



# Federal Reserve Bank OF BOSTON

## Business and Money Conditions in the New England District

as reported to the Federal Reserve Board by  
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This report is published about the twentieth of each month for the information  
of member banks and others who have assisted in its preparation.

BOSTON, MASS., January 20, 1919

Although New England is largely an industrial district, it has, none the less, a diversity of activities, and therefore localities in the district are affected differently by the problems resulting from the ending of hostilities.

Retail trade as a whole was extremely good over the holiday season, and for the most part has continued so into January. This stimulated trade has come from wage earners, who apparently have not begun to curtail their expenditures, and whose purchases include many luxuries.

These purchases have provided an excellent opportunity for the retailer to dispose of his stock at the present price level. Dealers are generally taking advantage of this and making no attempt to place future orders or replenish depleted inventories.

While the producers, outside of the textile industries, do not expect a further decline in the immediate future, merchants in practically all lines expect lower prices. As a result, manufacturers and distributors are finding their activities greatly restricted, with little expectation of increased orders until a more stable price basis is established.

However, the readjustment is going steadily on during this period of apparent hesitation, although in some industries it will take several months to re-establish business on a permanent footing. In the meantime the large earnings of the past year should enable manufacturers to continue operations without undue financial hardship, even though they take some business at a loss in order to keep plants running.

Considering the vast changes now occurring, there has been but little disturbance, and there is evidence of an almost universal expectation of good business in the not far distant future, with manufacturers looking to foreign requirements to create sufficient demand to take up any slack now existing and to keep labor employed until the domestic demand is better.

**Labor** In the northern part of the district there is practically no unemployment; in fact Maine is in need of a large number of

workers, especially woodsmen. In the manufacturing centres, particularly those formerly engaged in war work, conditions are just the reverse, and curtailment of production is releasing many employees, some textile mills having as large an oversupply of help as 33½ per cent.

The demobilization of troops and the release of civilians engaged on war work with but few increased domestic activities to absorb them, have brought about a condition in some localities which threatens to become serious. This is particularly true in the southern and western part of the district. There is a large surplus of help in New Haven and Springfield. In the latter city a demonstration of unemployed soldiers resulted in the appointing of a committee to handle the problem. For the first time in several years a demonstration of unemployed was held during the past week in Boston, where it is estimated that there are several thousand out of work.

**Money** For some time the banks in this district have been poorer than those in practically any other section of the country. For several months little or no commercial paper has been sold here, and rates for all classes of loans have been firm at 6 per cent.

Banks have had considerable difficulty in subscribing for their quota of certificates of indebtedness and at the same time meeting the legitimate needs of their customers. During the last few weeks, however, there has been a slightly easier tendency, and rates have been somewhat lower. Nevertheless, with the subscriptions to Government obligations in New England larger than the Government expenditures here, and with many persons having their future income already invested in United States Securities, there is not likely to be a material reduction in rates until Government financing is out of the way.

Call money is quoted at 6%, with some concessions to 5½%. Time money, too, is quoted at 6%, but depositors with large balances are obtaining a slightly better rate, and some

commercial paper is moving at  $5\frac{1}{2}\%$ , with the spread  $5\%$  to  $6\%$ . Prime bankers acceptances, unendorsed, are selling at  $4\frac{1}{4}\%$  to  $4\frac{5}{16}\%$  and endorsed at  $4\frac{3}{16}\%$ .

**Wool** Woolen mills are curtailing their production sharply for the first time in three or four years.

After the Government took over the entire stock of wool, mills were unable to make new contracts for civilian goods, so that with the cessation of Government needs there was no backlog of domestic business in reserve. With the cancellation of Government orders domestic purchasers were unwilling to make contracts until the future price of the staple was firmly established.

The first wool auctions held by the Government did not improve the situation, the general feeling being that the upset prices were too high. Recently, however, a committee of the Boston Wool Trade Association was appointed to examine "British Issue Prices on Wool for Civilian Purposes" in order to arrive at the equivalent in the United States. It is generally understood that these figures have been established as the minimum prices which will be accepted for the present at the Government auction sales. With the publication of these upset prices, the last series of auctions have brought forth better buying. The greatest interest, however, is in fine wool.

Although restrictions have been removed from importations of wool, no large amount of buying in South America is evident, due to the fact that purchases made now could not reach this country until the last of April, and with the large supply available prices so far in advance are uncertain.

**Dry Goods** Wholesale dry goods merchants are experiencing poor business, with all lines quiet. Dealers, although with a smaller number of units in stock, feel that they are carrying large lines, due to high inventory values. Only goods needed for immediate sale are purchased and these only in small quantities. On the other hand, retailers are having a good demand and have much smaller stocks than last November. The retail outlook appears good for a considerable period.

**Cotton** The market for the staple is the duller it has been for years and brokers report very few sales. Mills are inclined to reduce the amount on hand rather than to make purchases.

As in the case of woolen mills, buyers of goods are reluctant to commit themselves for future orders until they feel sure that prices are to be maintained. As a consequence, mills are curtailing and reducing prices as much as costs

will permit. Mill owners are unwilling to accumulate goods manufactured at the present high cost of production, with mill labor receiving the highest wages on record.

Some manufacturers claim to be much discouraged both because of the drop in price of their product and because of the small demand for it. They claim that the margin of profit, if any, is very small. This situation is due to the decline in prices for the product and curtailment in volume of output, thereby causing an increase in proportionate overhead charges. The larger concerns, however, and those of long standing, feel that they will have a big demand for their output as soon as a price level can be found satisfactory to buyer and seller, and this, they believe, will come within a month or so.

**Leather and Shoes** Leather prices continue high, with small supplies on hand and considerable foreign buying.

An optimistic outlook prevails in the shoe trade with prices firm. The demand is extremely good, with retailers carrying small stocks, having disposed of all old goods which previously were slow moving. Collections are unusually good. There is a considerable foreign demand expected, especially from South America and Scandinavian countries, which should absorb any surplus not required for domestic use.

**Lumber and Building** Civilian building operations, which for 1918 were lower than for many years, show no recovery as yet in 1919. Reports for the first half of January show an aggregate of operations in New England amounting to only \$2,905,000, or 60 per cent. and 35 per cent. respectively, of the totals for the same periods in 1918 and 1917. The high cost of labor and material, together with the difficulty of obtaining money, is restricting new building.

Banks and others having money for mortgages are unwilling to make advances except on pre-war values, and until building costs are reduced or lenders decide that higher prices are permanent, this will keep new building operations back.

The business of lumber dealers is at a standstill. Great Britain has made large purchases of Canadian lumber and dealers have formed an export company to encourage foreign sales. These factors will restrict the supply coming to this market and dealers think that prices will be maintained, although prospective purchasers are waiting for lower prices.

The following synopses from reports of bankers in some of the most important centers of New England outline local conditions:

**Bangor, Me.** There is no apparent over-supply of labor. Help, however, is easier to obtain and employees are devoting more attention to their work. Retail business is little changed, but is better, if anything.

**Brattleboro, Vt.** Labor conditions are normal with good opportunities for returning soldiers. Local industries are successfully adjusting themselves to peace conditions. Retail trade has been good, but a quiet period is expected. Local banks are able to care for all legitimate requirements.

**Manchester, N. H.** There is an oversupply of labor especially in the textile industries, due almost entirely to the cancellation of Government contracts. Local industries are gradually adjusting themselves to peace conditions. Industries which have increased their capacities for war needs must now find new markets. Retail business was excellent over the holidays, but is now quiet. The local money market is normal with a tendency to reduce borrowings.

**Brockton, Mass.** The cessation of hostilities has had little effect on local industries and has caused little disturbance, as the amount of army work in process was small. Retail trade is satisfactory, holiday business having been larger than usual.

**Lowell, Mass.** The general labor supply is ample and unemployment is appearing. The local munition plants are curtailing and an effort is being made to have them reduce gradually. Local woolen and cotton mills are slowing up, especially the former.

**Lawrence, Mass.** The unsettlement of the wool market has retarded the readjustment of the woolen mills necessitated by the cancellation of war orders. The retail situation has been very good, but is now affected by the curtailment of the mills. The local demand for money is strong.

**New Bedford, Mass.** There is an over-supply of labor in the cotton mills caused by the stopping of a part of their machinery. The cessation of hostilities has had an adverse effect on local industries and in most cases domestic business has not been obtained to replace cancelled war contracts. Retail trade was good during the holidays, but has since dropped off.

**Fall River, Mass.** The armistice has demoralized local industries, and several mills are closed, with others running short time. There is little demand for the mills products and the risk is too great to accumulate goods at the present production cost. Retailers report good business. Bank deposits are unusually large for this time of the year.

The local demand for funds has been light, the mills being well supplied with money and buying less cotton than usual, owing to the high cost and their limited productions.

**Attleboro, Mass.** There is no over-supply of labor as yet, and business is adjusting itself to the new conditions. Retail trade is normal. The commercial demand for money is about the same as usual.

**Springfield, Mass.** The general labor market is over-supplied. Local industries as a whole have slowed up, but are adjusting themselves to a peace basis. The dominant factor is a large amount of caution. Retail trade is in very fair condition. The general rate for money is 6 per cent., but some concessions are being made to customers entitled to it.

**North Adams, Mass.** There is an over-supply of labor in this locality. Interviews with seven manufacturing concerns disclose on the whole a large curtailment of industries with everything being done to adjust to peace condition. Retail stores are finding conditions normal.

**Providence, R. I.** Manufacturers of cotton and woolen goods are finding business poor. Price revisions are still under way, but unless new business is forthcoming mills will soon be obliged to run on short time. Retail trade is active and satisfactory for this time of year. Jewelry manufacturers, although not busy, expect good results from their salesmen who are now out.

**Pawtucket, R. I.** The over-supply of general labor is estimated to be about 1,500. The cancellation of Government orders has resulted in three munition plants being closed. A very general stagnation in new orders is reported, and other manufacturers who had Government work are now either running on part time on old orders, or are accumulating goods.

**New Haven, Conn.** The labor situation is bad, due to the thousands discharged from munition factories. Industries are slowly adjusting themselves to peace conditions, but it will probably be months before the larger concerns are able to go ahead on a profitable basis. Retail holiday trade was the largest ever known, and some stores report splendid January sales. The local money market is fairly easy.

The receipts of the Boston Post Office for December 1918, show an increase of \$12,328.80, or about 1 per cent. more than December, 1917. For the first fifteen days of January, 1919, receipts were about 7 per cent. or \$30,482.53 less than for the corresponding period of last year.

### Boston Clearing House figures compare as follows:

	(In Thousands of Dollars)		
	Jan. 18, '19	Dec. 21, '18	Jan. 19, '18
Number of Banks	11	11	11
Capital	\$33,200	\$33,200	\$33,200
Circulation	4,744	4,737	5,451
Loans and Discounts	525,145	531,196	482,062
Demand Deposits	444,630	442,232	403,700
Due to Banks	118,448	115,706	130,745
Time Deposits	12,579	13,492	22,254
Exchanges for Clearing	18,102	16,694	19,900
Due from Banks	74,265	71,669	95,685
Cash and Reserve with Federal Reserve Bank,	63,612	68,560	60,873
Excess Reserve and Cash,	16,164	21,198	18,921
Exchanges for week	364,151	350,861	309,856

### Clearing House Banks in the larger cities in this district

	Report the following as the total charges to their depositors' accounts: (In Thousands of Dollars)	
	Four Weeks Ending Jan. 15, '19	Four Weeks Ending Dec. 18, '18
Bangor, Me.	\$12,262	\$12,683
Fall River, Mass.	28,325	28,622
Hartford, Conn.	84,221	84,595
Holyoke, Mass.	13,875	14,123
Lowell, Mass.	21,536	24,081
New Bedford, Mass.	24,487	26,601
New Haven, Conn.	67,307	65,326
Providence, R. I.	129,507	113,668
Springfield, Mass.	56,205	34,898
Waterbury, Conn.	32,686	26,652
Worcester, Mass.	65,797	69,947
<b>Total outside of Boston</b>	<b>\$536,208</b>	<b>\$501,196</b>
Boston	1,873,775	1,912,736
<b>Total all Cities</b>	<b>\$2,409,983</b>	<b>\$2,413,932</b>

### Condition of Thirty-five Selected Member Banks

ON JANUARY 10, 1919

With Comparative Totals for December 13, 1918, and January 11, 1918

(In Thousands of Dollars)

	Other U. S. Bonds Including L. L. Bonds	U. S. Certifi- cates of Indebtedness	Loans Secured by U. S. Bonds and Certificates	All other Loans and Investments	Reserve with Federal Reserve Bank	Net Demand Deposits on Which Reserve is Computed	Time Deposits	Government Deposits
Hartford, Conn.	\$1,536	\$1,101	\$632	\$32,060	\$2,480	\$35,293	\$2,868	\$1,735
New Haven, Conn.	4,022	2,893	1,329	20,609	1,730	22,131	2,680	1,187
Providence, R. I.	2,015	10,424	5,291	96,041	5,011	53,799	42,139	2,800
Springfield, Mass.	1,865	3,974	2,211	22,602	1,454	22,302	2,651	1,014
<b>Total outside Boston</b>	<b>9,438</b>	<b>18,392</b>	<b>9,463</b>	<b>171,314</b>	<b>10,675</b>	<b>133,525</b>	<b>50,338</b>	<b>6,736</b>
Boston, Mass.	10,013	57,905	66,833	450,933	43,742	488,435	20,805	30,541
<b>Total Jan. 10, 1919</b>	<b>19,451</b>	<b>76,297</b>	<b>76,296</b>	<b>622,247</b>	<b>54,417</b>	<b>621,960</b>	<b>71,143</b>	<b>37,277</b>
<b>Total Dec. 13, 1918</b>	<b>20,300</b>	<b>59,678</b>	<b>90,971</b>	<b>701,452</b>	<b>59,419</b>	<b>610,319</b>	<b>69,329</b>	<b>30,191</b>
<b>Total Jan. 11, 1918</b>		<b>15,330</b>	<b>40,962</b>	<b>663,609</b>	<b>55,882</b>	<b>550,369</b>	<b>75,856</b>	<b>39,730</b>

### Statement of Condition of the Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES				LIABILITIES			
	Jan. 17, '19	Dec. 20, '18	Jan. 18, '18		Jan. 17, '19	Dec. 20, '18	Jan. 18, '18
Gold Reserve against F. R. Notes,	\$62,226	\$67,843	\$45,394	Capital	\$6,709	\$6,688	\$5,906
Gold Reserve against Deposits,	40,347	37,560	55,872	Surplus	1,535	75	75
<b>Total Gold</b>	<b>102,573</b>	<b>105,403</b>	<b>101,266</b>	Due Treasury U. S.,	1,046	2,142	25,374
Legal Tender and Silver	3,572	728	5,148	Due Members Net	103,822	98,361	70,856
<b>Total Reserves</b>	<b>106,145</b>	<b>106,131</b>	<b>106,414</b>	Collection Items, etc.,	52,852	56,984	16,244
Discounts secured by U. S. Sec.,	118,394	108,438	39,168	<b>Gross Deposits,</b>	<b>157,720</b>	<b>157,487</b>	<b>112,474</b>
Discounts — Commercial Paper	7,957	9,224	11,460	F. R. Notes Net	148,985	161,359	74,682
Bankers Acct. bought in open market,	15,354	12,843	6,350	F. R. Bank Notes Net,	7,442	5,075	
U. S. Sec. pledged to secure circulation,	8,416	6,416		All other Liabilities,	2,841	3,810	178
Other U. S. Securities owned	1,848	16,106	4,954	<b>Total Liabilities,</b>	<b>325,232</b>	<b>334,494</b>	<b>193,315</b>
<b>Total Earning Assets</b>	<b>151,969</b>	<b>153,027</b>	<b>61,932</b>				
Uncollected Items	65,449	73,975	24,969				
Other Resources	1,669	1,361					
<b>Total Resources</b>	<b>325,232</b>	<b>334,494</b>	<b>193,315</b>				

### OFFICERS

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Deputy Governor

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Deputy Governor and Cashier  
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