



Federal Reserve Bank

OF BOSTON

Business and Money Conditions in the New England District

as prepared by Frederic H. Curtiss, Chairman and Federal Reserve Agent.

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., August 25, 1919

The industrial unrest has overshadowed all other factors in this district during the past month. The interference with transportation facilities, traction and railroad, has placed a burden on all lines of industry which has caused for the most part a general slowing down, largely due, however, thus far to apprehension of the manufacturer rather than through any direct slackening up of business demand. Retail business continues exceptionally good. The banking situation is much improved over the previous month. Savings banks report in all but a few sections increased deposits, and the demand on commercial banks for accommodation, especially from cotton and woolen industries, has fallen off to a considerable extent.

Money rates, with a continued demand for Government financing, remain much the same, banks for the most part limiting their commitments for their own customers, preparing themselves for the usual seasonable fall demand.

Money Owing to redemptions of Certificates of Indebtedness and lessened reserve requirements, member banks have, during the last few days, reduced their borrowing from the Federal Reserve Bank. Although money has been in more plentiful supply rates have remained extremely firm and have not reflected the extreme conditions prevailing in the New York market. Call money is generally 6 per cent., with time money at $5\frac{1}{2}$ 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, $4\frac{5}{16}$ endorsed and $4\frac{3}{8}$ unendorsed.

Labor Labor troubles continue to cause great local inconvenience to the people of New England, being largely confined, however, to the transportation field. The strike of railroad shop men and others resulted in a freight embargo which, during its continuance, prevented shipments to and from the mills. From correspondents generally come reports that substantially the only unemployment is that caused by unwillingness to work, the only idleness being due to strikes. The shortage of

skilled workers is everywhere noticeable with the possible exception of the building trades. Employment offices have more requests for workers than can be supplied. Unskilled labor is decidedly short.

Wool The wool market is somewhat quieter than a month ago. Prices continue extremely firm. Most of the mills have sufficient wool with which to complete present contracts, but have no surplus supplies. Dealers feel that they are not warranted in buying much wool at the present price level and they are not expected to be purchasers at the London auctions, even should the quality be such as is needed here. Some mills may take advantage of the opportunity to get certain grades of wool. The needs of European mills are so great, however, that it does not seem likely that prices will fall sufficiently to make it profitable to import wool here. This year contracts for fall delivery are still in process of completion and many customers have already placed orders for next season. This has kept mills going at about their normal capacity. Recent offerings of the American Woolen Company for next spring were so small that many buyers got less than 10 per cent. of their usual needs.

Cotton Uncertainty is again in evidence among the cotton mills. Some resales of goods have been made at cut prices. Most mills refrain from meeting these cuts as they have plenty of business booked. On the other hand, sales for spot delivery have taken place at much higher prices. Although mills would like to operate night and day, it is impossible to obtain help for this purpose, owing to the higher wages being earned by employees who do not feel the need of working nights for additional pay. The cotton market continues about the same. Sales of the shorter staples show real declines in price, while long staple has not ceased to advance. Some holders of cotton are now accepting offers which were turned down only a short while ago.

Dry Goods An unusually large amount of dry goods are being sold. Those

who earlier sold for fall delivery are finding it very difficult to make these deliveries on time. Manufacturers have in some cases actually demanded and received more than their contract price, due to unexpected wage increases. This has caused considerable advances in the cost to the consumer. On the whole, prices may be said to be somewhat more steady, and the larger buyers, although still committing themselves for a lead, are keeping a sharp outlook for indications of a change.

Shoes and Leather The volume of shoe sales is only limited by manufacturing capacity, but manufacturers hesitate to make expensive additions to plant owing to the uncertainty of future conditions affecting business. So much of the present call is for the better grades of shoes that one manufacturer reports that parts of leather left over are being sold to Europe rather than being used in cheap shoes, which do not have a ready market. An interesting sidelight on the psychology of the current attitude of the public on the high cost of living is furnished by an instance cited of a lot of shoes which were moving slowly being cleaned up at once on the price being raised \$1.00.

Leather is not in quite as great demand as a few weeks ago, but while prices have become steadier it is still high, with further increase anticipated. Hides are scarce, with European buyers outbidding Americans in foreign markets.

Lumber and Building Although of good volume, the demand for lumber at present high prices has fallen off somewhat. During the strike of railroad shopmen stock accumulated to such an extent that some mills shut down temporarily, but with the lifting of the embargo production was resumed. The present outlook is, however, that this winter's cut will be smaller than usual since lumber men do not want to take any chance of having high cost material left on their hands.

There seems to be plenty of money and materials at high prices available, but with labor costing about 150 per cent. more than before the war, the incentive to resume building operations on a comprehensive scale is not keen, though in a few localities there are real building booms with more or less speculation in real estate.

Crops Fair weather was favorable for the completion of haying and harvesting of oats and tobacco. Except where the rainfall has been insufficient corn is in excellent condition. Potatoes continue generally in good condition with no complaint of blight. Early peaches are being picked in Connecticut. Worms have done considerable damage in many

localities to beans. Other truck and garden crops are in good condition.

Foreign Trade Exports from Boston for the month of July were \$31,000,000 against \$13,700,000 the previous year. Imports at \$27,000,000 showed an increase of only \$5,200,000 over July, 1918.

Bangor, Me. Farmers in this section will obtain most satisfactory results from their summer operations, both as to prices of products raised and quantity. The deposits of the local banks are, it is believed, higher at this time than they have been for many years past, but there is a continual demand for money locally.

Lewiston, Me. Business is prosperous. Manufacturers and retailers are having a good business, mills and shoe shops are operating at capacity, and there is very little unemployment. The local demand for money is good, there being no surplus of unloaned cash in the banks.

Portland, Me. The retail merchants report a large volume of business due to the unusual number of summer visitors in this vicinity, an especially large number being from Canada. Wholesale trade also reports a large volume with satisfactory collections. Labor conditions on the whole are satisfactory and the number of unemployed is small. Local rates for money are 5 and 5½ per cent.

Concord, N. H. Manufacturing plants seem to be running on full time, with plenty of orders. Stone industries are busy and laborers are well employed. Retail merchants report business good, and there is a very good local demand for money, with the banks keeping their surplus well employed.

Brattleboro, Vt. Industrial conditions are quite satisfactory. Manufacturing plants are running to capacity, and there is a good demand for skilled and unskilled labor, with practically no unemployment. Retail trade is good in spite of the high prices. The banks find a good local demand for all loanable funds, and so far as we know, are buying no commercial paper.

Fall River, Mass. The mills report a shortage of help and all who care to work can find employment. The retailers report a good trade and people spending money freely. The local money market is well supplied with funds, deposits being well maintained.

Fitchburg, Mass. The paper and textile industries are all extremely busy. Machinery, however, is not so active, but is steadily increasing its business. Apart

from the foundries where a strike is on there is very little unemployment. Money continues in firm demand.

Haverhill, Mass. The majority of shoe manufacturers are supplied with orders to work to full capacity until January 1, 1920. Among the shoe workers there is no noticeable unemployment. There is unrest among labor, and practically for the first time in the history of Haverhill, all labor is organized. There is the usual demand for money, and collections are good. The retailers report that their business has been good, with some falling off at present.

New Bedford, Mass. Business is good. As for labor, there is still a scarcity in the cotton mills, and in nearly every other industry of any size more help could be used were it available. Money with our banks is in good demand and rates firm at from 5½ per cent. to 6 per cent.

Pittsfield, Mass. The woolen mills are all busy. No one need be out of employment if he desires to work. The retail stores are doing a very good business at high prices. Banks are rather short of funds.

Springfield, Mass. Labor conditions here are in a very unsettled condition. There are some strikes on at the present time, but except for this cause there is practically no unemployment. There appears to be, as usual, ample money to take care of business needs here in the city. Business being done by our manufacturers is good in volume. With retailers there is the usual summer quiet.

Pawtucket, R. I. Practically all plants, either in textile or metals, are running to capacity. Their books are crowded with orders. Retail trade is brisk. We have noted a marked increase in the demand for money for manufacturing purposes as well as for building and mortgage loans during the last two months.

Hartford, Conn. Money has been generally employed. Rates have closely approximated 6 per cent. Outside investment in commercial paper has been greatly restricted. Manufacturing has been prosperous, with increasing orders and at increasing prices,

labor being fully employed where willing to work; but strikes being troublesome in some quarters. Building is quite active notwithstanding material is high. The tobacco crop looks especially promising.

New Britain, Conn. There is practically no unrest apparent on the part of labor in this city; in fact, there is a shortage of labor. The demand for money is greater than for the past two or three years, both for commercial purposes and for building purposes. Manufacturers and retailers are doing a record business, and have been for the past two or three months.

New Haven, Conn. Business conditions are excellent, most factories being unable to take care of all the business offered. There seems to be little, if any, unemployment. The local money market shows a decided tendency towards stringency, most of the banks being short of money and large borrowers, with very little, if any, outlook for any easing-off.

Norwich, Conn. Woolen and cotton mills are running on full time. One of the successful sporting arms plants is doing a good business, while the largest "munition" plant has been closed since July first. The money in the banks seems to be very fully loaned up. Aside from men out on strike, the number of unemployed men is small.

Providence, R. I. Business conditions in a general way are good. The street car strike which lasted about 18 days and involved the tie-up of all cars operating in the city and State has been settled with an increase of wages from 48 cents to 56 cents an hour. The textile business continues good, especially in woolen lines; but the machinery business is not showing any special improvement over a previous report. The jewelry business continues excellent, with a scarcity of help.

Building Permits for New Construction Issued in the Leading Cities of this District

JANUARY 1 TO AUGUST 1

	1919		1918		%
	No. Permits	Amount	No. Permits	Amount	
Brockton	195	422,342	79	85,135	+396
Fall River	139	451,485	88	256,791	+75
Fitchburg	110	166,710	59	121,772	+36
Hartford	478	1,601,526	229	1,317,562	+21
Lawrence	175	639,643	77	725,053	-11
Lowell	290	1,035,755	136	748,003	+33
Lynn	207	480,283	87	47,410	+918
Manchester	212	510,764	125	99,353	+414
New Bedford	328	2,609,740	115	413,737	+530
New Haven	714	3,515,947	400	2,482,911	+41
Portland	191	732,157	93	215,152	+240
Springfield	550	1,744,786	240	559,090	+212
Worcester	798	1,959,914	449	855,885	+128
Total Outside Boston,	4,387	\$15,871,052	2,177	\$7,927,855	+100
Boston	743	7,827,987	307	3,082,362	+153
Total	5,130	\$23,699,039	2,484	\$11,010,216	+115

Sales of Certificates of Indebtedness

SERIES A, 1920

	Subscriptions	Quota	Per Cent. of Quota Subscribed
Maine	\$1,719,000	\$3,827,000	45.
New Hampshire	1,217,000	1,312,000	93.
Vermont	786,500	2,002,000	39.
Massachusetts	29,695,000	27,360,000	109.
Rhode Island	3,516,000	4,411,000	80.
Connecticut	5,002,000	4,888,000	102.
Total	\$41,935,500	\$43,800,000	96.

Boston Clearing House figures compare as follows:

(In Thousands of Dollars)

	Aug. 16, '19	July 19, '19	Aug. 17, '18
Number of Banks	11	11	11
Capital	\$34,200	\$34,200	\$33,200
Circulation	4,737	4,703	4,743
Loans and Discounts	541,999	557,693	495,295
Demand Deposits	455,909	465,443	441,073
Due to Banks	112,777	121,889	117,911
Time Deposits	11,688	11,803	16,556
Exchanges for Clearing	19,217	21,304	16,858
Due from Banks	85,366	85,646	82,261
Cash and Reserve with			
Federal Reserve Bank,	68,550	69,532	61,392
Excess Reserve and Cash,	21,790	21,140	14,909
Exchanges for week	350,067	416,129	300,150

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 Aug. 13, '19	Four Weeks Ending July 16, '19
Bangor, Me.	\$19,603	\$22,168
Fall River, Mass.	33,832	36,404
Hartford, Conn.	156,178	157,645
Holyoke, Mass.	20,471	19,889
Lowell, Mass.	21,539	23,470
New Bedford, Mass.	34,875	35,156
New Haven, Conn.	68,658	65,595
Providence, R. I.	192,063	190,031
Springfield, Mass.	90,022	73,757
Waterbury, Conn.	29,175	29,875
Worcester, Mass.	65,026	77,270
Total outside of Boston	\$731,442	\$731,260
Boston	2,023,546	2,135,914
Total all Cities	\$2,754,988	\$2,867,174

Condition of Forty-two Selected Member Banks

ON AUGUST 15, 1919

With Comparative Totals for July 18, 1919, and August 16, 1918

(In Thousands of Dollars)

	Twenty-three Banks outside of Boston				Nineteen Banks in Boston			
	Aug. 15 1919	July 18 1919	Aug. 16 1918	% Change in year	Aug. 15 1919	July 18 1919	Aug. 16 1918	% Change in year
U. S. Bonds and Notes	\$26,312	\$27,085	\$15,811	+ 66.41	\$14,383	\$13,307	\$13,952	+ 3.08
U. S. Certificates	16,936	12,795	15,883	+ 6.62	38,859	30,576	38,706	+ .39
Loans secured by U. S. obligations,	15,221	16,750	8,168	+ 86.34	42,683	55,734	31,617	+ .35
Other loans and investments	179,240	225,891	225,520	- 25.82	439,212	566,650	552,670	-25.83
Reserve F. R. B.	13,867	13,532	12,915	+ 7.37	57,835	54,705	54,521	+ 6.07
Net Demand Deposits	168,568	159,450	157,487	+ 7.03	554,182	562,181	495,037	+11.94
Time Deposits	73,659	72,401	69,863	+ 5.43	33,083	32,994	27,058	+22.26
Gov. Deposits	12,253	11,490	18,281	- 32.97	42,924	21,674	68,662	-59.96

Statement of Condition of the Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES

	Aug. 15, '19	July 18, '19	Aug. 16, '18
Gold Reserve against F. R. Notes,	\$87,124	\$73,910	\$64,361
Gold Reserve against Deposits,	72,202	47,992	73,327
Total Gold	159,326	121,902	137,688
Legal Tender and Silver	8,820	6,531	2,629
Total Reserves	168,146	128,433	140,317
Discounts secured by U. S. Sec.,	111,748	130,820	42,813
Discounts — Commercial Paper	8,433	6,910	22,168
Bankers Acct. bought in open market,	25,184	23,445	21,616
U. S. Sec. pledged to secure obligation,	21,436	21,436	
Other U. S. Securities owned	553	557	2,362
Total Earning Assets	167,354	183,168	88,959
Uncollected Items	70,341	77,329	53,066
Other Resources	2,284	2,019	767
Total Resources	408,125	390,949	283,109

LIABILITIES

	Aug. 15, '19	July 18, '19	Aug. 16, '18
F. R. Notes Net	\$191,077	\$178,961	\$132,857
F. R. Bank Notes Net,	21,376	16,668	
Due Treasury U. S.,	5,542	13,643	9,166
Due Members Net	108,523	106,635	93,769
Collection Items, etc.,	67,871	61,855	38,664
Gross Deposits,	181,936	182,133	141,599
Capital	6,937	6,877	6,474
Surplus	5,206	5,206	75
All other Liabilities,	1,593	1,104	2,104
Total Liabilities,	408,125	390,949	283,109

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 WILLETT

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