

MONTHLY REVIEW

Of Industrial and Financial Conditions in the New England District
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FEDERAL RESERVE BANK OF BOSTON

VOL. IV

BOSTON, MASS., MAY 1, 1922

NO. 5

THE SITUATION

Confidence in the business situation seems to be growing. This is in the face of some decidedly disturbing factors in the situation, such as the rather small chance of much progress being made in the immediate future in the correction of European conditions, the coal strike, and the local cotton mill strike. Emphasis is being placed rather on the constructive factors, among which are the easing tendency of money rates, the large volume of credit available, the remarkable investment demand for bonds and stocks, the improvement in the farmer's purchasing power through considerable increases in the prices of farm products, and the returning ability of many concerns to show profits in their operations.

Strictly speaking, these factors are merely evidence of an improvement in fundamental conditions. The fact that the supply of goods was larger than the demand warranted was probably the most important cause of the depression. Production was less than consumption for several months during the worst of the depression, and as a result the supplies of goods are probably no larger than they should be in view of the demand.

The history of business clearly shows that there are recurring sequences of periods of prosperity and depression—business cycles, as they are called. These cycles have recurred every few years in the past, regardless of the growth of the country, the introduction of machinery, and even wars; it is accordingly fair to assume that they will continue to occur in the future. There

always seems to be a point during an era of prosperity when production will exceed consumption, and after stocks on hand have become burdensome, output is curtailed and there follows a period of depression until accumulated goods are used up. Then factories accelerate production until it again equals consumption and finally business is once more prosperous. At the present time industry is apparently in that period of the business cycle when manufacturing is being speeded up to bring production to a point where it will equal consumption.

An optimistic view of the situation seems at the moment to apply more to the country as a whole than to New England, although it may be that business in this district is merely marking time, waiting for the textile strike to be settled. There was considerable falling off in the volume of business in New England shortly after the first of the year, although there seems to have been a recovery during the past month or six weeks. How much of this is seasonal, due to the Easter trade, and what part, if any, is a fundamental improvement is difficult to determine. Manufacturing activity has been slowing down since last November, although preliminary estimates for April would indicate that there was little change compared with March.

A conservatively optimistic attitude would therefore seem to be a safe one to assume at present, provided one is prepared to change his opinion on short notice if some of the disturbing factors in the situation suddenly operate to check the improvement.

INDEX OF MANUFACTURING ACTIVITY

Manufacturing activity in New England continued its downward trend during March. This is shown by the index which has been constructed by this bank, and which is graphically presented on the first chart at the bottom of this page. This index is based on either the actual output, the rate at which the machinery is operated, or the number of employees engaged in many of the leading industries of this district, so that the fluctuating price of the products of these industries does not influence the trend of the curve. Furthermore, adjustment has been made for the varying number of working days in the different months, so that the *rate* of output rather than the actual size is considered.

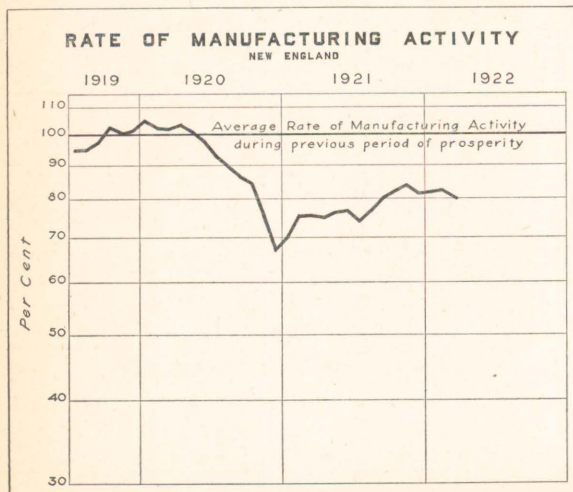
Manufacturing activity in this district, after showing a gradual increase during the major part of last year, has had a downward tendency since November. It may be found later that the rate of manufacturing activity which has been maintained since early winter will prove to be approximately normal for this district. It will be noticed that the base line on the chart—100—represents the average rate of manufacturing activity during the previous period of prosperity, that is, during the year ending June 30, 1920. That period of twelve months was one in which there was a great deal of over-time and speeded-up production, and is probably the maximum which could be obtained. It is doubtful if much more than an average of 80 to 90 per cent. of the maximum output could be maintained over a period of years, and it so happens that this index shows that New England manufacturers were operating at slightly over 80 per cent. of the maximum during March.

The drop in the index from February to March

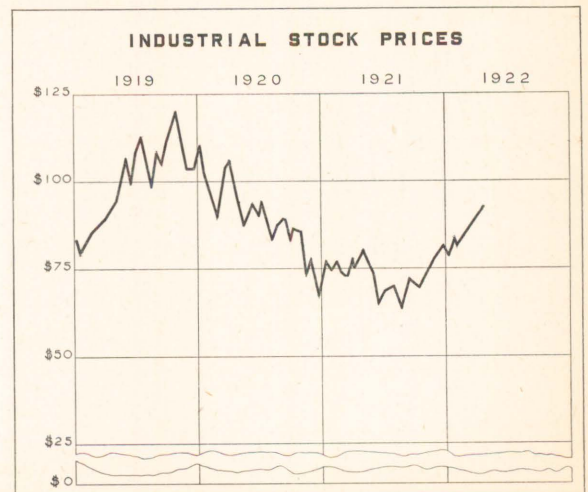
was due more to the textile strike than to any other single factor, although the majority of the industries considered showed declines. Although it cannot be definitely proved, it is probable that a good deal of the slowing down of those other industries was seasonal. A preliminary survey indicates that the index for April will be approximately the same as for March, with even the possibility that it may be slightly higher.

Many business men believe that the action of the stock market forecasts the trend of business activity and particularly of business and industrial profits. History proves that this is usually the case. Business activity, however, started to increase at approximately the same time that securities did, at the close of this recent depression. As nearly as can be gauged by the usual methods of measuring, both business and stock prices were at their lowest point last August. It is probable, however, that security prices have advanced much more rapidly since that time than business activity, so that if the stock market continues to function as it has for many years past, it has forecast a further increase in business activity. The chart at the bottom of this column shows how rapidly the average price of 20 well-known industrial stocks has risen in the past eight months.

The volume of trading on the New York Stock Exchange and the number of different companies whose securities have been traded in are additional evidence of the returning confidence in the business situation. The daily number of shares traded in has averaged well over 1,000,000 since the middle of April. Following are more detailed discussions of the situation in each of the several leading industries of New England.



Average rate during year ending June 30, 1920 = 100



Based on Dow, Jones & Co.'s average of 20 stocks

WOOL

The Boston market for raw wool has been moderately active, and prices have been higher during the past month. There still continues to be a scarcity of some desirable wools in Boston.

The latest government reports which cover the operation of machinery in woolen and worsted mills during March show that there has been a gradual decrease in the rate of production of cloth since the latter part of last fall. The high point in the operation of worsted spindles occurred in June, when they were running at over 93 per cent. of capacity, as against 71 per cent. in March. Woolen spindles, on the other hand, have been operated at a gradually increasing rate since the first of the year, and during March ran at nearer capacity than at any time since the early part of 1920.

COTTON

Manufacturing activity in the New England cotton industry declined practically without interruption from November through March, as shown on the chart at the bottom of the page. There is a considerable underlying demand for cotton goods despite the strike. In fact, the consumption of cotton in New England during March was equal to that for the corresponding month last year, and practically equalled the monthly average for 1921. The mill consumption of cotton in the United States, added to the export demand, has absorbed during the past nine months over a million bales more than the total of last year's crop, and indicates that the carry-over into the next cotton year will be of moderate size. Cloth markets became active after the middle of April and sales were in substantial volume.

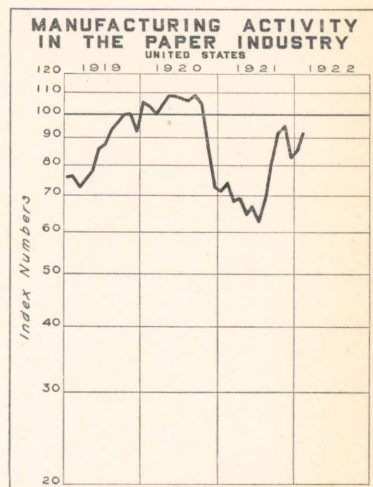
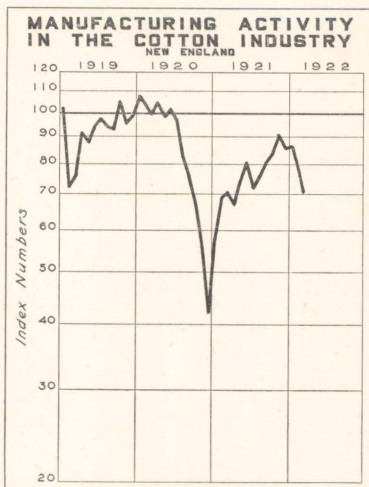
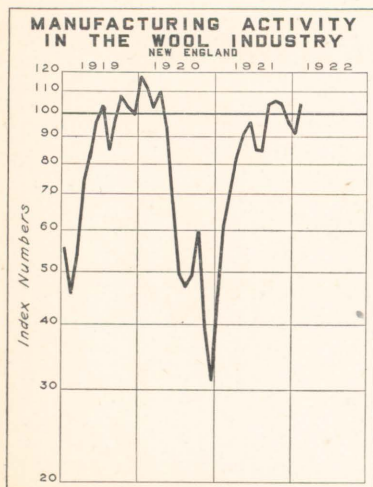
PAPER

Newsprint production in March increased moderately and the output of fine paper—the branch of the industry centering in New England—was greater during that month than at any time since the closing weeks of 1920. February returns, the last available for the industry as a whole, indicate a moderate increase in manufacturing activity, but, at the same time, a further increase in the stocks of finished paper carried by manufacturers. Magazine advertising is increasing at a more rapid rate than is normally expected at this season of the year. The volume for April practically equalled that of a year ago.

The labor situation is uncertain; manufacturers insist upon further reductions in pay, which union officials claim must result in a strike on the expiration of the present agreement.

METAL TRADES

Conditions in the metal trade centers of New England are improving steadily, although slowly. Manufacturers have been forced to meet the competition of large quantities of machinery and tools purchased during the war-time period of expansion and thrown upon the second-hand market during the past year. Purchasers, instead of sending orders directly to the manufacturer, have quite generally shopped around and taken used equipment wherever prices were especially satisfactory. Second-hand goods have been gradually absorbed, however, and the orders for new equipment, though not yet of large volume, are increasing. While the call for products used by the building trades has thus far constituted the largest single outlet, demand of a general industrial character is beginning to make itself felt.



Average rate of manufacturing activity during year ending June 30, 1920 = 100

BOOTS AND SHOES

The boot and shoe industry in this district has been quiet for the past several weeks following the close of the active producing season for spring shoes. If business runs true to form and labor troubles do not interfere, increasing activity should be expected during the next few months. The Easter trade in novelties for women was fair, although it was largely for shoes to be delivered immediately. Salesmen now on the road are returning orders in increasing volume, although the net amount of new orders received by representative shoe manufacturers who report to this bank was not as large during this past March as in the corresponding month of 1921. The majority of the orders are for immediate delivery. The trend of shoe production in New England is shown on the chart at the bottom of this page.

BUILDING

The building industry continues to have the most optimistic outlook of any of the New England industries. The value of construction contracts awarded has been increasing rapidly since the first of the year. In fact, there was not as much of a decline during the winter as is normally experienced. A large portion of the new buildings are residences.

One of the factors which is stimulating building is the fact that building costs have been reduced to such a level that, taken in conjunction with the present level of rentals, practically as large a return on capital invested can be obtained now as in pre-war years. Furthermore, the credit situation has improved to such an extent that mortgage money is readily available on favorable terms.

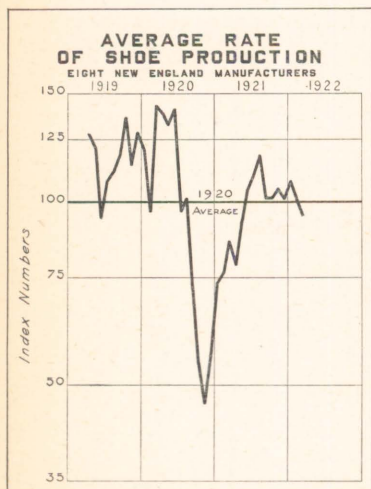
WOOD PULP

The chart at the bottom of this column, showing wood pulp production and stocks by months since January, 1919, reveals the fact that production was maintained at a fairly high level throughout the period of depression. Production was at its height during 1920, while during 1921 the monthly average was only 75 per cent. of the figure for the previous year. The curtailment in production during the months from May to July of last year was due, in large part, to the strike in the paper industry. Stocks of wood pulp carried by mills are usually greatest during the late spring of the year; from that time on they decline rapidly. The latest figures available show stocks of wood pulp slightly below the seasonal average for the past three years and almost 20 per cent. less than a year ago.

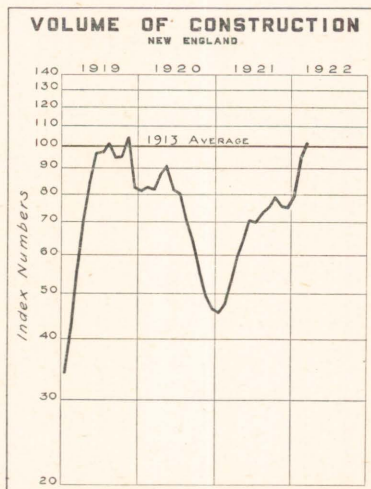
LABOR

Employment conditions are, on the whole, better than a month ago. Though the textile strike continues, the actual amount of unemployment in the cotton manufacturing industry is probably no larger than at the beginning of April. On the other hand, the number of employees on payrolls in the metal goods, machinery and tool centers such as Waterbury, Worcester, Providence and New Haven has increased steadily enough to indicate that the trend is definitely upward.

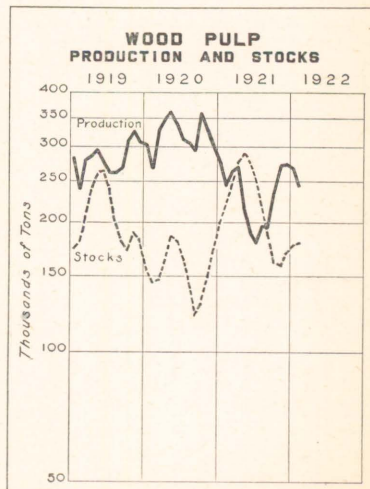
The State Public Employment Offices at Springfield, Worcester and Boston all report increases in the number of applicants actually placed. The positions filled, too, were of a more permanent nature than during previous months, and seasonal demands no longer dominate the situation.



Based on reports to the Federal Reserve Bank of Boston.



Based on F. W. Dodge Co.'s statistics.



Statistics are from the Federal Trade Commission.

MONEY AND BANKING

The credit situation in New England has continued to improve during the past month, and there is now a surplus of loanable funds, especially in Boston. In fact, the Federal Reserve Bank of Boston is loaning less to its member banks now than at any time since 1917, when the Federal Reserve System was just beginning to find its place in the banking scheme. Not only is it steadily becoming easier to obtain credit, but money rates continue to have a tendency to decline. This improvement is not peculiar to this section of the country, but seems to be general throughout the United States, and, in fact, in many foreign countries. For instance, the Bank of England has recently found it possible to reduce its rate to 4 per cent., while the rediscount rate of the largest Reserve Banks in this country remains at 4½ per cent. Another evidence of the easing tendency in credit is the recent offering by the United States Treasury of Certificates of Indebtedness bearing only 3½ per cent. interest, the lowest for this kind of loan since 1917. If it were not for the enormous investment demand for credit, the present subnormal industrial needs would cause interest rates to be even lower than they are today. The first chart at the bottom of this page shows that the rapid fall in interest rates, which was interrupted shortly after the first of the year, has been resumed. The second chart shows that the strengthening in the reserve position of the entire System continues without abatement.

Loans of the Boston banks to their customers now total less than at any time since 1919. The Boston banks in turn, as already noted, have cut down their borrowings from the Federal Reserve Bank until on April 26 they were at lowest point

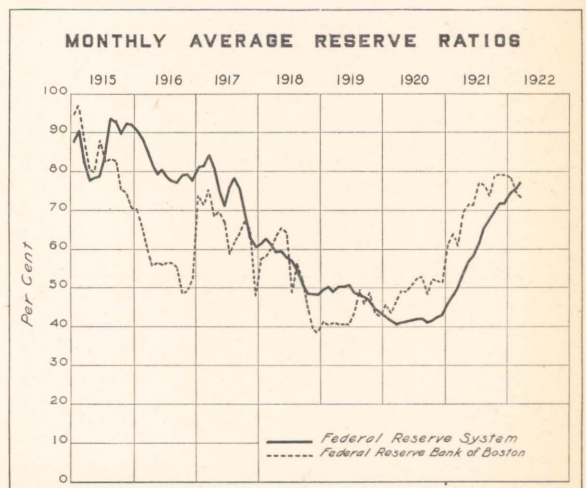
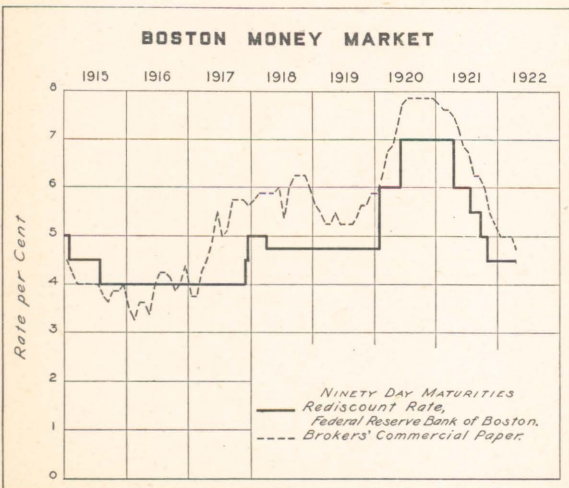
since 1917, and barely one-sixth as large as at the first of this year. The loans of other New England banks to their customers, however, have not fallen off materially since the beginning of the year. In fact, a group of 65 banks which make returns regularly to the Federal Reserve Bank reported that on April 12 their customers were borrowing more from them than on either April 5 or March 29. As a result, these so-called country banks, that is, the member banks situated elsewhere in New England than Boston, have not been able to reduce their borrowings from the Federal Reserve Bank to the same extent that the Boston banks have. On April 26 the Reserve Bank was loaning three times as much to the country banks as to the Boston banks, a condition which has not occurred since 1918 at least.

The deposits of the member banks in this district have increased, while the loans have been declining. The demand deposits in the average country bank are now higher than at any time since the fall of 1920.

The United States Treasury announced a new issue of Treasury Certificates bearing 3½ per cent. on April 15. Subscriptions were received for twice the amount offered, although New England oversubscribed its quota and allotment by only one-third.

Money rates in the open market at Boston on April 26 were as follows:

Commercial Banks to Customers	4½ to 5%
Brokers' Call Money	5%
90-day Bankers' Acceptances, unendorsed	3¼%
Commercial Paper (Note Brokers)	4¾ to 4½%
Year Collateral Loans	5%



RETAIL TRADE

The net sales during March of the Boston department stores which regularly report to this bank did not equal those for March last year, but were 8.3 per cent. less. Even though the total for March was larger than for February, the increase was not as much as would normally be expected. The fact that Easter came in March last year and in April this year undoubtedly is the main cause of poor showing. Then, too, the weather has been unusually cool this spring.

Reporting department stores situated in New England cities other than Boston experienced as large a seasonal increase in the volume of their sales between February and March as the results of the past three years warranted. At the same time, in neither of the first three months of this year has the dollar total of their sales been equal to that of either of the corresponding months of 1920 or 1921.

Preliminary reports show that the volume of trade was relatively good during the first two weeks of April, while the Easter buying was in full force. In fact retail trade should now be at its height for the spring season.

A study of the number of sales made by the various department stores continues to show the effect of the decline in retail prices on the dollar value of net sales. Five Boston department stores are able to report these statistics, and show

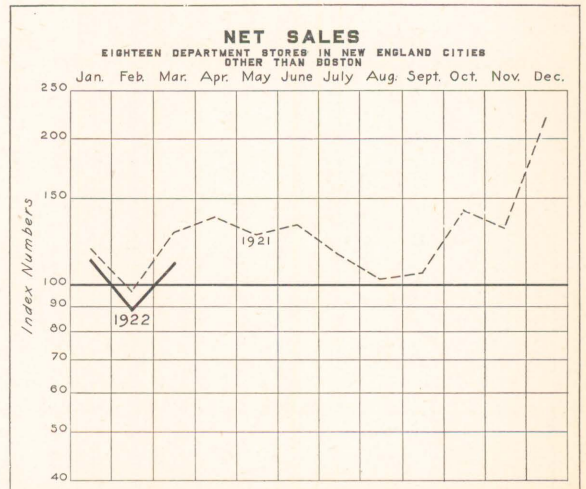
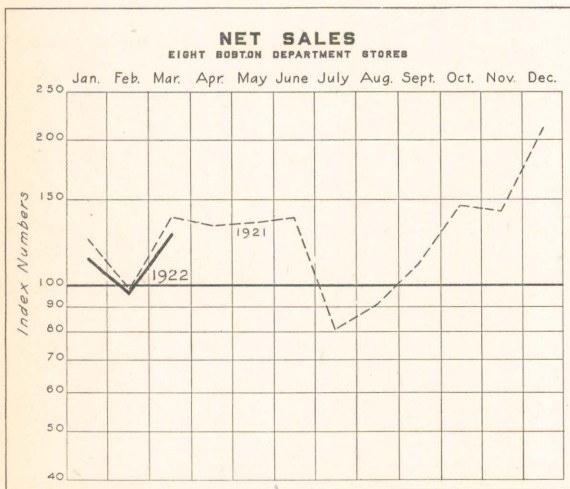
that, whereas net sales in dollars declined 11.5 per cent. between March, 1921, and March this year, the number of sales made declined but 5.7 per cent. In five other New England department stores the decline in dollar value of sales was 18.7 per cent., whereas the number fell but 15.3 per cent.

Stocks of goods maintained by department stores, both in Boston and in other New England cities, increased during March, following the usual seasonal tendency. In both instances, stocks on hand on the last day of March were valued at a larger sum than on the corresponding date last year. This would indicate that merchants' stocks are as large as customary at this time of the year, even though they are buying more or less from hand to mouth.

The outstanding orders of seven Boston department stores on March 31, amounting to 5.94 per cent. of the cost of their previous year's purchases, compared closely with the corresponding figure for last year of 5.70 per cent. On the other hand, the other New England department stores had only slightly more than half as many outstanding orders at the end of March this year as they had last year— 6.20 per cent. as against 11.01 per cent. The reporting women's apparel shops are buying fewer goods for future delivery than the department stores, their outstanding orders amounting to but 3.6 per cent.

	Net Sales during Mar. 1922 compared with Mar. 1921		Net Sales Jan., Feb. and Mar. 1922 compared with same period 1921	Stocks at Retail Mar. 31, 1922 compared with Mar. 31, 1921		Ratio of Stocks to Net Sales during Mar. 1922	Sales Transactions during Mar. 1922 compared with Mar. 1921
8 Boston Department Stores	- 8.3%	+31.5%	-6.6%	+4.7%	+7.1%	2.98	-5.7% (5 stores)
18 Outside Department Stores	-13.9%	+24.6%	-9.6%	+1.9%	+6.4%	4.80	-15.3% (5 stores)
Total 26 Department Stores	- 9.5%	+30.0%	-7.3%	+3.8%	+6.9%	3.37	-6.9% (10 stores)
4 Boston Women's Apparel Shops	-28.1%	+40.2%	-25.6%	-10.9%*	+6.0%*	2.09*	(No Data)

* 3 Women's Apparel Shops.



Monthly average Net Sales, January to June, 1919 = 100

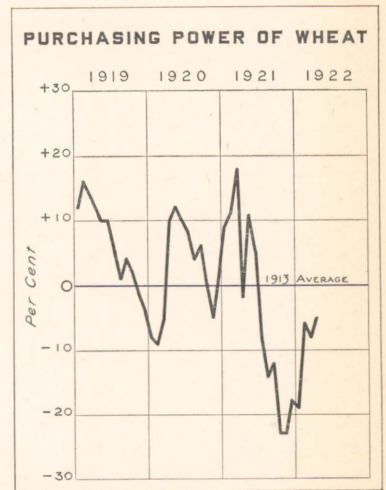
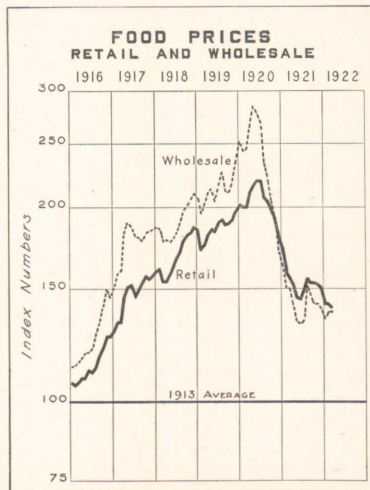
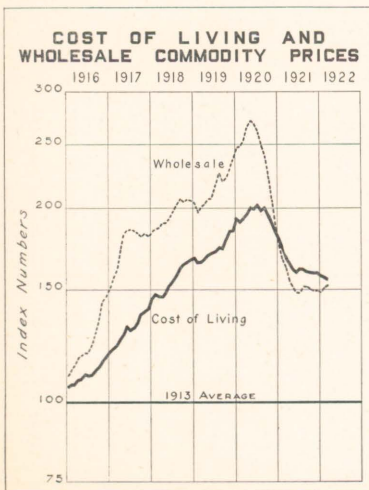
COMMODITY PRICES

The trend of wholesale commodity prices serves as a good index of the condition of business. Therefore, it is encouraging to note that the average wholesale price of over 325 commodities, as compiled by the United States Department of Labor, has been holding steady since last summer at a level 50 per cent. higher than in 1913. Several other well-known indices which do not comprise as many commodities as that of the United States Department of Labor have even had a slight upward tendency for several months, thus coinciding with the gradual improvement in business.

The first chart at the bottom of this page not only shows the trend of wholesale prices but also compares it with the change in the cost of living in Massachusetts. As a general rule, wholesale prices are more sensitive to change than retail prices, which accounts for the fact that the cost of living did not rise as rapidly nor as high as wholesale prices and, on the other hand, has not experienced the same decline. Both indices are in agreement, however, in showing that the rapid fall of prices ended in the summer of 1921 and that there has been little change since that time. It is significant that both the cost of living and wholesale prices are about equally high as compared with the pre-war level. This fact is brought out even more clearly by the second chart on the page, where comparisons are made between retail and wholesale food prices. The complaint is often heard that retail prices have not declined as much as the fall in wholesale quotations would warrant. These tabulations, which are based on government data, would seem to prove that this is true to only a small degree. It does not indicate by any means that

retail merchants are profiteering but rather that their selling costs and overhead expenses have not been reduced in proportion to the fall in wholesale quotations. The tendency of wholesale prices to advance further and faster than retail prices is again shown on this chart as well as the contrary tendency during the period of decline. While retail food prices have been relatively higher than wholesale quotations since the latter part of 1920, it should be noted that they were relatively lower for several years prior to that time.

The most important phase in the price situation is the maladjustment between the price level of various groups of commodities, particularly as it affects the purchasing power of the farmer. It is more important to the farmer that his wheat, corn, hogs and other produce, when sold, should bring him such a price that he may buy the other commodities which he needs than that wheat should be pegged at \$3.00 a bushel, for instance, or corn at \$1.00 a bushel. In other words, the important thing is the relationship which one group of commodities bears to another rather than the price in dollars. It is encouraging, therefore, to note the rapid rise in the price of many farm products since the first of this year, while the average commodity price has either remained stationary or, at the most, slightly increased. Wheat has risen almost 50 per cent. since January 1, indicating, therefore, that the purchasing power of the farmer's wheat has been greatly enhanced. This is shown on the third chart at the bottom of this page. If the present advantage can be maintained until the coming crops are harvested, business should receive considerable added stimulus.



Price statistics are from the U. S. Department of Labor. Purchasing power of wheat computed by the Federal Reserve Bank of Boston

THE ELEMENTS OF FOREIGN EXCHANGE

The exchange of commodities as between countries is essentially as simple as the exchange of commodities within a country. Goods are purchased by individuals and companies in one country from those in another country, the foreign exchange problems being those that arise in making payments.

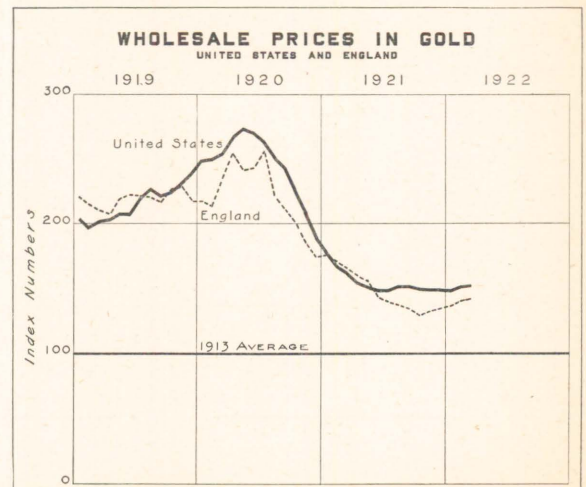
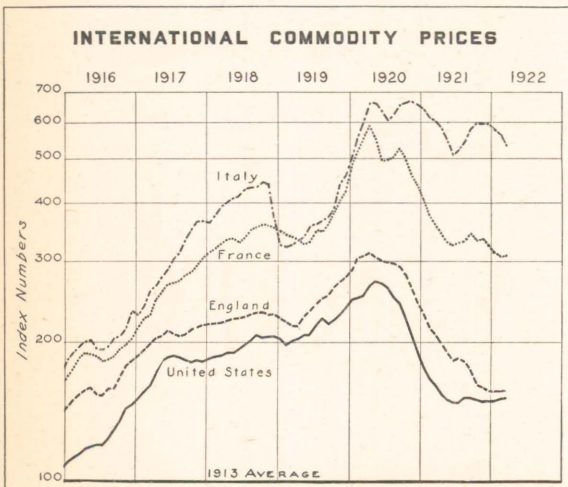
If these payments could always be made in the currency of the country in which the debtor lived the problem from his point of view would be simple, but the creditor, if an American merchant at the present time, would be placed in an embarrassing position were such the procedure; he has received for his copper, cotton and wheat a miscellaneous assortment of paper money issued by various European governments. He cannot pay his employees in this country with that paper money, for it is legal tender only in the country of its issue; he cannot even use it in the purchase of raw materials, unless by chance those happen to come from the particular country whose paper money he holds. The paper money itself in such times as these is of varying value, and may, as in the case of Russia, become almost worthless. Paper money, then, though circulating freely within the country of its origin, cannot be used directly or even indirectly to advantage in the settlement of debts owed abroad.

This was not a matter of importance before the war because most commercial nations had adopted a gold standard as the basis of their monetary systems and at all times stood ready to redeem their money at face value in gold. An importer under such circumstances could have

presented his paper money at the national treasury and received for it gold which he could ship to creditors the world over. In actual practice, however, it was much simpler to deal with banks specializing in such matters, as their maximum charge for the service was usually considerably less than would have been the expense to the individual to effect the exchange directly.

The foreign funds purchased by banks from exporters are usually about large enough to offset the corresponding demand from importers; and actual shipment of gold is necessary only to the extent required to make the transactions balance.

If all the commercial countries of the world were today on a gold standard the value of their money in any part of the world would vary from par (or what the gold content of their coin would fetch in the open market) only to the trifling extent warranted by the expense of shipping the desired gold, whether the British pound sterling or the American dollar, to the place where it was needed; a greater charge by banks for this service would lead to the actual shipment of gold, inconvenient as it might have been, by the merchants themselves. But when the European nations refused to redeem their paper currency in gold, the one definite yardstick for determining its value was destroyed. As long as Great Britain was willing to give as much gold for a pound sterling note as was contained in 4.87 American dollars, and Germany was willing to give for the mark about a quarter as much as would be contained in the American dollar, the gold content of these coins in which their paper



United States Index is that of the U. S. Department of Labor; English, the *Statist*; French, the *General Statistical Bureau*; Italian, Professor Bachi

THE ELEMENTS OF FOREIGN EXCHANGE—*Continued*

was redeemable served as a common measure of value the world over.

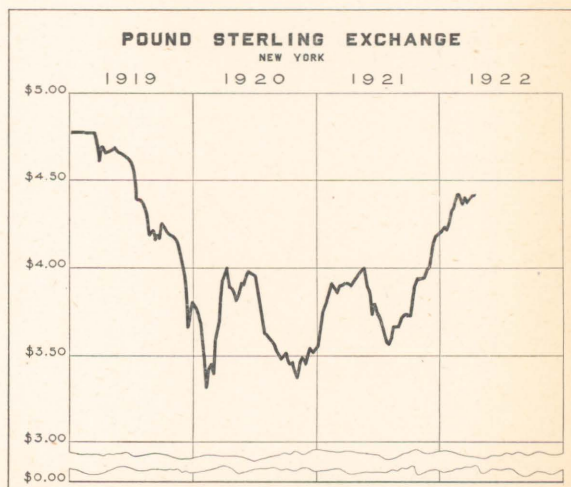
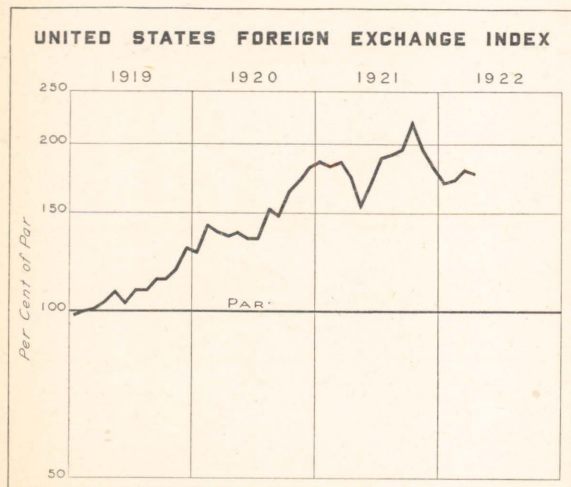
The destruction of this link left the world with no definite method of valuing such paper currencies other than the time-worn one of the market, balancing supply offered through the channels of foreign trade against the demand for it. The paper money issues of most countries soon reached such a scale as to make it impossible for the issuing government to redeem them in gold. Under such conditions gold naturally disappeared from circulation; no one would use gold in discharging a debt that was legally payable in paper. Within a country like France, for instance, the paper franc circulated freely and the Frenchman ordinarily thought of it as being depreciated only when entering international trade, where he saw that it took more francs than previously to equal the American dollar. In this, however, he was deceived, since the commodity price level within the country steadily increased with inflation in the currency situation, and the franc depreciated in France just as truly as in international markets. This is shown strikingly by the first chart on the preceding page, which shows the price level of commodities at wholesale in the United States and various European nations.

Heavy irredeemable paper issues inevitably result in approximately the same depreciation in currency, whether measured in international dealings by the discount it suffers as compared with gold, or internally, by the higher level of commodity prices. Commodity prices in Europe and the United States have, in fact, been on nearly the same level during the whole of the reconstruction era, when measured by the same

yardstick: *gold*. This is shown most clearly in the chart entitled "English and American commodity prices on a gold basis." Such differences as do exist are attributable largely to temporary differences in the supply and demand for bills of exchange, differences in tariff and fiscal policies.

As to the future, anything which improves the prospect of eventual redemption of paper money in gold or the attainment of a lower level of commodity prices in terms of gold naturally enhances its value; such factors as increased government economy, heavier revenue through taxation, curtailment in the quantity of paper money in circulation and a strengthening of the nation's financial position through a gain in exports in comparison with imports, are thoroughly constructive factors.

The recovery in sterling exchange, for instance, —shown by the chart at the bottom of this column— is due to a substantial reduction in the volume of inflated wartime paper currency, a national budget that is balanced, and dealings with the rest of the world that are beginning to accumulate credit balances in Great Britain's favor. The other chart at the bottom of this page, based upon the exchange rates with the more important commercial nations, shows in the declining value of the American dollar since last autumn a gradual improvement in conditions throughout the world. The fact that the currencies of those nations which have followed sound financial policies have most nearly regained their pre-war values indicates that the upward movement in their foreign exchange rates rests upon a sound appraisal of economic realities, and not merely upon the speculative influences of the moment.

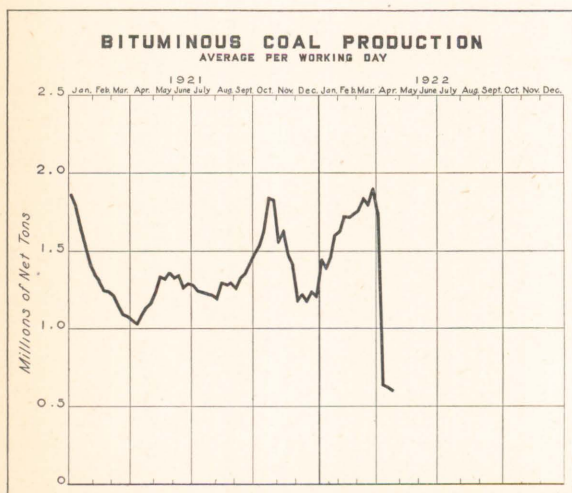


Foreign Exchange Index compiled by the Federal Reserve Board

COAL PRODUCTION The coal strike which started on April 1 has almost entirely stopped hard coal production, and has very seriously curtailed soft coal output. This is shown graphically on the chart at the bottom of this column. Many non-union mines are affected, as well as the others. The unions, in fact, have been making some headway in the non-union fields since April 1, and as a result soft coal production dwindled continuously during the first three weeks of the month. The strike in the bituminous industry has proved so far to be as effective as the great strike of 1919 was at its worst, daily average production during the first of that period and the past month having been practically the same. During the strike of 1919, however, output remained very low for only a week or two, whereas, as stated before, there has been no gain in production since the present strike began. Notwithstanding the seriousness of the shut-down, operators of non-union mines claim that there has not been enough demand from consumers, in view of the large stocks on hand, to enable them to run at capacity. To some extent their statement is borne out by the lack of an increase in the price for coal available for delivery. On the other hand, several instances have been reported of steel mills which have had to shut down for lack of coal.

The strike has already had some effect on New England, many employees being thrown out of work by the railroads because of the reduced number of cars they have had to handle since very little coal has been coming through the so-called "gateways" into New England.

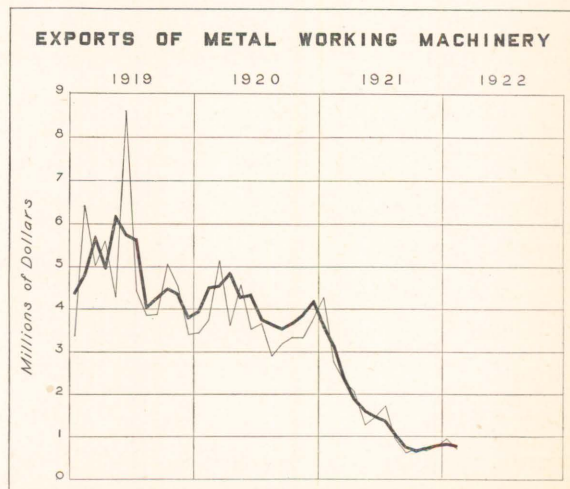
Present indications are that the strike will be a long one.



Statistics are from the U. S. Geological Survey

MACHINERY EXPORTS

The falling off in the export trade in manufactured goods has been a matter of serious concern to many industries. It is of direct interest to New England because of its importance as a manufacturing center. The chart at the bottom of this column shows the trend since 1919 of the exports (expressed in terms of dollars) of metal-working machinery, such as lathes, boring and drilling machines—products of the type in which southern New England specializes. As the chart shows, current shipments of these machines are but a small fraction of what they were three years ago. A part of the decline in the dollar value of metal-working machinery exports is due to reductions in the selling prices of the machines themselves, although the major portion is caused by an actual falling off in the number of machines shipped. Exports of shoe machinery, another prominent New England product, have been small, the value of those in February, for instance, totalling only one-fifth the value of those exported during the corresponding month last year. Typewriters, on the other hand, have been in a more favorable position, due to the fact that European demand has been holding up very well. Exports of textile machinery have also been well maintained, especially to various parts of the Orient. In this connection it is significant to note that exports of raw cotton to Japan have been of unprecedented size during recent years. There are indications that Great Britain is losing a portion of what almost amounted to a monopoly of the cotton goods trade in the Far East. If Japan and China continue to increase their production of cotton goods the outlet afforded for New England textile machinery should be an extremely valuable one.



Light line represents actual monthly figures, heavy line the general trend.

Condition of Selected Member Banks

(In Thousands of Dollars)

RESOURCES	Banks in Boston.				Banks in Portland, Fall River, New Bedford, Springfield, Worcester, Providence, Hartford and New Haven.				
	Apr. 18,'22	Mar. 15,'22	Apr. 15,'21	Change since Apr. 15,'21	Apr. 18,'22	Mar. 15,'22	Apr. 15,'21	Change since Apr. 15,'21	
Commercial Loans and Investments,	\$492,210	\$493,593	\$548,806	— \$56,596	\$304,263	\$303,688	\$299,668	+ \$4,595	
Loans Secured by U. S. obligations,	18,274	22,059	43,986	— 25,712	9,933	11,973	18,476	— 8,543	
Loans Secured by Stocks and Bonds,	167,839	162,650	143,165	+ 24,674	69,946	68,281	67,763	+ 2,183	
U. S. Certificates Owned	9,213	6,079	9,369	— 156	2,718	5,076	10,997	— 8,279	
Other U. S. Obligations Owned	28,502	25,045	10,399	+ 18,103	55,354	53,869	38,651	+ 16,703	
Total Loans and Investments	716,038	709,426	755,725	— 39,687	442,214	442,887	435,555	+ 6,659	
Cash in Vaults	8,528	8,546	12,761	— 4,233	13,526	12,798	11,353	+ 2,173	
Reserve at Federal Reserve Bank	63,962	58,648	58,523	+ 5,439	22,551	22,030	21,780	+ 771	
LIABILITIES									
Net Demand Deposits	597,604	580,329	566,194	+ 31,410	251,192	247,830	240,252	+ 10,940	
Time Deposits	84,336	80,717	63,343	+ 20,993	150,799	147,522	137,703	+ 13,096	
Government Deposits	17,754	19,092	21,288	— 3,534	4,207	5,384	6,733	— 2,526	
Total Deposits	699,694	680,138	650,825	+ 48,869	406,198	400,736	384,688	+ 21,510	
Money Borrowed at Fed. Res. Bank,	11,100	17,979	78,646	— 67,546	4,354	5,480	9,659	— 5,305	
Capital	56,600	56,600	56,200	+ 400	31,350	31,350	31,350	0	
Surplus	62,176	62,176	62,136	+ 40	29,750	29,750	29,750	0	
Undivided Profits	21,168	21,168	23,684	— 2,516	18,512	18,512	17,489	+ 1,023	
Ratio of Borrowings to Total Loans,	1.6%	2.5%	10.4%	— 8.8%	1.0%	1.2%	2.2%	— 1.2%	

Condition of Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES	Apr. 18,'22	Mar. 15,'22	Apr. 22,'21	LIABILITIES	Apr. 18,'22	Mar. 15,'22	Apr. 22,'21
Gold Reserve against F.R. Notes	\$149,805	\$137,396	\$213,832	Capital	\$7,969	\$7,969	\$7,838
Gold Reserve against Deposits,	40,823	39,209	40,667	Surplus	16,483	16,483	15,711
Total Gold	190,628	176,605	254,499	Deposits:			
Legal Tender and Silver	22,716	22,658	15,907	Government	420	617	7,445
Total Cash Reserves	213,344	199,263	270,406	Member Bank Reserves,	115,229	109,552	107,857
Discounts secured by U.S. Sec.,	11,905	14,490	45,161	All other	988	1,857	888
Discounts—Commercial Paper,	16,937	21,594	61,425	Total Deposits	116,637	112,026	116,190
Bankers' Acceptances purchased,	10,542	10,356	6,866	Federal Reserve Notes	155,539	153,814	259,859
U.S. Sec. against F.R. Bk. Notes,	7,950	8,450	20,436	Federal Reserve Bank Notes,	7,459	8,364	15,301
Other U. S. Securities owned	27,978	30,245	860	Collection Items	44,557	45,759	38,502
Total Earning Assets	75,312	85,135	134,748	All other liabilities	1,169	1,035	3,136
Uncollected items	54,964	55,148	46,390	Total Liabilities	349,813	345,450	456,537
Other resources	6,193	5,904	4,993	Reserve Ratio	78.4%	75.0%	71.9%
Total Resources	349,813	345,450	456,537	Loans to other Fed. Res. Banks,	0	0	2,000

Charges to Depositors' Accounts

Other than Banks' or Bankers' (Monthly Averages of Weekly Totals in Thousands of Dollars)

	March 1922	February 1922	Per cent of Change	March 1921	Per cent of Change
Boston	\$303,607	\$301,701	+ .6%	\$299,967	+ 1.2%
Bangor	3,240	2,915	+ 11.1	3,479	— 6.9
Brockton	4,615	*	*
Fall River	5,618	6,057	— 7.2	5,560	+ 1.0
Hartford	20,483	19,151	+ 7.0	20,377	+ .5
Holyoke	2,928	2,714	+ 7.8	3,014	— 2.9
Lowell	4,288	4,106	+ 4.4	3,894	+ 10.1
Lynn	5,455	4,989	+ 9.3	*
Manchester	4,000	3,855	+ 3.8	4,524	— 11.6
New Bedford	5,862	6,076	— 3.5	5,260	+ 11.4
New Haven	15,982	14,966	+ 6.8	16,740	— 4.5
Portland	7,159	6,360	+ 12.6	7,613	— 6.0
Providence	30,199	29,833	+ 1.2	29,860	+ 1.1
Springfield	12,774	12,000	+ 6.5	13,406	— 4.7
Waterbury	5,855	6,648	— 11.9	5,296	+ 10.6
Worcester	13,344	12,603	+ 5.9	14,388	— 7.3

*Not reporting.

Review of Business and Financial Conditions throughout the Country

By the FEDERAL RESERVE BOARD

Pronounced increase of activity has been characteristic of many basic lines of industry during the past month. It has been particularly noticeable in the metal-working industries, while metal mining operations have also reflected the tendency to an upward movement. In steel and iron manufacture it is now estimated that, taking the industry as a whole, about 70 per cent. of plant capacity is being utilized. The automobile trade has shown a very decided gain. Active demand for building materials has had a favorable effect not only upon the metals but also upon other lines of industry. The total value of building permits for March was almost twice as great as that for February, and more than twice as great as that for March, 1921. The lumber industry has notably expanded operations. In cotton textiles the month has been much less encouraging. There has been a reduction of mill activity, largely due to the widespread strikes in the New England district. On the other hand, demand for cotton goods has been fairly well sustained. Boots and shoes have shown great irregularity as between different producing districts. Very much the same is true of the woolen manufacture. A conspicuous development has been the shifting of demand from worsteds to woolens. Leaving out voluntary unemployment, the result of strikes, a decided increase in the number of employees at work is noted. There has been a 2.5 per cent. increase during the month in the number of workers employed by firms reporting to the United States Employment Service. The improvement noted will, however, be offset to some extent by the widespread unemployment in the coal mining industry as well as in the New England textile centers. Wholesale and retail trade have reflected to some extent the improvement in industrial conditions. Such improvement is in part seasonal, but also contains an element of growth due to better business conditions. In the retail trade also a very general advance has taken place. Agriculturally the month has not been altogether promising. Spring planting has been retarded by the cold weather and continued rains.

Prices continued relatively stable. The Federal Reserve Board's wholesale price index for March advanced one point. Few conspicuous changes in the prices of entire groups of commodities are indicated.

Interest rates have continued on a very low basis, with slight tendencies to decline. An apparent shrinkage of commercial credit has been indicated by further falling off in the rediscounts of the Federal Reserve Banks, although an upward movement is again to be noted in the loans and discounts of member banks in many parts of the country.