume of payments by check was 7 per cent. smaller in November than in October, due partly to the smaller number of business days, but was 10 per cent. larger than in November, 1921.

#### BANK CREDIT

During the period between November 22 and December 20 Federal Reserve Banks have been called upon to supply the extra currency needs of holiday trade, and this demand is reflected in an increase of \$157,000,000 in Federal Reserve note circulation, bringing the total to the highest point for the year. A decline of \$43,000,000 in gold reserves was also largely due to increased use of gold for currency purposes. The total earning assets of the Federal Reserve Banks rose during the period \$145,000,000, partly in response to the demand for currency and partly in consequence of heavy Government operations on December 15.

In the four weeks prior to December 13 the loans and investments of member banks in leading cities were little changed, though in the latter part of the period a renewed demand was manifested for commercial loans, offset to some extent by a decline in investments.

#### Banking Conditions

In this district financial developments during the month centered around the operations in the Government debt on December 15. The chief of these was the redemption of the called series of Victory notes, of which about \$250,000,000, it was estimated, would be presented for redemption in this district. Both here and elsewhere, however, the volume of Victory notes presented on December 15 was relatively light, and up to December 27 somewhat less than \$125,000,000 had been received by the New York Reserve Bank.

The delay in presentation was owing largely to the very wide distribution of Victory notes at the time of their sale in May, 1919. Previous action on the part of the Treasury had resulted in the earlier retirement of large blocks of Victory notes held by banks and other financial institutions, corporations, and large investors, and the amount remaining outstanding on December 15 is believed largely to represent notes held by individuals in comparatively small amounts. Though interest has ceased, these widely scattered individual holdings of called notes are being presented for redemption very slowly.

In consequence, the amount of money in this district available for reinvestment on December 15 was from \$125,000,000 to \$175,000,000 less than was anticipated. On previous quarterly tax dates disbursements made by the Government in this district have ordinarily much exceeded, for a few days at least, the amounts available from collected tax checks, and ease in the money markets has ordinarily resulted. On December 15 the excess of

Government disbursements over collections was smaller than usual, and this excess was largely employed by the banks in paying a heavy withdrawal of Government deposits called on December 15. Thus, contrary to recent experience, the quarterly tax day and a period thereafter were attended by stiffer rather than easier conditions in the money markets.

While the new Treasury issues dated December 15 were oversubscribed, the oversubscriptions were smaller than usual. The offerings included \$300,000,000 or thereabouts of 2½-year Treasury notes bearing 4½ per cent. interest, and \$400,000,000 or thereabouts of Treasury certificates in two series, one maturing in 3 months bearing 3½ per cent. interest, and the other maturing in one year bearing 4 per cent. interest. Total allotments amounted to \$780,164,100, of which \$348,993,700 was in this district. Subscriptions for certificates were allotted in full. Cash subscriptions for notes were scaled, with preference to the smaller subscriptions, but exchanges of Victory notes and certificates for the new offerings were accepted in full.

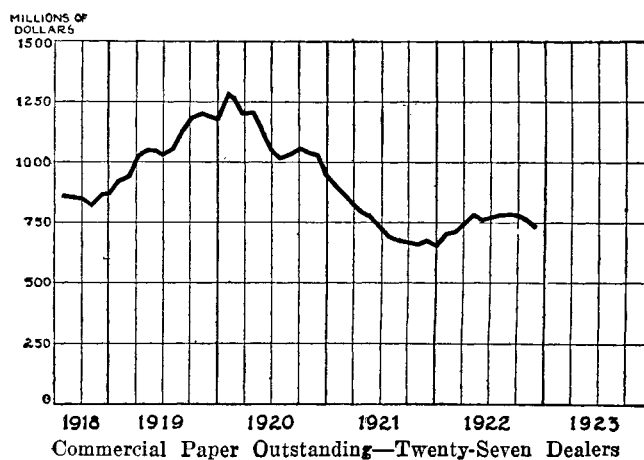
There was little change from a month ago either in the volume of loans by this bank to its members or in the loans of member banks to their customers, except that member bank commercial loans have recently tended again to rise, continuing a tendency noted in the early fall, but thereafter interrupted.

### Money Market

The commercial money markets were only moderately active, with little change in the prevailing level of interest rates. In so far, however, as any tendencies were apparent they were towards easier conditions rather than the reverse. There continued to be no great demand from borrowers, and as is customary at this season, lenders were not inclined to invest extensively until after the completion of the year-end financial transactions.

Except for some scarcity of short bills, supply and demand in both the bill and commercial paper markets were moderate and about evenly balanced; 4 per cent. continued to be the prevailing rate for bills and 4¾ per cent. for commercial paper. Evidence of an easier tendency in commercial paper occurred in the reappearance of sales of high grade paper to banks outside this city at 4½ per cent. The outstanding paper, however, of the 27 dealers who report monthly to this bank showed a further decline from \$757,000,000 to \$734,000,000 at the end of November.

Stock Exchange call money rates for new loans ranged irregularly between 3¾ and 5½ per cent., and renewals were 4 to 5 per cent. Time money was quiet, with a tendency toward easier conditions.



### Security Markets

The security markets were firmer in December, recovering partly from the severe declines of previous weeks.

Industrial stocks moved upward, and approached the year end with trading in moderate volume and prices steady about half way between the October high point and the low point reached in the latter part of November. Railroad stocks, however, showed little recovery and remained near November low prices.

The stronger demand for bonds was manifested both by generally firmer prices and larger offerings of new securities. Corporation bond price averages recovered about half a point compared with November low levels, and there were substantial gains in United States Government securities and prime State and municipal issues. Treasury 4¼s again touched par. Foreign issues were benefited both by the general strength of the market and by recovery in exchange rates.

New offerings, which reached fairly large proportions for the first time since October, were reported well taken, although sales were not so rapid as in many other months of the year. The offerings included several individual issues of good size, and an unusually large proportion of industrial and stock flotations. Foreign offerings during the first three weeks of the month totaled \$28,000,000, bringing the total since the first of the year to \$886,000,000, compared with \$695,000,000 last year. Among prospective foreign issues for early in 1923 is the long pending \$50,000,000 Cuban loan, bids for which have been called for by the Cuban Government.

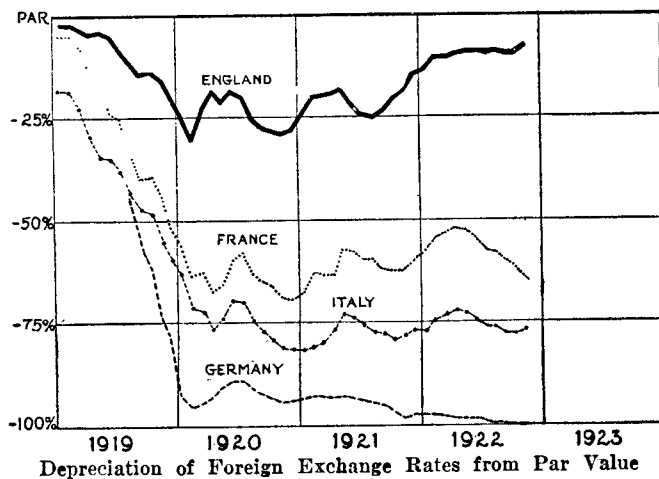
## Foreign Exchange

Strength in sterling exchange constituted the most striking movement in any of the financial markets during December. Carrying forward an advance which began to be rapid about the middle of November, sterling demand drafts rose 17 cents in the first two weeks of December to nearly \$4.69, less than 4 per cent. below par and the highest quotation since the spring of 1919. There was later a reaction to around \$4.65.

Aside from speculative factors, possible immediate influences making for strength in sterling included the completion by November 15 of the \$100,000,000 interest payment on the British Government debt to the United States, and a seasonal decline in offerings of commodity bills. A more fundamental explanation, however, of the major upward trend of sterling lies in recent tendencies in commodity prices in England and in the United States. The accompanying two diagrams, which compare movements of exchange rates and prices in the leading European countries, show that persistent strength in sterling during the past year has accompanied a downward tendency in British prices as compared with an upward movement in this country. This recovery in the purchasing power of British money as compared with the dollar is reflected in exchange rates. Price indices used are those of the Federal Reserve Board so constructed as to make possible international comparisons.

Continental exchanges were generally firmer in December particularly in the cases of those countries not directly involved in the reparations problem. French, Belgian, and German rates strengthened around the middle of the month following reports that the United States might take a more active interest in the European situation. Italian rates continued the gradual advance begun early in November in response to the more settled aspect of Italian political conditions.

A reaction of Canadian exchange to slightly below par after the first week of the month left Swedish kronor the only foreign currency to be quoted at a premium in terms of the dollar. Japanese, Swiss, and Dutch exchanges, however, show only slight discounts. Argentine exchange continued to grow firmer in December and reached a new high point for the year.



## Gold Shipments

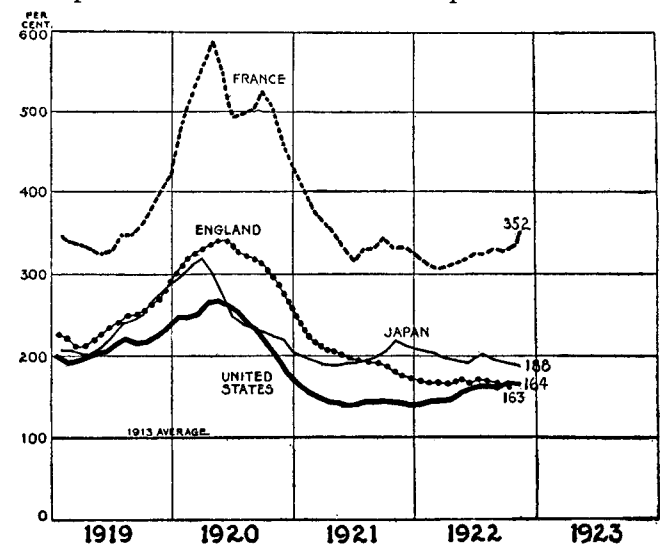
November imports of gold were \$18,308,000 and exports \$3,431,000, leaving an excess of imports of \$14,877,000 for the month. For the eleven months period ended November 30 the excess of imports has been \$214,565,000 as compared with excess imports of \$638,436,000 during the corresponding period last year. From January 1, 1920, to date the excess of imports has been about \$950,000,000.

## World and Domestic Prices

The tendency of wholesale prices during November in most parts of the world was toward somewhat higher levels. The advances were caused largely by increases in the prices of foods and textiles. British prices were higher for the last two months after a continuous decline for several months. Lower prices in Sweden, Italy, and Japan were accompanied by higher exchange rates in those countries.

The following diagram shows the fluctuations in wholesale prices in four leading countries during the past four years.

The upward movement of prices in the United States during November as shown by the Bureau of Labor Statistics index number was the result of a substantial advance in prices of farm products and more moderate increases in all other commodity groups with the exception of fuel and metals. Fuel prices, after the advance during the summer on account of the coal strike, have dropped back to the level prevailing prior to the strike. The average advance in all prices from the low point in January 1922 has been 13 per cent., and the changes in different groups range from an increase of 3.5 per cent. in house furnishing goods to more than 25 per cent. in farm products. Prices of both farm products and foods



Wholesale Prices in Four Countries (1913 Average = 100 per cent.)  
Federal Reserve Board International Indices

are now 43 per cent. above the pre-war base, whereas the average advance for all commodities since 1913 has been 56 per cent.

In the first three weeks of December the index of prices of twenty basic commodities maintained by this bank showed little change as compared with November figures. Several commodities made substantial advances. Wheat (No. 2 red) at \$1.35 a bushel was the highest since last May. Corn, copper, lead, rubber, tobacco, sugar, and steers touched new high levels for the year during the month. The advances were offset by lower prices of pig iron and lumber.

The cost of living as estimated by the National Industrial Conference Board, advanced 0.8 per cent. in November because of higher prices of food, clothing, and shelter.

### Commodity Stocks on Hand

Increases in industrial activity and the movement of goods to consumption have resulted in the past few months in the gradual reduction of the stocks of various basic commodities for which figures are available. The high level of sugar meltings during the greater part of the year has reduced stocks of raw sugar not only in this country but in Cuba as well. Total stocks in the United States and Cuban ports combined amounted to but 150,000 tons at the end of November in contrast with a stock of 1,100,000 tons at the same date in 1921. The visible supply of coffee in November was reduced to 838,000 sacks, a new low point. Low stocks of cement reflect heavy building operations.

The following table shows stocks on hand expressed as percentages of estimated normal, taking into consideration year to year growth and the usual seasonal fluctuations.

(Estimated normal stocks = 100 per cent.)

Commodity	1922					
	July 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
Sugar, raw cane, Atlan. ports.	63	88	79	65	41	29
Coffee, visible supply in U. S.*	60	62	50	52	46	53
Flour, in chief centers.....	103	136	132	120	107	91
Cotton.....	85	86	93	111	99	88
Portland cement.....	93	79	62	60	53	64p
Wood pulp*.....	141	137	120	102	78	...
Paper, total*.....	144	138	130	122	118	...
Tin, world visible supply.....	171	147	167	148	165	162

\*—Seasonal variation not allowed for. p—Preliminary.

### Production

Manufacturing and mining operations continued unusually heavy throughout November and many basic industries which ordinarily show seasonal reductions reported even larger output than in October.

Bituminous coal mining increased to a rate about 80 per cent. of estimated normal. Production was sufficient to meet immediate needs and to increase reserves slightly. There was even some curtailment in operations reported

toward the close of the month owing to lack of an immediate market in certain localities. Anthracite mining was practically at the estimated normal rate.

Steel ingot production continued at the high rate maintained during the month previous although new business was received at a somewhat slower rate than recently. Pig iron production, however, increased from a daily average of 85,000 tons in October to about 95,000 tons in November and the supply of foundry iron was further increased by imports of British and Continental iron. For the first time in ten years German iron was imported into this country.

Other industries showed, in general, increased activity. The following table shows production for the past six months, expressed as percentages of estimated normal production. In estimating normal, allowance has been made for year to year growth, and seasonal variations.

(Estimated normal production = 100 per cent.)

	June	July	Aug.	Sept.	Oct.	Nov.
Anthracite coal.....	1.0	1.4	1.9	61	95r	99p
Bituminous coal.....	43	32	46	72	75	81p
Pig iron.....	79	82	61	68	83	92
Steel ingots.....	82	79	70	74	85	88
Copper, U. S. mine.....	75	77r	86r	80r	84r	87p
Tin deliveries.....	90	75	77	92	103	110
Zinc*.....	53	60	59	62	75	75
Crude petroleum.....	110	110	112	111	112p	123p
Portland cement.....	120	128	121	123	126	127
Wheat flour.....	104	142	117	112	109	102
Meat slaughtered.....	112	99	109	105	97r	...
Sugar meltings, U. S. ports..	135	131	144	110	108	147
Cotton consumption.....	92	84	97	92	95	106
Wood pulp.....	110	105	105	102	92	...
Tobacco consumption.....	97	90	103	99	88	...
Paper (total)*.....	100	93	107	105	109	...
Gasoline.....	101	109	103	104	105	...
Wool consumption*e.....	116	103	126	121	131	...

\*—Seasonal variation not allowed for. e—Estimated. r—Revised. p—Preliminary.

### Employment and Wages

Increases in the number of employes in November were reported to the United States Department of Labor by 31 of 43 industries from which data were obtained. The November gain in employment was the largest since January and was general throughout the country.

In New York State an increase of 2 per cent. in the number of factory workers was reported by the State Department of Labor. Except for clothing and food products where seasonal declines occurred, increased employment was reported for practically every important industry.

Industries dealing in products used in building construction such as electrical supplies, bricks, structural steel, and wood work showed general increases in the number of workers although November is usually a month of reduced activity.

In New York City, employment agencies reported a larger number of vacancies particularly for office workers. The Association for Improving the Condition of the Poor recorded 17 per cent. fewer cases receiving help than a year ago.

Average weekly earnings of factory workers in New York State increased 1.6 per cent. during November. The latest reported earnings are nearly 7 per cent.

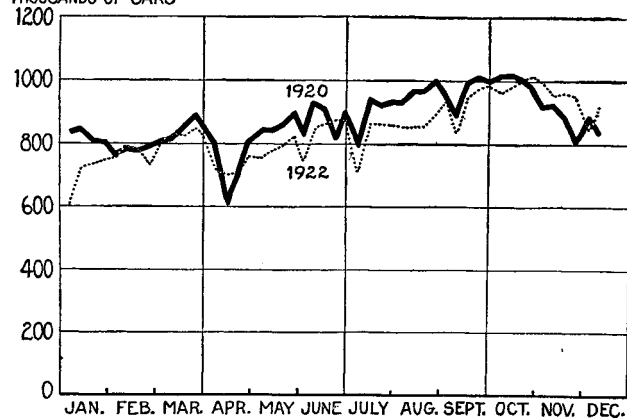
higher than in November 1921. Largest advances in basic wage rates were reported in the metal and machinery industries.

### Freight Traffic

For the six weeks period ended December 9 car loadings were 24 per cent. above the same period last year and 7 per cent. above the corresponding period in 1920. Usually the freight movement declines rapidly after the middle of October but in recent weeks shipments of each important commodity group have continued in heavy volume.

The following diagram, comparing car loadings by weeks this year and during the business activity of 1920, shows how the recent heavy movement has tended to compensate for the period of slack traffic caused by the coal strike. Total car loadings in eleven months of 1922 were 11 per cent. larger than in the first eleven months of 1921 and about 6 per cent. less than the corresponding period of 1920.

THOUSANDS OF CARS



Weekly Car Loadings of Revenue Freight on the Railroads of the United States

Despite heavy traffic the daily freight car shortage was reduced from 178,000 cars in the first week of November to about 112,000 cars in the first week of December. This reduction was accomplished in part by repairs of bad order cars and in part by more efficient movement of freight trains, as well as by some seasonal reduction in the demand. The number of bad order cars on December 1 was about 10 per cent. of the total number in service as compared with 15 per cent. in mid-summer.

### Foreign Trade

Exports during November, valued at \$383,000,000, exceeded those of October by \$12,000,000 and were the largest since March 1921. The increase over November 1921 amounted to 30 per cent. Because of changes in classifications and rates, tabulation of the import figures has been delayed.

A large proportion of the exports during the month was farm products. Shipments of cotton amounting to 858,000 bales were the largest of any month in more than a year. The demand for grain, meats, and dairy products remained about constant. Foreign orders for manufactured cotton goods were somewhat larger. While there was little change in conditions in the Far East and the

Levant, South American buyers ordered more freely. Exports of iron and steel in October, the last month for which there are detailed figures, amounted to 133,000 gross tons, valued at \$14,625,000, and were slightly larger than in September but smaller than in other months this year.

During the past year there has been a striking similarity in the value of exports from the United States and from Great Britain. The following table shows the figures with the English pound converted into dollars at the rate of exchange prevailing during each month.

Month	United States	Great Britain
January.....	\$279,000,000	\$302,000,000
February.....	251,000,000	298,000,000
March.....	330,000,000	327,000,000
April.....	318,000,000	285,000,000
May.....	308,000,000	298,000,000
June.....	335,000,000	271,000,000
July.....	301,000,000	305,000,000
August.....	302,000,000	301,000,000
September.....	313,000,000	305,000,000
October.....	371,000,000	305,000,000
November.....	383,000,000	339,000,000
Total, 11 months.....	\$3,491,000,000	\$3,336,000,000

The rise in the dollar value of exports from this country in the later months of the year may be partly accounted for by increases in the prices of farm products. In 1913, the last year before the European War, British exports averaged about \$10,000,000 a month larger than those from the United States.

Available data show that November imports of coffee amounted to 993,000 bags, as compared with 621,000 bags in October, and were the largest since December 1921. Imports of silk declined from 47,000 bales in October to 37,000 bales in November, but were nearly twice as large as one year ago. November imports of rubber were 23,000 long tons, about the same as in October, and nearly 20 per cent. above the figures for November 1921.

### Wholesale Trade

The volume of wholesale business normally declines in November and December because at this time of the year retailers have satisfied a large part of their fall and holiday requirements. November sales by representative dealers in this district, while smaller than those of October, were 14 per cent. above those of November last year and 12 per cent. above those of November 1920. These are slightly larger increases than were shown by last month's figures. In the case of groceries somewhat higher prices have been an influence toward a larger dollar amount of sales, but for most of the other commodities price changes since last year have probably had little influence on the figures. Clothing sales have been somewhat irregular for several months; the immediate demand for men's clothing on the part of retailers apparently was satisfied temporarily in September and October but stores placed large reorders for women's apparel during November. Clothing and drugs are the only lines in which the 1922 figures are larger than those for the same month in any of the three preceding years for which there are figures.

Detailed figures for November sales are shown in the following table in percentages.

Commodity	NOVEMBER NET SALES			
	1919	1920	1921	1922
Machine Tools.....	850	548	100	288
Diamonds.....	312	85	100	164
Jewelry.....	210	151	100	137
Hardware.....	139	136	100	122
Groceries.....	147	128	100	117
Drugs.....	104	90	100	114
Dry Goods.....	127	81	100	109
Clothing.....	104	68	100	106
(A) Men's.....	94	57	100	93
(B) Women's.....	142	107	100	154
Stationery.....	126	143	100	106
Shoes.....	148	68	100	94
Weighted Average.....	134	102	100	114

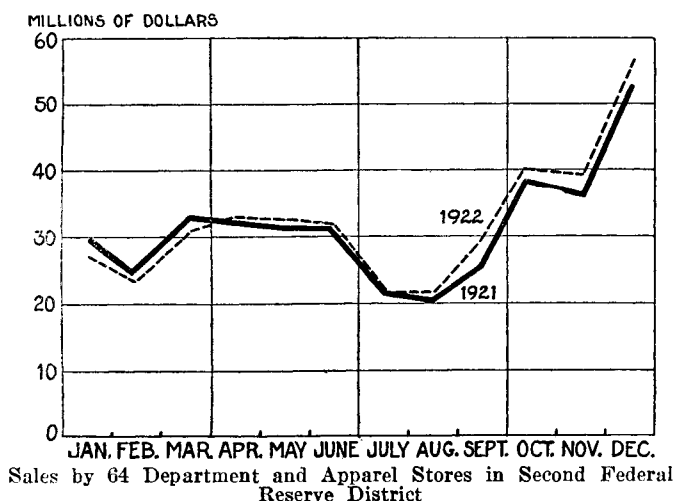
### Department Store Trade

Reports covering sales during the first two weeks of December, received from the leading department and apparel stores in this district, show that there has been an increase of 8 per cent. in sales, as compared with the corresponding period last year. The gain as compared with December 1919 and December 1920 has been more than 10 per cent. Larger sales were general in all sections of the district, although the increases by stores situated in the metropolitan area have been relatively larger than the gains recorded by stores in up-State centers.

This large holiday business has been distributed very generally among the various departments of the big stores. The demand for furniture, especially the smaller pieces, china, lamps, rugs and draperies was especially good. Heavy sales of furs, costly silks, musical instruments, and other of the so-called luxury articles, indicate the ability of the buying public to spend in a larger way than in December last year.

The following diagram compares the sales by 64 department stores during 1922 with sales by the same stores during 1921. December 1922 sales have been estimated on the basis of the business done during the first two weeks of the month.

A large increase in sales during the latter part of 1922 has been sufficient to offset the declines in January, February, and March. For the year as a whole sales were 3 per cent. larger than in 1921, but 2 per cent. less



than in 1920. When allowance is made for changes in prices it is apparent that more goods were sold in 1922 than in any previous year.

Final reports show that November sales increased 8 per cent. as compared with November 1921. A gain in sales by mail order houses, amounting to 35 per cent., reveals the larger distribution of merchandise among the rural population as a result of higher prices for agricultural products.

Detailed figures for November are shown in the following table.

	NOVEMBER NET SALES				STOCK DECEMBER 1			
	1919	1920	1921	1922	1919	1920	1921	1922
All Department Stores.....	97	109	100	108	100	110	100	101
New York.....	99	108	100	107	100	109	100	101
Buffalo.....	87	108	100	104	95	107	100	97
Newark.....	93	109	100	114	107	115	106	106
Rochester.....	91	108	100	103	120	132	100	98
Syracuse.....	104	113	100	103	125	142	100	99
Bridgeport.....	115	120	100	109	103	108	100	103
Elsewhere in 2nd District.....	98	108	100	107	88	101	100	92
Apparel Stores.....	94	112	100	112	86	104	100	105
Mail Order Houses.....	180	153	100	135	**	***	***	***

The average amount of stock carried by the department stores during 1922 was about the same as that carried the year previous. During the first quarter the stock was somewhat higher, and sales smaller, but toward the latter part of the year the stock was reduced and at the same time sales increased. For the year as a whole the annual rate of stock turnover was the same as in the previous year, 3.7 times, but more rapid than in 1920, when it was at the rate of 3.2 times a year.

### Chain Store Sales

December sales by the chain store systems are not yet available, but preliminary reports indicate that there has been a substantial gain, as compared with the holiday season in previous years. November sales in the aggregate show an increase of 14 per cent. over last year as compared with an 8 per cent. increase reported in October. The largest increase is shown in sales of apparel stores which gained 23 per cent., because of the larger demand for clothing following colder weather. The gain in grocery sales was largely the result of the opening of nearly 2,500 new stores during the past year. Average sales per store declined about 16 per cent. Cigar stores show the largest loss in sales per store and show only a slight increase in gross sales in spite of the opening of nearly 500 new stores.

Detailed figures are shown in the following table.

Type of Store	Number of Stores		NOVEMBER SALES (in percentages)				Per cent. Change in Sales per Store, Nov. 1921 to Nov. 1922.
	Nov. 1921	Nov. 1922	1919	1920	1921	1922	
Apparel.....	370	435	69	100	100	123	+ 4.6
Ten Cent.....	1,603	1,667	85	96	100	116	+ 11.6
Grocery.....	6,819	9,276	84	100	100	115	- 15.6
Drug.....	282	281	96	101	100	105	+ 5.4
Cigar.....	2,251	2,742	92	107	100	102	- 16.5
Shoe.....	193	226	108	115	100	100	- 14.6
Total.....	11,518	14,627	85	100	100	114	- 10.5

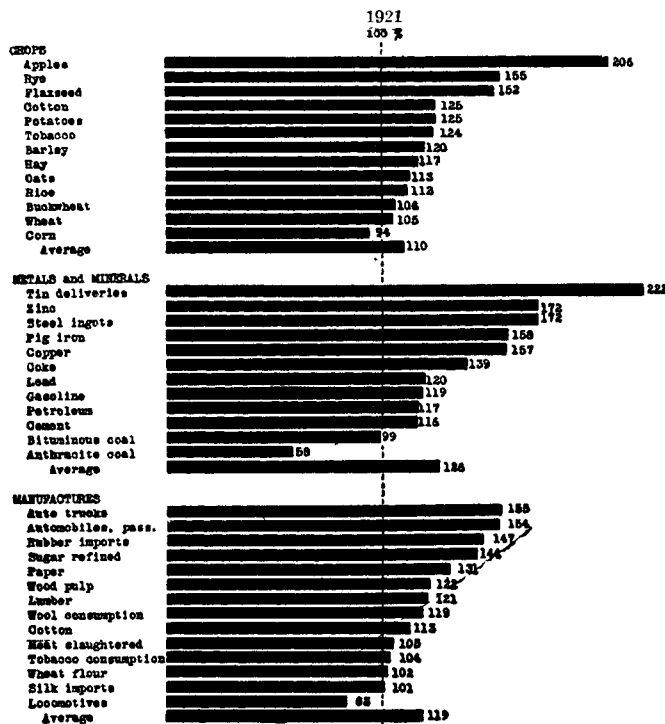
**Production and Trade in 1922**

Returns now available make it possible to estimate closely the volume of production and trade in various lines for 1922 as compared with previous years. In the diagram on this page a percentage comparison is made between this year's figures and those for 1921 for 39 different commodities or industries, by broad classifications.

Most of the important crops show a production considerably ahead of that in 1921. The principal exception was the corn crop which shows a decrease, largely because 1921 production was exceptionally large. The average production of all crops by volume, weighted in accordance with relative values in the years 1910 to 1914, is 10 per cent. larger than last year. Due in part to the increased production and in part to the rapid rise in prices of farm products during the year the total value of this year's crops has been estimated by the Department of Agriculture on the basis of December 1 prices at \$7,600,000,000 as compared with \$5,700,000,000 in the year 1921.

Notwithstanding the adverse effect of the coal and railway shopmen's strikes, the total output of metals and minerals was substantially ahead of 1921 but 14 per cent. less than in 1920. The expansion in the iron and steel industry was particularly large, reflecting heavy building operations, a high rate of manufacture in the automobile industry, and large purchases of equipment by railroads. The production of coal was reduced by the strike below last year's figures, although heavy output early in the year and in the last months of the year did much to offset the light production of the summer.

Large gains over 1921 figures are recorded in manu-



Production in 1922 compared with production in 1921

factures. The automobile industry established a new high record of production, with a net output of about 2,500,000 cars and trucks. Sugar meltings, wheat flour milled, wool and cotton consumption, meat slaughtered, paper, tobacco products and in fact practically all of the industries for which we have records of output, show increases over 1921.

Increased industrial and trade activity is reflected in a number of more general indices such as freight car loadings, bank checks drawn, number of workers employed in factories, and building contract awards in the northeastern States. The changes in a number of these items are shown in the following table. The construction of buildings and public works measured in volume independent of price changes was 44 per cent. ahead of a year ago and was larger than in any previous year for which records are available. The only figure in the group to show a reduction between 1921 and 1922 is exports which were lower than in 1921, partly as a reflection of price changes, and partly as a result of disturbed international markets.

(1921 = 100 per cent.)

	1920	1921	1922
Building construction	81	100	144
New securities issued	93	100	120
Electricity produced	107	100	116
Stock sales (New York Exchange)	133	100	112
Bank checks drawn (dollars)	121	100	110
Freight car loadings	115	100	109
New York State employment	128	100	107
Postal receipts (dollars)	100	100	107
Wholesale trade, 2nd District (dollars)	135	100	104
Retail trade, 2nd District (dollars)	105	100	103
U. S. exports (dollars)	184	100	86

The table which follows summarizes crop production and the output of minerals and metals and other manufactures for the years since 1917. In the preparation of these figures the different individual items of production and manufacture have been weighted in accordance with relative values in the years 1910 to 1914.

(1918 = 100 per cent.)

	1917	1918	1919	1920	1921	1922
Crops	103.3	100	101.1	112.3	95.2	104.3
Metals and Minerals	100.4	100	84.5	98.2	67.1	84.3
Manufactures	107.3	100	110.6	103.9	94.0	111.7
Total	104.3	100	101.5	106.2	89.1	103.1

The table makes it clear that while crop production and the output of metals and minerals was less than in 1920, the extraordinary activity in the building, automobile, and a number of other industries was sufficient to bring the total volume of manufactures ahead of the figures for any of the five previous years. Moreover, if the three groups are combined in a single index of industrial activity the heavy volume of manufactures is sufficient to bring the total index only a few per cent. behind the years of greatest activity. In the interpretation of these figures it should be borne in mind that they are not precise measures of total production and trade for the country but simply of those particular items for which data are now available.