



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., June 25, 1919

Increased activity is apparent in nearly all lines of trade, and it is the general consensus of opinion that conditions will remain good for a considerable time to come. Manufacturers are finding buyers ready to enter into future commitments and in many cases production is only restricted by inability to secure suitable experienced employees.

During the month, the embargo on the exportation of gold has been lifted and applications have been received in this district to permit sizable shipments. The promptness with which these have been granted is serving to a great extent to render unnecessary further shipments, and dollar exchange in South American countries has returned to more nearly normal.

As was the case following the Civil War, speculation has become popular and the stock exchanges have been having very active sessions at rising prices. Many new companies have been floated. Investors are being urged to exchange their savings and Government bonds for untried securities. However, Savings Banks and savings departments of Trust Companies are having increased deposits, due to the high wages being paid.

Labor There has been little change in the labor situation during the past month. Skilled labor in many lines is hard to obtain and large wages are being paid. In rural districts, the requirements for farm help are furnishing work for every one desiring employment. In some centres there is a surplus of unskilled labor, but this is mostly of the class which only works intermittently at any time. There is considerable unrest which is showing itself from time to time in small strikes, but there are at present none of a serious nature in progress in this district.

Money The tone of the money market remains unchanged, with rates a trifle firmer. Call money is 6 per cent., with time money $5\frac{1}{2}$ per cent. to 6 per cent., and commercial paper $5\frac{1}{4}$ per cent. to $5\frac{1}{2}$ per cent. Prime bankers' acceptances 90 days, $4\frac{3}{16}$

per cent. endorsed and $4\frac{5}{16}$ per cent. unendorsed.

Wool Considerable amounts of wool are being regularly disposed of by auction. At the present rate the amount to be left over when these auctions cease on July 1 will be approximately 60,000,000 pounds. However, most of this is of inferior grade and not wanted in this country at any price.

The spread that has existed for some time between the price of fine and medium grade wools is now rapidly decreasing as the latter are advancing. The demand for the best of the medium grades comes from manufacturers who desire to put a cloth on the market which can slightly undersell that made from fine wool and still answer every purpose which the other does.

Mills received orders so late that they will run well into September on this year's goods, and there may be considerable congestion during August and September when orders for spring delivery commence to be placed. Buyers are therefore extremely anxious to make sure of their goods and are willing to pay increased prices for early delivery. Mills seem to be operating very close to their normal capacity, with more skilled workers needed in most centers.

Cotton After a shut-down of three weeks, due to slight labor trouble, the New Bedford mills have opened again. The demand for fine goods exceeds production, and with the uncertainty in the cost of cotton there has been much hesitancy upon the part of the mills about booking future orders, except at considerable advances over current prices. Buyers in many cases are more than willing to pay these premiums in order to assure themselves of having goods when needed. Business at Fall River is above normal, with prices strengthening. Almost all lines are at a higher level than during the war.

The demand for cotton has not responded to the increased demand for cotton goods. In the case of extra staple, the shut-down at New Bedford left mills with present needs well cared for.

With a quiet market for cotton, prices have shown considerable variation, following, however, a general upward tendency. It is reported that some surplus short length cotton held here in New England, which was not wanted at the prevailing prices, has been sent South for export at a price sufficiently high to pay all extra shipping costs.

A shortage of skilled labor is universally felt, especially since the reduction in working hours has caused a corresponding decrease in the average day's output.

Dry Goods An exceptionally active demand for all classes of dry goods keeps up without abatement. Some of the larger retailers are experiencing great difficulty in obtaining goods for future sales. This has caused them to place orders longer ahead than is customary and offer premiums for prompt delivery. Distributors feel the effect of this heavy retail trade almost immediately, as dealers' stocks have not been large during recent months.

There is no indication that the present activity in these lines will cease for some time to come. Both distributors and retailers are therefore looking well into the future when supplying their needs.

Leather and Shoes The demand for shoes shows an improvement over last month. Manufacturers who have not had any Government contracts are now producing at maximum capacity. Others have almost reached this point, and all see the only hope of further increase is from greater efficiency on the part of the employees and additional labor-saving devices. More skilled labor could be readily used if available. Higher prices have so far had no effect on the shoe-buying public, and retailers are obliged to re-order frequently. Credits in this line are steadily improving, with only a small percentage of overdue bills outstanding, and a larger number of dealers are taking discounts.

As Europe is still in the market for leather, even the release of surplus holdings by the Government at auctions did not check prices from advancing further. Tanners are endeavoring to buy from one another, and manufacturers are finding it continually more difficult to buy in advance the grades needed for their output.

Lumber and Building Operations Heavy buying of lumber on the part of retailers has become general. Supplies that ordinarily would have been purchased earlier in the season are now wanted for immediate delivery. Small mills speedily sold out their entire stock, while the larger mills found it possible only to fill the immediate needs of their regular customers.

All others are forced to wait until more lumber is sawed. This unusually heavy demand sent prices up from \$2.00 to \$5.00 a thousand. These advances were not sufficient to materially check the demand.

Notwithstanding this eleventh hour buying, building in general is far below normal. The number and value of permits issued for new construction in May shows very large gains over the preceding month and the same month of the previous year. Only one out of the fourteen reporting cities indicates a decrease over the corresponding month last year. The estimated cost of alterations is not varying much from month to month, with actual construction far behind the permits issued.

Crops The hot spell during the first week of June gave most crops a good start. This, followed by plenty of moisture and another hot spell, has made the general condition excellent.

Strawberries and cherries ripened well in Connecticut. Potatoes are coming up early in Maine, although they may be injured by potato bugs, which are plentiful. Pastures and mowing fields are in unusually good shape.

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

Augusta, Me. Mills and factories are having good business with the outlook promising. Building operations are curtailed and money conditions are normal.

Lewiston, Me. Cotton manufacturers report splendid business with a large demand for goods at satisfactory prices. Labor conditions are good with no disturbances in sight. The money market is comfortable and bank deposits are growing, but local demand is sufficient to use up available funds.

St. Albans, Vt. Merchants are doing an unusually good business and the outlook for farmers is encouraging. The crop conditions seem to be ideal, especially favoring hay. There is very little unemployment, the demand for farm help being sufficient to care for any who wish to work.

Rutland, Vt. Business is fairly good and promises increased activity. Labor conditions are normal and there is no unemployment. In the marble line there is rather a scarcity of common labor. The building trade continues to be somewhat dull.

Concord, N. H. Practically all of the manufacturing industries are very busy. The woolen mills have plenty of orders as have the cotton yarn mills. There seems to be a scarcity of help in these two industries.

Retail merchants are doing a very good business. There is an active demand for money, accentuated by the high cost of raw material.

Greenfield, Mass. Manufacturers are receiving a large number of orders, but the individual amounts are smaller than normal, indicating that people are cautious in buying. Retail trade is good. Labor conditions are excellent, with little unemployment. The local money market is in a comfortable condition.

Northampton, Mass. Business is excellent. The labor market is quiet, with few people unemployed. The local money market is narrow. Retailers on the whole are doing a larger business than in 1918.

Holyoke, Mass. The paper mills are running at from 60 per cent. to 75 per cent. of capacity. Textile mills are running full time and are very busy. Retailers are enjoying a large volume of business. Labor conditions have been more or less unsettled, but seem to be improving. Conditions in the local money market have improved, and banks have been more liberal during the last month in making local loans. Savings banks are beginning to make some loans on real estate.

Lowell, Mass. The cotton and woolen mills are all busy on profitable work. Retail trade is satisfactory, with merchants reporting good business. Skilled labor finds difficulty in procuring employment, and there is a surplus of this class of help. There are ample funds in the local money market to care for the needs of the community.

New Bedford, Mass. The recent strike in the cotton mills has of course affected retail trade. Prior to that business was good, and there is a feeling that in a few weeks this condition will return. The outlook for the mills is exceedingly bright, as there is an actual shortage of fine goods all over the world. Most of the other industries are busy, running full time. The local money market is firm at 5½ per cent. to 6 per cent., and there is a good demand for money on account of the high prices of cotton and other commodities.

Attleboro, Mass. Business in general is very good. Manufacturers are running their factories to capacity, many being two or three months behind on their orders. There is a scarcity of help. Retailers are having an excellent business. There is a large demand for money, due to increased business together with the requirements for Federal taxes.

Providence, R. I. Conditions seem to be improved in general business over a month ago, although there is still some hesitation in buying in certain lines. There is very little building, but an increased number of inquiries. Jewelry manufacturers have more orders than they can handle because of lack of experienced help. Retail business is greatly increased over last year. Time money is quoted at 5½ per cent. with some signs of stiffening.

Hartford, Conn. Business in manufactured goods and merchandise is extremely active. Department stores are reporting large sales, as people have money and are spending it freely. All staple commodities are in demand, but sales are limited by the inability of merchants to procure the goods. Building activities are going on at a good pace. Lumber merchants report good business, notwithstanding the fact that prices are the highest on record. There is practically no unemployed labor, and in some kinds of skilled help there is an actual shortage. Banks at the present time are rather short of funds and are not loaning as freely as heretofore.

New Haven, Conn. The dropping off of munition work has caused a loss of income to the community, but in other lines manufacturers are busy and prosperous. Labor conditions have improved, although the wage rate is still high. There is less unemployment than two months ago. Retail business is considered good. The local money market is easy, with loans on real estate at 6 per cent. and a growing disposition on the part of banks to make loans.

Subscriptions to Victory Notes

| | Quotas | Subscriptions | Per Cent. Subscribed | Final Allotments | Per Cent. Subscription Allotted |
|-------------------------|----------------------|----------------------|----------------------|----------------------|---------------------------------|
| Maine | \$17,348,800 | \$18,837,700 | 108.58 | \$18,084,550 | 96.00 |
| New Hampshire | 15,279,600 | 16,867,050 | 110.89 | 15,653,800 | 92.80 |
| Vermont | 9,515,000 | 11,588,100 | 121.78 | 11,135,600 | 96.09 |
| Massachusetts | 245,356,600 | 252,364,450 | 102.85 | 222,114,650 | 88.01 |
| Rhode Island | 37,500,000 | 45,290,050 | 120.77 | 38,077,500 | 84.07 |
| Connecticut | 50,000,000 | 82,276,400 | 164.54 | 66,844,050 | 81.24 |
| Total | \$375,000,000 | \$427,223,750 | 113.92 | \$371,910,150 | 87.05 |

Boston Clearing House figures compare as follows:

| | (In Thousands of Dollars) | | |
|--------------------------|---------------------------|-------------|--------------|
| | June 21, '19 | May 17, '19 | June 22, '18 |
| Number of Banks | 11 | 11 | 11 |
| Capital | \$31,900 | \$34,200 | \$33,200 |
| Circulation | 4,730 | 4,739 | 4,983 |
| Loans and Discounts | 580,179 | 550,565 | 503,058 |
| Demand Deposits | 464,776 | 426,147 | 406,834 |
| Due to Banks | 116,236 | 127,916 | 125,823 |
| Time Deposits | 12,308 | 11,967 | 15,475 |
| Exchanges for Clearing | 19,595 | 17,335 | 15,416 |
| Due from Banks | 68,445 | 68,755 | 84,586 |
| Cash and Reserve with | | | |
| Federal Reserve Bank, | 65,724 | 62,545 | 60,874 |
| Excess Reserve and Cash, | 16,058 | 15,389 | 11,744 |
| Exchanges for week | 402,914 | 337,621 | 457,187 |

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 June 18, '19 | Four Weeks Ending May 21, '19 |
| Bangor, Me. | \$17,891 | \$13,987 |
| Fall River, Mass. | 36,650 | 34,262 |
| Hartford, Conn. | 127,155 | 92,932 |
| Holyoke, Mass. | 13,043 | 13,175 |
| Lowell, Mass. | 23,252 | 21,496 |
| New Bedford, Mass. | 30,743 | 28,401 |
| New Haven, Conn. | 64,308 | 66,849 |
| Providence, R. I. | 177,645 | 137,781 |
| Springfield, Mass. | 61,460 | 52,114 |
| Waterbury, Conn. | 29,138 | 27,070 |
| Worcester, Mass. | 68,700 | 65,443 |
| Total outside of Boston | \$649,985 | \$553,510 |
| Boston | 1,867,319 | 1,784,837 |
| Total all Cities | \$2,517,304 | \$2,338,347 |

Condition of Forty-two Selected Member Banks

ON JUNE 20, 1919

With Comparative Totals for May 16, 1919, and June 21, 1918

| | (In Thousands of Dollars) | | | | (In Thousands of Dollars) | | | |
|-------------------------------------|--------------------------------------|-------------|--------------|------------------|---------------------------|-------------|--------------|------------------|
| | Twenty-three Banks outside of Boston | | | | Nineteen Banks in Boston | | | |
| | June 20 1919 | May 16 1919 | June 21 1918 | % Change in year | June 20 1919 | May 16 1919 | June 21 1918 | % Change in year |
| U. S. Bonds and Notes | \$24,574 | \$19,569 | \$15,983 | + 53.75 | \$14,693 | \$16,456 | \$13,282 | +10.62 |
| U. S. Certificates | 20,749 | 44,828 | 4,651 | +346.11 | 31,707 | 69,512 | 16,643 | +90.51 |
| Loans secured by U. S. obligations, | 16,619 | 15,049 | 20,634 | - 19.45 | 50,341 | 60,924 | 44,988 | +11.89 |
| Other loans and investments | 228,323 | 221,022 | 228,603 | - .12 | 586,546 | 460,539 | 561,091 | + 4.53 |
| Reserve F. R. B. | 13,920 | 14,726 | 13,531 | + 2.87 | 53,490 | 46,033 | 50,006 | + 6.96 |
| Net Demand Deposits | 156,943 | 166,886 | 149,539 | + 4.95 | 539,996 | 461,777 | 498,281 | + 8.37 |
| Time Deposits | 71,809 | 71,816 | 68,478 | + 4.87 | 33,357 | 29,937 | 25,485 | +30.88 |
| Gov. Deposits | 19,500 | 7,908 | 22,517 | - 15.47 | 62,890 | 26,513 | 96,898 | -35.09 |

Statement of Condition of the Federal Reserve Bank of Boston

(In Thousands of Dollars)

| RESOURCES | | | | LIABILITIES | | | |
|---|----------------|----------------|----------------|---------------------------|----------------|----------------|----------------|
| | June 20, '19 | May 23, '19 | June 21, '18 | | June 20, '19 | May 23, '19 | June 21, '18 |
| Gold Reserve against F. R. Notes, | \$70,563 | \$71,257 | \$64,848 | F. R. Notes Net | \$172,757 | \$169,647 | \$109,955 |
| Gold Reserve against Deposits, | 46,946 | 42,289 | 70,639 | F. R. Bank Notes Net, | 16,638 | 16,466 | |
| Total Gold | 117,509 | 113,546 | 135,487 | Due Treasury U. S., | 44,023 | 9,605 | 3,277 |
| Legal Tender and Silver | 7,408 | 7,716 | 2,539 | Due Members Net . | 101,514 | 103,744 | 89,291 |
| Total Reserves | 124,917 | 120,262 | 138,026 | Collection Items, etc., | 50,780 | 51,920 | 26,727 |
| Discounts secured by U. S. Sec., | 143,556 | 144,102 | 54,844 | Gross Deposits, | 196,317 | 165,269 | 121,057 |
| Discounts—Commercial Paper | 5,155 | 5,199 | 33,457 | Capital | 6,877 | 6,849 | 6,474 |
| Bankers Acct. bought in open market, | 19,056 | 15,859 | 20,336 | Surplus | 2,996 | 2,996 | 75 |
| U. S. Sec. pledged to secure circulation, | 16,916 | 16,916 | | All other Liabilities, | 3,034 | 2,674 | 732 |
| Other U. S. Securities owned | 568 | 556 | 2,032 | Total Liabilities, | 398,619 | 363,901 | 238,293 |
| Total Earning Assets | 185,252 | 182,632 | 68,212 | | | | |
| Uncollected Items | 86,344 | 57,948 | 32,055 | | | | |
| Other Resources | 2,107 | 2,059 | | | | | |
| Total Resources | 398,619 | 363,901 | 238,293 | | | | |

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