

MONTHLY REVIEW

Of Industrial and Financial Conditions in the New England District
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THE SITUATION

The reaction in business conditions assumed a more tangible form during July. During April, and in many cases May, this trend had been confined almost entirely to the booking of new business. Production and shipments were very generally maintained. Therefore, in the absence of a good volume of new orders, the effect was to cut down the number of unfilled orders which remained. Lately, however, the rate of production has been reduced, either by extending vacations for a longer period than usual, running part time, laying off of employees, or shutting down some plants entirely. Concrete evidence that the number of employees at work has been reduced is found in a report issued by the Massachusetts Department of Labor and Industries, showing that the volume of employment in nearly 700 representative establishments during the middle week of June was 2.3 per cent less than in the corresponding week in May. This is a comparatively large decrease. Twenty-one out of the 29 industries represented by these concerns reported fewer employees.

Some maintain that the falling off in production and orders is a normal one, usually in evidence at this period of the year. Undoubtedly some of the reduction is seasonal in character, but there are so many indications that the current reduction is more than is usually experienced at this period of the year that the possibility that the trend of business conditions has changed, at least for the time being, cannot be ignored.

The prices of many commodities continued to decline during the first three weeks in July, following the trend of the previous two or three months. A large drop in wheat quotations during the first two weeks of the month served to call attention again to the reduced purchasing power of the farmers in many sections of the

country. The wide extent of the decline in prices is clearly shown by the index constructed by the Bureau of Labor Statistics. Not one of its nine groups of commodities showed an increase between May and June. The same was true between April and May. The general price level in June was reported to be only two per cent higher than in June last year. Furthermore, the decline in commodity prices is not confined to this country, because similar movements have been reported from several European nations. The decline in England, for example, has nearly paralleled that in this country.

Banking and the credit situation continue, as for some time past, to be the most favorable factors in the business situation. The changes in loans, deposits and money rates from week to week or from month to month are very largely seasonal in character, and have lately run true to the usual course. Underlying these seasonal movements can be discerned a gradual upward trend in the volume of loans and discounts made by New England member banks for their customers, a natural occurrence in times of business activity. Deposits, too, show the same underlying tendency to increase, although not at as rapid a rate as loans, another condition that is usually found in such a period as this. Member banks borrowed from the Federal Reserve Bank of Boston in increasing amounts during June and the early part of July, as usual. Member banks' borrowings in this district seasonally increase from a low point the latter part of July to a high point in the latter part of September. Therefore, a moderate increase in borrowings during the next few weeks need not occasion surprise. Money rates, too, under the influence of the demands for credit, have a seasonal upward tendency during this period.

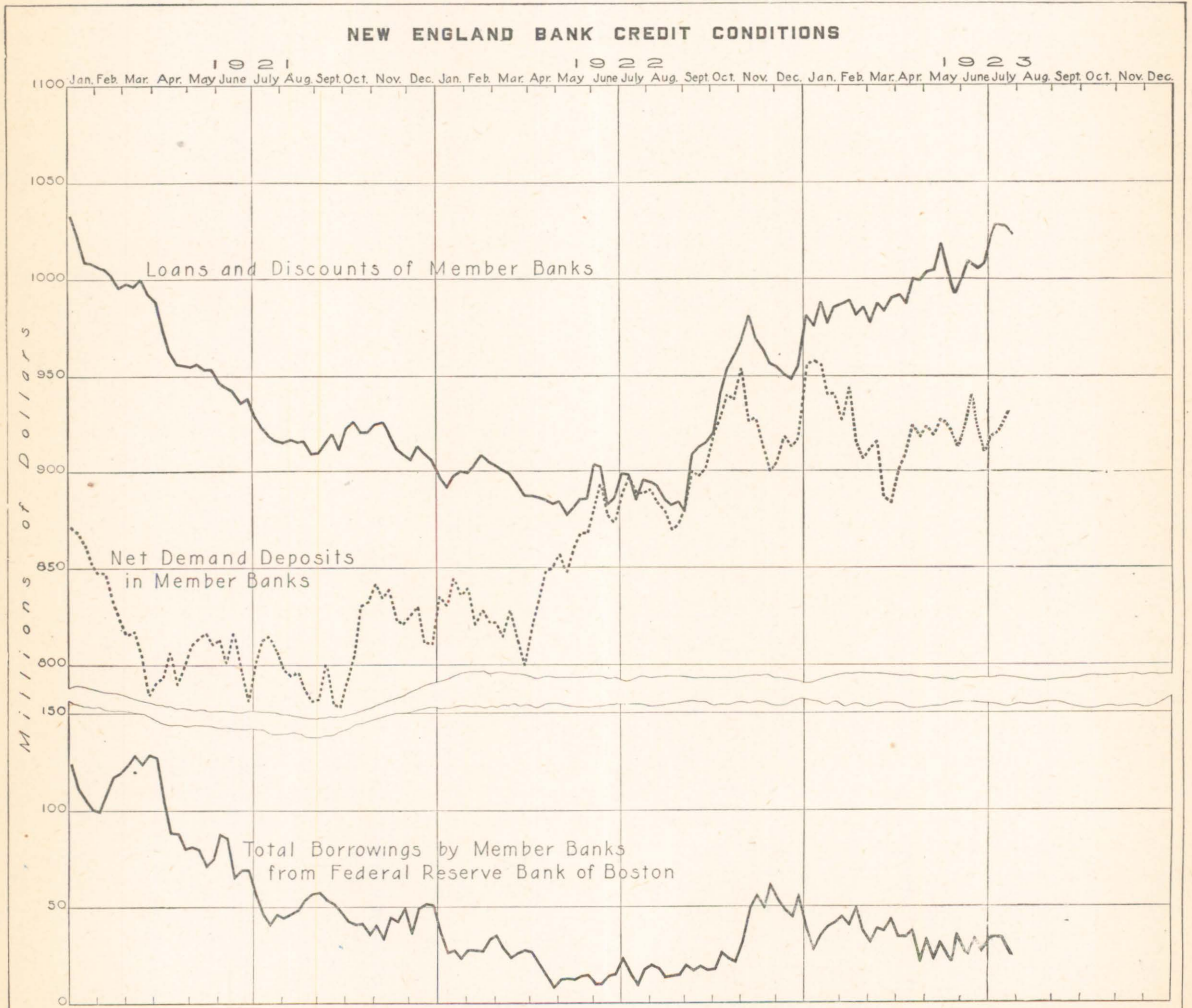
MONEY AND BANKING

Money rates tended upward during July, especially during the latter part of the month. Commercial paper, normally a more sensitive index of the financial situation than other money rates, was practically on a five per cent basis by the end of July, although a considerable volume of paper was being issued at the $5\frac{1}{4}$ per cent level. In a few isolated instances, however, a small amount was being offered at $5\frac{1}{2}$ per cent. These latter rates applied on paper of less well-known business concerns. Nevertheless, the prevailing level, as measured by the volume of paper on the market, adhered closely to five per cent. As a general rule, interest rates have normally increased slightly during the month of August and the first part of September, and then eased off for the remaining months of the year. Year loans were practically unchanged in July. Slightly more interest was

evidenced in bankers' acceptances, although the rates remained at $4\frac{1}{8}$ per cent.

It is noteworthy that the increase in the volume of loans to customers since the first of the year has occurred entirely through so-called "commercial" loans,—in other words, those not secured by collateral such as stocks and bonds. Customers' borrowings on collateral loans have remained at a practically constant figure since the first of the year, barring minor fluctuations from week to week. Nevertheless, the very fact that collateral loans have not declined since the first of the year indicates a fundamental upward trend, inasmuch as normally collateral loans in this district decline from the winter months to the summer months.

The stiffening in the rates on commercial paper during the month of July is partly a reflec-



The decline in the volume of loans and discounts since the first week in July is a seasonal occurrence. The same is true of the increase in deposits since the last part of June. Both items usually decline seasonally from the latter part of July until late August or the early part of September.

Curves are based on reports from 60 banks in representative New England cities.

tion of the extra demands to which bank credit was subjected at the first of the month, as a result of which the banks resorted to the Federal Reserve Bank for support. The member banks were required to finance heavy semi-annual interest and dividend payments. The sharp increase in demand deposits during the first three weeks of July is not particularly significant of itself, as demand deposits usually move sharply upward after the first week in July for approximately two weeks (after dividend and interest payments have taken place), later falling off until the end of August.

The increase in loans and discounts since the first of this year has not been entirely reflected in demand deposits. In other words, business concerns are requiring more and more liquid capital to finance their current operations, due to the increased cost of doing business, and are drawing down their balances, or they are proceeding more cautiously, investing their idle funds in liquid investments.

As a result of these various factors there has been a steady expansion in loans by the Federal Reserve Bank of Boston to its member banks and a consistent increase in the volume of Federal Reserve note circulation. There is, however, a

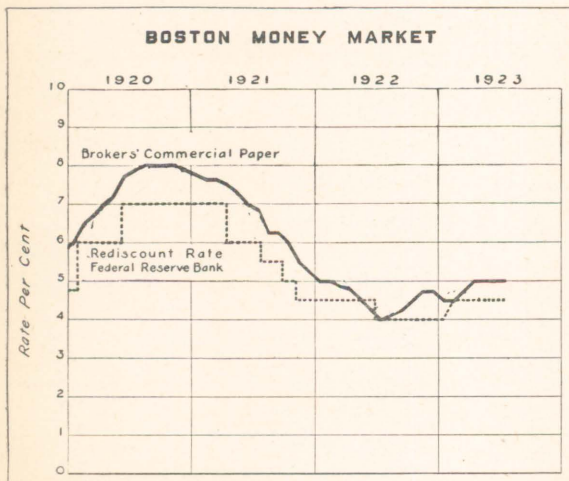
noticeable seasonal tendency in Federal Reserve note circulation. It usually continues expanding until about the last week in September, subsequently contracting until the last week in November. In December, coincident with the Christmas trade, it reaches the highest level for the entire year. Loans to member banks, on the other hand, decline during July and the first two weeks in August, although they tend to increase in the early autumn months.

Since early in May, all of the so-called country member banks in New England have consistently borrowed a materially higher proportion of their reserve deposits than have the Boston banks. New England member banks, moreover, have borrowed relatively less, as measured by the proportion which their borrowings bear to their reserve deposits, than have all member banks in the entire Federal Reserve System.

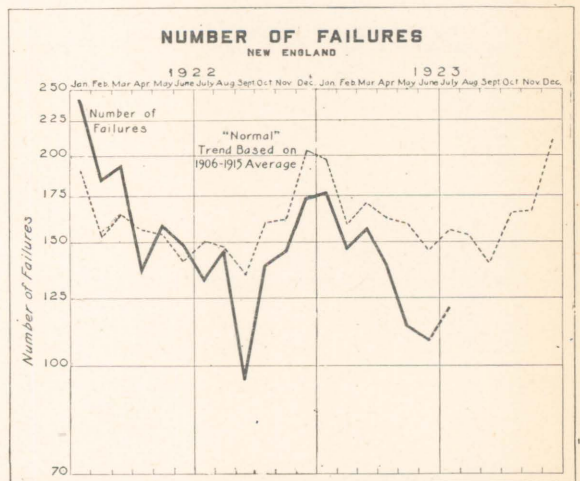
The number of business concerns in New England which failed in June and July still continues to be below the normal trend, based upon the number of insolvencies in the years 1906-1915. The total failing is the lowest recorded in nine months, although the decline in June was not as great as is usually the case during the month. This situation reflects somewhat the strain resulting from the quieting in certain lines of industry.

MONEY RATES

	July 25, 1923	June, 1923 Average	July, 1922 Average	1922 Low Rate	1922 High Month	1920 High Rate	1920 High Month
Call Money—Boston	4¾%	5%	4½%	4½%	Feb.	10%	Feb.
Commercial Paper—Boston	5-5¼	5	4	4	July	8	Nov.
Bankers' Acceptances—Boston	4½	4½	3	3	Aug.	6¾	May
Year Collateral Loans—Boston	5¼	5	4¾	4¾	Aug.	8	Dec.
Rediscount Rate—Boston	4½	4½	4	4	July	7	June
Call Money (renewal)—N. Y.	4¾	5	3.89	3	July	17	Feb.
Commercial Paper—N. Y.	5	4.92	3.94	3.88	Aug.	8	Oct.



While there have been minor fluctuations in money rates from week to week, the prevailing rate during July was the same as in June.



While the number of failures in New England is below average, the decline between May and June was not as large as usual. An estimate based on the first three weeks in July indicates an increase over June slightly larger than normal.

Source of data—Bradstreet's.

RETAIL AND WHOLESALE TRADE

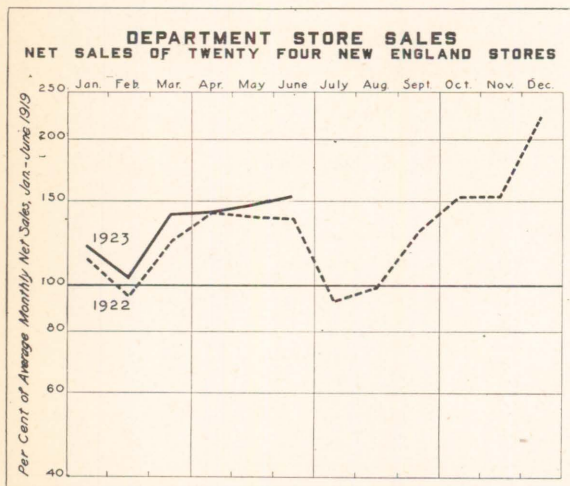
Preliminary reports of retail trade in the Boston department stores covering the first half of July suggest that a decline, slightly greater than the usual seasonal movement, may be expected in the volume of dollar sales for the entire month of July. In fact, little if any increase over July, 1922, may be expected in view of the poor showing of the first two weeks' business in July this year. The tendency of the average purchaser to "shop around" and on the whole to purchase more carefully has become more evident during the past month. Even during June the noticeable increase in the number of sales transactions to a point slightly above June, 1922, indicated that the average sales slip totaled to a smaller sum, and although an increase was evident in total net sales, it was to a large extent the direct result of increased merchandising effort by the stores. Through special sales and a large volume of advertising an increased number of small sales were induced. The average of the monthly sales during the first half of this year was seven per cent larger than that of the corresponding period in 1922. As these are sales in dollars, allowance must be made for the increases in the prices of nearly all of the commodities sold in department stores.

During June the Boston department stores reported business 9.4 per cent ahead of June, 1922, which is the largest amount of June business in the past five years. In fact, the total net sales figure reported by the eight Boston stores was the largest of any month in the spring or early summer of the past five years. Stocks of goods on hand at the end of the month were about seven per cent higher than on June 30, 1922, compared

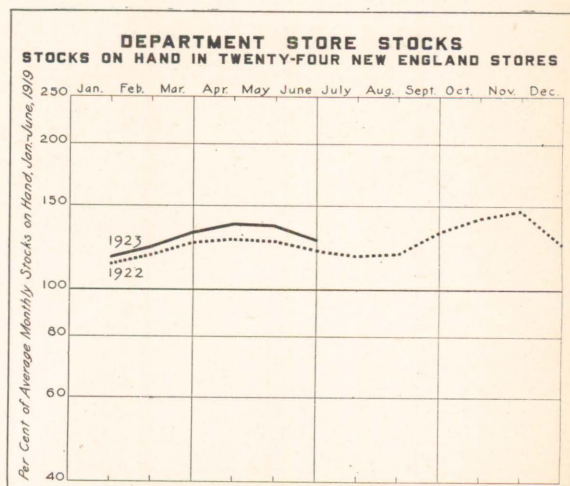
with 6.1 per cent, the average increase of stocks from January through May over the corresponding period last year. Collections averaged close to 55 per cent during June, which is slightly less than the rate reported for June last year. The actual number of sales transactions in seven of the Boston department stores was slightly larger than in June last year, and by increasing more rapidly over the previous month the average value of each sale made in June was smaller than the previous month, although still well above June, 1922. The total number of employees remained practically the same as in May and close to four per cent above June, 1922.

In the department stores located in other large New England cities the net increase in sales amounted to 12.9 per cent over June a year ago. Stocks on hand were 4.1 per cent above last June's figure and collections were reported to be much better than in either June, 1922, or May this year. Sales transactions in this group of stores outside of Boston did not show the gains reported among the Boston stores. With the total number of transactions falling two per cent below the June, 1922, figure, the average value of each sale in these stores was \$2.09, compared with \$1.86 in June, 1922, and \$2.30 reported for the Boston stores this June.

Women's apparel shops in Boston reported a more favorable volume of business during June than in either of the two preceding months. Sales during June in four of these stores were 3.5 per cent above last June, although the average monthly business since the first of the year has been only 1.1 per cent above the corresponding period in 1922. The total stocks of these stores at the



Sales in June were 10 per cent larger than in the same month last year. This increase is larger than the average so far this year.



Although stocks on hand in New England department stores have averaged larger this year than last, part of the increase is due to higher prices. The increase in stocks is not as large as in sales.

close of June were comparatively low. Although the total stock of these stores in March was 13 per cent above the corresponding month in 1922, the stocks during June were 3.5 per cent less than in June last year.

The large volume of June retail trade was well distributed among the individual departments of the stores reporting sales in that form to this bank. The great majority of the individual lines of merchandise showed appreciable gains over June last year in their reported volume of dollar sales. Wearing apparel such as lightweight and summer clothing received the greater increases compared with sales last year, while yard goods, more particularly woolen, silk and velvet, showed less relative demand. As evidenced by the favorable volume of business reported by the specialty shops, women's apparel lines had the best sale of any month so far this year. Even the departments selling women's, misses' and girls' suits reported a more favorable volume of business than before this spring, although the total volume of sales is still 25 per cent below June last year. The late arrival of warm weather brought about a heavy demand for Palm Beach and other summer suits for men during June, and men's furnishings of various types, largely for sport wear, sold in increasing quantities. Early July clearance sales of spring and summer suits, other than mohairs and tropicals, have been announced by some of the large Boston stores, and in some in-

stances even Palm Beach suits have been reduced to clear up odd lots and sizes.

The per cent change in the sales of the leading departments of the stores reporting to this bank during June compared with the same month last year is shown in the following table.

Women's, Misses' and Girls' Suits	-27.0%
Women's, Misses' and Girls' Coats	+17.2
Women's, Misses' and Girls' Dresses, Skirts and Waists	+16.5
Women's, Misses' and Girls' Apparel*	+19.0
Women's, Misses' and Girls' Shoes	+11.9
Men's and Boys' Shoes	- 3.3
Men's and Boys' Furnishings	+19.4
Men's and Boys' Clothing	+ 4.9
Silk and Velvet Yard Goods	+16.4
Cotton Yard Goods	+11.7
Woolen Yard Goods	+11.9
Cotton Underwear	+25.1
Knit Underwear	+10.8
Millinery and Veils	+ 4.3
Hosiery	+ 2.6
Gloves	+15.0
Jewelry and Silverware	+10.7

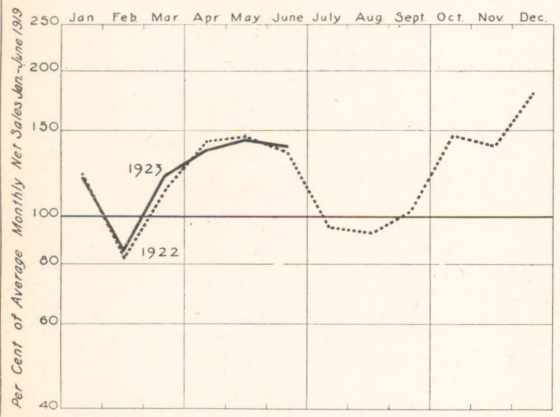
*Total of first three divisions.

The total net sales of representative New England wholesale grocers during June increased 14 per cent over June, 1922. Stocks showed nearly as great an increase for the group of concerns as a whole, but stocks in the hands of Boston dealers were relatively smaller than those of traders located in other New England cities. Collections of the grocers showed a seasonal slowing down to a level close to 70 per cent, which is approximately the same rate as reported for June, 1922.

	Net Sales during June, 1923, compared with	
	June, 1922	May, 1923
8 Boston Department Stores	+ 9.4%	+1.5%
16 Other N. E. Department Stores	+12.9%	+4.8%
24 Total Department Stores	+10.0%	+2.1%
4 Women's Apparel Shops	+ 3.5%	-3.0%

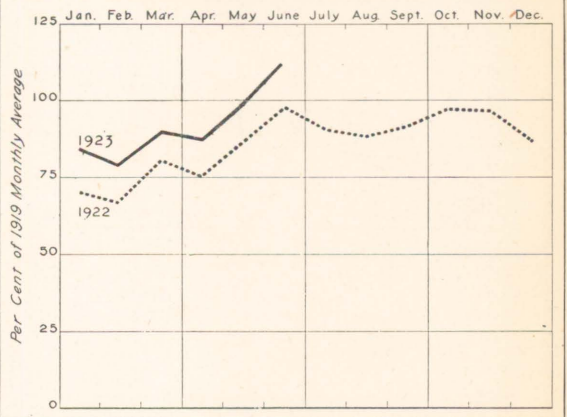
Stocks at Retail on June 30, 1923, compared with	Ratio of Stocks to Net Sales June, 1923	Outstanding Orders for Merchandise on June 30, 1923, compared with Purchases during 1922	
		June 30, 1922	May 31, 1923
+5.7%	2.61	7.8%	(7 stores)
+4.1%	3.70	9.2%	(10 stores)
+5.3%	2.82	8.1%	(17 stores)
-3.5%	1.73	4.9%	

WOMEN'S APPAREL TRADE
FOUR BOSTON SHOPS



Sales of apparel shops have not shown increases over those of last year comparable with the Boston department stores. Sales in June were larger than the same month last year for the first time since March.

WHOLESALE GROCERY TRADE
NET SALES OF SEVENTEEN NEW ENGLAND GROCERS



Increase in sales during June over the same month last year was slightly larger than in May. Concerns outside of Boston showed larger increases on the average than those located in Boston.

MANUFACTURING ACTIVITY IN NEW ENGLAND

The report of the Massachusetts Department of Labor and Industries shows that during the middle weeks of June (the latest for which there are complete data) 82 per cent of 692 reporting establishments were operating on normal full-time schedules, compared with 87 per cent in May and 85 per cent in April. Curtailment was especially marked in the boot and shoe, women's clothing, stationery and textile industries, including cotton, woolen, silk and knit lines.

The number of employees on the payrolls of the reporting Massachusetts establishments decreased two per cent from May, as compared with an increase of about one-tenth of one per cent for the entire United States. Decreases of three per cent and six-tenths of one per cent in aggregate earnings and average weekly earnings per employee resulted. Of 29 industries listed in the report, 21 showed decreases in the number of employees, the largest noted being 17 per cent in the manufacture of silk goods, and 14 per cent in the manufacture of boots and shoes. The only sub-

Boots and Shoes:—Production in New England, hampered by labor troubles in the principal centers, decreased about 16 per cent from May to June (as compared with a decrease of nine per cent for the entire United States). Of the establishments reporting to the Massachusetts Department of Labor and Industries, 47 per cent were on less than normal operating schedules during June, and the number of employees decreased 14 per cent during that month.

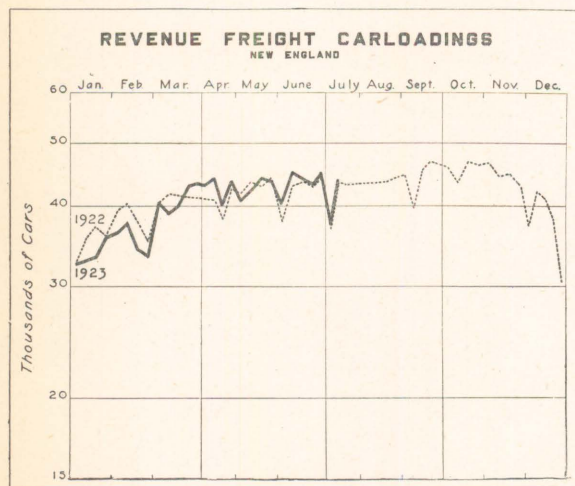
Building:—Building construction in New England during June, as measured by the dollar value of contracts awarded, decreased almost 20

per cent from May, 1923, and June, 1922, figures. Residential building constituted 40 per cent, business building 15 per cent, and industrial building eight per cent.

stantial addition to employment was in the tobacco industry, where an increase of 24 per cent was reported. Average weekly earnings decreased in all but 10 industries. Reports from the Public Employment Offices of Boston, Worcester and Springfield all showed a sharp falling off in business transacted during June, as compared with May. Compared with the corresponding period last year, the Boston office showed considerably less business transacted, but in Worcester and Springfield there was no great falling off.

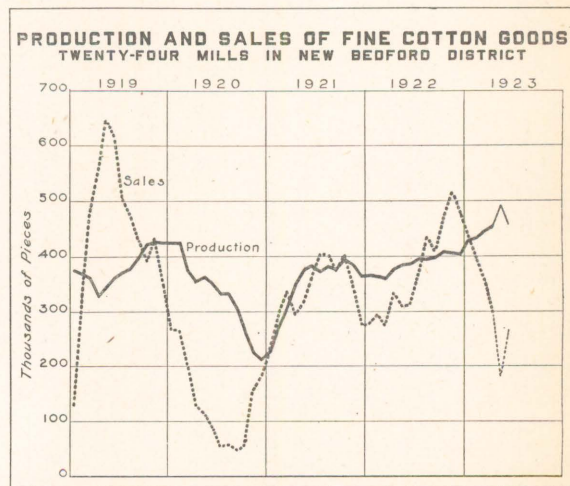
Carloadings for the entire United States remained at record levels during June, the last weekly figure for that month being the highest ever recorded. On the New England roads, carloadings during June averaged almost 45,000 cars weekly, a relatively high figure. The chart of freight carloadings in Vermont (see "Markets" section) shows that during 1923 the figures have been well above those of last year, although there has been a slight downward trend since April.

Coal:—The production of bituminous coal averaged about 10,500,000 tons per week during June, a figure that compares favorably with the average output for this time of the year. Shipments of anthracite into New England are running fairly high, about 3,500 tons per week on the average. The outcome of the conference of anthracite miners and operators on the question of wages and working hours, with the resulting



Carloadings in New England have recently been but slightly higher than during the corresponding period last year.

Source of data—American Railway Association.



While sales have been declining since last autumn, production has been increasing until quite recently. Sales were larger in June than in May.

Curves based on a five months' moving average.

Source of data—Department of Commerce.

effect on prices, is the chief thing of interest in this industry at present.

Cotton.—While sales of fine cotton goods in the New Bedford district have been falling off sharply since last October (a 40 per cent decrease, October to June), production has continued to increase, advancing almost 20 per cent during the same period. The figure for June shows the first considerable increase of sales since last September, an advance of 15 per cent over May, while production decreased seven per cent from the May figure. (See chart on page 6, "Sales of Fine Cotton Goods"). Reports from finishers of cotton fabrics showed a decrease of 22 per cent in the total average per cent of capacity operated during June. Consumption of cotton in New England during June was 16 per cent less than in May, and receipts in the five principal New England centers were less than one-half the May, 1923, and June, 1922, figures.

Machine Tools.—Manufacturers of machinery and machine tools reported capacity operations during June, with a shortage of labor existing in some of the skilled lines of work. All such establishments reporting to the Massachusetts Department of Labor and Industries showed normal full-time schedules, and wage advances averaging 15.5% were greater than in any of the other industries included in the report.

Paper.—American consumers of Canadian

pulp-wood are greatly concerned over the recent announcements by Canadian officials that an embargo is to be placed on shipments of pulp-wood out of Canada. Most of the paper mills in New England operated on normal full-time schedules during June and the first half of July. An increase of six per cent in the number of employees in the reporting Massachusetts establishments was noted during June, with a tendency for wages to increase.

Silk.—Although raw silk prices are at as low levels as have existed since last September, production is far below normal. In Massachusetts 33 per cent of the reporting establishments were found to be operating on less than normal schedules during June, and a decrease of 17 per cent in the number of employees took place. Broad silk production is estimated to be curtailed about 40 per cent, with shipments and production practically equal.

Woolen and Worsted Goods.—New England woolen and worsted mills operated on approximately an 80 per cent of normal basis during June. Consumption of raw wool in New England decreased 16 per cent over May, compared with a decline of 15 per cent for the entire United States. Receipts of raw wool in Boston showed a slight seasonal decline during the first half of July, the figure, 8,000,000 pounds, being only slightly under the average weekly figure of June.

EMPLOYMENT CONDITIONS IN LEADING INDUSTRIES

	Per Cent of Firms Operating Part Time or Idle				Per Cent Change in Employment from Preceding Month			
	Massachusetts		Total U. S.		Massachusetts		Total U. S.	
	May	June	May	June	May	June	May	June
ALL INDUSTRIES	13%	18%	15%	17%	-0.2%	- 2.3%	+0.3%	+0.1%
Boots and Shoes	31	48	20	21	-2.1	-14.0	-2.1	-3.3
Boots and Shoes, Cut Stock, etc.	21	32	..	..	-1.6	- 4.1	..	..
Boxes, Paper	21	24	17	19	+1.6	- 0.5	-0.5	+1.7
Bread and other Bakery Products	0	0	12	9	+0.6	- 0.5	+0.6	+4.0
Clothing, Men's	5	5	14	9	+2.3	+ 1.4	-0.8	+2.3
Clothing, Women's	25	47	17	21	-4.6	-10.5	-7.1	-6.8
Cotton Goods	10	21	6	18	+2.0	- 2.5	-0.1	-1.7
Electrical Machinery, etc.	0	0	1	10	-2.5	..	*	-0.5
Foundry and Machine Shops	5	8	5	8	+0.8	+ 2.2	+0.6	+1.0
Furniture	7	0	8	11	-1.0	- 1.6	-0.7	-1.2
Hosiery and Knit Goods	11	40	7	22	-0.1	- 3.2	-0.1	-1.1
Jewelry	29	16	..	..	-2.4	- 0.9	..	..
Leather	4	22	12	11	-4.3	- 3.4	-3.9	-0.6
Lumber .....	..	..	11	7	..	..	+0.6	+1.8
Machine Tools	0	0	..	8	+0.5	- 1.5	..	-0.9
Paper and Wood Pulp	5	22	9	10	-6.6	+ 6.7	-1.0	+0.7
Printing and Publishing, Book and Job..	6	20	8	10	+2.6	- 1.8	-2.4	+1.2
Printing and Publishing, Newspaper	0	0	..	..	+0.7	- 0.6	+1.5	-0.7
Rubber Tires and Goods	18	22	21	25	-3.0	+ 2.9	+1.4	-5.9
Silk Goods	12	33	13	14	-2.2	-16.8	-0.4	-1.6
Textile Machinery	8	8	..	..	+2.4	- 4.2	..	..
Woolen and Worsted Goods	9	20	4	7	-0.5	- 1.0	+0.2	-0.9

*Increase of less than one-tenth of one per cent.

Sources of data—Massachusetts Department of Labor and Industries and U. S. Department of Labor.

NEW ENGLAND MARKETS

With the possible exception of shoes and cotton goods manufacturing, market conditions changed but little during the past month in most lines of business and industry. July is, of course, one of the two vacation months, and many concerns slow down or stop operations completely in order to make needed repairs, take inventory, or equalize production in the various departments. July is also included in the transition period between seasons in some industries, and seasonal quietness, therefore, is normally to be expected.

The lack of rain in New England during the early part of July had a retarding effect on crops, but on the whole the situation is encouraging. Dry weather favored haying, which progressed rapidly. The 1923 hay crop in New England is estimated to be 25 per cent heavier than last year's, which was well above normal. Corn acreage has been reduced in all states except Vermont, but the condition is slightly above average. A

good potato crop in Maine is forecast, with a yield 16 per cent greater than in 1922, in spite of a six per cent decrease in acreage.

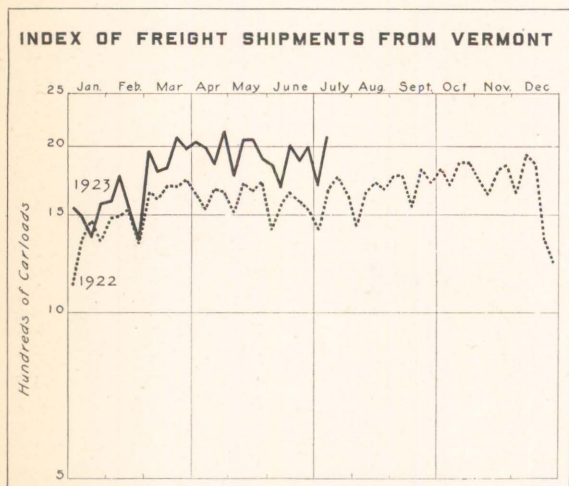
Curtailement in cotton manufacturing increased during July in all important cotton centers of New England, and is now extensive. The receipts of raw cotton for this time of the year are particularly low, and little trading is being carried on in the primary markets. Only slight curtailement is found in the woolen and worsted lines, and the opening of the new lightweight season is expected to keep mills operating at about the present rate well into the autumn.

The labor situation on the whole is satisfactory, although a number of strikes, notably those of the boot and shoe workers in Brockton and the clothing workers in Springfield, still remain unsettled. A shortage of farm labor exists in practically all parts of New England, and the prevailing high wages do not seem to be effective in attracting workers.

Boston:—The monthly report of the Department of Labor and Industries showed an increase of seven-tenths of one per cent in June over May in the number of persons employed in this city, and an increase of almost two and one-half per cent in the average weekly earnings per person. Although retail sales in July were above the average month of this year, due largely to extensive advertising and special sales of spring and summer stocks, buyers were reported purchasing in smaller quantities, with considerable "shopping around." The machinery market was seasonally

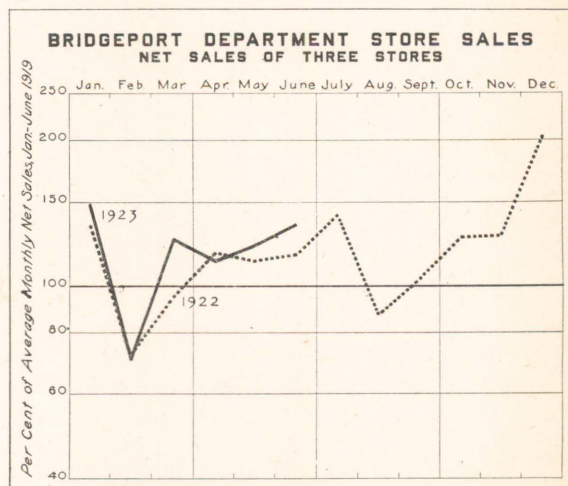
quiet in June. Railroad buying of machinery was reported to be exceptionally light.

Bridgeport:—Plants on the whole are operating on full-time schedules, although in June a slight decrease of almost three per cent over May was found in the employment figures of the metal and metal products industries. The dollar value of sales of Bridgeport department stores (see chart below), expressed as a percentage of average monthly sales during the first half of 1919, was substantially higher in June than in the corresponding month of 1921 and 1922, and, with



Shipments of merchandise by railroad from Vermont during the first half of this year show a larger increase compared with the same period last year than shipments for all New England.

Source of data—American Railway Association.



Bridgeport department store sales during June showed a larger increase compared with the same month last year than in any previous month of this year except March.

Source of data—Federal Reserve Bank of New York.

the exception of January, was larger than in any previous month this year.

Brockton.—The value of new building construction permits in June was less than one-half of the previous month and the corresponding month a year ago. The Massachusetts Department of Labor and Industries reports a decrease in the number of employees in representative factories in this city of almost 24 per cent during June, and a decrease in the average weekly earnings of slightly over eight per cent.

Fall River.—The Cotton Manufacturers' Association announced on July 13 that the plain goods mills of Fall River would curtail operations 50 to 75 per cent. This curtailment was much more extensive than that which existed during the first two weeks of July. None of the fine goods mills were included in the curtailment plan. Employment figures for June show a decrease of six-tenths of one per cent over May, and a decrease of six per cent in the average weekly earnings per person.

Hartford.—Manufacturing plants were reported as running full time in June, with overtime in some of the hardware and rubber establishments. Building permits for June were valued at \$1,500,000, an increase of about \$1,000,000 over June, 1922, making a total of \$4,600,000 for the first six months of this year. This figure is some \$400,000 less than for the corresponding period last year.

New Bedford.—Fine goods mills were operating on a 50 per cent production basis. Yarn mills in general have adopted a four-day-week schedule, and cloth mills have curtailed operations about 50 per cent. On an average, forward business on hand amounts to approximately three

weeks' production. Employment in June decreased almost five per cent over the May figure, and average weekly earnings fell off two per cent.

New Haven.—Practically all plants are operating full time, with labor quite fully employed. One large rubber concern announced a temporary shutdown at the end of July, in order to take inventory. For the past three years this plant was shut down from May to late August, but at present the large volume of domestic and export orders on hand necessitates capacity operations.

Providence.—Curtailment in the plain goods mills is beginning to make an appearance. As yet it is not extensive, and the majority of mills are operating at near capacity. One large jewelry manufacturing concern reports good business for the first half of the current year, and expects a continuance of it for the rest of 1923. Its sales are slightly ahead of those for last year.

Springfield.—While some mills in this city have curtailed, the majority of the plants have not as yet adopted short-week schedules. A decrease of about one per cent in the number of persons employed in the industries of this city is reported for June as compared with the previous month. Building operations are 30 per cent less than in May, and are only about one-half of the volume shown in June, 1922.

Worcester.—Employment increased almost three per cent in June over May, while average weekly earnings fell off about one per cent. Cotton mills had the usual vacation periods during early July, but the woolen mills were reported as being too busy to close. Building operations in June were about one-third of what they were in May, as measured by the value of permits issued, and about the same as in June, 1922.

EMPLOYMENT IN NEW ENGLAND INDUSTRIAL CENTERS

Cities	Number of Establishments Reporting	Number on Payroll		Average Weekly Earnings	
		May, 1923	June, 1923	May, 1923	June, 1923
Boston	127	25,621	25,842	\$26.79	\$27.21
Bridgeport	18	22,229	22,007	(No data)	
Brockton	25	5,845	4,465	23.40	21.23
Cambridge	27	5,806	5,765	26.99	26.60
Fall River	17	12,236	12,160	21.23	19.92
Fitchburg	10	3,728	3,748	25.23	24.90
Haverhill	34	3,887	3,616	28.38	28.26
Holyoke	13	8,000	7,745	24.81	25.05
Lawrence	14	10,724	11,029	24.77	24.65
Lowell	19	11,414	10,757	23.51	22.87
Lynn	28	5,555	5,393	26.61	24.65
New Bedford	27	15,379	14,629	23.01	22.48
Peabody	13	2,357	2,512	25.34	25.28
Springfield	41	8,822	8,734	27.60	27.58
Taunton	16	3,444	3,637	25.35	25.73
Waterbury	7	13,640	13,521	(No data)	
Worcester	47	12,064	12,408	27.41	27.08

Sources of data—Massachusetts Department of Labor and Industries, Manufacturers' Association of Bridgeport, Waterbury Chamber of Commerce.

COMMODITY PRICES AND MARKET CONDITIONS

Raw materials and wholesale commodity prices continued to decline during June and the first half of July, the recession being both marked and widely distributed. The mid-July figure of the 20 basic commodities index, a price index including both raw materials and manufactured goods compiled by the Federal Reserve Bank of New York, stood at 148.7, corresponding exactly with the first weekly figure of 1923. This index has decreased eight per cent from the high point of the current year on April 7, and 5½ per cent since the first of June. The classified index of the prices compiled by the Bureau of Labor Statistics, standing now at 153 (1913 equals 100), showed a decrease of two per cent during June for all commodities combined, and decreases in each of the nine groups, except that of house furnishing goods, which remained unchanged.

The downward trend in commodity prices during recent months has not been confined to this country, and similar movements have been seen in

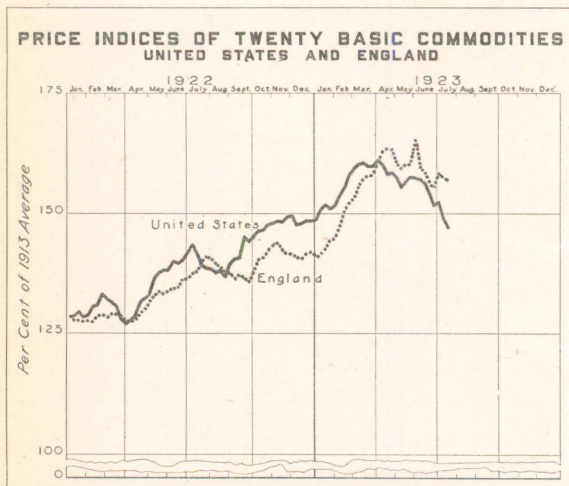
several foreign countries, such as France, Italy and, notably, England. In fact, the trend of commodity prices in this country and in England has closely paralleled for several years. The movements during the past year and a half are shown on the chart below. A minor upward or downward movement ordinarily starts in the United States three or four weeks earlier than in England, and this was true of the beginning of the downward movement last April.

In contrast with the decline of wholesale prices which now has been apparent for almost four months, retail prices show as yet no marked tendency to follow a downward trend. In fact, the retail food price index of the Bureau of Labor Statistics advanced one per cent in June over the April and May figure of 143. On the other hand, the cost of living index of the Massachusetts Commission on the Necessaries of Life fell one-tenth of one per cent during June, due chiefly to a decline in food prices of seven-tenths of one per cent.

Building:—Building costs, as measured by the combined index of material and labor compiled by the Federal Reserve Bank of New York, declined during June, continuing the downward movement that began in May. Although the combined index dropped nearly two per cent from May, due solely to a decrease of four per cent in cost of materials, the labor cost index increased two per

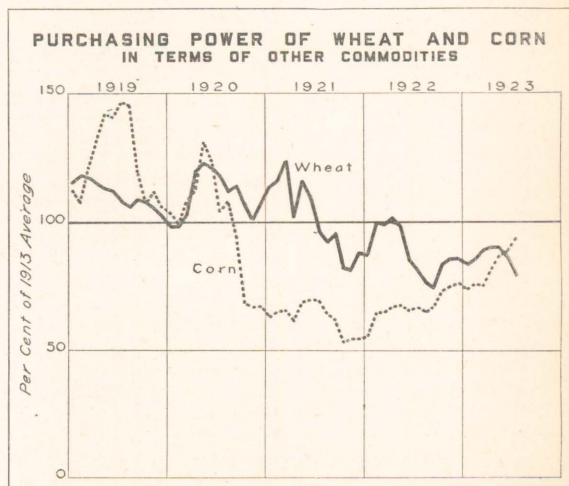
cent, and now stands at the highest point registered by this index.

Cotton and Cotton Goods:—Present dullness in print cloth, gray goods and fine cotton goods primary markets far exceeds seasonal quietness, contrasting with fair activity in retail trade. (See chart on page 6, showing sales of fine cotton goods.)



The decline in basic commodity prices in this country which began in April has been accompanied by one in England. The trends of English and American prices correspond closely.

Source of data—Federal Reserve Bank of New York.



The recent decline in wheat prices to below \$1.00 a bushel calls attention to the lack of improvement in the wheat farmer's purchasing power during the recent business recovery. The purchasing power of corn, however, has been increasing for over a year and a half.

Spot cotton prices, middling uplands, New York, were relatively steady during the first three weeks of July, averaging about 27.75 cents. However, with the receipt of more favorable reports of the new crop, coming from Texas, spot prices made a sharp fall, opening the fourth week of July some 190 points below the close of the previous week. New crop options were all affected, being off on an average of 95 points. Finished goods prices tended downward during July, the bottom being apparently reached at which mills can profitably do business. Present manufacturing margins are said to be 25 per cent below the January level.

Farm Products:—The Government crop report of July 1 places the composite condition of all United States crops at 3.6 per cent below the ten-year average of that date. Increases over last year in the production of wheat, corn and potatoes are indicated. With September wheat selling at about 95 cents, the price situation in the wheat market is attracting notice. Corn prices increased slightly during July, resulting in a further decrease of the corn and hog price ratio.

Hides and Leather:—Seasonal quietness during June and the first half of July is clearly apparent in hide and leather markets. Little forward business is being done; buying is confined principally to immediate needs. A relatively large quantity of hides has recently been turned over by the western packers in an effort to clear surplus stocks, but prevailing prices were extremely low. Since the middle of June heavy native and heavy Texas steers have fallen off almost 20 per cent, and some grades are now quoted at nearly 25 per cent below 1913 prices.

Non-Ferrous Metals:—Prices of copper, silver, lead, tin and zinc declined during June. Silver showed the largest drop, the cessation of Government purchases having a strongly bearish effect. Copper has shown a firming tendency of late, although buying has fallen off. Since the first of July a further reduction of one cent per pound to a six-cent basis was made in lead prices.

Silk:—Manufacturers' takings of raw silk increased 12 per cent over the May figure, yet are still about 27 per cent below the April figure, the peak month to date in 1923. Raw silk prices have declined approximately \$1.00 during the past month, and are now at the lowest level since early last fall.

Sugar:—Sugar meltings at United States ports in June were 30 per cent below the May figures, and 40 per cent below the figure of June, 1922. During July price changes of refined sugar were erratic, the trend being on the whole sharply downward. Quoted at 9.75 in mid-June, the figure a month later was approximately 13 per cent lower.

Wool:—The opening of the new lightweight season found prices averaging about 6½ per cent higher than prices of fall goods quoted last January, and 15 per cent above spring prices of a year ago.

Growers' prices for the new domestic clip have dropped two to 10 per cent from the high June level. Although the finer grades have recently shown increasing strength, quotations in eastern markets for all grades are off on an average of five per cent from the peak.

THE COURSE OF COMMODITY PRICES

	1913 Average	1920 Peak	1921-22 Low	June Average	July 23, 1923	P. C. Increase from Low of 1921-22
COMMODITY PRICE INDICES:						
BUILDING MATERIALS—Bureau of Labor Statistics	100	300	155	194	**	25.2%
COST OF LIVING—Massachusetts State Commission	100	203	155	159	**	2.6
RETAIL FOOD PRICES—Bureau of Labor Statistics	100	219	139	144	**	3.6
WHOLESALE PRICES—Bureau of Labor Statistics	100	247	138	153	**	10.9
WHOLESALE COMMODITY PRICES:						
COTTON—spot middling uplands (lb.)	\$0.13	\$0.44	\$0.11	\$0.286	\$0.254	130.9%
HIDES—packer, heavy native steers (lb.) . . . . .	.18	.52*	.10	.162	.148	48.0
LEATHER—sole, scoured oak backs (lb.) . . . . .	.45	1.03*	.45	.52	.50	11.1
PETROLEUM—Mid-Continent, 33-34.9° (bbl.) . . . . .	.93	3.50	1.00	1.45	1.45	45.0
PIG IRON—basic valley furnace (ton)	14.71	48.50	17.75	27.40	25.00	40.8
PRINT CLOTHS—27", 64 x 60 (yd.) . . . . .	.034	.165	.043	.075	.071	65.1
SUGAR—refined (lb.) . . . . .	.043	.225	.048	.096	.087	81.3
WOOL—Ohio delaine, unwashed (lb.) . . . . .	.24	1.00	.33	.58	.56	69.7
WOOLEN GOODS—11-oz. serge (yd.)	1.13	4.05	2.35	3.125	3.12	32.8

*Peak prices of hides and leather came in 1919

**Not available

Wholesale commodities prices are taken from trade papers quoting prices in leading markets.

CUBA AND ITS FOREIGN TRADE

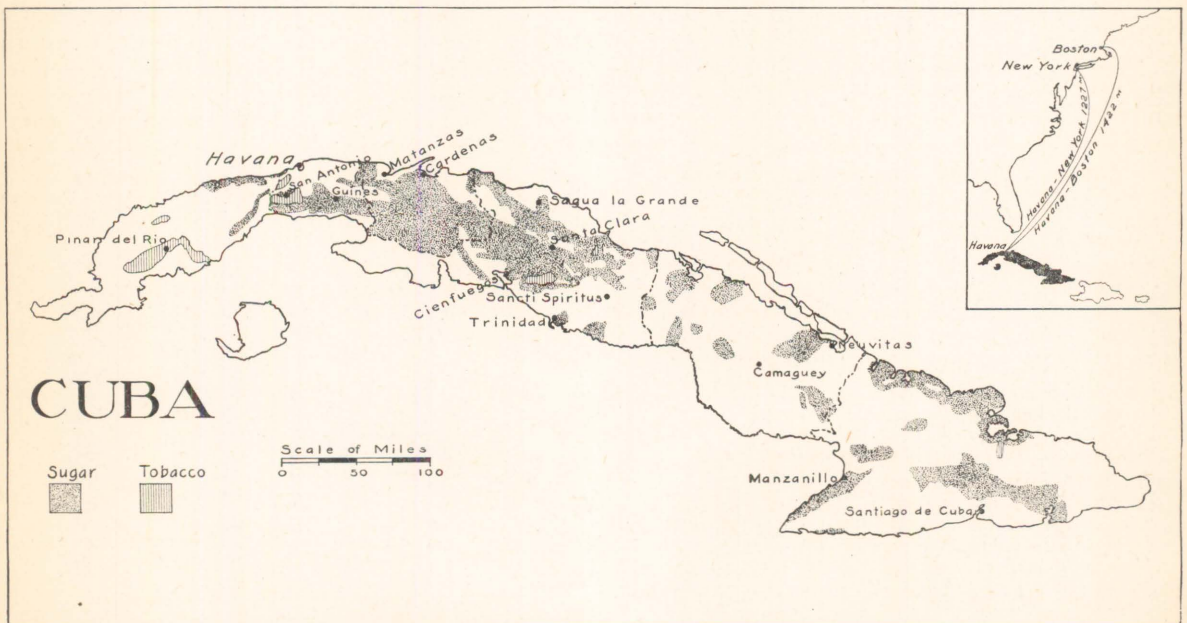
The Federal Reserve Board on June 27 granted the Federal Reserve Bank of Boston permission to establish an agency in Cuba. This was a definite recognition of the closeness of the economic ties linking New England with the largest of the West Indies, and binds still closer the trade relationships dating from early Colonial days, when New England mariners exchanged their fish, the cruder manufactured articles of that time and other miscellaneous products of the temperate zone for sugar and molasses.

The Island of Cuba, situated within a hundred miles of Key West, is shaped somewhat like the arc of a circle, and has an extreme length of more than 700 miles from east to west. It is narrow, ranging in breadth from 25 to 130 miles, and possesses a coast line of more than 2000 miles. Its area is about two-thirds that of New England, and its density of population about equal to that of the New England of a generation ago. The climate is warm and damp, with a prolonged rainy season lasting from May to October, and very moderate precipitation during the remainder of the year; the average rainfall in Havana is about equal to that in Boston, but that of Cuba as a whole is greater than in New England. The variations in temperature between winter and summer and day and night are not great, but excessive heat is seldom felt, due to the prevailing trade winds and the narrowness of the island itself. Several irregular mountain chains cross the

country in various directions, and almost all products of the tropics are grown successfully on the fertile plateaus and in the valleys thus formed.

The government of Cuba is in many respects similar to our own; a president and a vice-president elected indirectly by an electoral college and serving a four-year term; a senate consisting of four members from each of the six provinces, elected for a term of eight years instead of six as in this country, and a house of representatives with 120 members (one for each 25,000 inhabitants) elected by direct vote and having a four-year term of office. The organic law of Cuba provides for proportional representation, and therefore presidential electors, senators and representatives are not elected en bloc by a majority party, but the minorities receive their proportionate representation in accordance with the votes polled. The president is assisted by a cabinet of about the same size as our own, and the judicial system is somewhat similar in organization to that in this country, with one important exception—they do not have a jury system. They do have a national supreme court, six superior courts and more numerous courts of first instance and minor courts.

The political relations between Cuba and the United States are intimate and unique. The Platt Amendment, incorporated into a treaty between the two nations in 1903, provides that the Cuban government shall never enter into any treaty or other compact with any foreign power or powers



Pinar del Rio, Havana, Matanzas, Santa Clara and Camaguey are situated in provinces bearing the same names. Santiago de Cuba is situated in the province of Oriente. The agency of the Federal Reserve Bank of Boston is in Havana.

CUBA AND ITS FOREIGN TRADE—*Cont'd*

which will impair the independence of Cuba, and gives to the United States the right to intervene for the preservation of Cuban independence and the maintenance of a stable government. Provision is also made against the incurring of public indebtedness in excess of that warranted by the current revenues of the Cuban government.

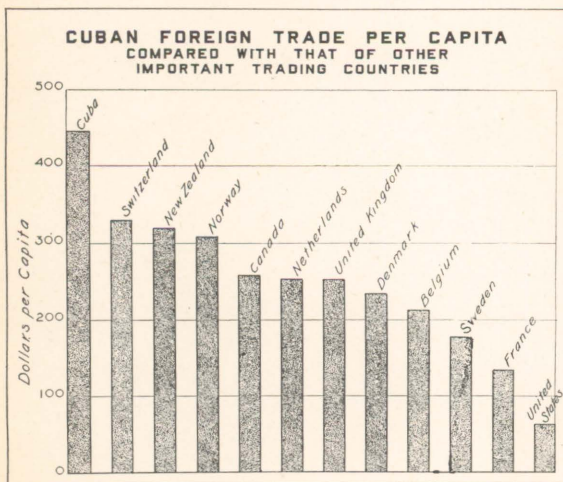
Cuba suffered severely, as did most countries, during the depression of 1920, and the fact that sugar prices declined more drastically than those of most commodities rendered the situation more trying; yet the manner in which these difficulties are being overcome, and the very real progress that Cuba, after four centuries of foreign rule, has made during two decades of independence, gives basis for the assurance that her future, both politically and economically, is secure.

Essentially, the comparison between Cuba and New England is, in many respects, the same as during Colonial days. No country in the world enjoys a larger per capita foreign trade than Cuba. This is strikingly brought forth by the first of the accompanying charts, which compares Cuba on this basis with other countries whose foreign trade is highly developed. Cuba is essentially a producer of sugar, and uses the proceeds of this crop to buy in other markets the broad range of commodities needed to sustain her population of 3,000,000. In somewhat similar fashion few sections of the United States are more vitally interested in foreign trade than New England, with its dense population and intensive economic development. Moreover, in the foreign trade markets of the world the products of New England and Cuba are complementary rather than competitive; a considerable portion of the sugar pro-

duced in Cuba (and with less than 1/500 of the world's population Cuba produces about one-fourth of its sugar) comes to New England for refining, and, in turn, Cuba offers a substantial outlet for New England textile products, chemicals, drugs, boots and shoes, paper and miscellaneous manufactures.

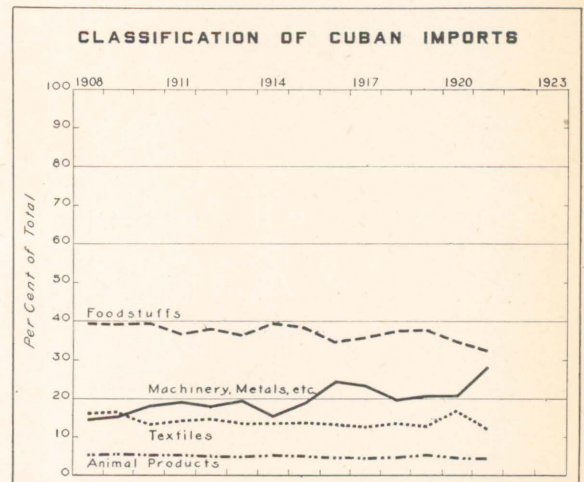
The imports into Cuba since 1908 are shown in detail on the second chart. Foodstuffs have always constituted the largest single group and usually represent from 30 to 40 per cent of the total. Specializing in one great foodstuff, sugar, and thus effectively capitalizing the unusual climatic and natural resources of the island, the importation of other foodstuffs, such as lard, bacon, hams, condensed milk, eggs, flour and corn, runs well up into the millions of dollars a year. Textile products rank second among Cuban purchases, and, with the semi-tropical climate, cotton goods are naturally preferred. While the dollar value of this trade fluctuated widely during the periods of war and post-war inflation, and subsequent deflation, the proportion to total imports has remained surprisingly constant at about one-seventh. Cotton cloths dyed in the piece, closely followed by bleached, printed and yarn-dyed cloths, dominate exports of this character from the United States to Cuba, though sales of cotton hosiery are becoming increasingly important, and a moderate trade is carried on in unbleached cotton cloths. The importation of wool products, though of small volume, shows a definite tendency to increase.

With the development of the sugar industry, there has been a constant increase in the importation of machinery, and, indeed, during four years



Foreign trade is a greater factor in Cuban commerce than in that of any other important country.

Sources of data—*Census of the Republic of Cuba and Economic Bulletin of Cuba.*



Although Cuba's largest item of exports is a foodstuff, nevertheless its largest group of imports is foodstuffs. Machinery and metal products are continually becoming more predominant in imports, while textiles show no change.

CUBA AND ITS FOREIGN TRADE—*Cont'd*

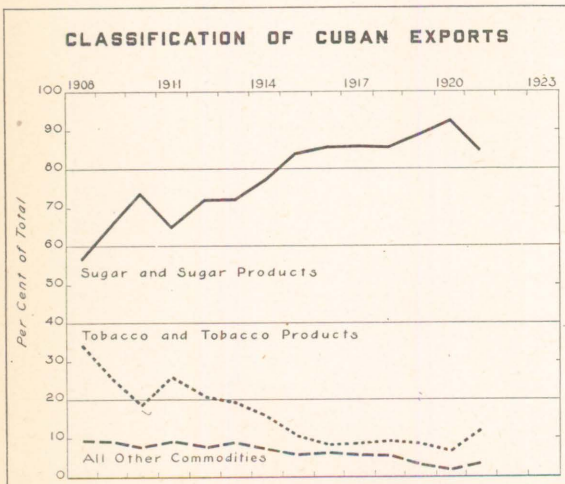
in the past decade such imports have exceeded textiles. The demand for metal-working machinery, while not large as yet, has been increasing rapidly. Cuba has a railroad mileage which, making allowance for the size of the island, equals that of the United States, and exceeds that of any other country in either North or South America; a good market, therefore, exists for railway equipment. While mahogany and other tropical woods are produced and exported in some quantity, limited supplies of the more common woods necessitate the importation of lumber for construction purposes, and for the same purpose a considerable amount of cement and structural steel. Book and newsprint are the leading grades of paper entering Cuba. About one-half of the shoes imported (and those from the United States average \$10,000,000 a year) are men's and boys', while children's shoes and women's shoes each constitute about one-fourth.

The leading exports of Cuba are shown on the third chart. Sugar and the by-products of the sugar industry increasingly dominate this field. In 1908 they represented 54 per cent of all exports, and this percentage had increased to 75 by the outbreak of the World War; at the close of the war the value of sugar exports was almost eight times that of all other commodities combined. Tobacco ranks second; fifteen years ago tobacco products (with leaf tobacco leading) constituted one-third of all exports; the proportion now is about one-tenth. A broad range of fruits and vegetable products are exported in limited quantities. This group is of more potential than actual importance, and has been almost lost from

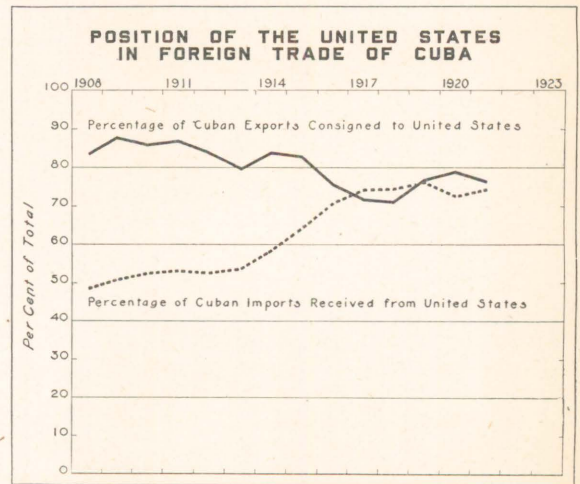
sight in the intensive development of the sugar industry. Cuba possesses rich deposits of asphalt and bitumen, which are as yet, however, largely undeveloped. A moderate quantity of iron ore and manganese is exported, and copper ore with a copper content amounting to 37,000,000 pounds has been exported in a single year. Yet minerals as a whole constitute but one to three per cent of all exports.

Sugar is grown throughout the island, though the bulk of the production comes from the central and eastern provinces of Matanzas, Santa Clara, Camagüey and Oriente. Most of the tobacco comes from the west, from Havana and Pinar del Rio. A limited amount of coffee and cocoa is grown in both eastern and western extremes of the island, and in the more central province of Santa Clara. Pineapples, like citrus fruits, are grown successfully in any of the provinces, but commercial success dictates that they be planted near a seaport whence steamers leave frequently for the United States, and Havana is the leading center. The leading grazing section is Camagüey in the east, and the easternmost province, Oriente, is the mineral center.

The volume of exports usually exceeds that of imports, and there is a favorable balance of trade that normally approaches \$100,000,000, although the actual figures from year to year are subject to wide variation (1919 and 1920 recorded favorable balances, respectively, of \$217,000,000 and \$237,000,000; 1921, however, an unfavorable balance of \$76,000,000), and naturally depend on the price sugar brings in international markets. A large portion of this excess of exports over imports establishes the credits from which foreign



Between 80 and 90 per cent of Cuban exports consist of sugar. Tobacco is the next largest export commodity.



While the bulk of Cuba's foreign trade is with this country, the tendency during the past 15 years has been to send us a relatively smaller proportion of their exports, and to buy from us a relatively larger proportion of their imports.

investors in Cuban enterprises receive their income.

The position of the United States in the foreign trade of Cuba during the past decade and a half is traced on the fourth chart. An increasingly large proportion of Cuba's imports represents purchases from the United States. As late as 1908 less than one-half the island's purchases were made in American markets; the percentage had increased from 48 to 54 by the outbreak of the World War, and has averaged about 75 per cent during the past five years. The remainder of Cuba's imports were drawn largely from Great Britain, Spain, Germany and France in the order mentioned. During the war Spain temporarily displaced Great Britain, but by 1921 the latter had regained her position as second only to the United States. Cuban imports from the four leading European countries fell from 36 per cent of the

total in 1908 to 31 per cent in 1913, the last complete year before the war, and this decline, just about equalling the gain of the United States, is probably a fair measure of what might be called the normal gain of this country in Cuban markets. Since the close of the war, Europe has regained a portion of her Cuban trade. The proportion of goods imported from Europe increased from 10½ per cent in 1918 and 1919 to 13 per cent in 1920 and 14½ per cent during the following year. The highest of these percentages, however, represents less than half that prevailing at the outbreak of the war.

Cuba's export trade is primarily with the United States, and geographical conditions seem destined to render this condition one of increasing interdependence, for the United States, increasing rapidly both in population and wealth, is the world's greatest single market for sugar.

STATISTICS OF CONDITION OF THE FEDERAL RESERVE BANK OF BOSTON

(expressed in millions of dollars)

	July 25, 1923	June, 1923 Aver.	July, 1922 Aver.	Post-War Amt.	Low Date	Post-War Amt.	High Date
TOTAL LOANS TO MEMBER BANKS	\$45	\$52	\$24	\$19	July, '22	\$195	Dec., '19
Secured by Government Obligations.....	18	22	8	7	July, '22	159	May, '19
Secured by Commercial Paper	27	30	16	10	May, '22	100	Dec., '20
BANKERS' ACCEPTANCES ON HAND	17	19	21	13	Feb., '23	86	Dec., '19
U. S. GOVERNMENT SECURITIES	4	4	47	4	June, '23	60	June, '22
TOTAL LOANS AND INVESTMENTS	66	74	93	61	Apr., '23	267	Sept., '20
TOTAL CASH RESERVES	280	274	208	142	Feb., '20	283	July, '23
TOTAL DEPOSITS	126	129	124	112	Mar., '22	140	Jan., '20
Member Bank	125	126	122	109	Mar., '22	131	Oct., '20
Government	1	2	2	**	Oct., '22	9	Mar., '21
CIRCULATION: FEDERAL RESERVE NOTES	216	214	163	149	May, '22	310	Oct., '20

** Less than one.

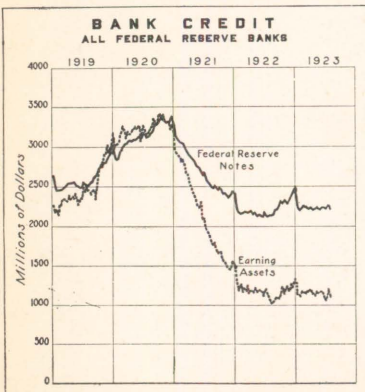
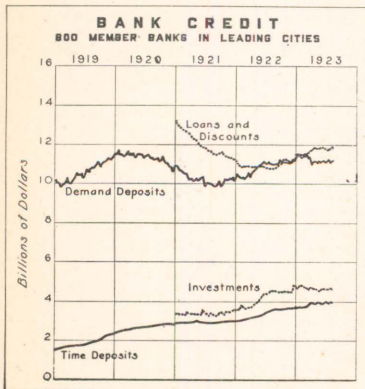
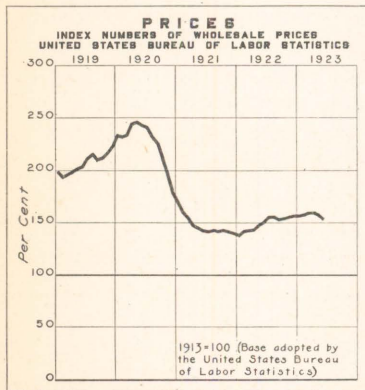
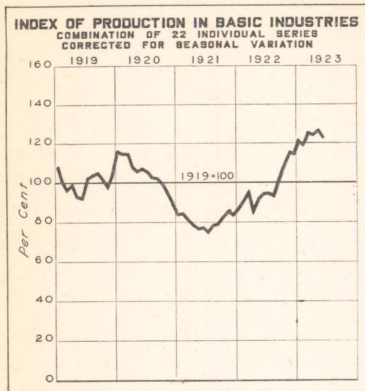
COMPARATIVE STATISTICS OF NEW ENGLAND MEMBER BANKS IN SELECTED CITIES *

(expressed in millions of dollars)

	July 18 1923	June 1923 Aver.	May 1923 Aver.	Jan. 1923 Aver.	July 1922 Aver.	Post-War Amt.	Low Date
LOANS	\$1,023	\$1,005	\$1,004	\$982	\$895	\$877	May, '22
Secured by Stocks and Bonds	302	297	297	304	263	230	June, '22
All Other Loans	721	708	707	678	632	621	Apr., '22
INVESTMENTS	346	359	350	360	324	216	May, '21
LOANS AND INVESTMENTS	1,369	1,364	1,354	1,342	1,219	1,133	Jan., '22
DEPOSITS	1,283	1,265	1,255	1,260	1,175	1,006	Aug., '21
Net Demand	935	924	921	950	891	800	Mar., '22
Time	323	315	311	294	274	200	Feb., '21
U. S. Government	25	26	23	16	10	9	Oct., '22
BORROWINGS FROM FEDERAL RESERVE BANK OF BOSTON	31	34	30	36	16	8	Apr., '22
RATIO OF BORROWINGS TO RESERVE DEPOSITS OF FEDERAL RESERVE BANK OF BOSTON ..	32.0%	35.8%	32.3%	37.5%	17.2%	9.3%	Apr., '22

* Boston, Fall River, Hartford, New Bedford, New Haven, Portland, Providence, Springfield and Worcester.

SUMMARY OF BUSINESS CONDITIONS IN THE UNITED STATES



Production of basic commodities declined in June, but employment was maintained at last month's high level. Freight shipments were exceptionally large, and the volume of wholesale and retail trade continued heavy. Wholesale prices showed a further decrease.

PRODUCTION: The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal variations, was four per cent lower in June than in May, and stood at about the level of the late winter. Mill consumption of cotton, steel ingot output and sugar meltings showed particularly large reductions. The value of permits for new buildings and of contracts awarded declined in June more than is usual at that season.

The Department of Agriculture forecasts on the basis of July 1 condition a large increase in the cotton crop, a slight reduction in the corn crop, a winter wheat crop of about the same size as last year, and a spring wheat crop which will possibly be about 40,000,000 bushels below 1922.

The number of factory employees at work in June in the country as a whole was about as large as in May, though a reduction is reported by New England establishments. The proportion of factories reporting full-time operations decreased, and consequently average earnings per employee were smaller. Wage advances continued to be reported in June, but they were not nearly so numerous as in April or May.

TRADE: Distribution of commodities, as measured by railroad freight shipments, was active throughout June. The number of cars loaded exceeded 1,000,000 in each of four successive weeks, and in the week ended June 30 was the largest on record.

The volume of wholesale and retail trade in June was about the same as in May, and continued to be substantially larger than in 1922. Sales of groceries and dry goods were much larger in June, and this increase was reflected in an advance of four per cent in the Federal Reserve Board's index of wholesale trade. This index, which makes no allowance for seasonal changes, was nine per cent above the June, 1922, level. Department store and mail order sales were smaller, as is usual at this season, while sales of reporting chain stores were at about the same high level as in May. Stocks of merchandise at department stores were reduced about six per cent.

WHOLESALE PRICES: The decline in commodity prices which began late in April continued during June and the first two weeks of July, and the index of the Bureau of Labor Statistics for June was two per cent less than for May. The largest decline, amounting to four per cent, occurred in the prices of building materials, and decreases were shown also for all the other commodity groups except house furnishings, which remained unchanged. During the first half of July price declines were shown for wheat, sugar, petroleum and lead, while the price of corn and hides advanced.

BANK CREDIT: Banking developments between the middle of June and the middle of July largely reflected the payment of income taxes on June 15, dividend and interest payments at the turn of the half-year, the demand for additional currency for the July 4 holiday, and return flow of currency after that date. At the end of the period the volume of member bank and Federal Reserve Bank credit in use was approximately at the same level as a month earlier. At the Federal Reserve Banks the amount of discounts for member banks on July 18 was about \$100,000,000 larger than on June 13, but this increase was practically balanced by a decline in holdings of acceptances and Government securities. During the month of June gold and gold certificates in circulation increased by over \$40,000,000, and this increase is reflected in an equivalent decline of gold held by the Federal Reserve Banks.

Money rates were slightly firmer, as is usual at this season of the year.