



FEDERAL RESERVE BANK  
OF PHILADELPHIA

*Business conditions in  
the Philadelphia Federal  
Reserve District*

*March 2, 1918*

**A**SIDE from the interruption in business caused by the closing-down order on Mondays, there has been no important change in conditions, manufacturers, as a rule, continuing to operate to as near capacity as circumstances will permit.

Retail trade is running ahead of last year, both in quantity of goods sold and in value of sales. Dry goods, hosiery, underwear, etc., are in scant supply, and on account of the continually advancing prices, retailers have a tendency to overbuy. In many cases there is a disposition to expand credit beyond normal amounts, but efforts are being made to keep them within reasonable lines.

The railroad embargo, and the embarrassment and distress resulting from freight congestion, scarcity of fuel, etc., have been the absorbing subjects of the month. Due to the inability to make shipments, large quantities of finished goods have accumulated. This has resulted in curtailing production and the tying up of much capital.

Collections throughout the district are reported fair. In some lines, such as iron and steel, the condition is somewhat unsatisfactory, as bills have been falling due before the materials have been received, and some large consumers are reported as being slow in their payments.

**Car movements** The movement of cars at Lewistown Junction on the Pennsylvania Railroad during January, 1918, and compared to the same month in previous years is shown by the following tables:

Percentages show decrease in January, 1918, as compared to January of year designated.

	<u>Loaded cars</u>		<u>Empty cars</u>		<u>Total cars</u>	
	Number	% decrease	Number	% decrease	Number	% decrease
1918.....	62,362	....	55,342	....	117,704	....
1917.....	101,562	—39	76,714	—28	178,276	—34
1916.....	115,541	—46	87,078	—36	202,529	—42
1915.....	92,470	—33	71,312	—22	163,782	—28
1914.....	101,893	—39	72,597	—24	174,490	—32
1913.....	112,530	—45	81,005	—32	193,535	—39
1912.....	96,485	—35	69,876	—21	166,361	—29

Analysis of comparative loaded car movement, January, 1917-1918:

	<u>January, 1917</u>	<u>January, 1918</u>	<u>Per cent.</u>
Bituminous, eastbound.....	41,132	33,397	—18.8
Coke, eastbound.....	5,563	3,111	—44.1
Miscellaneous, eastbound.....	33,820	17,946	—46.9
Miscellaneous, westbound.....	21,047	7,908	—62.4
Totals and difference.....	101,562	62,362	—38.6

**Coal** The mild weather which has been appearing of late has done much to further the movement of cars and the delivery of coal with the result that certain sections have been decidedly benefited, reporting a lessening of the coal stringency. However, favorable conditions have not yet existed for a sufficiently long period in which to produce any wide-spread benefit. It has been reported to us that in many cases, long trains of cars loaded with coal are standing idle because there is not sufficient motive power in good repair to move them. The production of bituminous coal during January was about the same as in the preceding month. The production of coke has been curtailed by the inability to secure coal and also the necessity of repairing plants.

**Cotton yarns** The demand for cotton yarns is fairly strong and prices continue at a high level because of the inability to secure supplies as a result of the railroad embargo. It is believed that as long as spot cotton is in demand, there is nothing that can stop the upward movement of the market.

**Food** There has been no very marked change in the food situation during the past month. The ruling requiring that flour should only be sold together with an equal quantity of substitutes seems to be encountering some difficulties due to the inability of many wholesalers to get substitutes in sufficient quantity. It is expected that the Government will take over a large portion of the vegetable pack and the amount that will be available for civilian use is problematical. There is a good demand for merchandise in general, but transportation troubles make it difficult to secure sufficient supplies. Prices are firm.

**Foreign trade** During the year 1917 exports through the port of Philadelphia amounted to \$501,234,000, which is an increase of 126 per cent over 1916 and 253 per cent over 1915. Imports reached the total of \$102,243,000; this is a decrease of 8 per cent from the 1916 figures and an increase of 85 per cent over 1915.

Exports during January amounted to \$38,975,065, which was a slight decrease compared to December; imports amounted to \$7,082,709, which was an increase of 60 per cent over December. The tonnage of all vessels arriving and clearing during January was 1,065,771, which compares with 1,480,077 in January of 1917.

**Food storage** The cold storage holdings of frozen and cured beef had decreased somewhat on February 1 as compared to a month previous. Holdings of pork in various forms had increased. There was an increase of 44 per cent in frozen pork; 33 per cent in dry salt pork, and 20 per cent in sweet pickled pork. Holdings of creamery butter decreased 50 per cent and eggs decreased 84 per cent.

**Hosiery and underwear** Factories manufacturing hosiery and underwear have in many cases been shut down owing to the embargoes in force on the railroads and their inability to secure fuel and supplies or to ship their finished product. Production was very much curtailed, and it is expected that prices will go higher as the result of the inequality between supply and demand. The cold weather caused a strong demand for woolen underwear for civilian use which cannot, however, be filled. Another product in strong demand is cotton half-hose, the production of which was cut down by factories turning to Government work. At present some of the hosiery and underwear factories are working up to 25 per cent on Government work.

**Iron and steel** The iron and steel industry is still partly paralyzed by the lack of fuel and transportation facilities. It is estimated that production is at about 50 per cent of capacity. A very large number of blast furnaces have been banked owing to lack of fuel, and other furnaces in actual operation are not running at capacity. These bad conditions were largely due to the cold weather and accompanying storms, but the appearance of mild weather has helped considerably to improve the situation.

**Leather** Business on the whole is backward, although prospects for the restoration to something approaching normal conditions are expressed by the trade. Conditions are greatly hampered by embargoes and freight forwarding difficulties.

In the shoe trade, Government orders are causing anxiety to manufacturers of civilian footwear, because of inability to secure material. Retailers are emptying their shelves and wholesalers are unable to get new supplies from the factories.

**Paper** The curtailment of the production of paper since the first of the year, incident to coal shortage and the difficulties in obtaining supplies, because of the freight congestion, has resulted in an increase in the cost of production. Manufacturers have as yet been unable to obtain an increase in the selling price necessary to offset the increased cost, and it is reported that in some cases paper is being marketed below cost. Such information as is available indicates that the manufactured stocks in the hands of mills and dealers are in the aggregate smaller than for many years past.

**Silk** The reduction in mill output and difficulty in transportation has caused a strong demand for silk goods, especially staple silks. Retailers report a satisfactory volume of buying.

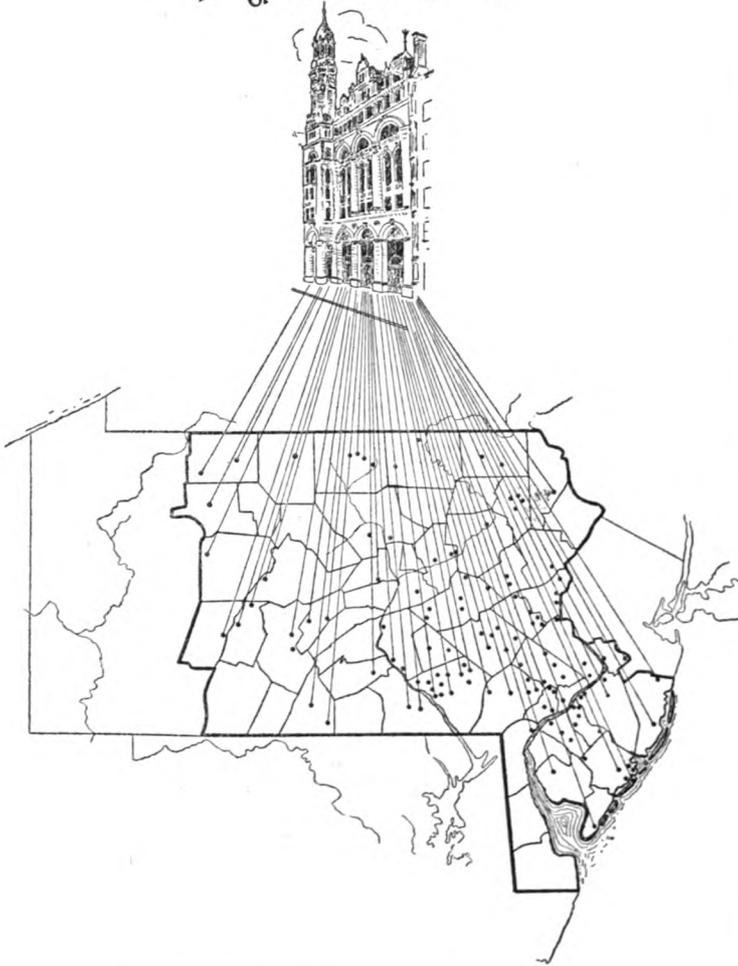
**Tobacco** There is a very strong demand for the tobacco which is held by some buyers in the vicinity of Lancaster County. The high prices which were paid for the 1917 crop appear to be justified by the circumstances of the situation. Manufacturers of cigars state that they cannot stand the continual rise in the prices of raw materials, labor, etc., and that the price of the finished product will have to be increased.

**Wool** The wool market has been quiet, due in part to the embargoes which have hindered transportation. Many of the large users are fairly well stocked, but demand is strong and

prices are high. It is stated that many foreign orders have been canceled as a result of the government regulations on imports and in some quarters it is felt that the regulations are somewhat inexpedient as purchases abroad would have increased our own stocks of wool and would have tended to ward off any contingencies that might arise.

**Financial** The banks have been unable to accumulate surplus funds owing to the continuous purchases of Treasury certificates of indebtedness and the renewal of notes by their customers, whose business has been seriously hampered by the railroad freight tie-up. Rates for money have advanced slightly, commercial paper selling at 6 per cent, a slight concession being made, however, for the best names of short maturities. Rediscounts at the Federal Reserve Bank during January amounted to \$36,200,000, compared with \$45,025,000 the preceding month, and \$565,000 in January of last year.

FEDERAL RESERVE BANK  
OF PHILADELPHIA



LOANS IN 1917 - \$223,000,000  
TO 236 BANKS  
IN 126 TOWNS

## BUSINESS INDICATORS

	February 17, 1918	Percentage increase or decrease compared with	
		Previous month	Year ago
<b>Philadelphia banks:</b>			
Loans .....	\$579,437,000	- 1	+ 6
Deposits .....	\$625,060,000	- 3	- 5
Ratio—loans to deposits.	93%	(Actual) 91%	(Actual) 83%
<b>Federal Reserve Bank:</b>			
Discounts and collateral loans .....	\$26,095,000	- 16	+ 3650
Cash reserve .....	73%	+ 2	+ 7
90-day discount rate...	4½%	(Actual) 4½%	(Actual) 4%
Commercial paper.....	5¾%	(Actual) 5½%	(Actual) 4½%
	January, 1918	Percentage increase or decrease compared with	
		Previous month	Year ago
<b>Bank clearings:</b>			
In Philadelphia.....	\$1,522,827,616	- 2	+ 9
Elsewhere in district....	98,170,474	- 4	+ 1
Total .....	\$1,620,998,090	- 2	+ 8
<b>Port of Philadelphia:</b>			
Exports .....	\$38,975,065	- 3	- 11
Imports .....	\$7,082,709	+ 60	- 22
Building permits—Philadel- phia .....	\$1,684,510	+ 127	- 22
Post-Office receipts—Phila- delphia .....	\$1,005,751	- 14	+ 13
Commercial failures in dist- rict (per Bradstreet's)..	79	(Actual) 63	(Actual) 75
<b>Commodity prices:</b>			
Annalist (Feb. 2).....	\$284.483	+ 2	+ 32
Bradstreet's (Feb. 1)...	\$180.776	+ 1	+ 29

*Compiled February 25, 1918*

The purpose of this report is to provide member banks and the business community in general with a brief monthly review of prevailing business conditions in this particular Federal reserve district.

The second edition of the Index Digest of the Federal Reserve Act is now ready for distribution and is being sent to subscribers. The volume contains 656 pages, and furnishes a complete analysis of the Federal Reserve Act, as amended to date, including those provisions of other acts which affect the Federal Reserve System. Copies bound in paper are sold for \$1.00 each, and bound in buckram for \$1.25 each. Subscriptions may be sent to the Federal Reserve Agent of each District, or to the Federal Reserve Board direct.