Business Conditions

Report of the Federal Reserve Bank of Philadelphia

April 1, 1920.

THE severe winter weather, which so thoroughly tied up transportation during February, is still having its effect on the movement of cars. Shipments are moving slowly and holding up many manufacturers, due to the shortage of fuel and materials. This condition is particularly true in the iron and steel lines, which have been receiving orders and inquiries in large volume. Production of goods is proceeding as rapidly as circumstances will permit. In some of the textile lines there has been a quieting of the frenzied demand which was a feature of earlier dealings.

Retail trade has been fairly brisk and somewhat ahead of last year insofar as the volume of business in dollars is concerned. It is to be doubted whether the actual bulk of the sales is as large, however, as the increase of prices probably more than accounts for the increase in the value of the sales. Bad weather conditions and sickness have held many purchasers at home. It is reported that in some cases objection is raised to price increases and that there is a partial shifting in demand from luxury goods, such as silk shirts, to cotton shirts. Prices do not yet show signs of a decline and little hope is held out by retailers until the fall season has passed.

In conformity with the suggestion of the Federal Reserve Board, the Federal reserve banks have initiated a program which is designed to secure actual figures or percentages on certain items such as sales, stocks, etc., in all lines of industry and trade. Composite percentages for all reporting firms are worked up at this bank from the individual reports. Retail trade, as manifested by the reports of department stores, has been the first subject of inquiry, inasmuch as it is an indicator of fundamental purchasing power. The table below gives the results of our investigation for the months of January and February:

RETAIL TRADE OF DEPARTMENT STORES

	January 1920	February 1920
Net sales:		
For month named compared to same month, 1919	+ 22.2%	+ 16.8%
For period Jan. 1 to end of month named, compared to same period last year............	+ 22.2%	+ 20.1%
Stocks at end of month named:		
Compared to same month, 1919	+ 5.2%	+ 16.6%
Compared to previous month	— 3.4%	+ 6.8%
Ratio of average stocks at end of each month for period from Jan. 1 to date, to average monthly sales for same period	253.2%	276.1%
Ratio of outstanding orders at end of month named, to total purchases during year 1919	24.4%	31.2%

Clothing

Clothing manufacturers report that they are running at full capacity, and that operations average about 25 per cent ahead of last year. Difficulty is experienced in securing supplies of cloth and the various raw materials entering into production. These difficulties are due not so much to the transportation situation as to the curtailed production of mills manufacturing cloth. Prices of raw materials have been trending steadily upward. The general demand centers on products of the higher qualities. It is to be understood, of course, that the attitude of the purchasing public will in the end exercise an important influence upon actual prices to be charged, and in this connection the following excerpts from a letter received from a large manufacturer are of interest:

"We are unquestionably approaching the point of saturation far more quickly than we have been for the last few years. In other words, production is fast approaching the level of demand in our line.

"However, that is not due to any change of heart on the part of the worker. Production per capita is just about where it was a few months ago. The changed situation is due to the refusal of the buying public to pay the prohibitive prices clothing manufacturers and retail merchants are compelled to ask.

"You will recall when we last spoke on this subject, I advanced the theory that as prices became prohibitive, demand would decrease. The realization of that forecast has come more quickly than I thought it would.

"We are already hearing from many of our retail friends that the buying public, rather than pay present retail prices, are refusing to buy and making their present apparel do for an indefinite period."

Coal

Production of bituminous coal is still seriously hampered by shortages in cars but production is gradually recovering. Many consumers have suffered from the diverting of fuel consigned to them during the past months and in some quarters the policy of the Government has been regarded as unjust and has caused much complaint. There appears little likelihood of any decline in the price of bituminous coal as there is at present a considerable shortage. Because of the large output of which the bituminous mines are capable when operating under favorable conditions, it is very possible that a shortage at this time may be overcome before the year is out.

The anthracite situation is now complicated by the necessity of entering into a new wage agreement with the miners on April 1. The present trend of prices is upward, and increases in wages, if agreed on at that time, will probably be reflected in still higher prices. The production of anthracite is not capable of so much expansion as is the case with bituminous coal, and care must be exercised to prevent any undue delays in operations. Shipments over the nine principal coal carrying roads during February totaled 4,913,664 tons, as compared to 5,713,319 tons in January, and 3,871,932 tons in February, 1919.

Cotton

The demand for cotton has not been so brisk lately, and the low exchange rates prevent free buying from abroad. The lack of buying by domestic concerns can be traced to the fact that most mills are supplied for the next two months, and they are somewhat hesitant in making purchases at a time when it is felt that there is a possibility of lower prices in the future. Whether this hope will be realized is a question, inasmuch as reports indicate a small crop and reduced acreage in the south, and the acute labor situation is making the picking of cotton an expensive operation. Spot cotton is being tightly held, and the good grades are scarce and high in price.

Southern yarn spinners are said to be averaging about 65 to 70 per cent of normal production and they are having difficulties in shipping their product north because of the freight congestion. Prices of yarns hold firm, and it would appear that they will continue so during the spring and summer. A leading manufacturer gives it as his opinion that the high point will be reached in the spring; unrestricted and thoughtless buying he regards as a thing of the past.

Manufacturers of cotton goods report that they are running nearly to capacity and somewhat in excess of a year ago. They find it possible to secure raw material, though at high prices. The orders on hand will maintain operations during the next few months, but there has been a quieting down in the market of late. Jobbers are buying conservatively, as recent bad weather has curtailed trade in some markets, and they do not wish to assume heavy obligations created by lines of goods which may not command a ready market at a later date.

Iron and steel

The partial failure of transportation facilities has seriously affected operations in the iron and steel industry. The demand for pig iron is strong and prices have advanced considerably, due in part to the difficulty in securing shipments of this material for immediate use. Inability to secure deliveries of limestone, coke, and other materials used in the manufacture of pig and then, in turn, inability to ship the finished product, is accentuating the difficulties under which the industry is operating. Some producers hesitate to book orders far ahead and deprecate the raising of price levels to unreasonable heights. The entry of the railroads into the market will probably insure good business, and it is thought by some that the supply of low-phosphorus pig iron will not be sufficient to satisfy the demand. Scrap iron is being firmly held.

Generally speaking, plants engaged in the production of many products of iron and steel, such as bars, shapes, structural steel, etc., are operating at about the same rate as in February—somewhat below capacity due to transportation difficulties which hold up fuel and material supplies. Operations are larger than a year ago. Prices are holding firm or exhibit an upward tendency.

A large manufacturer of malleable iron fittings reports operations at about 80 per cent of capacity. Production is impeded by car shortage. The demand for such products seems to be far beyond the ability of the producers to fill it and comes from both foreign and domestic sources.

The demand for open hearth steel castings is increasing, and prices have ceased their downward trend and are now going higher because of the high cost of materials and labor. The next few months are expected to bring in considerable new business. Manufacturers of electric-furnace steel castings have been enjoying a steady demand from the automobile trade and expect much work in the future from the railroads.

Agricultural implement manufacturers report that they are behind on orders, not because of the extraordinary volume, but due to the difficulties in securing materials, which are curtailing plant operation. The spring demand for such implements may perhaps be somewhat diminished by recent price increases, but a large wholesaler gives it as his opinion that it will be in excess of supply. The export trade has been practically stopped by the present low rates of exchange.

A few manufacturers have been fortunate in their labor problem and report a tendency on the part of operatives to give a fair day's work in return for the higher rates of pay that have been awarded them. This is by no means the general report, however, and indifference to output and a tendency to work only part-time appear to be outstanding features.

An interesting study of production costs conducted by a large company develops the fact that, in the hardware line, the average advance in labor cost in January, 1920, as compared to 1909, was 189 per cent; raw materials, fuel, etc., are said to have increased 150 per cent; and in addition to these items, which make the product more costly, we must add the manifold taxes which have been levied during the past few years. Castings which cost 6 cents a pound in 1909, allowing 10 per cent for profit, now cost 16.5 cents when yielding the same percentage profit; 10 cents per pound castings have increased to 27.5 cents; 20-cent castings to 56.2 cents.

Knit goods

High prices and the agitation for reduction have had some effect on operations of knit goods mills, though they are for the most part still busily engaged in filling back orders. Jobbers have not been active lately, but values have shown no downward tendency. At a later date prices may increase due to the firmness of material markets, high labor costs, and the comparatively low state of production.

Brisk demand for underwear for fall delivery was in evidence up to a short time ago, but appears to be diminishing of late. During the summer demand is expected to pick up, as merchants are not heavily stocked. There is some question whether this expectation will be realized as many jobbers are manifesting a tendency to hold off in their purchases as long as possible, thinking that prices are too high to assure the movement of stock.

Hosiery buying for the second quarter has been somewhat disappointing. The wholesale trade is rather adverse to buying silk and fine cotton hosiery until the demands of the retail trade force them to do so. Prices of hosiery generally are said to be about 20 to 25 per cent above a year ago, and unless the popular demand does not materialize, further increases are in evidence. Yarns of the higher counts are scarce and expensive.

Consumers do not yet realize the high prices which knit-goods retailers will be forced to ask later in the year, and uncertainty as to their action under the circumstances is holding back many orders.

Laces

Lace mills are operating nearly to capacity and somewhat in excess of the production in February. A large mill, whose buyers have just returned from the road, reports that orders received were 50 to 100 per cent beyond their capacity, and that it will be necessary to apportion the output among the purchasers. This condition seems to be general in the industry, and practically all sections of the country have furnished an active demand for lace with the exception of a few districts in which weather conditions have held back trade.

The high levels of cotton yarn prices have had their effect in raising the prices of the finished materials, and further advances are predicted in some quarters. Many mills use imported yarns, which are particularly difficult to secure at this time.

Leather

Leather tanneries are operating at capacity and have been doing so for some time past. The hide market has eased up noticeably of late, but leather prices will not be affected for a long time to come, as the material going into the leather now being turned out was purchased long since. Sole leather prices are higher than a year ago, and little hope is held for reduction in the future. Belting leather is in steady demand.

New business offered during the past few months has been rather small in volume, but larger purchases are expected soon. Stocks of leather on hand are not large, and strengthening in foreign exchange rates would probably give rise to a foreign demand which would raise prices.

The glazed kid industry is running at capacity where supplies of raw materials are on hand. The raw material markets are exceptionally high. The China market has practically been cleaned up and the supplies from India and South America are small, according to a large manufacturer. Domestic hides are somewhat lower but the material being offered is of rather poor quality. Prices of the finished product are high and hold fairly firm; much of the speculation which existed last year has disappeared.

Paints

The demand for paints whose basic material is oxide of lead is exceedingly heavy, and manufacturers report operations on as large a scale as the material and labor situation will permit. Shortages of pig lead and slow deliveries are curtailing production of some concerns. At present the demand is far in excess of supply, and orders have been booked for quite a time ahead. The high cost of lead and linseed oil is acting as a strong factor in forcing up prices of finished products.

Shirts

Shirt manufacturers have all the orders on hand that they can care for, and it is reported that their output is far below the demand in the better qualities.

Piece goods, which constitute the raw material used, have been in fair supply. The inefficiency of labor has held back production and added materially to the cost of the commodities. A leading manufacturer states that since last March labor costs have advanced 33 per cent, and the cost of materials 100 per cent. The stocks of retailers appear to be low, and the strong retail demand makes the spring outlook excellent.

Shoes

The shoe situation presents some conflicting trends. The demand so far has been good and many manufacturers expect no reduction in business for quite a time to come. On the other hand, some manufacturers do not hesitate to say that consumers are manifesting a tendency to avoid higher-priced shoes and that in the future there is a strong possibility that they will be even more careful.

It is reported that eastern buying has slowed up somewhat, but western and southern demands are still strong. Prices have not changed materially during the last six months, but are considerably in excess of a year ago. The labor supply is not yet sufficient to enable full-time production in many plants, but has improved lately. Inefficiency as a factor in curtailing operations and increasing costs is emphasized.

Silk

Operations of silk mills are on about the same scale as a year ago. During the last month there has been some slackening in demand but mills are steadily engaged in filling back orders.

Prices are exceedingly high, due to the excessive cost of raw silk. Recently the price of the raw material has declined, and manufacturers generally have been buying cautiously as they do not wish to be caught with large stocks on hand if prices should fall to lower levels. Retail demand for silks is only for the higher grades.

Wool

The wool market has been dull and trading is limited. Manufacturers are fairly well stocked, and the prevailing high money rates impel many to postpone purchasing so that the financial burden of carrying the raw wool may rest with the present holders. In many quarters, too, it is felt that it is now time for conservatism in making commitments.

With the exception of the merino wools, market prices favor the buyer. Cross-breds have eased off during the prolonged dull period, and the large quantity of foreign cross-breds pressed for sale both here and abroad has had its effect on better grades. Merino wools still command very high prices, and in the London market record prices have been attained due to scarcity and concentrated demand.

The prices of fabrics made from fine wool hold firm at levels much in excess of a year ago, and may go still higher. Fabrics of medium and low grade wools are off in price and are said to have a tendency to lower levels at this time. Mills are engaged in the production of high-grade products and are operating to capacity, with the exception of some cases in which they are unable to obtain material or secure labor. No material change in business is expected for the next few months due to the small stocks of woolens and worsteds on hand.

Financial

Inquiries among the banks and dealers in commercial paper as to the tendencies exhibited by the financial statements of concerns for 1919 as compared to 1918 elicited some interesting replies. The prevailing opinion indicates that the statements as a whole are not quite as liquid due to the need for borrowing larger amounts of money to conduct business at higher prices. The cash position of the concerns does not appear to exhibit much change. Inventories are generally larger, but the consensus of opinion is that they are valued conservatively and that orders on hand will consume them at a profit. Profits have varied considerably, according to the line of business. Automobile, rubber, leather, tobacco and many other businesses have prospered, but iron and steel and meat concerns generally report lower profits. Many businesses have set up substantial reserves to care for possible deflation in prices. There has been comparatively little increase in fixed assets, the bulk of earnings having gone into quick assets.

The discount market in this district has been quiet for some time past and country banks are practically the only customers for commercial paper. The use of the trade acceptance does not seem to be expanding. Bank acceptances are moving slowly because the discount rate plus the banker's commission raises the rate above that of commercial paper.

Loan and discount operations of the Federal Reserve Bank during February were $571,916,000, as compared to $656,620,000 in the previous month. Average daily earning assets increased from $239,284,000 in January to $243,612,000 in February. Federal reserve notes in actual circulation at the end of January were $223,585,000; at the end of February the figure was $242,258,000. The reserve ratio remains unchanged around 40 per cent.

Operations of the transit department in February were somewhat lower than in January, the average amount of checks handled daily decreasing from $53,180,000 to $44,409,000.

Discount rates quoted by the Philadelphia banks hold firm at 6 per cent.

STATEMENT

Federal Reserve Bank of Philadelphia

RESOURCES	March 18, 1920	Month ago	Year ago
Gold reserve	$137,393,744	$134,491,033	$127,817,471
Legal tender, silver, etc.	492,524	466,596	270,294
Total reserve	**$137,886,268**	**$134,957,629**	**$128,087,765**
Bills discounted, members:			
Secured by Government war obligations	$162,735,396	$154,512,890	$169,965,103
All other	49,237,182	54,491,670	11,462,529
Bills bought in open market	5,590,873	7,205,696	1,777,063
United States securities	31,988,400	32,305,900	15,164,900
Total earning assets	**$249,551,851**	**$248,516,156**	**$198,369,595**
Mutilated and fit notes on hand:			
Federal reserve notes	$13,441,675	$13,780,135	$12,629,315
Federal reserve bank notes	638,192	278,479	643,735
Due from depositary banks—war loan deposit account	——	——	78,251,900
Uncollected items	76,030,875	91,519,410	84,395,107
All other resources	2,742,168	2,462,714	2,356,051
Total resources	**$480,291,029**	**$491,514,523**	**$504,733,468**

LIABILITIES	March, 1920	Month ago	Year ago
Capital paid in	$8,198,300	$8,129,650	$7,577,400
Surplus	8,805,132	8,805,132	2,608,344
Profit and loss	14,047	7,076	——
Government deposits	16,016,055	2,725,632	12,397,741
Due to members—reserve account	94,837,197	107,925,799	110,097,018
Collection items	70,239,144	84,926,422	55,210,771
Gross deposits	**$181,092,396**	**$195,577,853**	**$177,705,530**
Government deposits—special account	——	——	$82,828,137
Federal reserve notes outstanding	$256,484,850	$249,374,750	218,569,400
Federal reserve bank notes outstanding	22,344,000	26,952,000	13,460,000
All other liabilities	3,352,304	2,668,062	1,984,657
Total liabilities	**$480,291,029**	**$491,514,523**	**$504,733,468**

RESOURCE AND LIABILITY ITEMS
of member banks
in Philadelphia, Scranton, Camden and Wilmington

	At the close of business		
	Mar. 12, 1920	Feb. 13, 1920	Mar. 14, 1919
	[In thousands of dollars— i.e., 000's omitted.]		
United States bonds to secure circulation......	$11,097	$11,097	$11,597
Other United States bonds and notes..........	37,938	38,822	38,010
Certificates of indebtedness..................	45,895	49,900	140,744
Total United States securities owned	$94,930	$99,819	$190,351
Loans secured by United States securities.....	78,405	79,818	142,916
All other loans and investments	759,605	744,646	614,739
Total loans and investments	$932,940	$924,283	$948,006
Reserve with Federal Reserve Bank..........	69,642	59,838	67,219
Cash in vault	17,244	17,916	19,400
Net demand deposits on which reserve is computed............................	674,734	665,604	666,588
Time deposits	25,769	26,070	21,822
Government deposits.........................	1,568	5,899	48,681
Number of banks reporting..................	56	56	56

CHARGES TO DEPOSITORS' ACCOUNTS
other than banks' or bankers', as reported by Clearing Houses

	Weeks ending		
	Mar. 17, 1920	Feb. 18, 1920	Mar. 19, 1919
Altoona..........................	$3,457,000	$3,101,000	$2,446,000
Chester	5,271,000	4,775,000	4,035,000
Harrisburg	4,240,000	2,720,000	3,750,000
Johnstown.......................	3,423,000	3,626,000	3,117,000
Lancaster	5,926,000	5,341,000	4,603,000
Philadelphia	385,555,000	331,070,000	304,806,000
Reading	6,059,000	5,711,000	4,155,000
Scranton	12,442,000	12,068,000	9,005,000
Trenton	11,713,000	11,188,000	8,566,000
Wilkes-Barre	8,358,000	8,722,000	5,998,000
Williamsport.....................	4,501,000	3,805,000	3,312,000
Wilmington......................	10,326,000	9,356,000	9,985,000
York	4,333,000	4,094,000	3,380,000
Totals	$465,604,000	$405,577,000	$367,158,000

BUSINESS INDICATORS

	Mar. 22, 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	$818,624,000	+ 2 %	+ 5 %
Deposits	$683,951,000	+ 2 %	+ 3 %
Ratio of loans to deposits	119 %	120 %*	117 %*
Federal Reserve Bank:			
Discounts and collateral loans	$204,271,000	— 1 %	+ 9 %
Cash reserve	41 %	40 %*	41 %*
90-day discount rate	6 %	6 %*	4¾ %*
Commercial paper	6 %	6 %*	5½ %*

	Feb. 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	$1,776,627,073	— 18 %	+ 22 %
Elsewhere in district	107,368,662	— 21 %	+ 22 %
Total clearings	$1,883,995,735	— 18 %	+ 22 %
Building permits, Philadelphia	$6,918,090	+ 96 %	+506 %
Post office receipts, Philadelphia	1,049,778	+ 22 %	0
Commercial failures in district (per Bradstreet's)	33	36 *	26 *
Latest commodity index figures:			
Annalist (food prices only)	298.094	+ 3.0 %	+ 2.1 %
Dun's	$253.016	— 0.3 %	+ 16.5 %
Bradstreet's	$20.7950	— 0.4 %	+ 20.9 %

*Actual figures.

ON THE HORIZON

In a recent address, Richard S. Hawes, president of the American Bankers' Association, outlined succinctly the principal elements, favorable and unfavorable, in the present business situation. The factors, as stated by Mr. Hawes, were as follows:

Favorable

1. More equitable adjustments of controversies between capital and labor.
2. Scientific study of the railroad problem.
3. Curtailment of extravagance.
4. Greater economy and efficiency in Government.
5. Decrease of speculation.
6. Increase of immigration.
7. Large stock of gold.
8. Gradual recession to normal prices.

Unfavorable

1. Enormous increase in prices has produced speculation, waste and extravagance.
2. Inflated currency of all the leading nations of Europe has been accompanied by danger to the gold standard.
3. Possibility of decreased European exports.
4. Increased demands from labor.
5. The Presidential election campaign.
6. Heavy demand for capital, especially by the railroads and the public utilities.
7. Increased and unscientific tax methods.

Under a recent decision of the Supreme Court, the Interstate Commerce Commission has been instructed to take into consideration the present replacement cost in valuing railroad property. This will probably be accepted as a precedent for property valuations under the new Esch-Cummins Act, in which even traffic rates are certain to be substantially increased. Replacement value exceeds book value by many billions of dollars. The industrial controversy boards are in the process of formation. Certain roads have announced that they do not desire the protection of the Federal guaranty which has been extended for six months. The entire railroad situation is rapidly improving.

The cash reserves of the United States, including the total stock of gold and silver, increased less than $200,000,000 during the war. From January 1, 1914, until February 10, 1920, gold imports exceeded exports by $643,000,000, but during the same period, silver exports exceeded imports by $463,000,000, leaving a net gain of $180,000,000. Gold imports may be increased in the near future through shipment of the new Transvaal production. No improvement to the credit situation, except in a negative sense, can come from this movement, since it cannot exceed $15,000,000 monthly whereas our gold exports are nearer $50,000,000 monthly. England and France must arrange payment of the Anglo-French Loan of $500,000,000 in October, and will probably be obliged to ship gold in partial payment. Unless the movement of gold in and out of the United States is regulated, similiarly to the manner adopted in the other leading nations, in the very near future, our entire credit structure will be endangered.

The January foreign trade balance of the United States showed an excess of exports amounting to $257,000,000. If the European trade were not considered, the balance would have been unfavorable to the extent of $97,000,000. Exports to South America, Oceania and Africa decreased nearly one-half in comparison with January of last year. Imports increased 400 per cent from Europe, 100 per cent from South America, 200 per cent from Asia, and 1,000 per cent from Africa. The trend in our international trade is therefore distinctly unfavorable. As our favorable trade balance with Europe will decline during the current year, our unfavorable balance with the other continents seems likely to increase. The importance of stimulating our export trade throughout the world cannot be overestimated if we desire to remain permanently a creditor nation.

In the course of a recent address to a group of bankers, Henry A. Moehlenpah, of the Federal Reserve Board, summarized the benefits of the system in the following words:

"1. It is an insurance policy, assuring to you complete confidence in your ability to serve your communities and to care for your depositors under every stress and strain.

"2. It is a guarantee to your community that any program for development or production can be safely and continuously carried out.

"3. It is a guarantee to you as a conservative banker that you can receive deposits with the assurance of security and continuous service to business interests.

"4. It insures the independent relationship of your bank as to its dependence upon any other bank.

"5. It is not a fictitious reserve, but a real reserve. For the first time in the history of our country we are able to assemble the wealth of our people into the credit structure.

"6. You are able to transfer funds without cost. You are able to collect checks at par either going or coming. You are able to ship currency either way, insured and all charges paid, without any expenses to your bank.

"7. You have the benefit of the advice of business experts of the country not only on financial matters, but upon the conduct of your business in particular. You have the privileges of rediscounting eligible paper. This is particularly important at this time, because of the need of increased product of the articles you produce in this section.

"8. The system has in the short period of its existence brought about better banking methods. You have heard criticism as to the necessity for making reports, etc., but it was well that under the National Banking Law a careful examination of banks was adhered to; that when the stress of war was upon us we had little to clean up or remove, but we could go immediately at our job. Bankers now are becoming real bankers and trusted guardians of the people's money.

"9. It has given to every member bank the prestige, because of the things I have enumerated, and it is reflected in the confidence of the depositor, which is above all absolutely necessary."

Steamships operating on regular schedules from Philadelphia at the present time touch a greater number of ports in widely scattered parts of the world than ever before.

Sailings have been made much more frequent and shipments can be made to South America, points in the Mediterranean, the British Isles and the continent of Europe with a greater degree of economy than from New York. The Corn Exchange National Bank of this city draws attention to the freight differential in favor of Philadelphia as a factor that has been seriously neglected by interests here in attracting business to this port. They use the case of cement shipments from the Lehigh Valley region as an illustration. "By way of the Lehigh Valley and Philadelphia & Reading the rate per net ton, when the cement is for transshipment by water, is $1.40. For domestic transportation in Philadelphia the rate per net ton is $1.90. By contrast, shipments into New York involve an extra lighterage charge of sixty cents a net ton, which brings up the total cost of delivering cement there to $2. This lighterage charge is really misleading, as the service is said to be so careless that many shippers use lighters of outside companies which charge $1.10 a ton.

"Naturally, the difference in favor of Philadelphia is based on the lower mileage to this port. Applying this differential to other lines of goods, the argument for attaching business is manifest."

A Philadelphia shipping man has declared that he will meet any shipping rate quoted by New York.

This port has great possibilities and the present city administration is evidently backing it up as much as possible. If business men will co-operate, there is no reason why it should not undergo great expansion.

This business report will be sent regularly to any address upon request.