



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., July 25, 1919

There is apparently no abatement in the general industrial activity in New England. The raw material market and labor unrest have made the problems which our manufacturers face increasingly difficult.

The increased demands of labor for higher wages, with increased inefficiency after these demands are met, together with the rising cost of all material entering into our industries, would be unsurmountable were it not for the fact that orders continue to come in, the wholesaler, jobber, and retailer having demands from the public of such a character that they do not hesitate to place orders even on the increased level. While the present condition of the manufacturer is such that his profits are somewhat curtailed, most retailers, on the other hand, apparently are able to procure an even wider margin of profit than heretofore.

The high cost of building, owing to the demands of labor in the building trade, has retarded construction. This has caused a considerable boom in real estate where buildings can be utilized without undue cost for alterations.

This is a period of the year when money rates in this district are seasonably at their lowest points. However, the industrial activity, together with the results of Government financing, have kept money at a point where banks are only taking care of their ordinary commitments, and are hesitating about taking on new business calling for further advances.

Savings bank deposits in the district continue to increase, and while it is impracticable to get statistics covering the savings deposits in the entire district, those of the Massachusetts savings banks alone show an increase since the first of the year of some \$50,000,000, and the savings deposits of the Trust Companies, no doubt, show a proportionate increase.

Labor Eastern Massachusetts has probably been more affected by unsettled labor conditions than at any previous time. Strikes have occurred on the two largest street railway systems and at one large gas plant, shutting consumers off from all supplies for three days.

There has been considerable disturbance in various centers. The shortage of skilled labor is becoming more and more noticeable and there does not seem to be in any center much of a surplus of unskilled workers.

Money Money rates have remained extremely firm and have not reflected the erratic condition prevailing in the New York call rates. Call money is 6 per cent., with time money $5\frac{1}{2}$ per cent. to 6 per cent., and commercial paper ranging around $5\frac{1}{2}$ per cent., some at $5\frac{1}{4}$ per cent. Prime bankers' acceptances 90 days, $4\frac{3}{16}$ per cent. endorsed and $4\frac{5}{16}$ per cent. unendorsed.

Wool Since the suspension of Government wool auctions, methods of doing business have returned to almost normal. The demand, however, is in excess of normal, with mills buying all fine wool obtainable. These heavy purchases of fine wool, which seem to be for current needs only, have caused prices to advance further and would indicate an ever growing shortage in this grade of wool. Relief from these high prices cannot be expected until the Australian markets are open to the world and sufficient transportation becomes available. The medium grades of wool are in somewhat greater demand with large supplies available, which tends to prevent such rapid advances in prices as occurred in the case of fine wool. The Western clip has been moved at prices considerably in advance of those anticipated early this Spring. This clip probably will exceed by an appreciable amount that of last year.

Woolen mills, without notable exception, are operating to capacity, which is somewhat limited on account of the difficulty in obtaining skilled help. Government orders have been reduced to a negligible percentage of the total production. Even with the entire capacity used for commercial needs, the demand is in excess of the output.

Cotton Cotton mills are oversold and many are declining business for the future, owing largely to the great uncertainty of not

being able to obtain sufficient long staple cotton. In general the mills wait until they have actually purchased the cotton before accepting orders. Production is also limited by a shortage of skilled labor. The difficulty in obtaining cotton of the desired quality, together with the fact that mills have been buying only to cover orders, has made the cotton market very quiet. Advances are continually being made, however, as sales occur.

The demand for cotton goods is extremely heavy, especially for the more fancy lines made from long staple cotton. There have been marked advances in prices for finished products, wide sheetings being about the only line which has lagged behind. Even this is beginning to show a decided improvement. Distributors are loath to encourage speculation and as a rule are not buying largely in excess of the demands of their normal trade.

Dry Goods Both retailers and distributors of dry goods report little change in the situation from the past month. Sales continue very heavy, although increases over the same period last year are not quite as large as in the Spring. The percentage increase is still considerable. Distributors find it difficult to care for more than their regular trade. Additional lines of goods are becoming scarce as the consumption is far in excess of current production. The result of the silk hosiery strike in the Spring is most apparent now, there being a real vacuum in that line.

In the main reduction in output on the part of manufacturers, due to shorter working hours and less efficiency on the part of employees, has necessarily increased the expense of producing each article. Additions to plants are in some cases under way in order to keep the capacity up to the normal point.

Leather and Shoes Shoe manufacturers are producing at capacity, with sales exceeding those of last year at this time, in unit pairs as well as in value. The larger manufacturers seem to have provided sufficient leather for their requirements and are thus able to sell shoes on the basis which existed when present stocks were purchased. In some lines, however, the demand is greater than the supply, and salesmen have had to be withdrawn. The prospect is that both next season's goods and those of the season after will be sold at a considerable advance. Hides continue to be very scarce and there is no definite price at which a dealer may obtain them. Most purchasers are only too glad to pay any price asked in order to supply their needs.

While shipments of hides from South

America bid fair to be more free, this fact does not seem likely to promise reduction in prices, the hides having previously been purchased.

Lumber and Building Operations

With but few exceptions, reporting cities show appreciable increase in the value of new building permits issued during June, both as compared with the previous months and the same month last year. This is especially noticeable in the case of the cities of Worcester, New Bedford, Springfield, and those in Connecticut, where numbers of new dwelling houses are under construction. Although for the first six months of this year construction in this district is below the ten-year average, it is of such proportion as to have caused an acute shortage in the limited supply of building material.

Prices have jumped at frequent intervals and there seems no likelihood of the maximum being reached in the immediate future. Grades of lumber which five or six years ago sold for twenty and twenty-three dollars per thousand have reached forty-five and forty-eight dollars, and are hard to obtain. The smaller dealers and those who sold at low prices last spring in order to keep stock moving, are now without lumber and must buy it wherever it is to be found.

Crops Recent showers were a relief to some crops, but additional rain is still needed in many parts of this district. A good hay crop was cut in Vermont and New Hampshire, but in the rest of New England it was somewhat lighter than usual. Corn has made excellent progress, and potatoes, although below normal in acreage, are in good condition. Minor crops promise good yields, while blueberries and blackberries are abundant.

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

Bangor, Me. There is a great demand for common laborers in the woods and at the mills. In the local money market there is an active demand for money. Deposits are growing in all the banks. Retail dealers never have done such a volume of business. Price is not a consideration if they have the goods a customer wants. Paper manufacturers are having a rather dull business.

Portland, Me. Local manufacturing concerns report a nominal volume of orders and appear optimistic as to the future. The local labor situation is good with apparently little idleness. There has been a good demand for money with borrowing rates at 6 per cent.

Manchester, N. H.

There is no unemployment in this city other than that caused by labor disturbances of a comparatively minor nature. There is, in fact, a scarcity of skilled labor. Manufacturers are busy except in cases where their output is restricted by labor troubles. Retail merchants report large sales. Money is in sufficient supply to meet local demands.

Bennington, Vt.

Retailers are doing a good business. Manufacturers are running along well and orders are coming faster. The local money market is somewhat close. Labor is scarce and very unsettled.

Attleboro, Mass.

Jewelry manufacturers are unusually busy, some being months behind on their orders. There is still a scarcity of help. Retailers appear to be doing excellent business and a spirit of optimism prevails. There is a strong local demand for money.

Fall River, Mass.

Labor conditions are normally quiet. There is considerable unnecessary unemployment, for the mills are in many instances short of the number of hands needed. Mills are booked with orders for several months ahead. The prevailing rate in the local money market is $5\frac{1}{2}$ per cent. up. Manufacturers and retailers report a good and profitable business.

Greenfield, Mass.

Manufacturers are all busy and are making fair profits. There is very little unemployment and a demand for skilled mechanics beyond the supply. Retail trade is excellent and merchants say collections are satisfactory. There is a good demand for money.

Holyoke, Mass.

The paper business is improving and most of the mills are now running full time. The building of houses is gaining and money is much more plentiful. There is not much unemployment, especially on outside work.

New Bedford, Mass.

Mill operatives have received an increase in wages in the last two years aggregating more than 80 per cent., and hours of labor decreased

from fifty-four to forty-eight a week. At present there is no labor unrest. Mills have a shortage of labor and at present are having exceedingly good business. Just now there is quite a competition for the purchase of houses and a great deal of new construction going on.

Worcester, Mass.

Labor conditions are very uncertain. There is at present a strike involving two thousand. Moulders in foundries are also "all out." The gas company recently had a strike which is now settled. Local money market is quiet but firm. Manufacturers are as a rule doing capacity business. Retail trade is even better than last year, which was a record year.

Providence, R. I.

Business is good. Cotton manufacturers are getting good prices, running full, and only limited by the amount of labor available. In the machinery trade there is a shortage of skilled labor. The same condition is reported by the manufacturers of hardware. Retail trade is fully up to normal. There is a demand for several hundred skilled workers which cannot be supplied and farm laborers are hard to obtain.

Meriden, Conn.

Number of unemployed is small and would seem to be mostly incompetent or inefficient help. Customers are buying freely. Manufacturers have plenty of orders on their books, and retailers are doing a maximum amount of business.

Waterbury, Conn.

A recent strike of unskilled labor has been satisfactorily adjusted with a 25 per cent. wage increase. A shortage of labor exists, particularly unskilled. All concerns are very busy and the retailers report a very satisfactory volume of business. Local money rates are 6 per cent.

Building Permits Issued in the Leading Cities of this District

JANUARY 1 TO JULY 1

	1919		% Change
	Amount	1918 Amount	
Brockton	\$357,300	\$71,065	+402.77
Fall River	268,410	136,556	+ 96.55
Fitchburg	85,615	120,355	- 28.86
Hartford	1,601,526	1,317,562	+ 21.55
Lawrence	415,703	639,168	- 53.75
Lowell	927,715	735,793	+ 26.08
Lynn	394,708	42,400	+330.91
Manchester	288,137	86,553	+232.90
New Bedford	1,271,690	356,300	+256.91
New Haven	2,277,012	2,405,052	- 5.31
Portland	173,802	153,187	+ 13.45
Springfield	1,166,436	501,940	+132.38
Worcester	1,144,898	687,189	+ 66.60
Total Outside of Boston	\$10,372,952	\$7,253,120	+ 43.01
Boston	2,238,515	2,741,032	- 18.33
Total	\$12,611,467	\$9,994,152	+ 26.18

Six Months Sales of War Savings Stamps

TO JUNE 30, 1919

	Amount	Per Capita
Maine	\$361,301.13	\$0.47
New Hampshire	322,691.68	0.73
Vermont	164,802.95	0.45
Massachusetts	2,936,574.99	0.78
Rhode Island	750,757.53	1.20
Connecticut	832,031.78	0.66
Total	\$5,368,160.06	\$0.74

Boston Clearing House figures compare as follows:

	(In Thousands of Dollars)		
	July 10, '19	June 21, '19	July 20, '18
Number of Banks	11	11	11
Capital	\$34,200	\$31,900	\$33,200
Circulation	4,703	4,730	4,966
Loans and Discounts	557,693	580,179	481,565
Demand Deposits	465,443	464,776	424,263
Due to Banks	121,889	116,236	123,353
Time Deposits	11,803	12,308	14,945
Exchanges for Clearing	21,304	19,595	15,888
Due from Banks	85,646	68,455	90,357
Cash and Reserve with			
Federal Reserve Bank,	69,532	65,724	57,563
Excess Reserve and Cash,	21,140	16,058	12,977
Exchanges for week	416,129	402,914	336,791

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 July 10, '19	Four Weeks Ending June 18, '19	Four Weeks Ending June 18, '18
Bangor, Me.	\$22,168		\$17,891
Fall River, Mass.	36,404		36,650
Hartford, Conn.	157,645		127,155
Holyoke, Mass.	19,889		13,043
Lowell, Mass.	23,470		23,252
New Bedford, Mass.	35,156		30,743
New Haven, Conn.	65,595		64,308
Providence, R. I.	190,031		177,645
Springfield, Mass.	73,757		61,460
Waterbury, Conn.	29,875		29,138
Worcester, Mass.	77,270		68,700
Total outside of Boston	\$731,260		\$649,985
Boston	2,135,914		1,867,319
Total all Cities	\$2,867,174		\$2,517,304

Condition of Forty-two Selected Member Banks

ON JULY 18, 1919

With Comparative Totals for June 20, 1919, and July 19, 1918

(In Thousands of Dollars)

	Twenty-three Banks outside of Boston				Nineteen Banks in Boston			
	July 18 1919	June 20 1919	July 19 1918	% Change in year	July 18 1919	June 20 1919	July 19 1918	% Change in year
U. S. Bonds and Notes	\$27,085	\$24,574	\$15,896	+ 70.38	\$13,307	\$14,693	\$13,716	- 2.98
U. S. Certificates	12,795	20,749	7,154	+ 78.85	30,576	31,707	22,645	+35.02
Loans secured by U. S. obligations,	16,750	16,619	8,584	+ 95.13	55,734	50,341	37,321	+49.33
Other loans and investments	225,891	228,323	224,657	+ .54	566,650	586,546	549,717	+ 6.71
Reserve F. R. B.	13,532	13,920	13,491	+ .30	54,705	53,490	53,163	+ 2.90
Net Demand Deposits	159,450	156,943	154,424	+ 1.59	562,181	539,996	495,042	+13.56
Time Deposits	72,401	71,809	68,811	+ 5.21	32,924	33,557	25,021	+31.86
Gov. Deposits	11,490	19,500	12,427	+ 7.54	21,674	62,890	49,821	-56.49

Statement of Condition of the Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES

	July 18, '19	June 20, '19	July 19, '18
Gold Reserve against F. R. Notes,	\$73,910	\$70,563	\$59,686
Gold Reserve against Deposits,	47,992	46,946	51,160
Total Gold	121,902	117,509	110,846
Legal Tender and Silver	6,531	7,408	2,953
Total Reserves	128,433	124,917	113,799
Discounts secured by U. S. Sec.,	130,820	143,556	57,809
Discounts—Commercial Paper	6,910	5,155	28,364
Bankers Acct. bought in open market,	23,445	19,056	24,683
U. S. Sec. pledged to secure circulation,	21,436	16,916	
Other U. S. Securities owned	557	568	2,545
Total Earning Assets	183,168	185,252	113,401
Uncollected Items	77,329	86,344	45,545
Other Resources	2,019	2,107	772
Total Resources	390,949	398,619	273,517

LIABILITIES

	July 18, '19	June 20, '19	July 18, '18
F. R. Notes Net	\$178,961	\$172,757	\$121,466
F. R. Bank Notes Net,	16,668	16,638	
Due Treasury U. S.,	13,643	44,023	15,532
Due Members Net	106,635	101,514	93,439
Collection Items, etc.,	61,855	50,780	34,773
Gross Deposits,	182,133	196,317	143,744
Capital	6,877	6,877	6,474
Surplus	5,206	2,996	75
All other Liabilities,	1,104	3,034	1,758
Total Liabilities,	390,949	398,619	273,517

OFFICERS

CHARLES A. MORSS
Governor

FREDERIC H. CURTISS
Chairman and Federal Reserve Agent

CHARLES E. SPENCER, Jr.
Deputy Governor

CHESTER C. BULLEN
Deputy Governor

WILLIAM WILLET
Cashier

CHARLES F. GETTEMY
Assistant Federal Reserve Agent

Assistant Cashiers

FRANK W. CHASE
WILLIAM N. KENYON

ERNEST M. LEAVITT

L. WALLACE SWEETSER
HARRY A. SAUNDERS