



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 compiled about the twentieth of each month and is published for the information of member banks and others who have assisted in its preparation.

BOSTON, MASS., March 1, 1919

Throughout the entire district there is evident less apprehension regarding future conditions. Although business is by no means on a settled basis, confidence is apparently returning, and there is more inclination to enter into future commitments.

Retailers, having been cautioned for months of the probable loss to those having large stocks on hand during the transition, made haste in the closing month of last year to cancel orders, and have since refused to commit themselves to anything but a day-to-day purchase policy. Jobbers and wholesalers have followed the same course, with the result that manufacturers have but few orders on their books.

In the meantime the public has purchased so freely that now the dealer is again coming into the market.

The Northern section of the district (Maine, New Hampshire and Vermont), which, because it was devoted largely to agriculture, was least affected by war conditions, has been little troubled by the readjustment. Labor is being comparatively well employed, and business is running much as usual.

The Southern section, on the other hand, is more densely populated and given over very largely to industrial pursuits. During the war great expansion was experienced, with profits large and wages high. The sudden slackening of its activities brought a drastic readjustment. The first shock of this has evidently passed, and sentiment is much more cheerful.

Labor Labor conditions are far from satisfactory in the manufacturing centers, and the paradoxical condition is being experienced of employees striking for increased wages in a period of considerable unemployment. Disturbances have been confined largely to textile cities, Lawrence, Mass., being the storm center.

A reassuring feature is found in the fact that the local labor union has refused its support, and the strike is being conducted by a radical element. It is believed that the majority of

the employees would return to their work were it not for fear of bodily harm from the strikers.

The general situation as regards unemployment has changed but little, except that those centers which released many workers on war goods, and consequently had a large surplus of help, are being eased by persons leaving to obtain employment elsewhere or to return to their former homes.

Money Rates are lower than a month ago although a little strengthening is apparent from the quotations made early in the month. The restriction of business and consequent release of working capital has helped subscriptions to United States Certificates of Indebtedness.

Call money is quoted $5\frac{1}{2}$ per cent. Time money is quoted $5\frac{1}{4}$ per cent. to $5\frac{3}{4}$ per cent., with commercial paper selling as low as 5 per cent. Bankers' acceptances are quoted $4\frac{3}{16}$ per cent. endorsed, and $4\frac{5}{16}$ per cent. unendorsed.

Savings In answer to inquiries as to the trend of their deposits since November 11, 1918, letters have been received from seventeen of the largest savings banks located in the larger cities in the six New England States.

Without exception, these banks have had an increase in deposits. In five cases this was classed as being extraordinarily large; in fact, four described it as the largest in their history. Of the other twelve, six had large, and six had moderate increases.

In some places, especially those having a foreign population, evidences of money having been hoarded are coming to light, and currency is being deposited in the same bank wrapper as when withdrawn, months ago.

The increase in deposits, however, is attributed more to the high wages being received, and now being saved. In one manufacturing center, on a recent pay day, the average deposit was about \$100, as compared with \$36 on a corresponding day in 1915.

Wool Curtailment of woollen mill production has not yet ceased. With few exceptions the output is limited to current demand, with no inclination to place future orders.

Some of the uncertainty in regard to costs has been removed by the equalization with the British price of issue of the Government upset prices at the auction sales. Only slight further readjustments are expected when the English auctions are resumed on April 2. The outlook is for a continuation of present prices until the middle of July or the first of August, when a sufficient amount of the new clip will come on the market to establish a new price level. This enables buyers to place orders with some certainty that prices will not be reduced in the immediate future, leaving them with high cost goods on their hands.

Confidence has been re-established to such an extent in the finer lines of goods that in a few cases prices have advanced slightly.

Imports are so restricted that the prices of foreign wool are not at present a real factor in this market. Some export of noils to England has been taking place.

Leather and Shoes

Raw material is higher today than when the armistice was signed, although the British embargo on leather imports by the concentration of buying under the control of one Governmental agent has tended to keep prices at a somewhat lower level than they would seek under free competition on the part of foreign buyers. Purchases by the British Government are understood to have been of considerable volume. In addition, other countries have been buying leather in this market, while at the same time foreign buyers of hides have outbid the American buyers in South America.

With no reduction in sight in the cost of raw material entering into shoes, it would seem that prices of shoes are bound to advance rather than to decline. The present confidence in price values has led some manufacturers to continue production, even with no orders on hand. The day-to-day demand for shoes is extremely good. Retailers continue to refrain from placing future orders until the last possible moment.

The general situation has been relieved to some extent by the lifting of the British embargo to the extent of 25 per cent. of pre-war exports. Collections continue good, the only exceptions being in the case of small dealers who have been unable to release money which they have tied up in rubbers and overshoes. These, owing to unusual weather conditions, have not been in the usual demand.

Cotton The cotton market is at a complete standstill. Mills still have a sufficient supply on hand for their limited immediate needs. Purchases are few and far between, causing wide price fluctuations. Even should Southern holders of cotton be inclined to sell at current prices, there would be no demand for any large quantity.

Such mills as are operating are only running a few days each week. The few sales which have taken place in print cloth have been for spot delivery in small lots, lots so small that there was scarcely any profit to the mills. With this condition and the general labor unrest, many mills are satisfied to shut down entirely and wait patiently for a return of demand.

At present the only noticeable buying is from manufacturers of automobile tires, who are again increasing their output. The prevalent opinion is that it is only a question of time before a strong, active demand will again arise for all grades of cotton goods.

Dry Goods Purchases from wholesale dry goods merchants for immediate resale continue good at reduced prices, which seem to have reached a more permanent basis. With little excess merchandise, and this constantly diminishing, retailers are being left in a strong position. Manufacturers and buyers are drawing nearer together on prices, and it would seem that soon a large volume of goods may be expected to move. Retailers are having a good demand for all lines except those strictly adapted to cold winter weather.

Total sales are in excess of those of last year at this time, and are inclined to show a steady increase. Bills outstanding are somewhat less than usual.

Imports and Exports For the month of January imports at the Port of Boston showed a decline of over 50 per cent. from January of the preceding year, and a decline of almost 50 per cent. from last December. Exports continue at almost the same level as in preceding months, with a slight tendency to decrease.

Building Operations and Lumber Building permits for new construction issued during the

month of January in six representative cities outside of Boston, although showing a large increase in number, declined over 80 per cent. in value, as compared with January, 1918. Permits for alterations in the same cities declined almost 50 per cent. in value from corresponding period in the previous year.

In Boston the same conditions hold true as to new construction, but there is a large increase in volume and value of alterations.

Houses built before the war continue to sell at less than the cost of new ones, and few new buildings are being started. There is, however, beginning to be felt a shortage of houses which must before long force prices up to the new cost level.

With only about 60 per cent. of the normal cut of logs in New England this winter, and these gotten out at last year's wage level, lumber dealers hold forth no prospects of cheaper lumber. In fact, supplies on hand are only moderate, and should foreign buyers, who only await the removal of present shipping restrictions and arrangement of satisfactory credit facilities, come into the market, there would probably be an actual shortage of lumber in this district.

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

Portland, Me. The amount of unemployment is small, with manufacturers continuing on a normal basis. Retail business holds up well. Dry goods merchants and clothiers are having early sales and doing a good business.

Burlington, Vt. Retail merchants are rapidly reducing their stocks, and consequently paying off their loans and bills. Local demand for money is light. Labor is more plentiful.

Worcester, Mass. Business conditions on the whole are fair, and the reaction has not been as drastic as was anticipated. Retail trade is fairly good and manufacturing is picking up. Banks are having many loans paid, and there is not much demand for money. There are several thousand out of work.

Springfield, Mass. Retail trade is improving. Manufacturers are having good business, except in the paper trade, which is poor. The unemployment situation is much better than a month ago.

New Bedford, Mass. Mills are looking for domestic orders to replace Government contracts, and hope to get back to former conditions, but the volume of business is not nearly up to what it should be. Building operations show quite an improvement. The labor situation is a little unsettled, and considerable unrest is apparent. The money market is seasonably quiet.

Providence, R. I. The jewelry trade is very good, with a shortage of skilled help. There is an unusual amount of unskilled labor unemployed. Many textile mills are running only a few days a week, to keep their organizations together, the goods going into stock. Mills making tire fabrics are busy. Retail trade is good. There is no unusual demand for money.

Hartford, Conn. Some concerns are coming back to normal conditions rapidly, especially rubber lines and automobile interests. Retail stores are urging sales. The money market is firm. There is considerable unemployment, but no disturbing features.

New Haven, Conn. Local industries are making plans to enter into new kinds of business and are slowly making changes to manufacture new goods. Retail trade is good, although this is a quiet time of the year. The commercial demand for money is light. The unemployed are gradually securing new positions, although some are going away from here, and others are resting awhile.

Postal Receipts in the larger cities in this district

	January, '19	January, '18	Change, %
Hartford	\$110,204	\$112,640	- 2.16
Lowell	24,400	25,165	- 3.03
New Bedford	27,140	25,609	+ 5.97
New Haven	77,285	79,386	- 2.64
Providence	121,360	109,504	+10.82
Worcester	70,170	72,484	- 3.19
Outside of Boston	\$430,496	\$424,788	+ 1.34
Boston	945,366	872,937	+ 8.29
Total	\$1,375,962	\$1,297,725	+ 6.02

Subscriptions to Certificates of Indebtedness

In Anticipation of the Fifth Liberty Loan

	Issue Dated Dec. 5, 1918	Issue Dated Dec. 19, 1918	Issue Dated Jan. 2, 1919	Issue Dated Jan. 16, 1919	Issue Dated Jan. 30, 1919	Total Subscription	Total Quota	Per cent. of Quota Subscribed
Rhode Island,	\$4,527,500	\$4,512,000	\$5,549,000	\$4,810,000	\$4,692,000	\$24,090,500	\$23,400,000	103.
Connecticut,	6,888,000	6,623,000	6,664,500	7,033,000	7,294,500	34,503,000	35,600,000	97.
Massachusetts,	31,657,000	29,257,000	42,734,000	32,728,000	32,153,500	168,529,500	174,900,000	96.
Maine,	2,366,000	1,872,000	2,294,500	2,106,000	2,011,000	10,649,500	12,200,000	87.
New Hampshire,	1,646,500	1,510,000	1,677,500	1,531,500	1,652,500	8,018,000	10,100,000	79.
Vermont,	816,000	1,236,000	1,235,000	882,000	996,500	5,165,500	8,100,000	64.
Total,	\$47,901,000	\$45,010,500	\$60,154,500	\$49,090,500	\$48,800,000	\$250,956,500	\$264,300,000	95.
Quota,	52,000,000	43,300,000	65,000,000	52,000,000	52,000,000	264,300,000		

Boston Clearing House figures compare as follows:

(In Thousands of Dollars)

	Feb. 15, '19	Jan. 19, '19	Feb. 16, '18
Number of Banks	11	11	11
Capital	\$33,200	\$33,200	\$33,200
Circulation	4,767	5,451	4,905
Loans and Discounts	525,167	482,062	476,410
Demand Deposits	412,278	403,700	392,771
Due to Banks	110,207	130,745	129,913
Time Deposits	12,635	22,254	22,787
Exchanges for Clearing	14,679	19,900	15,719
Due from Banks	65,053	95,685	84,553
Cash and Reserve with Federal Reserve Bank,	58,317	60,873	57,690
Excess Reserve and Cash,	13,663	18,921	14,765
Exchanges for week	281,084	309,856	260,667

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 Feb. 12, '19	Four Weeks Ending Jan. 15, '19
Bangor, Me.	\$12,026	\$12,262
Fall River, Mass.	28,390	28,325
Hartford, Conn.	76,490	84,221
Holyoke, Mass.	14,494	13,875
Lowell, Mass.	21,957	21,536
New Bedford, Mass.	24,570	24,487
New Haven, Conn.	66,885	67,307
Providence, R. I.	125,395	129,507
Springfield, Mass.	54,106	59,427
Waterbury, Conn.	26,723	32,686
Worcester, Mass.	64,293	65,797
Total outside of Boston	\$515,329	\$539,430
Boston	1,776,467	1,873,775
Total all Cities	\$2,291,796	\$2,413,205

Condition of Thirty-five Selected Member Banks

ON FEBRUARY 14, 1919
With Comparative Totals for January 17, 1919, and February 15, 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.	\$1,696	\$3,184	\$1,223	\$21,704	\$2,360	\$33,462	\$1,517	\$2,583
New Haven, Conn.	3,842	4,415	2,644	20,453	1,794	21,012	2,780	1,678
Providence, R. I.	1,674	13,803	4,086	96,736	5,128	52,481	43,451	3,997
Springfield, Mass.	1,970	4,680	1,728	21,851	1,775	21,264	2,873	1,728
Total outside Boston	9,182	26,082	9,681	160,744	11,057	128,219	50,621	9,986
Roston, Mass.	10,935	70,623	66,745	501,156	54,864	517,387	26,853	34,768
Total Feb. 14, 1919	20,117	96,705	76,426	672,900	65,921	645,606	77,474	44,754
Total Jan. 17, 1919	21,967	87,354	80,289	678,441	73,625	671,559	75,062	37,247
Total Feb. 15, 1918	26,651	34,314	716,600	54,253	613,038	81,430	33,689	

Statement of Condition of the Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES	LIABILITIES		
	Feb. 14, '19	Jan. 17, '19	Feb. 15, '18
Gold Reserve against F.R. Notes,	\$63,767	\$62,226	\$49,225
Gold Reserve against Deposits,	45,517	40,347	32,359
Total Gold	109,284	102,573	81,584
Legal Tender and Silver	5,250	3,572	5,990
Total Reserves	114,534	106,145	87,574
Discounts secured by U. S. Sec.,	146,403	118,394	146,403
Discounts — Commercial Paper	7,098	7,957	7,318
Bankers Acct. bought in open market,	11,213	15,354	14,923
U. S. Sec. pledged to secure circulation,	10,416	8,416	
Other U. S. Securities owned	538	1,848	2,824
Total Earning Assets	175,888	151,969	73,550
Uncollected Items	58,671	65,449	33,603
Other Resources	1,642	1,669	
Total Resources	350,736	325,232	194,727
F. R. Notes Net	\$155,884	\$148,985	\$80,985
F. R. Bank Notes Net,	9,577	7,442	
Due Treasury U. S.,	27,920	1,046	8,485
Due Members Net	98,880	103,822	77,116
Collection Items, etc.,	46,601	52,852	21,392
Gross Deposits,	173,401	157,720	106,993
Capital	6,773	6,709	6,006
Surplus	1,535	1,535	75
All other Liabilities,	3,566	2,841	668
Total Liabilities,	350,736	325,232	194,727

OFFICERS

CHARLES A. MORSS
Governor

CHARLES E. SPENCER, Jr.
Deputy Governor

FRANK W. CHASE
WILLIAM N. KENYON

CHESTER C. BULLEN
Deputy Governor and Cashier

Assistant Cashiers
ERNEST M. LEAVITT
HARRY A. SAUNDERS

FREDERIC H. CURTISS
Chairman and Federal Reserve Agent

RUSSELL B. SPEAR
Assistant Federal Reserve Agent

L. WALLACE SWEETSER
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