

# Business Conditions

Report of the Federal Reserve Bank  
of Philadelphia



September 27, 1920.

## FEATURES

- Noticeable improvement in transportation.
- Little change in credit conditions.
- Reduced demand for iron and steel products.
- Coal shortage still apparent.

## GENERAL SUMMARY

**DURING** the past month a material improvement in transportation conditions has taken place. This improvement is by no means universal, but certainly the better movement of cars has been of great benefit to industries such as iron and steel, which had been greatly hampered heretofore.

The readjustment of textiles to post-war conditions is still proceeding, though the amount of progress shown in the various lines differs. Cotton goods is still very much unsettled, woolens and worsteds are showing some signs of activity, and silks are in better request than for some time past. Hosiery and underwear are still inactive.

Merchants are not heavily stocked with shoes and manufacturers are awaiting the response of the buying public to present retail price levels. Thus far little demand is reported. Iron and steel products are for the most part in good demand but there is not the same urgency in placing orders as heretofore. Agricultural conditions both in this district and throughout the country are encouraging.

Latest reports would indicate that the banking situation is sound and that expansion has about reached the peak. Thus far it has not been necessary for the reserve banks to go beyond the reserve limits prescribed by the Federal Reserve Act, and, in fact, the reserve ratio increased 1 per cent during the week ending September 17. Collections are still slow, as a result of uncertainty in business and delayed shipments, but it may be expected that the future will bring a betterment in this condition.

The labor situation grows more reassuring as time goes on. The iron and steel industry for some years has been marked by labor troubles and demands for higher wages. In view of this fact, it is of special interest to note that only two of our reporting firms in that line were having any actual disputes with their workers, and the great majority stated that labor is more plentiful and that an increase in efficiency is to be noted. It is true that the anthracite miners have been giving much trouble as a result of their dissatisfaction with the report of the wage-scale commission, but many of the miners now are returning to work.

## RETAIL TRADE

### *Outlook for fall and winter bright*

With the favorable weather of the past month, retail trade continued active and it is expected that a large volume of fall and winter business will be done. The one disconcerting factor in an otherwise exceedingly bright outlook is the increasingly large number of reports of unemployment in the mill districts. As a result of the curtailment of operations in many textile plants throughout the district, retailers look for some diminution in the purchasing power of this group of consumers. Unemployment however has not become so general as to cause any serious alarm.

The tendency of the public to purchase the more moderately priced goods is having its effect, for retailers report that prices of most goods are either stationary or slightly downward, but that in only isolated cases are they on the increase.

The merchandise situation is much improved over last year, and with a few exceptions, all materials are in large supply. Collections of charge accounts have shown no slackening. Considered as a whole the outlook is reported as very bright.

Below are given figures reflecting retail trade for the month of August as compared to July, 1920, and August, 1919:

RETAIL TRADE OF DEPARTMENT STORES		
Net sales:	July, 1920	Aug. 1920
For month named compared to same month, 1919 .....	+ 23.8%	+ 22.5%
For period from July 1 to end of month named, compared to same period last year .....	+ 23.8%	+ 24.9%
Stocks at end of month named:		
Compared to same month, 1919 .....	+ 28.3%	+ 31.0%
Compared to previous month .....	+ 3.3%	+ 6.4%
Ratio of average stocks at end of each month for period from July 1 to date, to average monthly sales for same period .....	399.7%	471.1%
Ratio of outstanding orders at end of month named, to total purchases during year 1919 .....	19.8%	14.2%

## AGRICULTURE

### *Improvement in crop forecast*

Growing conditions during the past month proved beneficial to all important crops, but almost continuous rainfall caused damage to shock oats and developed some rot in potatoes, peaches and tomatoes, and delayed all farm work.

The condition of crops in general is excellent and the yield is well ahead of last year, as the comparative table below will illustrate:

CROP REPORT FOR THE UNITED STATES AS A WHOLE

	TOTAL PRODUCTION IN MILLIONS OF BUSHELLS				YIELD PER ACRE		
	1920		1919	1914-1918	1920	1919	1914-1918
	Sept. forecast	August forecast	December estimate	Average	bus.	December estimate bus.	Average bus.
W. wheat.....	533	533	732	563	15.6	14.7	15.6
S. wheat.....	237	262	209	259	12.2	9.	12.7
All wheat.....	770	795	941	822	14.4	12.8	14.6
Corn.....	3,131	3,003	2,917	2,760	30.2	28.6	26.1
Oats.....	1,442	1,402	1,248	1,415	35.1	29.4	32.1
Barley.....	195	196	166	215	26.2	22.3	25.1
Rye.....	77.9	77.9	88.5	59.9	14.2	12.5	15.5
Buckwheat.....	15.5	14.8	16.3	15.3	28.6	20.6	17.8
W. potatoes.....	413	402	358	382	107.3	89.2	95.2
S. potatoes.....	102	101	104	75	99.6	100.7	94.8
Tobacco, lbs.....	1,554	1,544	1,389	1,188	835.5	730.8	813.6
Flax.....	11.8	14.3	8.9	12.9	6.9	5.8	7.5
Rice.....	52.2	52	41.1	33.4	38.8	37.7	35.7
Hay, tame, tons..	88.2	88.6	91.3	81.4	1.55	1.62	1.53
Hay, wild, tons..	18.3	18.6	17.3	17.9	1.14	1.11	1.09
Cotton, bales.....	12.8	12.5	11.3	12.4	174	161.5	176.8
S. beets, tons.....	8.9	8.9	6.42	6.05	10.42	9.27	10.13
Apples, total.....	223	213	147	203	....	....	....
Apples, commer..	33.9	32.6	26.2	....	....	....	....
Peaches.....	44.9	45.5	50.4	47.5	....	....	....
Kafirs.....	134	126	126	....	....	25.8	....
Peanuts.....	38.9	38.7	33.3	....	31.8	26.6	....
Beans.....	9.1	9.1	11.5	13.2	10.9	11.3	10.6

PENNSYLVANIA

Crop	SEPTEMBER 1, 1920		Estimated total production	LAST YEAR	PAST TEN YEARS
	Estimated condition (per cent)	Estimated yield per acre		Final production	Average production
Spring wheat.	80	13.6 bu.	313,000 bu.	390,000 bu.	.....
Corn.....	91	43.7 "	63,729,000 "	72,192,000 "	61,115,000 bu.
Oats.....	96	36.2 "	41,729,000 "	36,859,000 "	37,898,000 "
Buckwheat...	92	21.2 "	5,311,000 "	5,530,000 "	5,640,000 "
Potatoes....	91	103.7 "	25,001,000 "	25,400,000 "	23,580,000 "
Sweet potatoes	90	118.8 "	119,000 "	138,000 "	.....
Apples.....	90	...	21,330,000 "	7,972,000 "	.....
Peaches.....	89	...	1,744,000 "	1,200,000 "	85 %
Pears.....	90	...	657,000 "	355,000 "	.....
Hay.....	92	1.4 tons	4,169,000 tons	4,319,000 tons	4,248,000 tons

NEW JERSEY

Corn.....	91	42.3 bu.	10,829,000 bu.	10,800,000 bu.	10,603,000 bu.
Oats.....	90	32.4 "	2,495,000 "	2,461,000 "	2,327,000 "
Buckwheat...	90	21.6 "	216,000 "	197,000 "	252,000 "
Potatoes....	94	135.4 "	14,488,000 "	10,560,000 "	9,903,000 "
Sweet potatoes	95	139.7 "	1,956,000 "	1,750,000 "	2,627,000 "
Apples.....	90	...	3,455,000 "	2,313,000 "	2,241,000 "
Peaches.....	84	...	1,056,000 "	1,018,000 "	937,000 "
Pears.....	78	...	787,000 "	500,000 "	605,000 "
Hay.....	..	1.65 tons	557,700 tons	487,600 tons	499,000 tons

Farm labor in this section appears to be scarce and some complaint is made by the farmers and fruit growers to the effect that they are unable to get sufficient help to handle their crops to the best advantage. This difficulty is being overcome to some extent by coöperation of the farmers.

Prices for produce and fruits are rather low. This is especially true of tomatoes and cabbage. Apples have been under pressure also, some growers stating that prices for apples are so low that it scarcely pays to care for them.

The banking institutions throughout the country districts have been lenient with the farmers, extending to all those worthy of credit suitable accommodations.

TOBACCO

Weather conditions have been favorable and the crop has had wonderful growth during the past month. However, continued wet weather has developed rust in some cases. The condition

of the crop on September 1 was 92 per cent of normal, indicating a yield of 1,481 pounds per acre, and a production of 56,426,000 pounds as compared with 54,500,000 pounds, last year's final estimate, and 55,704,000 pounds, the average production for the past ten years.

#### CRANBERRIES

It is estimated that the cranberry crop of the country will be as follows: New Jersey and Long Island, 135,000 to 140,000 barrels; Massachusetts, 300,000 barrels; Wisconsin, 30,000 to 35,000 barrels. The total crop for 1919 was 560,000 barrels, and the average for the past two years was about 465,000 barrels. Increase in the supply of sugar and the recent drop in sugar prices are expected to assure a satisfactory year in the opinion of large growers in this district.

#### COAL

##### *Bituminous production increases*

Production of soft coal during the week ending September 11 dropped noticeably as a total, but when allowance is made for the fact that Labor Day occurred in the beginning of the week, we obtain a daily average production of 1,994,000 tons, which was the largest daily average since the beginning of the year. Latest reports from mining regions point to marked improvement in car placements as well as in labor conditions.

Production during the first 217 working days of this year was 369,143,000 tons, as compared to 318,410,000 in the same period last year and 411,523,000 in 1918.

The bituminous coal market has eased off from the exceedingly high prices which have been ruling recently. Regarding the future trend, a prominent operator has the following to say: "We do not think, however, the prices will recede even to the level of the contract prices for this year, under which the very great proportion of all the coal has been sold, due entirely to the legitimate cause of supply and demand." Good grades of Central Pennsylvania coal are being offered at \$8 and \$9, and better grades at \$10, as against \$9 and \$11 the previous week.

##### *Anthracite output decreased by strike*

Reports from the anthracite region indicate that by the end of this week production will be restored to normal, with the possible exception of the Shamokin district, and it is believed that the idleness in this district will not be seriously prolonged.

The cumulative production of anthracite coal from January 1, 1920, to September 11 was 59,160,000 tons, which compares with 57,376,000 tons last year. The output during the last week of that period dropped off very heavily as a result of the spread of the strike.

Employees of a large coal company in the vicinity of Pittston, who have been on strike since the first of July in alleged protest against what is termed the contractor system, are also reported as returning to work in increasing numbers, their grievance having been, by the award of the Anthracite Coal Commission, referred to the Anthracite Board of Conciliation, for investigation and settlement. In spite of the "vacations" that have materially interfered with the mining operations since the first of September, and the more prolonged strike of the miners in the Pittston district, production (according to the weekly reports of the United States Geological Survey) up to the week ending September 11 in the present year was more than 1,500,000 tons ahead of the corresponding period last year.

## IRON AND STEEL

### *Transportation shows improvement*

The general improvement in transportation conditions during the past month has been of great assistance to manufacturers of iron and steel. In our last report we drew attention to the prevalence of the feeling among producers that further curtailment of operations would follow unless a material betterment in the movement of cars soon materialized. Shipments are now reducing piled stocks of finished materials and incoming fuel and raw materials are moving more freely. The demand for iron and steel and their products must still be called strong, if we take the field as a whole, but there is no wild scramble to place orders, and the past month has witnessed some diminution in new business offered. This condition would seem to lend color to the view held in some quarters to the effect that freedom of shipments would be followed by lessening in demand. Unfilled orders of the United States Steel Corporation declined 313,000 tons during August, which is the first decrease since May, 1919.

Our reports indicate a marked falling off in foreign business. A larger dealer gives us the following survey of the export field: "Purchases for export have fallen off heavily, cancellations have been made wherever there has been an excuse or justification. Prices have fallen considerably in England, while

exchange has gone against practically all countries, in fact, raising our prices to a prohibitive point. The needs of South America still are very great and with an adjustment of the exchanges, heavy purchases will result.

"Italy is deplorably short of steel, but her present rather chaotic condition prevents business. The far East is still very uncertain and there is no buying. Mexico shows signs of entering the market and it will be an active buyer, particularly of railroad material, as soon as they can arrange finances."

Three manufacturers of pig iron inform us that demand is strong, but that this is not altogether untempered by moderation is shown by the statement of another manufacturer who writes: "The pressure for delivery on contract is possibly a trifle lessened and the clamor for spot tonnage has practically ceased." Production of pig iron averaged 109,341 tons daily during August, which compares with 98,931 tons in July, and 88,496 tons daily a year ago. The output thus far this year is considerably in excess of the same period last year but is not up to the level of 1918. Coke is in better supply, and prices are easier. Though operating conditions are easier and production is increasing, iron prices on September 14 showed no change from the end of August. On that date no. 2X Pennsylvania pig was quoted \$55.51 per ton, a year ago the price was \$30.60. Inquiries for 1921 are still few in number and producers are not agreed about the outlook for that year, though operations seem assured for the rest of this year.

Steel ingot production also increased in August, totaling 3,000,432 tons for the month as compared to 2,802,818 tons in July, 1920, and 2,746,081 tons in August, 1919. A steel plate manufacturer reports that business is only fairly satisfactory in volume, though orders are sufficient to maintain his operations. "The selling price we think is soft, and this in view of increasing costs due to increased freight rates and uncertainty as to raw materials makes the operating problem a very difficult one."

Reports on the business of manufacturers of structural steel show a very considerable decline in the amount of business placed during August. Orders accepted by members of the Bridge Builders' and Structural Society and other large concerns were only 40 per cent of capacity in August as compared to 50 per cent in June, and the high point for the year of 95 per cent in February. Shipments were approximately 73 per cent of capacity as compared to 68 per cent in July for the members of the Society, reflecting the improvement in transportation.

A prominent dealer in cast-iron pipe states that the demand keeps good, "but in saying this, our business is an exception as it always keeps good two or three years after other production practically ceases." Prices show no change, though this firm feels that better transportation and labor conditions will be followed by a decline.

A number of machinery manufacturers report a lessened demand which they ascribe variously to high prices, the coming election, unusual building conditions and absence of railroad business. They are still operating as conditions will permit, however, on back orders. They hold out no present hope for lower prices. Ice machinery is in demand and prospects for 1921 are said to be good.

A company which makes a specialty of heating apparatus is receiving considerable business from the rehabilitation of mechanical plants in existing buildings because of the natural desire on the part of owners to conserve fuel. This activity is offsetting the loss of business due to slowing down in new building. Another manufacturer of furnaces and stoves reports a fair demand, though not equal to last fall. Orders for boilers have materially contracted according to two producers.

The firm whose views on the export situation were quoted earlier thinks that some liquidation is going on in the steel business, due to over-purchases, but this liquidation is very light compared with other businesses, as mills in general are fairly well booked up ahead. They look for some recession in prices before a further advance, maintaining that steel prices are not high to-day, but are close to manufacturers' costs and that any curtailment will only increase the cost.

## BUILDING

### *Decline in building activity*

Building operations have been held in check by a combination of influences, and on the whole, the industry is rather dull. The main factors bearing on the situation are the scarcity and high cost of labor and material, and difficulties in financing.

Statistics covering building operations in the leading cities of this district are shown in the following table. It will be observed that the figure for Atlantic City makes up a large proportion of the total and is greatly in excess of last year. We are informed that a permit for a large hotel is the main cause of this increase.

BUILDING PERMITS—AUGUST, 1920

Issued in the Third Federal Reserve District during the month of August

	1920		1919	
	Number	Est. Cost	Number	Est. Cost
Allentown .....	51	\$266,500	54	\$388,195
Altoona .....	81	736,621	98	126,209
Atlantic City .....	69	4,103,020	66	462,796
Camden .....	70	120,704	111	722,780
Harrisburg .....	38	87,460	53	186,915
Lancaster .....	24	168,950	43	99,440
Philadelphia .....	960	3,014,405	1,509	6,019,560
Reading .....	238	379,275	220	268,150
Scranton .....	45	55,105	44	197,823
Trenton .....	94	1,537,860	127	360,506
Wilkes-Barre .....	49	73,875	70	47,980
Williamsport .....	14	41,350	25	78,955
Wilmington .....	80	137,447	131	996,462
York .....	66	41,398	58	69,966
<b>Total for August...</b>	<b>1,879</b>	<b>\$10,763,970</b>	<b>2,609</b>	<b>\$10,025,737</b>
<b>Total for January.....</b>	<b>1,101</b>	<b>\$5,933,342</b>	<b>741</b>	<b>\$1,433,605</b>
February .....	950	8,641,280	984	1,881,589
March .....	2,549	11,399,062	2,135	3,986,241
April .....	3,496	14,967,863	2,477	6,656,112
May .....	2,624	8,185,298	2,999	7,882,537
June .....	2,414	8,742,268	3,109	9,830,073
July .....	2,051	7,916,294	2,829	10,366,159

COTTON

*Cotton markets still weak*

The raw cotton market continues weak, with the result that a like condition exists in cotton yarns. The placing of the cotton crop at 12,873,000 bales by the Department of Agriculture (3,000,000 in excess of that generally expected) is reported as one of the more recent causes for the continued slump. With a huge supply in prospect, the trades are looking for still lower prices than those prevailing to-day, and the outlook therefore is most uncertain.

There is practically no demand for cotton yarns, with quotations at from 50 to 60 per cent below the peak prices of the year. The knit goods industry, having no demand for its product, is making no commitments. This is also the situation among the other users of yarns.

There is likewise no demand for cotton goods and production is at the lowest possible point. This is caused by the expectation of lower prices, and since there are ample supplies for present needs, manufacturers and dealers are refraining from buying. Cotton goods merchants, however, are hoping for a fair amount of business before the fall months are past, and they

believe that conditions in their line will show a decided improvement during the early months of next year.

Cancellations in the cotton goods industry continue and this factor is still disconcerting. Collections are far from satisfactory, and requests for extensions of due dates are general.

#### COTTON FABRICS

The transportation situation of the past year and a half has played havoc with manufacturers of cotton fabrics for the tire industry. When there was demand from this source for fabrics, embargoes were in force and shipments could not be made, with the result that large stocks of tire yarns were accumulated. The embargoes in numerous instances have now been lifted, but the tire industry has suffered a setback, and the demand for these goods no longer exists. As a result, mills manufacturing these fabrics are forced to close down with no prospects of a resumption in sight.

#### SHIRTS

Manufacturers of men's shirts report a continuation of business in a fair volume, with the price tendencies downward. Quotations for spring 1921 are being revised, and it is reported that they will be as low as, or lower than prices of last spring. Manufacturers hold that by doing this they will sacrifice their own profits to a large extent, but they feel that this is necessary in order to meet the market.

The outlook in this industry for the balance of this year and early 1921 is entirely dependent upon the consuming demand. Awaiting this demand, retailers are refraining from buying although their stocks of these goods are not in very large supply. Few orders will be placed, it is said, until the public feeling can be adequately sensed.

#### WOOL

##### *Improvement noted in woolen textile industry*

With the opening of spring '21 lines, the entire woolen industry is showing signs of recovery from its lethargic state of the past three months. Increased activity is being noted all along the line and better feeling is beginning to prevail.

The 25 per cent reduction for spring lines is bringing buyers into the markets and much interest is being manifested. A real buying movement, however, has not developed, for it is generally felt that the reductions announced are not the limit below which

prices for next spring will fall. Many woolen jobbers, in an effort to force business, had been selling stocks at prices below the recently announced quotations and some of these are accordingly raising their prices to meet those of the big mills. Others, however, are making no further revisions, being content to do a larger volume of business on a smaller margin of profit.

Clothing manufacturers are not coming into the market in as large numbers as had been expected following the announcements of spring prices. Their buying has been mainly for immediate needs and but few orders of any size are being placed. While the markets to-day are much firmer than a month ago, the feeling generally expressed is that a further reduction in price must be forthcoming before any large volume of business can be done. Clothing manufacturers say that unless this is done, prices of men's clothes for next spring can show but little decrease, and with but slight reductions, they fear that the public will continue to refrain from buying.

As a result of the inquiries and renewal of activity in the cloth trades, the worsted yarn market is taking on a firmer tone, and while nothing of a buying movement has made its appearance, the feeling of pessimism which has prevailed is being rapidly dispelled. This is also true in the raw wool market, and there is the belief that conditions here will show considerable improvement before the end of the year.

## SILK

### *Recovery in raw silk markets*

The wholly unexpected recovery which greeted the raw silk market immediately after Labor Day is having a most salutary effect on the entire silk industry. The repeated price increases of the past three weeks are creating a general optimistic feeling as to the future, and the early resumption of activity on a large scale is looked for.

In some quarters, however, manufacturers are a bit skeptical for they can see no basic reason for the strengthening of the Japanese markets. While it is true that the Japanese government and the silk interests have been discussing ways and means of stabilizing the markets, nothing of a definite plan has been reported yet, and manufacturers recall similar attempts last June which failed. The more optimistic among the silk men, on the other hand, hold to the belief that the price increases foretell a favorable outcome of these conferences. Whether or not the recovery is a permanent one, the entire industry is assuredly showing signs of life.

### *More interest in broad silks*

Broad silk manufacturers are increasing their output where they were not completely shut down, and mills that have been closed are now resuming on a small scale. With the resumption of activity the demand for the raw material increases, and this in itself will tend toward a stabilization of the raw silk markets.

Manufacturers are finding operating conditions satisfactory, for the transportation situation is improving and while labor is still far from its pre-war efficiency, a decided improvement is to be noted.

This recovery in the broad silk trade has not made itself felt in all parts of this district, for it is still reported that some mills are shut down and others operating at a minimum capacity, but even these are sensing the general improvement and are laying plans to resume operations shortly.

### *Silk throwsters not optimistic*

The feeling of optimism which is being expressed by the broad silk houses is not heard in the silk throwing industry. Here it is the belief that the strengthening of the market is wholly an artificial one and a drop may be looked for at any time. The condition existing at this time in this industry is without precedent. Operations are practically at a standstill and throwsters see no prospects of improvement, for while they would like to believe that the present rising market for raw silk will continue, they can see no reason for its doing so.

## HOSIERY

### *Little change in situation*

Conditions in the hosiery industry have been so poor during the last few months that manufacturers now hold to the opinion that a change for the better is inevitable.

Since the middle of last June, there has been no sustained buying demand, with the result that the mills continued operations filling back orders, and when these were completed either shut down or curtailed their production. Many of the mills continued working with the sole purpose of keeping their organizations intact. These mills, therefore, have been increasing their inventories of finished product, making a few shipments to meet small rush orders which were received from time to time. Up to the 15th of September, there were no reports that additional orders for future delivery were received.

The last ten days, however, have shown somewhat of an improvement with five mills reporting orders in considerable volume, one stating that the commitment of one of its customers will keep its machines operating for the balance of the year.

The agitation against high prices originally was held responsible for the absence of buyers from the market. More recently jobbers have cited the falling cotton yarn market as the cause of their refraining from buying, for with the continued drop in this product, jobbers and dealers feel that still lower prices than those being quoted are to be expected. Manufacturers generally state that the bottom has been reached in mill prices and that further concessions are impossible unless all the elements in production show declines. A drop in the cost of supplies other than yarns and in wages is unlooked for at this time. To add to the instability of the market, however, a number of mills have been and are continuing to make special prices, in order to move stocks of their finished material.

How long the present deadlock will continue, manufacturers are loathe to forecast, but there is a general feeling that upon the opening of the spring '21 hosiery lines, a fair volume of business may be looked for.

The following table reflects operating conditions in the hosiery industry for the month of August, 1920, as compared to July, 1920, and August, 1919:

OPERATIONS IN THE HOSIERY INDUSTRY—AUGUST, 1920

	Per cent increase or decrease as compared to	
	July, 1920	Aug. 1919
<b>For firms selling to the wholesale trade</b>		
1. Product manufactured during month (selling price) . . . . .	- 22.2	- 33.3
2. Finished product on hand at end of month (selling price) . . . . .	+ 4.5	+ 174.1
3. Raw materials on hand at end of month (cost price) . . . . .	+ 1.2	+ 91.4
4. Unfilled orders on hand at end of month (selling price) . . . . .	- 13.4	- 61.9
<b>For firms selling to the retail trade</b>		
1. Product manufactured during month (selling price) . . . . .	+ 15.3	+ 23.6
2. Finished product on hand at end of month (selling price) . . . . .	+ 13.2	+ 63.9
3. Raw materials on hand at end of month (cost price) . . . . .	+ 4.6	+ 160.2
4. Unfilled orders on hand at end of month (selling price) . . . . .	- 13.6	- 87.7

UNDERWEAR

*Buyers still absent from market*

The uncertainty in cotton yarn prices continues to adversely affect the underwear industry, keeping buyers from the market in the expectation of further declines in yarn prices, and therefore lower quotations for underwear. That lower quotations for

yarns are not unlooked for on the part of manufacturers is revealed in the statement of one firm that, "Yarns for which we were asked \$2.25 to \$2.50 can now be purchased for \$1.25 to \$1.50, and we expect them to go to \$1.00 or below."

In spite of the declining yarn market, activity is expected with the opening of the spring '21 lines. Manufacturers have postponed making quotations on these because of the avowed purpose of the jobbers to ignore them. It is expected, however, that these prices will be published within the next few days. This, it is said, will tend toward a stabilization of the market and will be followed by some activity. While no rush of orders is looked for at the opening, the view is expressed on many sides that fair sized purchases will be made with a continued buying demand as a result. The depletion of stocks both in the hands of retailers and jobbers, manufacturers say, will create this demand. Not all underwear firms express their views in this optimistic vein and many are expecting no business until the early months of 1921.

Below are given figures for the underwear industry showing operations during the month of August, 1920, as compared to July, 1920, and August, 1919:

OPERATIONS IN THE UNDERWEAR INDUSTRY—AUGUST, 1920

	Per cent increase or decrease as compared to	
	July, 1920	Aug. 1919
1. Product manufactured during month (selling price) . . . . .	+ 4.9	— 11.1
2. Finished product on hand at end of month (selling price)	+ 27.0	+ 279.1
3. Raw materials on hand at end of month (cost price) . . . . .	— 3.0	+ 38.7
4. Orders booked during month (selling price) . . . . .	— 63.9	— 99.8
5. Unfilled orders on hand at end of month (selling price) . . .	— 13.9	—

LEATHER AND SHOES

*Inactivity continues in shoe industry*

Fall and winter shoes made their appearance on the shelves and in the windows of retailers during the past month and the prices asked for these are on a par with those of 1919. Whether they will be taken up by the public at these quotations is problematical and retailers, awaiting the disposition of the consumer, are far from overstocked in these goods. It is reported that the retail stocks of fall and winter shoes are below normal, and dealers have decided to follow a conservative policy and reduce their inventories to a minimum.

If, however, a decided public movement develops, manufacturers are of the opinion that they will still obtain some fall business. This is not the universal feeling, however, and the

president of one of the largest shoe manufacturing concerns in the district holds to the belief that the fall business is lost and cannot be retrieved. His concern is therefore concentrating on the spring '21 business.

Shoe salesmen have been on the road for the past two weeks, and the placing of orders in very limited quantities is their report. All buyers are extremely cautious with the result that the men are meeting with but mediocre success. The continued fear that the public will refuse to pay the prices which present wholesale levels will necessitate is given as the restraining influence.

Manufacturers can see no prospect of further decreases. While leather has shown a moderate decline, they say, other materials and labor have remained stationary and have gone to even higher levels. These latter items make up two-thirds of the manufacturing costs, and it is felt that before prices can be brought into line with the buying demand, further sharp declines in leather or in the other elements of production will be necessary. These are not looked for, however, and as a result, the outlook in the industry is far from optimistic. Manufacturing conditions are satisfactory, for the raw material supply is plentiful, the transportation situation is clearing, and labor continues to become more efficient, although in some quarters there are demands for higher wages in spite of the unemployment which has resulted from the curtailed operations of the past summer.

#### *Little improvement in tanning industry*

As a result of this dullness in the shoe trade, the tanning industry shows little improvement over the complete cessation of activity which characterized the last three months. During the past month, a number of small orders were reported but these were for immediate deliveries to meet the hand-to-mouth needs of manufacturers, and no real buying movement developed, and the situation remains practically unchanged.

With the absence of a market for leather, the prices are dependent solely upon the disposition of a particular tannery, and continued concessions are still being granted. There is no improvement in the foreign business and tanneries as a general thing look for no improvement during the balance of this year.

#### *Fair business in leather belting*

The situation as it exists in the shoe leather business is not to be found in the leather belting industry. In this line, while activity is slow, there continues to be enough business

Compiled as of September 21, 1920

**BUSINESS SITUATION**  
Philadelphia Federal Reserve District

<i>Business</i>	<i>Demand</i>	<i>Ability to supply demand</i>	<i>Price trends</i>	<i>Raw material or merchandise situation</i>	<i>Attitude of labor</i>	<i>Transportation</i>	<i>Collections</i>	<i>Outlook for balance of year</i>
COAL, BITUMINOUS	Very strong	Unable	Lower		Fair	Poor	Good	Good
IRON AND STEEL	Strong	Unable in most lines	Firm	Improving	Improved	Improving	Slow	Good
COTTON YARNS	Inactive	Able	Lower	Good	Improved	Improving	Poor	Uncertain
COTTON GOODS	Inactive	Able	Lower	Good	Improved	Improving	Poor	Uncertain
WOOLEN YARNS	Inactive	Able	Lower	Good	Improved	Improving	Fair	Improving
WOOLEN CLOTH	Slight improvement	Able	Firm	Good	Improved	Improving	Fair	Improving
SILK GOODS	Slight improvement	Able	Slightly higher	Good	Fair	Improving	Satisfactory	Improving
HOSIERY	Inactive	Able	Firm at low levels	Good	Fair		Slow	Uncertain
UNDERWEAR	Inactive	Able	Firm at low levels	Good	Fair		Slow	Uncertain
MEN'S SHIRTS	Fairly active	Able	Lower	Good	Fair	Improving	Slower	Fair
LEATHER, SHOE	Very inactive	Able	Lower	Good	Improved		Slow	Uncertain
LEATHER BELTING	Fairly active	Able	Firm	Good	Fair	Improving	Slow	Fair
SHOES	Inactive	Able	Lower	Good	Fair	Improving	Slow	Uncertain
TOBACCO	Good		Higher	Good	Improved	Poor	Slower	Good
GROCERIES	Fair	Able	Lower	Good		Improving	Fair	Good
RETAIL	Good	Able	Firm to slightly lower	Good			Good	Good

to keep the manufacturers running at a large percentage of their total capacity, and it is felt that the volume is holding up even better than general conditions would seem to warrant.

A steady improvement for the remainder of this year and early 1921 is looked for. Labor conditions in this line are reported as satisfactory; no trouble is being experienced and the quality of the work is improving.

### GROCERY

Business in the grocery line is very quiet and has been for several weeks. The volume of sales during the month of August shows an appreciable falling off from the previous month, largely due to the fact that the demand for sugar has fallen off markedly, and dealers hesitate to order goods in quantities except to replenish depleted stocks. Sugar and coffee have declined severely in price, which has caused an attitude of conservatism to be established among the trade as they anticipated further price reductions in other goods, some firms reporting that this has resulted in some cancellations of contracts on goods for future delivery.

According to our reports, prices of food products show a decided inclination to lower levels, especially in those articles in which sugar plays an important part. Canned goods staples are also seeking lower levels in view of the heavy yields of farm produce. Many of the canners, however, are not reaping the benefit of the lower market price of vegetables because they had already contracted for the major portion of their supplies with the growers months ago. Dried fruit prices are trending upward, while flour continues unsteady.

It is the concensus of opinion among the trade that the transportation situation has greatly improved, resulting in the freer movement of merchandise from near-by points, and there is no doubt that this situation will steadily improve after the crops have been moved, thereby releasing thousands of freight cars which can be diverted for use in other industries.

Collections are holding steady with a tendency to fall behind unless held strictly to selling terms. In fact, some firms are virtually selling on a cash basis.

The following table is the first of our statistical reports on the wholesale grocery trade:

	Per cent increase or decrease as compared to	
	July, 1920	Aug. 1919
1. Net sales (selling price) during month.....	- 29.4	- 3.0
2. Deliveries or shipments (selling price) during month....	- 31.1	- 3.5
3. Accounts outstanding at end of month (selling price)....	- 48.8	+ 7.8

## TOBACCO

### *Demand for cigars still active*

The tobacco industry is in a rather transitory state at present. The tobacco crop has not all been harvested yet, and the curing of that part already cut has not been completed, so that it is rather difficult to say just what effect the new crop will have on cigar manufacturing.

Most cigar factories are operating at full or nearly full capacity. The demand generally is said to be good, although it is no longer a sellers' market. Prices are still high. One manufacturer, however, reports that the demand for medium priced merchandise continues very strong, but a tendency to curtail on the higher priced goods has been noticed.

Although there are isolated reports of a scarcity of skilled labor, and some dissatisfaction among workers, the labor situation seems to be generally improved. Workers, realizing that the unusual conditions no longer exist, are prepared for more efficient work.

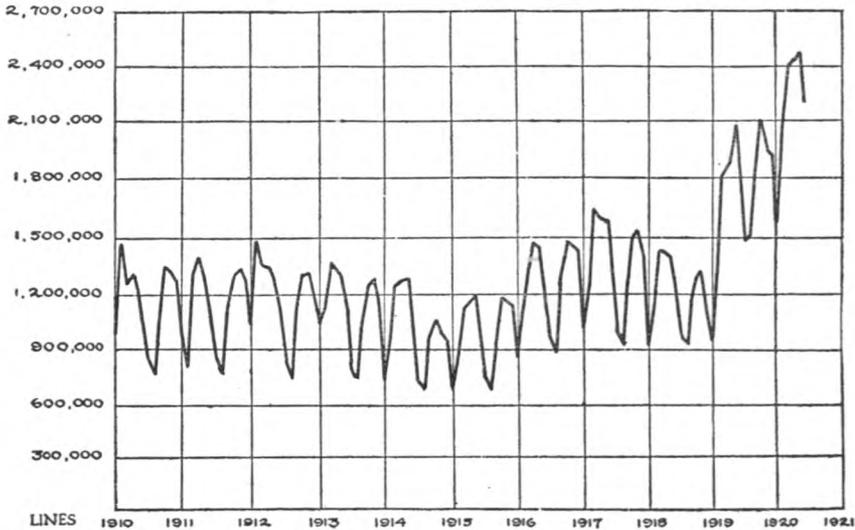
The transportation situation continues to be a thorn in the side of cigar manufacturers. Outgoing shipments have in some instances improved, although even in those embargoes hold up merchandise unnecessarily. Merchandise is so long in transit that frequently six or seven shipments arrive at once. This means an oversupply of goods which become dry before the dealer can dispose of them. Incoming conditions are still very poor and show very little or no improvement. The result is slower collections and a tying up of capital, which adversely affects the financial situation in the industry.

## ADVERTISING

Nothing has made as great progress during the past decade as methods of advertising. From the first crude efforts which aimed principally to get a commodity before the public in whatsoever manner possible, there has developed the magnificent eye-arresting sign flaming its message against the sky; the little anecdote which attracts the attention and points an advertising moral; and the cryptic slogan which makes its appeal to the most critical of readers.

The volume of advertising placed is a good index to the prosperity of a district; during a boom easy sales tend toward a desire for still more, and the result is an endeavor to place a commodity before the public by means of advertising.

The following chart which is taken from a recent publication of the International Magazine Company, illustrates the rise in the volume of advertising placed in 52 general magazines, from 1910 to the present year:



The period from 1914 to 1920 has been unprecedented in the history of advertising, and the volume placed has increased greatly in both technical and industrial publications, and those of a general character. This widespread advertising, in the opinion of one firm, has been done by two classes of advertisers: The one class are those "with whom advertising is not a basic sales force," but who are led by transient prosperity into buying more advertising than their business actually warrants. These are not considered good advertisers in an economic sense, and when adversity overtakes them are not prepared for the vicissitudes of a declining market and are unable to continue their campaign of advertising just as they are unable to meet the contingencies of manufacturing. The "real" advertisers, however, are those who, refusing to be swayed by exceptional sales conditions, maintain a conservative policy which results in a reserve of strength that enables them to meet temporary depressions of the market.

One of the leading advertising firms of the district reports that his orders for 1921 exceed those of any previous year by at least 35 per cent. While part of this increase is due to higher rates, he ascribes the greater part to a realization by manufacturers that their problems in the near future are likely to be those

of sales rather than of production and are extending their advertising as a means of developing new demands and new outlets for their products.

The effect of the paper shortage upon advertising has been more or less acute. Some publications were able to accept only part of the offerings made them; others, however, overcame the emergency by an adjustment of schedules, often requesting the privilege of running large advertisements on dates other than those contracted for. In many instances, the transportation difficulties prevented newspapers from obtaining sufficient paper to enable them to accept full page advertisements. These conditions are being alleviated, however, and less difficulty is experienced all along the line.

The trend in advertising rates has kept pace with the rising costs in all commodities and is felt to be consistent with increased publishing costs. It is said that one of the large magazine publishers in the country is offering space at an increase of only about 40 per cent over the 1914 rates. This has been accomplished by introducing a cycle system which compels the advertisers in his magazines to buy space at stated intervals throughout the year, thus equalizing production and placing his business on a more efficient basis. This, however, is not the case with the majority of publications, in some of which rates have doubled since 1914. Even during the past year, there has been a very great increase in advertising rates. The following table of rates for one page of space in each of several of the leading publications has been submitted by a correspondent:

June, 1919	Today	June, 1919	Today
\$2450	\$4000	\$3800	\$6800
5000	7000	6500	8000
1400	2000	6000	8250
3000	4000	6000	7700
2100	4200	2200	3800

The tightening of credit which tended to a restricted buying demand among the general public has made manufacturers realize that they are facing a buyers' market rather than a sellers' and that they must, therefore, redouble their efforts in order to effect sales. The manufacturer who had been operating on large extensions of credit has been detrimentally affected by the changed conditions, and his advertising has suffered curtailment along with his operations. The financially sound manufacturer, on the other hand, has been able to meet the emergency and is in a posi-

tion to increase his selling efforts to meet his market. In the experience of one advertiser, the manufacturers of essentials are as a rule in a position to pursue greater selling and advertising effort, whereas the manufacturers of non-essentials find themselves in a rather precarious position.

The caution that is governing advertising expenditures is welcomed as a salutary condition which will eliminate only the unsound advertiser whose space will be rapidly filled by the economically safe and conservative advertiser. It is expected that curtailment by the one will be offset by increased activity on the part of the other who will realize that it is becoming more and more necessary to meet the growing buying resistance with greater selling and advertising effort. Advertising **firms** are, therefore, looking forward to a bright and prosperous **year**.

## FINANCIAL

### *Decline in bills held by reserve banks*

The following table has been prepared to illustrate some of the trends in the condition of the Federal reserve system during the past seven weeks. Though Federal reserve note circulation and total earning assets reached new high points, on September 10 and September 3 respectively, the latest report shows a decline in both items and an encouraging increase in the reserve ratio. The large decrease in earning assets is due entirely to a decrease in bills discounted.

	Total earning assets	Federal reserve note circulation	Total reserve	Reserve ratio
August 6.....	\$3,187,592,000	\$3,141,861,000	\$2,131,744,000	44.0%
August 13.....	3,214,339,000	3,169,181,000	2,132,885,000	43.9
August 20.....	3,244,062,000	3,174,725,000	2,121,837,000	43.5
August 27.....	3,289,672,000	3,203,637,000	2,127,827,000	43.2
September 3.....	3,364,936,000	3,243,270,000	2,117,957,000	42.5
September 10.....	3,351,483,000	3,295,175,000	2,131,247,000	42.8
September 17.....	3,251,161,000	3,289,681,000	2,133,145,000	43.8

Reporting member banks showed no distinct change during the month in loans and investments. Total deposits, however, show a comparatively steady rise since the beginning of July, and on September 10 were higher than at any time during this year.

Deposits of 24 savings institutions in this district increased very little during the month of August. This is regarded as normal for the summer months, as certain factors, such as buying

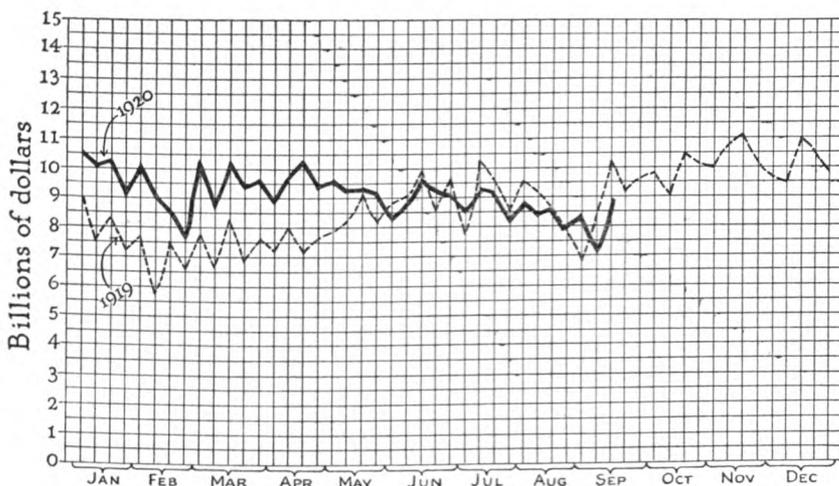
homes, vacations, etc., operate to hold down deposits. A comparative summary of the reports follows:

	Philadelphia	Outside Philadelphia	Total for district
September 1, 1920.....	\$242,265,000	\$49,408,000	\$291,673,000
August 1, 1920 .....	242,087,000	49,399,000	291,486,000
July 1, 1920 .....	241,639,000	49,575,000	291,214,000
June 1, 1920 .....	242,015,000	49,320,000	291,335,000
September 1, 1919 .....	224,912,000	45,762,000	270,674,000

#### *Debits to individual account*

From time to time we have been commenting on the trend of debits to individual account, and it has occurred to us that it may be that their meaning is not clearly understood. The figures represent the amount of checks drawn by individuals, firms, corporations and the United States Government on banks which are members of over 150 clearing houses throughout the country. Transactions which occur between banks are not included. It will be seen that the figures represent almost entirely business payments and that they furnish excellent indicators of business activity.

The chart reproduced below shows the trend of these debits week by week during the year 1919 and thus far in 1920.



Average weekly debits in August were lower than for any month this year. The total for the week ending September 8, \$7,134,338,000, was the lowest since September 3, 1919. A recovery to \$8,985,432,000 took place in the week of September 15, 1920, but much of this gain can probably be ascribed to tax payments. We

are giving below the averages for the weeks ending in the specified months of 1919 and 1920:

	1919	1920
January .....	\$8,020,830,000	\$10,030,709,000
February .....	7,057,802,000	8,910,546,000
March .....	7,362,877,000	9,704,983,000
April .....	7,559,508,000	9,600,538,000
May .....	8,377,476,000	9,338,815,000
June .....	9,052,451,000	9,072,410,000
July .....	9,140,370,000	8,861,924,000
August .....	8,848,087,000	8,426,293,000
September .....	8,663,817,000	
October .....	9,844,043,000	
November .....	10,413,961,000	
December .....	10,053,773,000	

### COMMERCIAL PAPER

Rates for commercial paper remain unchanged at 8 per cent for the best names, with quotations for others not so well known, at  $8\frac{1}{4}$  to  $8\frac{1}{2}$  per cent. The city banks are not yet in the market but the banks in the country districts are buying fairly well, though a great deal of salesmanship is required. Total sales of the brokers hold up very well, but the bulk of the paper is moving in small units in keeping with the size of the purchasing institutions. One large firm states: "We find on our list several hundred new banks that have heretofore never purchased commercial paper, but largely attracted, no doubt, by the high rates."

Apparently the volume of paper in many lines of business has very much decreased owing to retrenchments. In this connection we have received the following comment: "In all lines conservatism is not only preached, but followed and in certain instances, raw materials are lower than the cost of production. Farsighted buyers with ample financial resources are to-day making contracts in certain lines over long periods. Some of our manufacturers have decided to follow the market with their prices and not attempt to sustain the prevailing quotations, but rather to stimulate the sale of merchandise at reduced figures so that some level may be reached where the public will, as a unit, purchase, with consequent normal volume return. This particularly applies to shoes. Other lines such as dry goods are beginning to follow this course."

This is not true in all lines, as some continue to enjoy good business at high prices and still seek further accommodations, using the commercial paper market as their medium.

**STATEMENT**  
**Federal Reserve Bank of Philadelphia**

RESOURCES	Sept. 18, 1920	Month ago	Year ago
Gold reserve. . . . .	\$180,741,508	\$178,656,468	\$126,552,971
Legal tender, silver, etc. . . . .	660,743	405,963	308,278
<b>Total reserve . . . . .</b>	<b>\$181,402,251</b>	<b>\$179,062,431</b>	<b>\$126,861,249</b>
Bills discounted, members:			
Secured by Government war obligations . . . . .	\$128,169,984	\$138,652,805	\$173,229,256
All other . . . . .	47,658,729	42,081,617	21,527,756
Bills bought in open market . . . . .	14,520,461	11,456,111	811,438
United States securities . . . . .	33,242,300	33,677,800	30,053,500
<b>Total earning assets . . . . .</b>	<b>\$223,591,474</b>	<b>\$225,868,333</b>	<b>\$225,621,950</b>
Mutilated and fit notes on hand :			
Federal reserve notes . . . . .	\$15,012,150	\$18,234,510	\$14,847,728
Federal reserve bank notes . . . . .	564,458	195,703	88,909
Uncollected items . . . . .	82,434,681	72,647,279	76,664,940
All other resources . . . . .	2,848,634	2,584,325	87,581,092
<b>Total resources . . . . .</b>	<b>\$505,853,648</b>	<b>\$498,592,581</b>	<b>\$531,665,868</b>

LIABILITIES	Sept. 18, 1920	Month ago	Year ago
Capital paid in . . . . .	\$8,407,800	\$8,397,350	\$7,757,250
Surplus . . . . .	13,068,886	13,068,886	5,311,336
Profit and loss . . . . .	469,091	469,091	272,700
Government deposits . . . . .	3,741,351	3,647,082	4,807,927
Due to members—reserve account . . . . .	105,692,196	111,371,065	100,973,567
Collection items . . . . .	60,329,528	58,753,823	76,616,255
<b>Gross deposits . . . . .</b>	<b>\$169,763,075</b>	<b>\$173,771,970</b>	<b>\$182,397,749</b>
Federal reserve notes outstanding . . . . .	\$289,609,405	\$280,399,855	\$226,225,645
Federal reserve bank notes outstanding . . . . .	21,317,000	20,112,000	26,140,000
All other liabilities . . . . .	3,218,391	2,373,429	83,561,188
<b>Total liabilities . . . . .</b>	<b>\$505,853,648</b>	<b>\$498,592,581</b>	<b>\$531,665,868</b>

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

	<i>At the close of business</i>	
	<b>Sept. 10, 1920</b>	<b>Aug. 13, 1920</b>
United States bonds to secure circulation..	\$11,347,000	\$11,347,000
Other United States bonds and notes .....	29,205,000	39,737,000
Certificates of indebtedness .....	30,604,000	22,406,000
	<hr/>	<hr/>
Total United States securities owned..	\$71,156,000	\$73,490,000
Loans secured by United States securities..	41,239,000	44,264,000
All other loans and investments .....	765,791,000	757,180,000
	<hr/>	<hr/>
Total loans and investments .....	\$878,186,000	\$874,934,000
Reserve with Federal Reserve Bank .....	72,315,000	69,325,000
Cash in vault .....	18,249,000	16,921,000
Net demand deposits on which reserve is computed .....	696,909,000	688,348,000
Time deposits .....	38,952,000	36,966,000
Government deposits .....	1,880,000	4,291,000

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

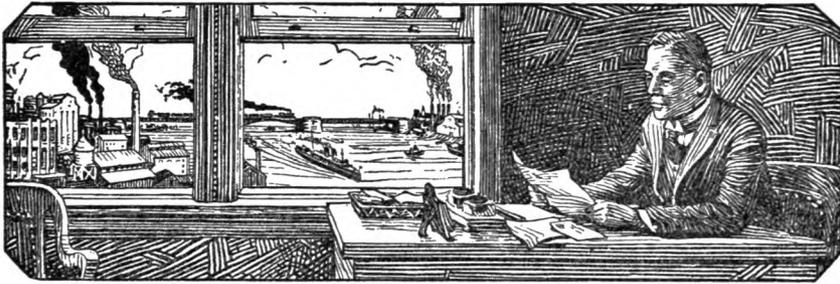
	<i>Weeks ending</i>		
	<b>Sept. 15, 1920</b>	<b>Aug. 18, 1920</b>	<b>Sept. 17, 1919</b>
Altoona .....	\$3,800,000	\$2,631,000	\$3,322,000
Chester .....	6,372,000	5,950,000	4,782,000
Harrisburg .....	2,644,000	2,067,000	4,600,000
Johnstown .....	5,206,000	4,650,000	3,522,000
Lancaster .....	5,890,000	5,522,000	5,181,000
Philadelphia .....	337,552,000	330,977,000	376,013,000
Reading .....	5,088,000	3,481,000	3,819,000
Scranton .....	15,206,000	12,238,000	12,112,000
Trenton .....	14,134,000	11,936,000	13,704,000
Wilkes-Barre .....	9,929,000	8,879,000	8,634,000
Williamsport .....	5,078,000	4,675,000	3,643,000
Wilmington .....	7,286,000	8,060,000	21,931,000
York .....	4,682,000	4,249,000	3,684,000
	<hr/>	<hr/>	<hr/>
Totals .....	\$422,867,000	\$405,315,000	\$464,947,000

## BUSINESS INDICATORS

	Sept. 20, 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
<b>Philadelphia banks:</b>			
Loans .....	\$754,656,000	+ 0.1 %	— 9 %
Deposits .....	702,486,000	+ 3 %	+ 1 %
Ratio of loans to deposits .....	107 %	111 %*	119 %*
<b>Federal Reserve Bank:</b>			
Discounts and collateral loans .....	\$182,932,037	+ 1 %	— 6 %
Reserve ratio .....	49 %	49 %*	40 %*
90-day discount rate .....	6 %	6 %*	4.75 %*
Commercial paper rate .....	8 %	8 %*	5.5 %*

	August, 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
<b>Bank clearings:</b>			
In Philadelphia .....	\$1,994,325,895	— 9 %	+ 11 %
Elsewhere in district .....	121,367,411	— 11 %	+ 7 %
Total clearings .....	\$2,115,693,306	— 9 %	+ 10 %
Building permits, Philadelphia .....	\$3,014,405	— 36 %	— 50 %
Post office receipts, Philadelphia .....	\$1,230,997	+ 27 %	+ 24 %
Commercial failures in district (per Bradstreet's) .....	31	32 *	30 *
<b>Latest commodity index figures:</b>			
Annalist (food prices only) .....	268.109	— 12.2 %	— 4.3 %
Dun's .....	\$248.527	— 1.5 %	+ 4.3 %
Bradstreet's .....	\$17.9746	— 4.8 %	— 7.7 %

\*Actual figures.



## ON THE HORIZON

In response to a questionnaire sent out recently by the National Automobile Chamber of Commerce, some very interesting facts concerning the usefulness of the automobile were brought to light. Ninety per cent of the car owners reported that they used their cars more or less for business. The average increased efficiency of the car owner was given as 56.7 per cent. In some cases the gain was small, but farmers, doctors and salesmen were enabled to make considerable gains in efficiency.

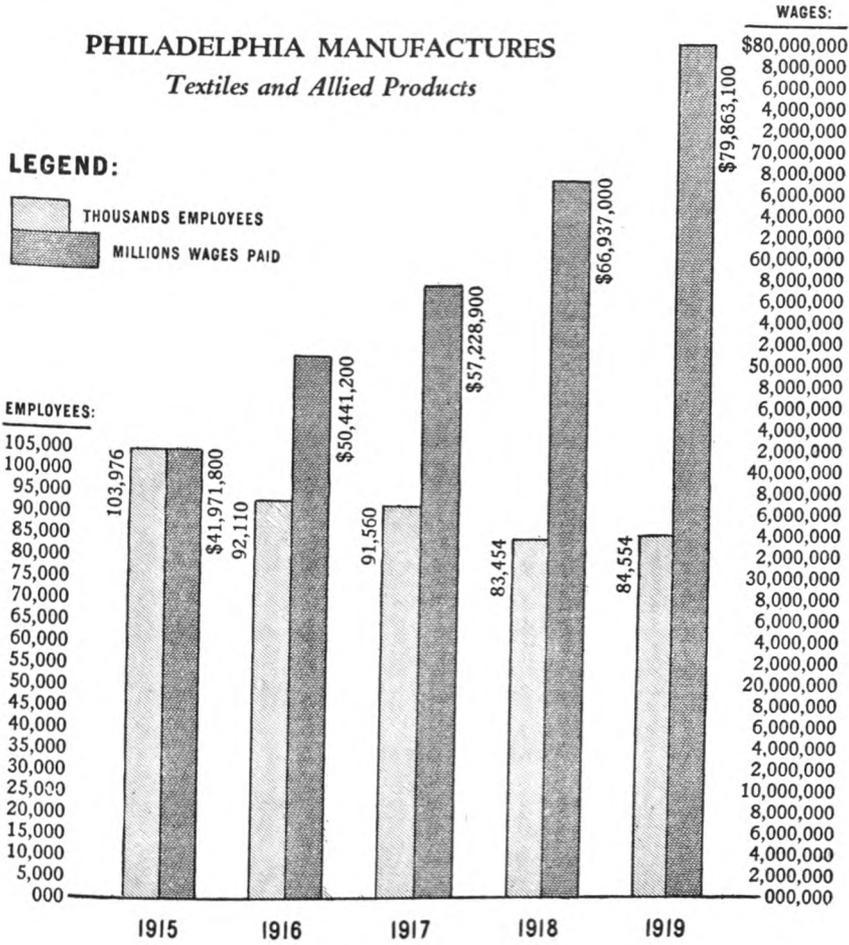


In commenting upon the building shortage, the Philadelphia Industrial Review discusses contributions to the subject by Paul Clay, the economist. The prospect as presented by Mr. Clay is as follows: "The housing shortage is equivalent to eighteen to twenty-one months' building operations, and there is little hope of making any of it up during 1920. Any relief which comes this year is likely to be a palliative rather than a remedy. Undoubtedly the housing problems are on the way toward solution in the sense that economic evils always create their own medicines and force us to take them. Some of these medicines now are: The excessive rise in farm products and food prices, which is tending to check the drift of population into cities; the growing depression of general business; the scarcity of capital, which is tending to compel economizing and thus bring about an accumulation of new capital; and the rise in rents."



The chart given below, which is reproduced from Commercial America, gives a graphic comparison of the growth of the textile

industry in Philadelphia from 1915 to 1919, as measured by wages paid and number of employees. In 1919 the textile and allied industries employed an average of 84,554 people and the amount of wages paid during the year was \$79,863,000.



2

Approximately 1,000,000 passenger automobiles and about 200,000 motor-trucks were produced in the United States in the six months ended June 30 last. While it is practically certain that this rate of production will not be maintained during the balance of the year, output of passenger cars for the full twelve months of 1920 should easily equal the previous high mark of

1,740,792 cars in 1917 and motor truck output may exceed the previous high record of 316,364 in 1919.

The following tabulation shows the number and wholesale value of passenger cars and motor trucks produced in the United States since 1910:

	Passenger cars		Motor trucks	
	Number	Value	Number	Value
*1920.....	1,000,000		200,000	
1919.....	1,657,652	\$1,461,785,925	316,364	\$423,326,621
1918.....	926,388	801,937,925	227,250	334,168,992
1917.....	1,740,792	1,053,505,781	128,157	220,982,668
1916.....	1,493,617	797,469,353	90,000	157,500,000
1915.....	818,618	565,978,950	74,000	125,800,000
1914.....	543,679	413,859,379	25,375	45,098,464
1913.....	461,500	399,902,000	23,500	44,000,000
1912.....	356,000	335,000,000	22,000	43,000,000
1911.....	199,319	240,770,000	10,655	22,292,321
1910.....	181,000	213,000,000		

\* Estimated for six months ended June 30.



The Textile World Journal in a recent issue discusses the formation of an Office of Development Work Created in the Bureau of Chemistry by the Department of Agriculture. The purpose is to assist commercial and industrial concerns to apply new processes and discoveries of chemists. Every year valuable discoveries are made such as the utilization of a manufacturing waste or a new food is found or a new dye, glue or preservative is made. Without the services of such a bureau the value of such discoveries is greatly reduced through the discoverer's inability to present his discovery in terms which the business man can understand and the public runs the risk of losing a much needed material. Under the new law engineers will look after the product as soon as it has gone beyond the experimental or laboratory stage and will prepare estimates for the convenience of manufacturers. Data will be furnished on raw material supply, costs of production and the uses to which the product is adapted.

The administration committee of the American Bankers' Association has approved plans for a corporation to maintain and develop foreign markets for American products through enlisting the coöperation of bankers, exporters, importers, manufacturers and producers. It is planned to have every possible emphasis placed by practicable methods on the encouragement of national thrift and the increase of production as the necessary

basis to establish a secure foundation for foreign trade. Adequate representation will be given stockholding interests, state or regional distribution of stock being carefully kept in mind, as well as the coöperative effort of any affiliated national organization. The idea will be to have representation on the Board of Directors reflect stock subscriptions in various sections. Also, to have the foreign trade interests of various sections given special attention by the corporation proportionately to the absorption of the corporation's debentures in those sections. This procedure aims to encourage thrift and production. The capitalization of the corporation is planned to be \$100,000,000, and the tentative date for its organization is January 1, 1921.



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