



Federal Reserve Bank OF BOSTON

Business and Money Conditions in the New England District

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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 25, 1919

Satisfactory progress is being made throughout the district in adjusting business to prevailing conditions.

Naturally some localities have made far more progress or have had fewer difficulties than others, and so a decidedly mixed situation prevails temporarily in New England as a whole. The trend, however, is very decidedly in the direction of better business, and it appears that for the present at least the worst is behind.

Several features are predominant: namely—retail trade has been and continues to be almost universally good; savings deposits, both in trust companies and savings banks, continue to increase at an extremely satisfactory rate; prices of some goods not only are not decreasing, but are even advancing; and those lines which have been stagnant are beginning to show signs of activity.

Labor Labor conditions, except in certain centres where strikes have been in progress, are by no means alarming, and many of those being released from war work are finding no great difficulty in obtaining employment, especially if willing to accept lower than war-time wages.

Money Rates have remained steady for the last two weeks, although somewhat higher than a month ago. Legitimate requirements are being cared for with no difficulty. Call money is quoted $5\frac{1}{2}$ per cent. to 6 per cent.; time money is quiet at $5\frac{3}{4}$ per cent. to 6 per cent., with some concessions on large accounts. Some commercial paper is being sold at $5\frac{1}{2}$ per cent., and in exceptional cases at $5\frac{1}{4}$ per cent. Bankers' acceptances are quoted $4\frac{3}{16}$ per cent. endorsed, and $4\frac{5}{16}$ per cent. unendorsed.

Cotton Unlike woolen mills whose raw material was all held by the Government, cotton mills had anticipated their needs for several months ahead on the basis of full production before the armistice was signed. Curtailment of production through reduction in working hours per week or through shut-downs has made stocks of cotton held by the mills last

almost twice as long as had been anticipated. As a consequence there is no demand for raw cotton in New England.

Probably mill production has increased slightly over a month ago. In one case it has been reported that several mills which were closed for a number of weeks are now running three days each week. Some mills, to keep their organization intact, have solicited orders for future delivery without fixing the actual sales prices. Curtailment has enabled the making of much needed repairs and re-arrangement of machinery on a more efficient basis.

Building Operations and Lumber New construction contemplated in Boston during February failed to equal in value that of February, 1918. Reports from twelve cities show the number of permits granted was much larger than a year ago. Alterations permitted were over 75 per cent. greater in value than in February, 1918.

The lumber market has already felt the effect of increasing building activity, with inquiries for lumber coming freely from scattered points. Sales are still far below normal, but have been in slightly larger volume than during the previous month. Most of the lumber sold has been for heavier types of construction and not for dwellings.

Dry Goods Wholesale merchants continue to experience a good demand for all classes of dry goods. As yet no great effort is being made to induce retailers to place future orders. Current demand alone is sufficient to create a good volume of sales and no further extreme reductions in prices have had to be made. Slight readjustments are occurring in both directions, with a general downward tendency.

Confidence is returning to retailers, who see no let-up in their own sales, which may be expected to grow steadily. Sales to consumers continue abnormally high, which may be accounted for in part by the demand of well-to-do purchasers who had greatly curtailed their consumption during the war. Considering the

volume of transactions, collections are extremely satisfactory.

Leather and Shoes

The leather market shows considerable more activity, with prices somewhat firmer. Shipments are going forward to an increased number of foreign countries from which import restrictions have been lifted, although in most cases it is still necessary to obtain import permits.

With continued buying on the part of foreign countries and only limited shipments of hides coming from South America through the port of Montevideo, there is no prospect of any reduction in the price of leather. Prices of shoes for fall deliveries are therefore being fixed with the expectation that there will be no further advance in the cost of production.

Slight reductions in the cost of findings are looked for and will offset any advances in the leather market which may possibly occur.

Domestic sales of shoes, both in number of pairs and value, greatly exceed those of last year. Dealers are using more care in placing orders, and buy only those styles which manufacturers are likely to carry for their own retail stores. In this way their limited capital can be used to better advantage through frequent re-orders. In general, factories are running well up to capacity which, due to less efficiency on the part of labor, is not nearly as great as previously.

Imports and Exports

Imports at the port of Boston are practically the same as a year ago. Exports, however, are almost double those of February, 1918.

Wool Results of the last wool auctions were extremely satisfactory. Wool was in good demand and even with larger offerings little was withdrawn.

The competition for Australian wool was so keen that considerable advances over upset prices were recorded.

The fact that there is a real demand on the part of woolen mills for about 75 per cent. of the stock of wool held by the Government indicates that the loss on this wool will be greatly reduced from early estimates.

In connection with English auctions it has been announced that there will be a reduction of 7½ per cent. in the British issue prices, and that American buyers will not be permitted to bid in the English market. This rather effectively removes all competition with the American Government in this market, as only small quantities of wool from Argentina have found their way here and been sold at prices under the upset prices of the auction.

It would seem that woolen mill production

has reached its lowest point, and from now on will begin to steadily increase. Increased demand is coming, especially from New York, for goods to fill present needs. Future orders are not yet forthcoming, and until they are placed the production of woollens will be very far below normal. An estimate has been made that mills are running at less than 50 per cent. of capacity, which produces an output that amply cares for current needs.

The following synopses from reports of bankers outline local conditions in representative cities.

Augusta, Me. General conditions are fairly satisfactory. Pulp and paper mills are running full, cotton mills are operating on reduced schedules, and shoe factories are practically closed down. Smaller industries are slightly below normal. Retail business is quiet and the local money market is easy. There are no signs of labor troubles, although closed shoe factories cause some idleness.

Lewiston, Me. Conditions are very favorable. Cotton mills are running on approximately a 75 per cent. basis of production. There is very little idle labor. Retailers are having good trade and the outlook for future business is very good indeed. Local demands for money are absorbing the current supply.

Concord, N. H. There is very little unemployment. Nearly all manufacturers are working six days a week, although a number of them have not many orders in advance. The local money market is fairly active.

Rutland, Vt. The amount of business being done by manufacturers and retailers is on the whole very satisfactory, and business appears to be adjusting itself without any great disturbance. There is some unemployment, but not enough to be serious. The local demand for money is quite active.

Brockton, Mass. All shoe manufacturing plants are operating to capacity and reports from salesmen indicate that a comfortable business may be expected. Factory payrolls are heavy, and there is but a slight surplus of labor. Many Government contracts were taken on a narrow margin and without the abnormal increase in wages effective in some lines. As a consequence, the return to a peace basis is not looked upon with much apprehension. The Government requirements have left the banks limited as to funds to invest in commercial paper.

Taunton, Mass. Cancellations and paucity of new orders have caused manufacturers, especially in textile and metal lines, to shorten hours and reduce the number

of their employees, resulting in considerable unemployment. Money is well employed, but there is no visible local stringency.

Fall River, Mass. The readjustment of business to a peace basis is proceeding slowly. Labor conditions are peaceful. Mills are on a forty-eight hour week, and two-thirds of the mills are only running three or four days a week. Some mills which have been shut down are starting up. Manufacturers are holding back what few goods they are making for better prices. Retailers are doing a good business. The local money market is strong.

Northampton, Mass. Silk manufacturers are very busy, with no falling off in orders. Labor conditions are in fair shape, with some shortage in the mills. The money market is a little easier. The prospects are for better labor conditions on the farms this year.

Pittsfield, Mass. Conditions in the textile trade are improving. The branch of the General Electric Company is employing 75 per cent. of its maximum help and running five days a week. The local money market is normal. Retail business is satisfactory. There is considerable unemployment.

Holyoke, Mass. General conditions are not very satisfactory. The paper business is absolutely flat. Many of the other industries are just moving, some running only two days a week. Retailers report business only fair. The local money market is unchanged.

Providence, R. I. The woolen business is beginning to show signs of life, and some orders are being received. The jewelry business is good in solid lines, but not in cheaper products. In some department stores, sales are ahead of last year. The unemployment is estimated at several thousand, although skilled jewelry workers are scarce. Money rates are $5\frac{1}{2}$ per cent. to 6 per cent., with some shading where large balances are carried.

Pawtucket, R. I. Many lines are dull, but no concern has entirely closed. The general feeling is one of optimism. Retail business is unusually good in all lines. Labor, except highly skilled, is plentiful.

Hartford, Conn. Business conditions can be looked upon as very favorable. Local factories are getting into line on a peace basis, and those formerly working on munitions are entering new fields. Retail stores report a good volume of business, with collections good.

There is some idle labor, but many employees leaving war work are finding employment in peace work. While there is not an over supply of funds in the money market, still there is no disposition to restrict credit.

Norwich, Conn. All the cotton mills are running, the woolen mills are just starting up, and a munition plant, which has been closed for several weeks, is ready to start with 1,000 employees. Collections are slow and business dull.

New Haven, Conn. The cancellation of war orders has been felt keenly and there is considerable unemployment, estimated at 7,500. Many of these people were attracted to New Haven from other cities during the war period. Manufacturers and business men are endeavoring to resume business on a peace basis and reabsorb employees released from munition work. The local money market rules at 6 per cent.

	February, '19	February, '18	Change. %
Hartford	\$101,492	\$102,967	- 1.43
Lowell	19,769	20,806	- 4.98
New Bedford	22,879	24,918	- 8.18
New Haven	89,056	78,722	+13.12
Providence	101,218	102,616	- 1.36
Worcester	60,481	61,482	- 1.62
Outside of Boston	\$394,895	\$391,511	+ 0.86
Boston	829,244	797,538	+ 3.97
Total	\$1,224,139	\$1,189,049	+ 2.95
Totals for January	\$1,375,862	\$1,297,725	+ 6.02

Subscriptions to Certificates of Indebtedness

In Anticipation of the Fifth Liberty Loan

	Issued in December	Issued in January	Issue Dated February 13	Issue Dated February 27	Issue Dated March 13	Total Subscription	Total Quota	Per cent. of Quota Subscribed
Rhode Island,	\$9,039,500	\$15,051,000	\$4,246,500	\$4,395,000	\$4,422,000	\$37,154,000	\$36,300,000	102.
Connecticut,	13,511,000	20,992,000	6,158,500	5,644,500	9,400,500	55,706,500	54,600,000	102.
Massachusetts,	60,914,000	107,615,500	33,587,000	27,981,000	30,572,000	260,669,500	266,500,000	98.
Maine,	4,238,500	6,411,500	1,952,500	1,656,500	1,589,000	15,848,000	18,200,000	87.
New Hampshire,	3,156,500	4,861,500	1,696,000	1,384,500	1,918,500	13,017,000	15,200,000	86.
Vermont,	2,052,000	3,113,500	781,000	847,500	552,000	7,346,000	12,100,000	61.
Total.	\$92,911,500	\$158,045,000	\$48,421,500	\$41,909,000	\$48,454,000	\$389,741,000	\$402,900,000	97.
Quota,	95,300,000	169,000,000	52,000,000	43,000,000	43,300,000	402,900,000		

Boston Clearing House figures compare as follows:

	(In Thousands of Dollars)		
	Mar. 22, '19	Feb. 21, '19	Mar. 23, '18
Number of Banks	11	11	11
Capital	\$33,358	\$33,200	\$33,200
Circulation	4,754	4,747	4,966
Loans and Discounts	533,150	519,875	489,406
Demand Deposits	434,286	410,125	415,777
Due to Banks	111,537	105,370	125,018
Time Deposits	12,346	12,686	21,108
Exchanges for Clearing	14,331	15,755	14,641
Due from Banks	67,632	63,878	85,275
Cash and Reserve with			
Federal Reserve Bank,	58,979	58,693	57,265
Excess Reserve and Cash,	12,223	14,726	12,544
Exchanges for week	329,456	231,367	263,505

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 Mar. 19, '19	Four Weeks Ending Feb. 19, '19	Four Weeks Ending Feb. 19, '18
Bangor, Me.	\$12,052		\$11,434
Fall River, Mass.	23,426		26,943
Hartford, Conn.	80,385		73,747
Holyoke, Mass.	12,119		13,772
Lowell, Mass.	17,597		21,093
New Bedford, Mass.	20,325		24,973
New Haven, Conn.	62,508		65,967
Providence, R. I.	108,024		117,522
Springfield, Mass.	45,200		50,886
Waterbury, Conn.	26,059		32,738
Worcester, Mass.	54,584		58,536
Total outside of Boston	\$462,279		\$497,611
Boston	1,653,897		1,677,976
Total all Cities	\$2,116,176		\$2,175,587

Condition of Thirty-eight Selected Member Banks

ON MARCH 21, 1919

With Comparative Totals for February 21, 1919, and March 22, 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	\$4,165	\$1,007	\$32,416	\$2,355	\$33,206	\$1,531	\$2,960
New Haven, Conn.	3,600	5,688	3,457	20,032	1,422	20,190	2,675	4,989
Providence, R. I.	1,635	18,736	4,285	99,436	3,008	53,612	43,284	4,575
Springfield, Mass.	1,798	6,230	2,533	22,056	1,489	22,369	3,147	1,350
Total outside Boston	8,719	34,819	11,282	173,940	8,274	129,367	50,637	13,874
Boston, Mass.	8,306	67,382	69,345	507,707	39,765	503,059	28,340	47,682
Total Mar. 21, 1919	17,025	102,201	80,627	681,647	48,039	632,426	78,977	61,556
Total Feb. 21, 1919	16,432	94,306	75,281	656,366	54,139	615,879	78,016	41,595
Total Mar. 22, 1918	11,320	39,991	35,402	732,623	60,025	602,939	75,910	74,916

Statement of Condition of the Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES				LIABILITIES			
	Mar. 21, '19	Feb. 20, '19	Mar. 22, '18		Mar. 21, '19	Feb. 20, '19	Mar. 22, '18
Gold Reserve against F. R. Notes,	\$66,972	\$64,651	\$50,496	F. R. Notes Net	\$165,338	\$158,190	\$90,844
Gold Reserve against Deposits,	35,387	45,687	59,827	F. R. Bank Notes Net,	13,034	9,989	
Total Gold	102,359	110,338	110,323	Due Treasury U. S.,	39,241	24,150	5,728
Legal Tender and Silver	6,334	5,650	4,383	Due Members Net	85,311	96,364	87,247
Total Reserves	108,693	115,988	114,706	Collection Items, etc.,	40,026	40,562	17,015
Discounts secured by U. S. Sec.,	136,864	138,158	46,906	Gross Deposits,	164,578	161,076	109,990
Discounts — Commercial Paper	5,085	7,831	9,923	Capital	6,775	6,773	6,351
Bankers Acct. bought in open market,	10,572	12,033	11,475	Surplus	2,996	1,535	75
U. S. Sec. pledged to secure circulation,	14,416	11,416		All other Liabilities,	2,351	3,691	800
Other U. S. Securities owned	538	538	3,144	Total Liabilities,	355,072	341,254	208,060
Total Earning Assets	167,475	169,976	71,448				
Uncollected Items	77,164	53,617	20,065				
Other Resources	1,740	1,673	1,841				
Total Resources	355,072	341,254	208,060				

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

WILLIAM WILLETT