

Business Conditions

Report of the Federal Reserve Agent
at Philadelphia
to the Federal Reserve Board



December 1, 1920.

GENERAL SUMMARY

A REVIEW of the past month reveals little change in the general condition of business. Distributors, thus far, have manifested little confidence in the stability of prices either in the primary markets or in the markets for finished goods, and the orders which are being placed are few and small in quantity.

A large number of factories have closed altogether or are working only part time in the effort to keep their organizations intact. The textile industry in Philadelphia is much depressed; it is reported that of its 700 mills employed in that industry 40 per cent are closed and 25 per cent have reduced operations. Iron and steel plants have experienced a marked diminution in the amount of new business, but are maintaining operations to some extent on the back orders which remain unfilled.

The retail trade is now making an encouraging beginning in the reduction of prices and the buying public is reaping some of the advantages of the lower prices quoted by wholesalers and manufacturers. It is stated that a ready response to these lower prices is manifested, and that the volume of trade during October was noticeably ahead of September and was in excess of sales during October, 1919. Stocks on the shelves of retailers at the end of October were larger than a year ago and slightly ahead of September 30.

Unemployment and part time work have followed the reduction in industrial operations. According to the latest reports

from the Employment Bureau of the Pennsylvania Department of Labor, the supply of applicants for available positions is more than ample to meet the demands in nearly every class of employment.

During October, lack of cars offered some impediment to the production of bituminous coal, but not nearly to the same extent as earlier in the year, and production reached a very high point. Difficulties of transportation are largely things of the past and the number of cars moving past Lewistown Junction, Pennsylvania System, affords some indication of the better handling of traffic; from a low point of 4,384 cars in April the daily average increased steadily to 6,285 cars in October.

Collections are still noticeably slow, though in a few lines reports state that they are satisfactory.

In the commercial paper market, some very good names which appear infrequently have been sold at 7- $\frac{3}{4}$ per cent, thus breaking the 8 per cent rate for the first time in months.

The number of failures in the Third Federal Reserve District, as reported by R. G. Dun & Company, does not show any large increase, but the amount of liabilities during October was largely in excess of October of last year. The liabilities of insolvent concerns during the first ten months of this year aggregated \$11,559,782 as compared to \$5,828,335 in the same period of 1919.

RETAIL TRADE

Retail trade in this district is moving briskly, with sales thus far this month exceeding those of last month and also those of a similar period last November. There is an ever present demand on the part of the consumer for lower prices, and where these have been met, the response has been generous. Reduction sales are therefore common in the trade. These are taking the form of either a fixed percentage mark-down on the entire stock (usually 20 to 35 per cent) or special reductions on particular items. These sales are given as the sole cause of the present large volume of trade, for, with the absence of cold weather, the usual seasonal demand is lacking. Indeed, where reductions have not been resorted to as a stimulus, sales are reported as slightly behind last month and this month last year.

Although retail stocks are moving rapidly, retailers, as a whole, have not gone into the markets to replenish their reserve supplies. The attitude of many merchants is well expressed in the following quotation from one of our reporting firms: "We are buying only what we absolutely need from day to day to fill in, and are even avoiding this where we can substitute one line for another. Our outstanding orders are lower today than at any time in our history, and we are placing no orders for spring or summer delivery. We are simply marking time, waiting a change in conditions for the better." This is not the universal attitude, however, for realizing that the wholesale markets cannot become stabilized until a buying movement develops, one of the largest retail stores in the district has announced that it will immediately enter the market and place orders for spring and summer delivery.

Prices for merchandise are steadily declining, the decrease in leather products and the textiles being the greatest. Less marked is the recession in china, house furnishings, galvanized ware, the metal lines and similar articles.

While unemployment is becoming more or less general in manufacturing industries, it has not yet had an effect upon the volume of retail trade. It has, however, resulted in a decided trend toward conservatism, and consumers are becoming more exacting as to the quality of the merchandise offered.

The tables below reflect the trend of retail trade conditions since July 1 of this year.

RETAIL TRADE OF DEPARTMENT STORES

Stores in Philadelphia—Total number, 6

	Per cent increase or decrease	
	Sept. 1920	Oct. 1920
1. Net sales:		
For month named compared to same month, 1919	+ 10.5	+ 9.9
For period July 1 to end of month named, compared to same period last year	+ 16.9	+ 13.2
2. Stocks at end of month named:		
Compared to same month, 1919	+ 17.6	+ 10.5
Compared to previous month	+ 8.8	— .4
3. Ratio of average stocks at end of each month for period from July 1 to date, to average monthly sales for same period	375.1	378.3
4. Ratio of outstanding orders at end of month named, to purchases during year, 1919	12.0	7.0

Stores outside of Philadelphia—Total number, 32

	Per cent increase or decrease	
	Sept. 1920	Oct. 1920
1. Net sales:		
For month named compared to same month, 1919	+ 21.4	+ 23.4
For period July 1 to end of month named compared to same period last year	+ 23.1	+ 22.6
2. Stocks at end of month named :		
Compared to same month 1919	+ 25.0	+ 24.3
Compared to previous month	+ 7.6	+ 2.7
3. Ratio of average stocks at end of each month for period from July 1 to date, to average monthly sales for same period.....	583.6	532.9
4. Ratio of outstanding orders at end of month named, to total purchases during year 1919.....	7.6	4.5

All reporting firms—Total number, 38

	Per cent increase or decrease—1920			
	July	Aug.	Sept.	Oct.
1. Net sales:				
For month named compared to same month, 1919.....	+ 23.8	+ 22.5	+ 15.1	+ 15.8
For period July 1 to end of month named, compared to same period last year	+ 23.8	+ 24.9	+ 19.5	+ 17.3
2. Stocks at end of month named :				
Compared to same month, 1919....	+ 28.3	+ 31.0	+ 20.5	+ 16.1
Compared to previous month	+ 3.3	+ 6.4	+ 8.3	+ .8
3. 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	454.2	437.2
4. Ratio of outstanding orders at end of month named, to total purchases during year 1919.....	19.8	14.2	10.1	5.9

AGRICULTURE

The harvests are past and from the reports of the Departments of Agriculture of Pennsylvania and New Jersey which follow, it will be seen that they are with one or two exceptions in excess of last year and of the average for the past ten years.

PENNSYLVANIA

Crop	NOVEMBER 1, 1920			LAST YEAR	PAST TEN YEARS
	Estimated condition (per cent)	Estimated yield per acre	Estimated total production	Final production	Average production
Corn.....	91	45 bu.	65,655,000 bu.	72,193,000 bu.	61,115,000 bu.
Buckwheat...	94	18 "	4,518,000 "	5,530,000 "	5,640,000 "
Potatoes.....	85	115 "	27,715,000 "	25,400,000 "	23,580,000 "
Sweet potatoes	93	140 "	140,000 "	138,000 "	115,000 "
Apples.....	101	...	23,937,000 "	7,972,000 "	.....
Pears.....	96	...	701,000 "	355,000 "	.....

NEW JERSEY

Crop	NOVEMBER 1, 1920			LAST YEAR	PAST TEN YEARS
	Estimated condition (per cent)	Estimated yield per acre	Estimated total production	Final production	Average production
Corn.....	93	44 bu.	11,264,000 bu.	10,800,000 bu.	10,603,000 bu.
Buckwheat...	91	20 "	200,000 "	197,000 "	252,000 "
Potatoes.....	93	150 "	16,050,000 "	10,560,000 "	9,903,000 "
Sweet potatoes	94	143 "	2,002,000 "	1,750,000 "	2,627,000 "
Apples.....	106	...	4,134,000 "	2,113,000 "	2,241,000 "
Pears.....	94	...	843,000 "	500,000 "	605,000 "

The monetary returns to the farmers this year were somewhat disappointing in view of the high cost of fertilizers, seeds and labor. It is interesting to note that the Department of Agriculture is perfecting a better system of marketing crops and that the railroads are cooperating with the department in the way of bettering the transportation situation.

Farmers claim they are unable to plant the same large acreage in wheat as they did last spring, and for that reason they are not buying or ordering fertilizers in the same quantities as last year. Raw materials for fertilizer purposes as a result are uncommonly plentiful. Manufacturers are carrying in stock a large part of the ingredients provided for the fall trade and are receiving additional deliveries against purchases of such chemicals as potash, nitrate of soda, etc. Prices on the various grades of fertilizers have declined 15 to 20 per cent, that is to say, for next spring's delivery. To illustrate, we give below, according to chemical analysis, a comparative table showing fall and spring quotations:

Ingredients in each ton of fertilizer				Price
Ammonia	Phosphoric Acid	Potash		
100 lbs.	160 lbs.	100 lbs.	fall, 1920	\$76.50
			spring, 1921	65.00
80 "	160 "	120 "	fall, 1920	73.50
			spring, 1921	61.75
40 "	160 "	80 "	fall, 1920	53.00
			spring, 1921	44.75

IRON AND STEEL

New business in the iron and steel industry is practically at a standstill, and under conditions now prevailing there is a buyer's market. For the first time in years many concerns have been compelled to get out and offer their goods. Cancellations have been reported but they have not been on a scale comparable

with the textile industries. The downward trend of prices has been marked during the past month.

The largest price decline which has occurred to date is in the price of coke, the chief fuel used in the production of pig iron. From \$17 per ton on October 12 the price had fallen to \$8 on November 16. Pig iron also shows continued weakness, No. 2X Pennsylvania pig being quoted at \$44.79 per ton on November 16, as compared to \$47.79 on November 9, and the peak of \$53.51 which obtained in September. Though the amount of new business offered is small, production during October was unusually large, and, with the exception of March, the daily average was the highest for the year. Latest reports, however, indicate that a considerable number of furnaces have closed down.

The output of steel ingots throughout the country was also large during October, but steel and steel products have been affected by the general decline in buying which has now become a feature of the industry. It is to be noted that the unfilled orders of the United States Steel Corporation showed a larger decline during October than during September. Structural steel has been particularly affected. Reports for the month of October, issued by the Bridge Builders' and Structural Society, show that orders were placed for only 45,500 tons, or 25- $\frac{1}{2}$ per cent of the capacity of all the concerns whose reports had been received. This was the smallest amount placed since April, 1919, and compares with 77,700 tons in September, 1920, and 139,500 tons in October, 1919.

Iron and steel castings have been in comparatively small demand and prices have declined. Automobile manufacturers have evidently received little response to their price reductions and are therefore withholding orders for materials. Railroads, too, do not display much activity in placing orders. Steel plates and sheets have shared in the general decline in new business.

Manufacturers of wire rope state that their demand has decreased very noticeably during the past four weeks and give as the cause the falling off in drilling operations in the oil fields, and the demoralized condition of the lumber industry in the Northwest. These two industries are among the largest users of wire rope in the country.

Collections have slowed up considerably. Many firms which in the past have never failed to take advantage of the discount are now letting their bills run until maturity and in some instances are asking for further extensions of time. The increase

in cancellations has been due largely to the decline in prices of goods which were purchased in the high market which obtained earlier in the year. Many requests are also being received for postponement of shipping dates.

COAL

Bituminous

The dominant feature of the bituminous coal business is the fact that the situation has turned, with rather startling rapidity, from a problem of production and transportation to a question of markets.

This abrupt change, with its accompanying break in prices, is not attributed in any substantial degree to the activities of the Department of Justice nor to the belated efforts of coal men to effect a readjustment. The change, therefore, has not been manipulated, but is fundamental. Uppermost in the minds of coal dealers at present is the question of how far prices will recede; at what point will they become stabilized? There also looms a remote uncertainty as to the level to which it is possible for prices to sink without forcing short time work at the mines. A month ago prices were around \$10.00 to \$12.00 per ton. Today the range is from \$4.00 to \$6.00.

This situation is the result of the law of supply and demand. The curtailment of industrial activity has cut down consumption and, in addition, the demand for export tonnage has fallen off considerably. It is reported that the Germans are delivering more tonnage than the Spa agreement exacts, so that the fuel situation so far as France and the northern countries are concerned, is considerably improved. This has affected the price obtainable on the Eastern seaboard of this country. Production throughout the United States during the first 264 working days of the last four years has been as follows:

	Net tons		Net tons
1917	470,998,000	1919	405,344,000
1918	505,021,000	1920	464,331,000

The year 1920 is, therefore, about six and two-thirds million tons behind 1917, and a little more than forty and two-thirds million tons behind 1918, but is 59 million tons ahead of 1919. Owing to the decreased consumption caused by the curtailment of industries, however, there should be no fear of a bituminous coal shortage for the remainder of the present year.

Anthracite

Anthracite production in the United States fell off even more sharply than did that of bituminous during the first week of November. The total output is estimated at 1,390,000 net tons or only 72 per cent of that produced during the third week of October, the latest full time week. The slump was caused almost entirely by the observance of All Saints Day and Election Day as holidays.

One concern reports that "there is at present one great difficulty facing the mines in the transportation of coal, the lack of room at junction points and tidewater piers. A great unloading pier should be located on the Delaware River somewhere between Philadelphia and Chester where all railroads might combine their coal for export business, and where four to six steamers might load at one time. The present unloading piers do not provide sufficient facilities to meet the export demand. This country will suffer more likely from lack of track room and terminal facilities than from lack of cars and motive power."

There is a noticeable return to the mines of men who had drifted into steel mills and other industries, and this should enable operators to fulfill their contract obligations.

Transportation conditions and the car supply at the present time are good. This is due to the continued allocation of certain classes of equipment to the coal industry by the Interstate Commerce Commission.

Coke

Beehive coke production showed an increase of 8,000 tons over the preceding week, 399,000 tons being produced during the last week of October. Coke prices continue their decline in the face of a sluggish market, although the recession in the past week was not so sharp as that which characterized the preceding week.

BUILDING MATERIALS

Lumber

Very little interest is being manifested in the lumber market at present and such purchases as are being made are only to supply immediate needs. One firm tells us, however, that some of the large buyers are now coming into the market with a view to placing orders for future delivery. An appreciable falling off in the amount of lumber supplied to automobile manufacturers has contributed to the dullness prevailing in the lumber industry.

Lumber prices generally are much lower than a few months ago and are said to be on an average of 15 to 20 per cent lower than last month and about 40 per cent below peak prices. "The American Contractor," in its quotation section on October 2, quoted Douglas Fir flooring of a certain size and quality at \$56, f.o.b. the mill, and on November 13, the same kind of lumber was quoted at \$26. Similarly, Southern Pine flooring of a certain quality declined from \$52 to \$42.50 in the same period.

Although unskilled labor is plentiful, first class machine and bench hands are still scarce. The transportation situation offers no difficulties and it is said that carloads from California are now coming through in a month, whereas formerly they were two to three months in transit. New York shipments of lumber, however, are still embargoed, which interferes somewhat with business of that city. Collections in general are said to be satisfactory.

Brick

The demand for brick at the present time is negligible. This situation is not unusual at this season of the year as there is always a let-up in orders. The filling of back orders, however, is most urgent at this time as it is imperative that the material be worked up before freezing weather sets in.

Near-by plants are reported to be running at about 60 per cent of capacity with but few exceptions, representing an increase of 10 per cent over a month ago.

It has been calculated, that it takes a pound of coal to produce one brick so that much depends upon the price of coal in determining the cost of production. Salmon brick, used for inside walls and partitions, are quoted at \$20 per thousand; common smooth brick, which are used for outside work, are quoted at \$23 per thousand; and pressed brick for residences and store fronts are being quoted at \$35 to \$40 per thousand.

Raw materials are said to be in plentiful supply, the only difficulty arising being the inability of the shippers to receive sufficient cars of the open-top, gondola type. Box cars on the other hand are in greater supply.

The financial situation has had an adverse affect on the brick industry because municipal improvements and road work, etc., had to be held back on account of the tightness of money and the difficulty of floating bonds.

Collections are said to be generally satisfactory.

HARDWARE

Wholesale hardware dealers report to us that the demand for merchandise is falling off considerably and that the hesitancy in buying is attributable in part at least to the expectation of lower prices. Our statistical reports, however, show only a slight decrease in sales for October, as compared to September, and they are appreciably higher than in October, 1919. While hardware is not in as urgent request as heretofore, this industry is much more active than many other lines of business.

Although a few things, such as wire products, are still difficult to obtain in quantities, supplies of merchandise can be secured much more easily than heretofore.

Prices as a whole have undergone comparatively little change, though in some lines reductions have occurred; one wholesaler informs us that tools, hammers and hatchets have declined about 20 per cent.

Collections are slow and the ratio of the accounts outstanding at the end of October to sales during October was 153.7 per cent as compared to a ratio of approximately 140 per cent for the month of October, 1919.

Comparative percentages of sales and accounts outstanding follow:

WHOLESALE HARDWARE TRADE		Per cent increase or decrease	
		Sept. 1920	Oct. 1920
1.	Net sales (selling price) during month		
	a. As compared to previous month.....	— .4	— 2.2
	b. As compared to same month last year	+ 22.4	+ 6.7
2.	Accounts outstanding at end of month (selling price)		
	a. As compared to previous month	+ 3.1	— 2.0
	b. As compared to same month last year.....	+ 27.9	+ 16.6
3.	Ratio of accounts outstanding at end of month to net sales during month	151.9	153.7

COTTON

Cotton Goods

The present situation in the cotton goods industry shows practically no demand for manufactured goods, with the result that numerous mills are completely shut down while others are operating on reduced schedules. Sixty per cent capacity is being maintained by several mills, but these are operating with a view to keeping their employees at work, and are therefore accumulating large stocks of the finished product. Forty to fifty per cent is the average operating capacity in the industry. Unemployment is general and a reduction of wages has been made in many plants.

The encouraging element in the present stagnant situation is the fact that the supply of cotton goods in the hands of jobbers and retailers is reported as exceptionally low. Prices for cotton goods continue to decline, present quotations being 50 per cent below the peak and on the average 10 per cent below last month. There is no regular market and as the situation is wholly in the buyers' hands, purchasers are able to secure concessions whenever demanded. Price cutting, however, has failed to stimulate interest, for the principal factor today is not the price element, but the lack of confidence in the market.

Cancellations are widespread and continue to furnish a trying problem to manufacturers. Collections are rather slow and are reported as poor to unsatisfactory.

Cotton Yarns

No change of consequence has occurred in the cotton yarn market during the past month. While manufacturers are evidencing some interest by way of inquiries, there is still a dearth of orders and spinners are fully able to meet any demand for their product which may arise.

The price of yarns continues to decline and is said to be several cents per pound below the cost of production based on the present raw cotton market. Prices, for yarns, however, are merely nominal, for with business at such a low ebb, there is not sufficient activity to establish market values. Spinners, however, are making no purchases of raw cotton at the present seemingly exceptionally low quotations. Middling cotton which on July 25 was selling at 43- $\frac{3}{4}$ cents per pound could be secured on November 15 for about 20 cents per pound.

Owing to this marked reduction in prices, many producers are refusing to sell and are holding their supplies for a rise in the market. Regardless of this, however, there seems to be more cotton offering than there is demand to absorb it. The consumption of raw cotton in the United States has steadily declined. The figures published by the Census Bureau on November 14 show that during October of this year 399,837 bales, or 156,000 less than October, 1919, were used. This is a decrease of 57,000 bales as compared to September, 1920.

WOOL

Woolen Cloth

The effort on the part of retailers to dispose of their present stocks before placing orders for new goods has resulted in great

inactivity among woolen cloth manufacturers. The demand for woolen cloth is very limited; in fact, it is practically nil, as buyers are reluctant to place orders because of the continued downward trend of prices. Cancellations are very frequent, and buyers have become critical of the quality of the merchandise offered them.

The market is entirely in favor of the buyer. The following comparison of present prices with those of last month and the peak attained was submitted by reporting firms, one giving the quotations on raw materials and another on serges and tricotines:

RAW MATERIALS:	Peak	Last Month	Present
Fine staple clean wool	\$2.10	\$1.40	\$1.20 to \$1.10 would be accepted.
No. 1 Cashmere Fleece	1.60	1.10	.90 (about)
2/40-1/2 Worsted	4.50	2.75	2.00 "
2/36-3/8 Worsted	3.80	2.25	1.75 "
SERGES AND TRICOTINES:	Peak (4 months ago)	Two months ago	Present
	\$5.00 per yd.	\$4.50 per yd.	\$3.50 per yd.

Collections are slow and improvement in transportation seems not to be so general as it is in some other lines, shipment from New England points being particularly slow.

Wool Yarns

Lack of demand for wool yarns has been reported for several months, but during the past month, the demand has been at a minimum, and manufacturers are a unit in declaring that there is absolutely no call for their product. Among the firms that reported this month, the capacity of plant operations varies from none at all to 57 per cent, and those concerns which have continued to manufacture are accumulating heavy inventories.

England and France are sending large quantities of fine worsted yarns to this country, which together with the accumulation of domestic yarns, has resulted in an abundant supply of raw materials at a low figure. In fact, the situation resolves itself into one of holding yarns as long as possible rather than sell at present quotations. One yarn mill quotes the following prices on quarter blood scoured: Present price, 47 to 50 cents; last month, 50 to 53 cents; Government fixed price, \$1.40.

The receding prices of dyed wool yarns are reflected in the following comparison of prices as given by one large spinner: Present price, \$1.25; last month, \$1.35; and the peak, \$2.20.

Collections are poor and even the best firms have a tendency to allow accounts to run the full period rather than take advantage of discounts.

Raw Wool

According to several large wool dealers, cancellations seem to be the order of the day, brought about by the continued recession of prices. Demand appears to be at the lowest point, and in the few cases where orders have been placed, customers insist upon great reductions, or cancel the orders. There is no stability of prices, as too few transactions occur to make any fixed price hold.

Collections are slow and generally unsatisfactory.

SILK

Since early in September, the silk industry has looked for a general recovery and revival of interest and there has been the hope that it would make its appearance before the end of the year. Thus far, however, it has failed to materialize, and the markets for raw silk goods have settled back to the position which they occupied at the close of last summer.

Sales and orders booked are decreasing in volume, and with many mills still operating, stocks of goods are rapidly accumulating. The production, however, is principally of the staple numbers, for which it is expected there will be a ready demand when a buying movement begins. This is usually the duller time of the year, being between seasons, but the pegging of prices of raw silk in Japan is not reassuring and this is also given as a contributory cause of the present dullness. The opinion prevails that the reeling of silk in Japan should be curtailed, for with the assurance of a fixed price, which the present pegging plan gives, large amounts of raw silk are being offered. As a result, stocks are accumulating and some doubt is expressed as to whether the Government will be able to maintain its fixed price. It is held that an American demand must shortly develop if the efforts of the Japanese Government to stabilize the raw silk market are to be successful.

A comparison of present raw silk prices with last month and the peak, as given by one of our reporting firms, follows:

	Present	Last month	Peak
Raw silk XX.....	\$6.75	\$7.15	\$18.40
Organzine XX.....	7.75	8.15	21.25
Tram X	7.00	7.40	19.75

The prices of silk goods are also subject to wide variations. By bargaining and marketing about, shrewd buyers are able to secure their wants at practically their own prices. A comparison of the present prices of taffeta and charmeuse as compared to those of last month and the peak (reported by the same concern), is given below:

	Present	Last month	Peak
Taffeta	\$1.55	\$1.60	\$2.90
Satin	1.75	1.85	3.25
Charmeuse	2.00	2.00	3.50

At present, this concern reports a fairly active demand for taffeta, sales for the first two weeks of November exceeding the same period in October. Some few orders for spring delivery have also been booked, but the demand is much below normal. The report of this firm is the exception, however, for as a whole the silk situation may be said to be exceedingly dull.

HOSIERY

Buyers are still refraining from operating in the hosiery markets. The present demand is negligible and consists only of orders for a few numbers to fill in broken lines for which there is a consumers' call. Although jobbers have stated that they will not enter the markets until prices are stabilized, many manufacturers, in their desire to liquidate their finished stocks, continued to quote lower prices during the past month. As a result, the market is a fluctuating one, uncertainty continues, and buying interest is wholly lacking. The following prices (on their main line of hosiery) submitted by one reporting firm clearly portrays this situation:

Peak	Last month	Present
\$4.00	\$2.85	\$2.50

Other figures at hand show much wider discrepancies between prices for this and last month.

Many mill owners have curtailed their operations to a minimum or have shut down completely. Unemployment in the industry is, therefore, becoming more prevalent, and operatives are applying for work at lower wages.

Cancellations continue a disturbing factor.

Below are given figures on the hosiery industry showing conditions since July 1 of this year:

OPERATIONS IN THE HOSIERY INDUSTRY

<i>For firms selling to the wholesale trade</i>	Per cent increase or decrease for			
	July, 1920	Aug. 1920	Sept. 1920	Oct. 1920
1. Product manufactured during month (selling price)				
As compared to previous month . .	— 36.2	— 22.2	— 43.0	— 9.8*
As compared to same month, 1919	— 17.5	— 33.3	— 58.9	— 69.0*
2. Finished product on hand at end of month, (selling price)				
As compared to previous month . .	+ 6.2	+ 4.5	— 3.6	— 27.9*
As compared to same month, 1919	+ 137.7	+ 174.1	+ 150.9	+ 98.2*
3. Raw materials on hand at end of month, (cost price)				
As compared to previous month . .	— 5.0	+ 1.2	— 5.6	— 18.7*
As compared to same month, 1919	+ 84.5	+ 91.4	+ 49.0	+ 13.0*
4. Unfilled orders on hand at end of month, (selling price)				
As compared to previous month . .	— 17.6	— 13.4	— 22.4	— 47.2*
As compared to same month, 1919	— 35.2	— 61.9	— 71.6	— 85.1*

*Slight correction in figures since issuance of advance report.

For firms selling to the retail trade

1. Product manufactured during month (selling price)				
As compared to previous month . .	— 36.2	— 22.2	— 43.0	— 44.0
As compared to same month, 1919	— 17.5	— 33.3	— 58.9	— 50.4
2. Finished product on hand at end of month, (selling price)				
As compared to previous month . .	+ 6.2	+ 4.5	— 3.6	— 13.1
As compared to same month, 1919	+ 137.7	+ 174.1	+ 150.9	+ 46.1
3. Raw materials on hand at end of month, (cost price)				
As compared to previous month . .	— 5.0	+ 1.2	— 5.6	— 10.2
As compared to same month, 1919	+ 84.5	+ 91.4	+ 49.0	+ 144.2
4. Unfilled orders on hand at end of month (selling price)				
As compared to previous month . .	— 17.6	— 13.4	— 22.4	— 71.8
As compared to same month, 1919	— 35.2	— 61.9	— 71.6	.....

UNDERWEAR

Further revisions of prices for most types and grades of underwear were made during the early weeks of the past month. As, however, this failed to stimulate buying, the lowering of prices has ceased, and apparently no efforts are being made to force a market. Not only are no new orders being placed, but the few that were on the books are being cancelled. One concern

Compiled as of November 22, 1920

SYNOPSIS OF BUSINESS SITUATION
Philadelphia Federal Reserve District

<i>Business</i>	<i>Demand</i>	<i>Ability to supply demand</i>	<i>Prices</i>	<i>Raw material or merchandise situation</i>	<i>Transportation</i>	<i>Collections</i>
BRICK	Inactive		Stationary	Good	Improved	Fair
CARPETS AND RUGS	Inactive		Lower	Good	Improved	Slower
CHEMICALS: Drugs Dyes and Industrial	Inactive Inactive		Some stationary others lower Lower	Good Good	Improved Improved	Satisfactory Slow
COAL, ANTHRACITE	Strong	oving	Firm		Improved	Good
COAL, BITUMINOUS	Decreasing		Lower		Improved	Good
COTTON YARNS	Inactive		Lower	Good	Improved	Poor
COTTON GOODS	Inactive		Lower	Good	Improved	Poor
GROCERIES	Limited		Unsteady	Good	Improved	Slower
HARDWARE	Decreasing		Slightly lower	Improved	Improved	Slow
HOSIERY	Negligible		Lower	Good	Improved	Very slow
IRON AND STEEL	Decreasing		Lower	Good	Improved	Slow
LEATHER	Inactive		Lower	Good	Improved	Slow
LUMBER	Inactive		Lower	Good	Improved	Good
PAPER	Decreasing		Slightly lower	Good	Improved	Slow to satisfactory
PAPER BOXES	Inactive		Lower	Good	Improved	Satisfactory
PRINTING AND PUBLISHING	Decreasing		Slightly lower	Good	Improved	Slower to satisfactory
RETAIL TRADE	Good		Lower	Good		Good
SHOES	Inactive		Lower	Good	Improved	Slow
SILK GOODS	Inactive		Lower	Good	Improved	Slow
TOBACCO	Decreasing		Firm	Good	Improved	Slower
UNDERWEAR	Limited		Lower	Good	Improved	Slow
WOOLEN YARNS AND CLOTHS	Inactive		Lower	Good	Improved	Slow to poor

reports that it has received cancellations of practically all the orders it had on hand October 1.

A drastic curtailment of operations has followed and it is doubtful whether more than 25 per cent of the productive capacity of the mills in this district is now being maintained. Wage scales in many mills have been revised with reductions of from 15 to 25 per cent being reported. Unemployment is general and many mill workers are making applications for positions at the new scales.

Collections are exceptionally slow, and firms, even of the very best financial standing, are requesting extensions of 60 to 90 days.

Conditions in the underwear industry, as reflected by statistics compiled since July, are given below:

	OPERATIONS IN THE UNDERWEAR INDUSTRY			
	July, 1920	Aug. 1920	Sept. 1920	Oct. 1920
	Per cent increase or decrease for			
1. Product manufactured during month named				
a. As compared to previous month . . .	- 16.9	+ 4.9	- 27.5	- 12.8
b. As compared to same month last year	- 13.0	- 11.1	- 33.2	- 42.1
2. Finished product on hand at end of month named				
a. As compared to previous month	+ 46.6	+ 27.0	+ 24.2	.....
b. As compared to same month last year	.....	+ 279.1	+ 70.8	.....
3. Raw materials on hand at end of month named				
a. As compared to previous month . . .	- 15.6	- 3.0	- 8.8	- 15.6
b. As compared to same month last year	.....	+ 38.7	+ 58.9	+ 19.9
4. Orders booked during month named				
a. As compared to previous month	- 60.0	- 63.9	.....	.....
b. As compared to same month last year	.....	- 99.8	.....	.....
5. Unfilled orders on hand at end of month named				
a. As compared to previous month	- 23.4	- 53.9	- 47.6*	- 71.2
b. As compared to same month last year	.....	.....	.....	.....

*Corrected figure

CARPETS AND RUGS

There has been little or no improvement during the past month in the carpet and rug industry. Demand at present is almost at a standstill and the few orders being placed are small ones for immediate use. There is an unprecedented cancellation of orders, especially those for automobile carpets. This perhaps is due to the downward trend of prices, and also to the fact that purchasers have an accumulation of stocks which were bought when prices were at the peak.

Due to the drop in raw materials and to the falling off of demand, the prices of rugs and carpets have declined, some grades falling 10 per cent and others 35 per cent lower than peak prices. With the large stocks of merchandise on hand, manufacturers have no difficulty in filling orders.

Many manufacturers report that their mills are closed entirely, while a few are running from about 20 to 75 per cent of their capacity. Those which are shut down expect to remain so until the first of the new year.

Raw materials are plentiful, and show great reductions in prices—varying from 10 to 60 per cent below the peak prices of 1920. A year ago manufacturers were unable to obtain sufficient yarn to enable them to operate their mills to capacity, and were forced to purchase yarns abroad. This season, however, the condition is reversed and spinners in this country are clamoring for orders enough to keep their mills operating.

Although a few reliable houses are asking for extensions of time, collections are in general satisfactory.

Transportation is slowly returning to normal. There has been a very decided improvement in the last thirty days, which, however, may be partly due to the fact that the number of shipments is fewer than usual.

LEATHER AND SHOES

Shoes

As has been the general situation during the last few months, business in the shoe industry continues virtually at a standstill. Those few concerns whose salesmen are still on the road report that they are meeting with an almost universal failure on the part of dealers and retailers to place orders for next spring's styles. A few orders for immediate delivery is the extent of their success. This lack of interest continues in the face of, or perhaps in part because of, recurrent price declines. Manufacturers who have an accumulation of the finished product are making quotations without regard to replacement values. Quotations for shoes are in general from 20 to 30 per cent below the peak of nine months ago, and from 8 to 10 per cent below last month's quotations.

Of the plants that continue to operate but few are maintaining total capacity. Curtailment of 50 per cent and under is common, and as a result, there is considerable unemployment in the

shoe industry. From the production standpoint, the situation is most favorable, with raw materials of all kinds in ample supply; the transportation situation much improved; and the status of labor satisfactory.

Leather

Unchanged also is the situation in the leather industry. The demand for leather—if demand it may be called—is only for exceptionally small lots for immediate needs. No orders of any size for future delivery are being booked. This is accounted for, in large measure, by the present situation in the shoe manufacturing industry. There are no common quotations for upper leathers and the undertone is decidedly unsettled, with prices steadily declining. Sole leather is also being quoted at lower levels, a decrease of 15 per cent as compared to last month being noted. This is due in part to the unusually large stocks of tanned leather on hand. These are far above normal and are principally in the medium grades. During the wave of extravagance which followed the Armistice, and continued until the middle of this year, only the best varieties of shoes were called for, with the result that leathers of the medium grades were almost totally neglected.

Hides

Tanners throughout the district have greatly curtailed their operations, and several have completely shut down. As a result, the hide and skin markets are stagnant, with quotations continually on the decline. The radical change which has taken place in the goat skin situation (98 per cent of the skins being imported) may be seen in the following figures: From January 1, 1919, until December of the same year, the price rose from \$12 to \$36 a dozen. Today, were there any demand, they could be imported from India for \$9 to \$12 a dozen. In the hide market even greater reductions have been recorded; many types of raw hides are below prewar levels.

Leather Belting

Due to the widespread idleness of machinery in manufacturing industries, the demand for leather belting is rapidly decreasing. This is enabling manufacturers to catch up on back orders, and in most instances full capacity is being maintained. Although in some quarters slight reductions and concessions are being granted, prices in general are stationary.

PRINTING AND PUBLISHING

In response to a questionnaire, which was sent to representatives of the printing and publishing industry, 39 replies were received. These showed a decrease in demand during the month of October as compared with September, which was the largest month since the abnormal demand of last spring, when there was congestion in production and difficulty in securing supplies. Of the concerns which replied to the questionnaire, 20 reported a decrease in business for October as compared to September; 15 an increase; and 4 that no change had been noticeable. In the big houses the increase or decrease was felt in most cases in the larger work, while in the smaller houses the commercial work bore the brunt of the change. Of the 15 houses which report an increase in business, 6 attribute it to additional sales effort, while an equal number state that they have not increased their sales efforts to any great extent. Several report that even with greater effort, the return has been less.

In regard to the cost of the productive hour, 26 houses (with no relation as to size) report that there has been an upward movement during the past three months, while 14 record no particular change. This is due no doubt to the decrease in orders, as the labor costs, costs of material and general overhead expenses show little variation. Apparently the efficiency of labor in this industry has not materially changed, for 16 houses report that the production per chargeable hour continues the same, while the remainder are equally divided, with 10 reporting a decrease and 10 an increase.

The general opinion among the printer publishers is that the great increase in business during September, and the smaller increase in October, over billings in July and August, are directly traceable to the tendency to clean up the orders which held over from the congested period last spring. Among this class of printers, 11 report that the orders now booked are sufficient to keep them busy for at least three months to come; 12 do not think that their bookings will keep them occupied for that length of time, while some others look forward to a longer period of work.

The printing trade is apparently not suffering to as great an extent as other industries from the general slowing up of collections. With 20 concerns, collections have shown no change over the previous month, 4 report an improvement, while 15 state that they are behind those of September. This may be due largely to the diminished demand and the consequent ability

to collect with greater facility when customers are fewer in number and accounts are smaller.

The raw material situation is appreciably improved, 21 houses reporting to this effect; 15 experience the same condition that has prevailed, while only 4 feel that it is more difficult to secure paper.

Prices offered for baled waste and white shavings, except where the printer is protected by a contract, have shown a marked decline from the prices offered on September 1. Baled waste, which brought an average price of \$1.52 per hundred weight on September 1 had dropped to an average price of 87 cents on November 10. White shavings suffered a slight decline, from an average price of \$4.66 per hundred weight on September 1 to \$4.20 per hundred weight on November 10.

PAPER

The demand for paper has shown a decrease within the past month. This is attributed to a number of reasons. The high price of paper, which reached the peak during the month of September, has curtailed its use to some extent. According to "Printer's Ink," the wave of excessive advertising which swept the country during the year 1919 and the early part of 1920, reached the highest point during September of this year. The general slump in business, however, has dissipated this desire to advertise, despite the fact that ordinarily when markets are dull, paper consumption for advertising purposes usually shows an increase, due to heavier advertising in an effort to attract what little trade there may be.

The general financial situation has had its effect on this industry, as on all others. Apart from advertising, paper consumption follows the tide of business, but its fluctuations are not as great, nor as frequent, for it may rightly be classed as a necessity. Consumers at the present time are buying only for current consumption, as they feel that paper, like other essential commodities, is due for a revision of prices. Orders booked for future delivery also reflect this feeling, having fallen off. However, the plants which were hard pressed during the war period and since, are having an opportunity to catch up on orders already booked, and in some cases they report that they are replenishing their diminished stock. Newsprint is the only branch of the paper industry that is holding its own, as far as demand is concerned.

Prices in some lines of paper have shown some decline since the period in September, when they were at their peak. Boards and box papers have shown a decided weakness, while newsprint is being offered on contract below seven cents per pound, as compared to 11 cents per pound for spot deliveries in August, and 17 and 18 cents per pound earlier in the year. Raw materials are more abundant than earlier in the season, with prices as a whole declining slightly.

The following table, prepared from a tabulation of the American Writing Paper Company, shows some of the trends of material and labor costs in the paper industry:

	Cost on November 1, as compared with			
	Oct. 1, 1920	July 1, 1920	Jan. 1, 1919	1913 Average
Wood pulp.....	+ 4.1%	+ 20.0%	+ 50.9%	+ 229%
Rags.....	- 3.8%	- 1.3%	+ 47.3%	+ 211%
Paper scrap.....	- 22.2%	- 22.2%	+ 75.7%	+ 224%
Supplies.....	- 1.4%	+ 22.6%	+ 64.6%	+ 193%
Chemicals.....	- 1.6%	- 7.7%	+ 37.1%	+ 152%
All materials.....	- 1.6%	+ 7.5%	+ 50.7%	+ 212%
Labor.....	- .0%	- .0%	+ 40.0%	+ 176%
Materials and labor.....	- 1.0%	+ 6.2%	+ 48.7%	+ 205%

Labor conditions are improving, but labor costs, as may be seen by the above table, show no decrease during the past five months.

Collections on the whole are satisfactory, although some buyers are beginning to become a little tardy in their remittances, especially throughout the south. One concern reports to us that its collections in New England are the most prompt, while in certain parts of the south there is a decided tendency toward slowing up.

Transportation has shown a marked improvement over a few months ago, but this improvement is not equal in all regions. Express service is still rather dilatory, and where speed is required, the use of the parcel post service is usually advocated.

Paper Boxes

October, November and December are ordinarily the best months of the year in the paper box industry, but the drop in demand, which began several months ago, has continued with no abatement up to the present. With the exception of a few concerns that manufacture principally for some commodity which has recently shown activity (such as coffee), the box plants generally are working at practically 50 per cent of their capacity.

This holds true for both paper and wooden boxes, in both of which the price reductions have been considerable, partly from a desire to secure orders and partly as a result of the decrease in the price of raw materials. Raw materials are very plentiful, with prices of board showing a decline of between 40 and 50 per cent, and lumber in wholesale quantities showing a decline of about 30 per cent. Many of the concerns reporting to us are engaged in making paper boxes for manufacturers of silk, shoes, underwear, hosiery, hardware, tools and the like, and the demand from these industries is a negligible quantity at the present time.

Collections without exception seem to be satisfactory in the industry, and the improvement in transportation has been felt in this, as in all other lines of business.

WHOLESALE GROCERIES

Caution continues to be the dominating factor in the wholesale grocery trade. More steadiness, however, is evident, but orders are being scaled down to a minimum on the part of the retailer, and the consumer is apparently paying more attention to price than to quality. The supply of all products is greater than the demand. This is due partly to the continued hand-to-mouth buying policy of the retailer with the consequent reduction of his stock, and partly to the improvement of transportation conditions, which has resulted in a more prompt delivery of goods from the producer to the wholesaler. The market for refined sugar has shown some activity, evidencing the fact that the retailers have rid themselves of the high-priced product and are now operating in closer relation to the market. Some orders for fall delivery of groceries, which were placed in the spring and summer, have been cancelled, but this is so only in scattered cases.

As yet, there is no feeling of security in prices. Flour has touched the lowest point in four years, equaling a low prewar quotation, while sugar is now practically on a par with quotations before the United States became engaged in hostilities, though it is still above a real prewar price. Practically all other commodities, including coffee, canned goods, dried fruits, rice, tea, spices, chocolate, cocoa, some soaps and preserves, as well as vegetables and fruit, have shown a decline of 30 to 40 per cent below the prices of a corresponding period in 1919. Prices are still fairly high for such products as California fruits, salmon, canned milk, cereals, certain soaps and preserves, but the peak has evi-

dently been passed and even in those products slight declines are noted.

Transportation has shown improvement and there is no doubt that conditions are much better than earlier in the year. It must be taken into consideration, however, that there is a reduced demand for rail service, as many producers are storing their products until such time as selling conditions have improved.

Our reports for October show a decrease in sales as compared to the previous month (September) and to October a year ago. This decrease is general and not confined to any particular house. Although reports show that collections are slower and require more concentrated efforts, accounts outstanding have decreased in amount below those of last month, a fact which is traceable to reduced sales. The ratio of outstandings to sales shows marked increase over the previous month, which is a sure indication that collections are somewhat laggard.

WHOLESALE GROCERY TRADE

	Per cent increase or decrease for		
	Aug. 1920	Sept. 1920	Oct. 1920
1. Net sales (selling price) during month			
a. As compared to previous month.....	- 29.4	+ 14.1	- 11.1
b. As compared to same month, 1919.....	- 3.0	+ 5.6	- 11.2
2. Accounts outstanding at end of month (selling price)			
a. As compared to previous month.....	- 48.8	+ 2.6	- 7.1
b. As compared to same month, 1919	+ 7.8	+ 9.2	- 5.4
3. Ratio of accounts outstanding at end of month to net sales during month.....		88.1	99.3

CHEMICALS

Inactivity prevails in the market for dyes and industrial chemicals. Orders are continually decreasing and the surplus of manufactured materials is gradually increasing. Accumulated orders have kept many plants running at full capacity, but very few new ones are being placed, and manufacturers are well able to supply the demand. The dullness prevalent in the textile mills has reacted adversely upon the chemical industries.

Raw materials are in abundant supply and prices are declining, supplies held by "second hands" being sold at particularly low levels. Apropos of prices, one large wholesaler of chemicals writes: "Within the past three months prices on chemicals, particularly those manufactured in this country, have declined from 10 to 50 per cent, in many cases being below cost of production. This has been caused partly by the arrival of imported chemicals

from abroad, which together with general lack of interest, has flooded the market. Raw material supply is in excellent condition, although it does not seem to us that the prices of raw materials are declining in the same proportion as those of the manufactured articles."

Collections are becoming slower. Better transportation conditions are reported, and shipments are being received with more or less regularity.

Drugs

Demand for drugs has fallen off considerably and the orders being booked are of the hand-to-mouth variety. Sufficient raw materials are obtainable at very much lower prices than have prevailed for a long time. The prices on drugs vary—some remain stationary while others have diminished, in some instances, as much as 30 per cent below peak prices.

Labor is more plentiful. There has been no material reduction in wages. Transportation conditions show a decided improvement, and collections in this branch of the industry are reported as satisfactory.

TOBACCO

Following the general trend of other industries, the tobacco trade at the present time is passing through a slight readjustment. There is some decrease in the demand for well-known higher priced cigars, due to competition with less well-known brands which are offered at more attractive prices. The buying is steady, though in smaller quantities, and production is about keeping up with the demand.

Output, in the majority of plants in the district, is within 15 to 20 per cent of normal. Some price reductions are taking place to meet the general trend of the time. Supplies of tobacco, as a rule, are purchased during the first few months of the year, so that the raw materials now in use represent high priced leaf of last year.

According to the latest crop bulletin of the Department of Agriculture, the production of tobacco this year will be 1,476,444,000 pounds, a record breaking quantity, compared with 1,389,458,000 pounds last year and an average of 1,187,708,000 pounds for 1914-1918. The quality is about 11 per cent below average. Manufacturers are frequent purchasers of leaf tobacco but only for current consumption, as growers' prices are high.

There is an excess supply of labor in many of the manufacturing centers. Wages, however, remain stationary in most instances and show no tendency toward a decline. Labor is one of the principal cost elements in the production of cigars; taxes, boxes, and raw material representing the balance of cost. Prices of the latter have not changed, probably explaining why the decline in prices of finished products has not been more general.

Many of the concerns report that collections are slightly slower than last month, but give no evidence of concern over this situation.

Transportation has improved, but shipments of the fall and holiday orders are held up to some extent by the heavy crops of fruit and other produce now in the process of marketing.

OFFICE APPLIANCES

The market for office appliances and supplies, in the case of a few products, has shown a tendency toward a slight lethargy, reflecting the general trend of business conditions in all representative industries in the district. For the more specialized and cheaper appliances, demand has remained steady, or has shown a slight increase. The financial situation has curtailed expansion in this, as in other lines, and the purchasers of office appliances have been more conservative in their expenditures, except in the case of supplies which are required for current consumption.

Prices in nearly all lines of metal office equipment remain firm. In the case of typewriters, dictating machines and adding machines, the present prices represent those which have been in force during the last year or two. Prices of office and filing-device supplies, which are composed largely of paper, however, have shown some increase up to the beginning of November. This is due to the fact that paper prices have been extremely high, the peak having been reached in September. Office furniture, and equipment made of wood, recently have been lowered in price as a result of the reduction in the price of lumber, which has followed the decreased demand for that material.

As in practically all other lines, the labor situation has become easier within the past month. Manufacturers are gradually catching up on orders placed with them some time ago.

In the few office appliance concerns which do not operate on a cash basis, collections are reported somewhat slow, especially in the case of small accounts. Transportation conditions have been more satisfactory than for a long time. Railroad shipments

are coming through more quickly and express shipments also show some improvement.

FINANCIAL

Bills discounted for member banks by the Federal Reserve Bank of Philadelphia totaled \$151,785,000 on November 19, an increase of approximately 12 millions over the same date in October. The peak of these borrowings was \$250,000,000, attained at the end of February of this year. Federal reserve note circulation has declined during the past month. The reserve ratio on November 19 was 49.4 per cent, as compared with 52.4 per cent on October 19, this decline being attributable mainly to a decline in the total reserve held by this Bank. The reserve ratio of the Federal Reserve System increased from 42.7 per cent on October 15 to 44.1 per cent on November 19.

Reports received from 56 member banks on November 12 show a decline of 2.5 per cent in total loans and investments since October 15. Deposits increased slightly. As compared to the beginning of the year, total loans and investments show little change in amount, but there has been a material change in the assets of which they are composed. On January 2, United States securities owned and loans secured by them made up 21 per cent of the total loans and investments of reporting member banks, but by November 12 this percentage had declined to 12. The item "all other loans and investments," which is composed in part of commercial paper holdings, comprised 55 per cent of the total on January 2 and 64 per cent on November 12. Deposits have increased 5 per cent since the first of the year.

A daily average of 168,631 checks, to an amount of \$56,161,204, was handled during October by the transit department of this Bank. In number of checks October surpasses the other months of 1920, but in amount it was exceeded by June and September. It was unequalled either in number or amount by any month in the year 1919.

Savings deposits

The deposits in 24 savings institutions in this district declined slightly during the month of October. A fair increase on the part of the Philadelphia banks was offset by a decline in the total of outside cities. In a few institutions larger deposits were accounted for by back-pay received by the miners. As November is usually marked by accumulation it would seem that the decline

in industrial activity and consequent decrease in earning power is having an effect. We give below a comparison of deposits on November 1, 1920, with previous months:

	Philadelphia	Outside Philadelphia	Total
November 1, 1920	\$242,990,138	\$49,155,891	\$292,146,029
October 1, 1920	242,304,419	49,847,933	292,152,352
September 1, 1920	242,265,851	49,407,882	291,673,733
June 1, 1920	242,015,060	49,320,000	291,335,060
November 1, 1919	226,727,211	47,337,272	274,063,483

Commercial paper

For the first time in some months the offering rate for commercial paper has dropped below 8 per cent. The 8 per cent rate is still general, but a number of dealers state that the paper of a few very high grade concerns which seldom enter the market has been sold on a $7\frac{3}{4}$ per cent basis.

The general supply of paper appears to be holding up well, though many of the stronger concerns have been reducing their indebtedness. This has been offset in part by the tendency on the part of some others to curtail their borrowings from banks and their endeavor to secure what they need through the open market, keeping banking lines in reserve.

Country banks are purchasing paper in considerable quantity and it is said that city banks are showing signs of interest and have purchased sizeable amounts in some cases.

STATEMENT
Federal Reserve Bank of Philadelphia

RESOURCES	Nov. 20, 1920	Month ago	Year ago
Gold reserve	\$180,563,799	\$198,191,669	\$132,127,623
Legal tender, silver, etc.	478,003	709,711	213,919
Total reserve	\$181,041,802	\$198,901,380	\$132,341,542
Bills discounted:			
Secured by Government war obligations	\$119,120,595	\$119,215,906	\$186,876,974
All other	46,949,531	46,342,414	19,755,206
Bills bought in open market	21,142,885	19,436,242	1,359,106
United States securities	45,925,800	35,664,300	31,545,900
Total earning assets	\$233,138,811	\$220,658,862	\$239,537,186
Mutilated and fit notes on hand:			
Federal reserve notes	\$16,566,130	\$13,156,185	\$10,844,210
Federal reserve bank notes	495,171	326,748	242,548
Uncollected items	62,182,436	77,758,148	84,138,920
All other resources	3,388,717	3,057,481	25,288,756
Total resources	\$496,813,067	\$513,858,804	\$492,393,162

LIABILITIES	Nov. 20, 1920	Month ago	Year ago
Capital paid in	\$8,468,550	\$8,425,800	\$7,855,650
Surplus	13,068,886	13,068,886	5,311,336
Profit and loss	573,354	573,354	269,215
Government deposits	741,953	1,224,542	7,586,654
Due to members—reserve account	109,037,825	111,536,300	100,051,361
Collection items	50,994,110	64,824,384	85,526,264
Gross deposits	\$160,773,888	\$177,585,226	\$193,164,279
Federal reserve notes outstanding	\$286,390,255	\$287,782,405	\$230,475,715
Federal reserve bank notes outstanding	22,127,000	21,915,000	27,900,000
All other liabilities	5,411,134	4,508,133	27,416,967
Total liabilities	\$496,813,067	\$513,858,804	\$492,393,162

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

At the close of business

Nov. 12, 1920 Oct. 15, 1920 Jan. 2, 1920

[In thousands of dollars—
i.e., 000's omitted.]

United States bonds to secure circulation..	\$11,347	\$11,347	\$11,097
Other United States bonds and notes	39,094	38,087	41,512
Certificates of indebtedness	13,280	26,701	60,581
	<hr/>	<hr/>	<hr/>
Total United States securities owned ..	\$63,721	\$76,135	\$113,190
Loans secured by United States securities..	38,450	36,811	68,428
All other loans and investments	767,088	777,848	678,237
	<hr/>	<hr/>	<hr/>
Total loans and investments	\$869,259	\$890,794	\$859,855
Reserve with Federal Reserve Bank	72,093	73,260	59,492
Cash in vault	19,478	17,123	21,027
Net demand deposits on which reserve is computed	694,716	693,119	668,657
Time deposits	39,711	39,435	22,651
Government deposits	2,899	20,692	43,376
Number of banks reporting	59	59	56

CHARGES TO DEPOSITORS' ACCOUNTS

other than banks' or bankers', as reported by Clearing Houses

	<i>Weeks ending</i>		
	Nov. 17, 1920	Oct. 20, 1920	Nov. 19, 1919
Altoona	\$3,104,000	\$3,640,000	\$3,145,000
Chester	5,581,000	6,947,000	5,011,000
Harrisburg	3,060,000	2,789,000	4,670,000
Johnstown	6,040,000	5,674,000	3,616,000
Lancaster	5,855,000	6,580,000	5,741,000
Philadelphia	367,877,000	406,428,000	370,800,000
Reading	4,702,000	5,799,000	3,791,000
Scranton	13,976,000	17,613,000	13,123,000
Trenton	13,817,000	15,403,000	11,673,000
Wilkes-Barre	9,290,000	10,891,000	9,713,000
Williamsport	4,330,000	5,638,000	4,058,000
Wilmington	7,441,000	8,389,000	10,330,000
York	4,631,000	5,479,000	3,982,000
	<hr/>	<hr/>	<hr/>
Totals	\$449,704,000	\$501,270,000	\$449,653,000

BUSINESS INDICATORS

	Nov. 22, 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	\$737,022,000	— 1 %	— 6 %
Deposits	689,771,000	— 4 %	— 2 %
Ratio of loans to deposits	107 %	104 %*	114 %*
Federal Reserve Bank:			
Discounts and collateral loans	\$161,062,104	— 6 %	— 22 %
Reserve ratio	50 %	52 %*	40 %*
90-day discount rate	6 %	6 %*	4¾ %*
Commercial paper rate	8 %	8 %*	5½ %*

	Oct., 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	\$2,141,610,099	+ 4 %	+ 2 %
Elsewhere in district	137,518,192	+ 9 %	0 %
Total clearings	\$2,279,128,291	+ 5 %	+ 2 %
Building permits, Philadelphia	\$2,590,865	— 3 %	— 46 %
Post office receipts, Philadelphia	\$1,369,963	+ 3 %	+ 24 %
Commercial failures in district (per Bradstreet's)	38	26 *	22 *
Latest commodity index figures:			
Annalist (food prices only)	233.317	— 7.4 %	— 17.1 %
Dun's	\$227.188	— 4.3 %	— 4.8 %
Bradstreet's	\$15.6750	— 7.4 %	— 21.3 %

*Actual figures.

COMPILED AS OF NOVEMBER 22, 1920

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