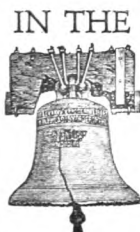


BUSINESS CONDITIONS

IN THE
THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA MARCH 1, 1921



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

GENERAL SUMMARY

BUSINESS during the past month has been characterized by variable and even conflicting reports. Developments in the textile lines have resulted in moderately increased operations, and in the shoe industry there has been considerable interest. In the latter, orders were largely for special goods and have not exerted any perceptible influence on staple lines. The test of the permanence of these revivals, however, will be found in the volume of orders placed for late spring, and those for fall shipment when the general openings are made early in March.

The iron and steel industry has passed through a month practically unmarked by any purchasing interest. Prices have weakened steadily and a prominent independent corporation in this district has led the way in making quotations below the levels fixed by the Industrial Board in 1919.

According to our statistical reports, the wholesale hardware trade in January, 1921, showed a considerable diminution from December and January, 1920. Sales in January of this year were 17.4 per cent below sales in the same month of 1920. This is in large part attributed to the dullness of the building situation. Reports from 13 large cities in this district show that during January, 1921, building permits were issued to a total value of \$1,917,548 as compared to \$2,018,690 in December, and \$4,939,784 in January, 1920. The inactivity in the lumber and

brick manufacturing trades springs from the same source. At this time efforts are being made with the building trades unions in the city of Philadelphia to reach an equitable wage basis in the hope that more reasonable costs of construction will stimulate building operations.

The employment situation is still rather serious. Although some textile factories have increased the number of their employees since January 1, this is not the general situation. The figures reported by employment bureaus in six cities of this district are becoming more significant as the weeks pass by. Comparative figures are given below:

		Persons requesting positions	Persons asked for by employers
October	1st week	3,095	9,230
November	1st week	3,587	6,914
December	1st week	4,655	5,134
January	1st week	6,583	2,011
February	1st week	5,219	706
	2nd week	5,657	711

These bureaus, which are operated by the Pennsylvania State Department of Labor, have estimated the number of persons unemployed on the 15th of February, with the following results: Philadelphia, 80,000; Altoona, 19,625; Harrisburg, 20,360; Johnstown, 7,700; Williamsport, 4,155; Scranton, 13,100. The metal and machinery trades and common labor show the largest number of unemployed.

Collections, while generally slow, show a slight measure of improvement in some of the lines reporting to us.

Commercial paper dealers state that paper is

bringing $7\frac{1}{2}$ per cent, although sales have been made both above and below this rate. The market for commercial paper does not show much activity at the present time.

SYNOPSIS OF BUSINESS SITUATION

Compiled as of Feb. 21, 1921 Philadelphia Federal Reserve District

BUSINESS	DEMAND	PRICES	RAW MATERIAL OR MERCHANDISE SITUATION	COLLECTIONS
Brick	Limited	Downward	Improved	Slow
Carpets and rugs	Negligible	Lower	Good	Slow
Coal, Anthracite	Fair	Slightly lower		Slow
Coal, Bituminous	Practically none	Very low		Slow
Cotton cloth	Improved	Steady	Good	Slow but improving
Cotton yarns	Improved	Moderate fluctuations	Good	Slow but improving
Fertilizers	Light	Downward	Ample	Slow
Furniture	Poor	Lower; firm	Plentiful	Slow
Groceries	Limited	Lower		Slow
Iron and steel	Very poor	Downward	Plentiful	Slow
Leather	Improving	Firm	Ample at low prices	Domestic accts.—satisfactory Foreign accts.—very slow
Leather belting	Improving	Stabilized	Good	Satisfactory
Hides	Very poor	Downward		
Shoes	Considerably improved	Firm	Good	Slight improvement
Lumber	Limited	Downward	Ample	Slow
Office appliances	Improving	Some lines—lower Others—no change	Good	Fair
Paper	Fair	Downward	Ample	Fair
Paper boxes	More inquiries	Downward	Ample	Slow
Printing and publishing	Limited	Firm	Ample	Fair
Plumbing supplies	Limited	Downward	Improved	Fair
Rubber—Tires	Slightly improved	Lower	Ample	Slow
—Mechanical goods	Fair	Lower	Ample	Slow
—Fibre products	Poor	Lower	Ample	Fair to good
Silk goods	Improved	Firm	Good	Improved
Tobacco	Limited	Firm	Improved	Slow
Hosiery	Limited improvement	Fluctuating	Good	Improving
Underwear (light weight)	Improved	Firm to slightly higher	Good	Improving
Wool cloth	Increasing	Firm	Good	Slow
Wool yarns	Increasing	Advancing	Good	Improved

RETAIL TRADE

NO general statement can be made concerning retail trade in this district during the past month, as a survey of the situation discloses conflicting trends and tendencies.

In the strictly industrial sections where plants have been shut down, or running on half time or less, the volume of sales has been materially affected. Workers, realizing the necessity of conserving their resources, have been especially sparing in their purchases, confining them almost exclusively to absolute requirements. It has only been through the means of repeated price cuts and considerable advertising that any additional sales have been effected. In many of these sections, however, manufacturing operations have been increased during February, with the result that present prospects are considerably brighter.

In the shopping districts of the larger cities, retail trade has been much more active, but here the several stores report varying results. All have advertised extensively, featuring reduction sales on practically every kind of merchandise. The month of January brought a gratifying response and enabled most of the stores to more or less thoroughly liquidate their holdings. In fact at the present time retail stocks are at the lowest point reached for a number of years. But during February much of the advertising appeal was lost and the public became very cautious, giving more attention to quality and style than to price. As a result the better grade of merchandise moves freely while it is becoming more and more difficult to dispose of lower quality goods.

The stores which admittedly handle the higher type of merchandise are experiencing very good business. Indeed, from some of these come statements to the effect that the volume of business in dollars thus far during the current month is considerably greater than the corresponding period of February, 1920, despite the fact that prices are universally lower. From stores selling the lower type of merchandise we again have varying reports. Some say that February's business will compare very favorably with that of February 1920, while others maintain that it will show a considerable decrease. The futility of generalizing on the situation is therefore apparent.

Collection conditions on the whole are very satisfactory, although some stores report a retardation since the first of the year. Buyers for retail houses are following a very conservative policy and are purchasing only such goods as are needed for filling in depleted stocks and for which there is a present demand.

Number of stores reporting;	All Firms 42	In Philadelphia 11	Outside Philadelphia 31
Net Sales:			
For month named compared to same month, 1920	+ 3.0%	+ 2.9%	+ 3.2%
For period January 1 to end of month named, compared to same period last year...	+ 3.0%	+ 2.9%	+ 3.2%
Stocks at end of month named:			
Compared to same month, 1920.....	- 4.5%	- .8%	-10.7%
Compared to previous month.....	-11.5%	-13.8%	- 7.4%
Ratio of average stocks at end of each month for period from January 1 to date, to average monthly sales for same period.....	357.5%	281.8%	479.2%
Ratio of outstanding orders at end of month named, to total purchases during year 1920.....	4.5%	4.4%	4.8%

COAL

BITUMINOUS

CONDITIONS in the mining of bituminous coal are chaotic, as the demand is practically nil, and the mine operators continue to produce coal in order to keep their working organizations together until the time comes when demand will equal or surpass the supply. The underlying factors which have brought about this condition may be summed up as follows: First, the weather has been exceptionally mild; second, many industrial plants have curtailed operations; third, there is a noticeable contraction in the tonnage used by the railroads; and fourth, the uncertainty overhanging future business conditions.

Production of soft coal shows a decline during the week ending February 3. The total output, including lignite and coal coked, estimated on

the basis of shipments over the principal coal-carrying roads, was 8,045,000 net tons, a decrease of 521,000 tons as compared to the preceding week. The average production per working day was 1,341,000 tons, as compared to 1,790,000 tons for the coal year to date.

Bituminous prices have dropped with rather startling rapidity from the abnormally high prices of \$12 to \$16 during the months of August and September to \$3.00 and \$3.50. Gas slack has been sold as low as \$1.50 and high grade Fairmount coal as low as \$2.00. Central Pennsylvania bituminous distressed coal at the piers for Pool 1 and 71 has brought \$1.75. Pools 10 and 11 are being offered at \$2.40 to \$3.00.

The transition from a condition of car shortage to one of surplus cars is now complete. It is interesting to note in this connection that since October there have been approximately 300,000 idle cars on the roads throughout the country.

Collections in general are considered slow and this is especially true with reference to the amounts owed by the railroads. One firm writes that "The railroads throughout the eastern territory have been very derelict in meeting their fuel bills. A number of the roads have not been able to pay fuel from September to date."

ANTHRACITE

Anthracite production continues heavy, being favored by the mild weather and a liberal car supply. The output for the United States during the first week of February, as given by the Geological Survey, was 1,985,000 net tons, which compared favorably with the 2,000,000 ton mark reached the preceding week. Production of anthracite for the coal year 1920-21 aggregates 77,617,000 net tons, or within 1,343,000 tons of the same 1919-20 period. Shipments on the principal carriers were as follows:

January, 1921.....	5,740,538 tons
December, 1920.....	6,436,320 "
November, 1920.....	5,765,347 "
January, 1920.....	5,713,319 "

The poor demand for buckwheat is one of the features of the situation. Many of the larger producing companies, due to this lack of demand,

are storing this size with a view to marketing same under more favorable circumstances. Anthracite operators report that steam sizes generally are beginning to feel the effect of the low price of bituminous coal in competition and sales are not as brisk as heretofore. Large apartment houses in Philadelphia and other cities in this district have not been using nearly as much fuel as last winter. In Philadelphia retail prices quoted on the basis of 2240 pounds to the ton for white ash anthracite coal are as follows:

Broken and egg.....	\$14.55
Stove.....	15.00
Nut.....	15.00
Pea.....	12.00
Buckwheat.....	8.50
Rice.....	7.50

Collections generally are considered slow.

IRON AND STEEL

THE iron and steel industry has not shown any improvement during the past month. Prices have still continued on the downward trend; production in practically all lines likewise has declined and unemployment has grown correspondingly greater. The recession of prices to lower levels which has been quite marked for the past few months showed some slight signs of becoming stable a week or so ago. With the opening of the month the demand for iron and steel products became perceptibly weaker. The U. S. Steel Corporation's operations have been between 80 and 90 per cent of capacity as contrasted with 30 to 40 per cent of capacity of the independents.

In the scramble to secure new business and to stimulate buying nearly all producers have made successive concessions in price. On Friday, February 7, the Midvale Steel and Ordnance Company, believing that prices were still too high to allow construction contracts to be placed, announced further reductions on plates, shapes and bars, bringing them below the level of the prices fixed by the Industrial Board and those of the Steel Corporation. This cut was followed very closely by similar quotations from the **Youngstown Sheet and Tube Company**. This

added stimulus has not produced at the present writing any active demand or interest in the markets. Inquiries are still few, and apparently there is little desire to consummate business at any price. That which is being placed is limited and only for present-day needs. The continued reductions have tended to augment the hesitancy and uncertainty in the minds of consumers as to what the final level of prices will be.

Raw materials are plentiful and easy to obtain at lower prices than prevailed a month ago. Coke at the ovens is offered at \$4.50 as compared with \$5.00 a month ago and \$18.00, the peak of 1920 prices. Pig iron also has experienced a further decline in prices during the month. The quotation of No. 2X Pennsylvania pig on February 15, was \$30.09 per ton, as compared with \$33.25 a month ago and \$45.35 a year ago this month. Production of this commodity has led the precipitous downward trend reflected in all lines of the industry. The following is a table of pig iron production for 1919, 1920, and January 1921, taken from *The Iron Age*:

	1919	1920	1921
January.....	3,302,260	3,015,181	2,401,845
February.....	2,940,168	2,978,879
March.....	3,090,243	3,375,907
April.....	2,478,218	2,739,797
May.....	2,108,056	2,985,682
June.....	2,114,863	3,043,540
July.....	2,428,541	3,067,043
August.....	2,743,388	3,147,402
September.....	2,487,965	3,129,323
October.....	1,863,558	3,292,597
November.....	2,392,350	2,934,908
December.....	2,633,268	2,703,855
Total, year.....	30,582,878	36,414,114

Statistics on the production of steel ingots, covering 30 concerns which in 1919 produced over 85 per cent of the total output for that year, show that the production of ingots in January was 2,201,866 gross tons as compared with 2,340,365 in December and 2,638,670 tons in November. The decrease during January represents approximately 5 per cent as compared with 11.5 per cent in December. In the monthly statement issued by the United States Steel Cor-

poration on February 10, registering their unfilled tonnage, a decline of 574,958 tons is shown, which compares with a drop of 873,359 tons in December, the largest decline yet recorded in any one month since August, which was the first month to show a decline. Total unfilled orders on January 31, were 7,573,164 tons.

The demand for steel castings, which has been quiet for some time has weakened still further. Inquiries are reported to be fewer in number than at this time a month ago. Prices for steel castings are approximately 10 per cent below the level of last month. Wage reductions in this field varying from 10 per cent for the skilled labor to 25 per cent for the unskilled workers, have been put into effect with many men working only three or four days a week. The discrepancy in wage reductions we are told is due to the fact that the unskilled class of labor was receiving an abnormally high rate as compared with the skilled workers. Prices for heavy car wheels are quoted at 2¼ cents per pound as compared with 2½ cents a month ago, and 3¼ cents the peak of prices in 1920. This represents a decline of approximately 30 per cent. Prices of tin plate and steel bars likewise have exhibited a decline, but of greater proportions. At the peak of prices in 1920 steel bars were quoted at \$4.50 and tin plate at \$14.00, which compares with \$2.35 for steel bars and \$7.00 for tin plate at this time. No change in these prices has been noted in the last month. This same proportionate decline also has been experienced in the price of electric furnace steel castings. In 1918, the peak of prices for electric furnace products, they were quoted at 30 cents per pound, which compares with 19½ cents a month ago, and 16 cents at this time.

Those concerns which manufacture power transmission machinery have sufficient orders to enable them to operate only a little more than one month on a restricted scale. In this particular line there has been no radical reduction of wages. In some instances, however, the bonus and extra compensation have been removed. This divergence from the general trend of wages is largely due to the fact that this industry is characterized by long term contracts and commitments which were secured during the higher level

of prices, and it is on these contracts that the present production is being carried on. When new business is secured at lower levels manufacturers state that there will be a necessary reduction. The reductions in prices have not been as marked in these products as in other lines, the reason given being that the industry lagged somewhat behind in the upward swing of prices and little business was secured at the highest level. Cancellations which are being received at present are characterized by insistence; however, requests of this nature are becoming fewer day by day. Substantially, business in this field is about the same as it has been for some months past, but unless new business is secured presently, operations during the next few months will undergo further curtailment.

Collections are slow and unsatisfactory. Several concerns report that within the past month they have received letters from their automobile customers asking for an extension of time.

LUMBER

WHILE the majority of the lumber dealers reporting to us state that there has been little change in the demand for lumber, in a few cases there has been a slight improvement due to the favorable weather conditions and other factors of local importance. The prospective clients of building contractors are still inclined to hold off, pending the adjustment of labor costs and a larger supply of mortgage money.

The supply of lumber is sufficient to care for immediate needs, but at the primary sources production has been curtailed by closing some mills and operating others on part time. Lumber prices have been shaded further during the past month, and this instability of prices has been an important factor in delaying buying, as consumers feel that they are in a position to gain by adopting a waiting policy. It should be remembered that the increase in freight rates plays a considerable part in prices at this time. A large dealer in yellow pine writes that, "due to the freight rate advance, the minimum raise in freight that all lumber yards in this district (the Philadelphia district) had to assume was at

least \$5.50 per thousand." The same concern gives the following comparative quotations on yellow pine:

	Effective January 5, 1921	December 1, 1920	Prices at peak
6".....	\$72.00	\$79.00	\$84.00
8".....	74.00	81.00	86.00
10".....	82.00	89.00	91.00
12".....	90.00	95.00	97.00
14".....	104.00	107.00	107.00
16".....	111.00	114.00	114.00
18".....	136.00	139.00	139.00
2 x 3"....	78.00	85.00	90.00
2 x 4"....	80.00	87.00	92.00

BRICK

THERE is little demand for firebrick, and the few orders being received are for material for immediate use. The lull in the industry may be attributed to the fact that the pig iron and steel plants which are the largest users of refractory materials, are not making their usual annual repairs to their furnaces. The same quietness exists in the demand for building brick, reflecting the inactivity in the building industry at this time. Brick plants at present are working less than 50 per cent of capacity and many of them have shut down entirely.

Prices have undergone two revisions since December, being reduced from the peak price of \$55.00 per thousand for firebricks to a level ranging from \$40.00 to \$45.00 per thousand during the month of January. Face brick have been reduced approximately 10 to 15 per cent.

One of the chief material costs entering into the manufacture of brick is coal, and this has come down considerably in price, further assisting the brick manufacturer in bringing about a reduction in the cost of production.

Most of the reports received from the brick industry say that collections in their line are slow.

PLUMBING SUPPLIES

ACCORDING to the number of inquiries being received by the plumbing supply houses, there is a large volume of work in contemplation, but the actual orders are being re-

tarded by anticipation of further price recessions. Orders placed have been limited to current requirements. The feeling is generally expressed however, that by spring business will be more normal.

The general trend of prices is downward, but the percentage of reduction is variable.

The raw material situation shows some improvement, but is still below normal. Manufacturers claim that they are still experiencing some difficulty in securing adequate supplies of steel pipe for which there has been an unusual demand from the southern and western oil fields. Other raw materials, however, are reaching the manufacturer promptly, for the reason that the freight car situation is now excellent.

COTTON

COTTON GOODS

A SHARP revival of buying activity, followed closely by a decided reaction, was the experience of the cotton goods market since the latter part of January. Immediately upon the opening of the new year, inquiries steadily increased, as did the volume of the hand-to-mouth business. This was due mainly to the replacement of retail stocks depleted by the January white sales. Such was the state of the market until the last ten days of the month when this interest took a sharp turn and an active buying movement developed. Many mills received large orders and several, it is reported, sold their entire output for two and three months in advance. Buyers were operating actively, and the industry, as a whole, assumed a most hopeful and optimistic aspect.

The supply of many of the finer materials proved inadequate to the demand for immediate delivery. As a result, and in anticipation of additional orders for all grades and types of goods, production schedules were increased and mills which had been shut down for several months resumed operations. Not all manufacturers, however, were willing to book orders for distant delivery, some fearing a recurrence of the cancellation evil, while others were of the opinion that quotations would show considerable strengthening.

Prices did, in fact, increase during the early days of February, but this acted as a check to the demand. Then, too, came the further break in the raw cotton market, and interest on the part of buyers thereupon fell off to a large extent. At the present time, the demand for cotton goods is again conservative, and prices have, in large part, assumed their former levels. Buyers are awaiting a stabilization of quotations and are confining their attention almost exclusively to those materials which are needed to fill in stocks and for which they have an immediate demand. The volume of this business is of fair size, however, and the market is in a far better position than it was early in January.

The foreign demand is practically dormant and manufacturers are suffering cancellations of goods which are in transit or ready for shipment. It is not any lack in the need of these materials which has created this situation, but rather the inability to make payment. One manufacturer with many foreign accounts reports the receipt of letters stating that goods would be accepted if 90 day datings were given instead of the original terms quoted, namely, cash upon the arrival of the vessel. No cancellations of orders recently placed in the domestic market have been reported.

Collection conditions in the cotton goods industry, while still very slow, show marked indication of improvement.

COTTON YARNS

The 1921 market conditions in cotton goods have been in large measure duplicated in cotton yarns. The demand for yarns during the latter part of January, however, did not reach such large proportions as did that for cotton goods; but on the other hand, neither has the reaction been so sharp. At that time buyers in general, and those for the knitting industry in particular, displayed considerable interest in the yarn markets. Although this interest waned to a certain extent during February, the actual demand has been sufficiently great during the past month to appreciably reduce the huge supply of finished yarns which had accumulated in the hands of spinners and yarn merchants. This demand was

and still is primarily for immediate shipment, although some orders for March, April and as late as May delivery have been reported.

Operations were resumed in a number of mills and practically all those which had been running increased their production. In spite of the fact that the demand has recently decreased somewhat, these operating schedules have not been reduced, for spinners are of the opinion that present business will continue and will gradually gain strength. At the height of the buying activity, prices in practically all numbers were increased, but at the present time quotations, for the most part, have regained the level occupied prior to the inception of the buying movement. In some of the finer counts, however, the prices have not only failed to recede, but have recorded additional advances.

While cancellations are a thing of the past with most spinners, there are several reports of a recurrence of the practice. Collection conditions are showing a slight improvement. Viewing the situation as a whole, yarn men in general are well satisfied with the results of the past month and are looking forward with a more optimistic spirit toward further developments.

The resumption of manufacturing activity in the cotton industry as a whole during January is reflected in the consumption figures issued by the Census Bureau. During that month 366,270 bales of lint cotton were consumed in mills of the United States, an increase of 71,419 bales over December, 1920. That the industry is still operating far from its total capacity, however, is shown in the fact that 591,921 bales were consumed in January, 1920, or 225,651 bales in excess of that used in January of this year. The stock of cotton, exclusive of linters and active spindles, on January 31 compared as follows:

	Jan. 31, '21	Dec. 31, '20	Jan. 31, '20
In manufacturing establishments.....	1,273,067	1,258,837	1,952,326
In warehouses.....	5,645,368	5,623,538	3,758,329
Active spindles.....	31,509,021	29,879,402	33,856,472

Although there is a slight increase in the consumption of cotton in this country, the export demand is so small that the available supply

remains excessive and as a result the cotton market continues to display weakness.

WOOL

WOOL CLOTH

FIRMS reporting to us this month are unanimous in their reports of increased demand for woolen goods. Buyers, however, show a very cautious spirit and the majority of orders are for immediate delivery. This seems to be due to the fear that the revival in demand is temporary and principally to take care of the seasonal change in women's dress goods. Tricotines, serges and fancy twills are the materials which form the backbone of the demand, and this seems to be the foundation for the fear that the call for these fabrics will end with the Easter season.

The timidity shown by purchasers is engendered by the fluctuations in yarn prices. Any inception of a buying movement has served to advance prices of yarns, which necessitates a corresponding increase in the cost of the manufactured article. Manufacturers feel, however, that a market can be developed only on a generally lowered basis, which they insist cannot be maintained if the cost of raw materials is advanced. No jobber is willing to stock up with goods which may later fall in price, and the same spirit is reflected in the dealings of the retailer. Each feels that prices are not as low as they could be or will be, and holds off from any buying but that which is absolutely necessary. As a consequence of this restricted buying, prices recede to a point so low that as soon as any activity is resumed they stiffen. Buyers recoil from the advanced prices and the cycle of fluctuations is repeated.

A favorable sign is the experience of one of the mills in this district. This mill has received orders for specialties and fancy goods for six months ahead, but they prefer to limit their orders to three months. Two other large manufacturers of dress goods report that their mills are running at full capacity with both day and night shifts. Even at this, however, it is impossible to supply the demands of their customers.

Present prices are firm, being reported as a little better even than a month ago. One line of tricotines is today selling at \$3.25 a yard as compared to the peak price of \$4.90.

A notable growth in the demand for men's wear is also a new development of the past month. For a long time it had been difficult to stimulate interest in the fabrics used in the manufacture of men's wear. But during the past month it is said that they have been selling rather freely at an advance of about 7½ per cent.

There is little scope for cancellations in the character of the orders which are being placed, namely, for immediate and even rush delivery. Purchasers, however, are laying great stress on delivery dates, and in a few cases, where it has been impossible to supply the orders in time, they have been cancelled.

Wages on the whole have been lowered. The reduction in mills in the city of Philadelphia is generally about 10 per cent, but those located outside Philadelphia report greater reductions varying from 15 to 25 per cent.

Collections are still tardy but are improving somewhat.

WOOL YARNS

The stagnation in the wool yarn market was indeed complete, with an entire absence of buying for many months, so that, as one firm tersely but truly says, the only way in which business could trend was upward.

This upward turn has apparently come with the month of January and has continued throughout February, resulting in a stronger market for wool yarns than at any time since May 1920.

This increased activity is almost exclusively for the spring season's merchandise. The demand for fall yarns has not revived as yet, but there are a few inquiries.

Yarns are very plentiful and prices, which have been below the cost of production, have advanced during the past two months. The following quotations were submitted by one of our reporting firms:

	Apr. '20	Dec. '20	Jan. '21	Feb. '21
2/20 7s worsted...	\$2.75	\$1.00	\$1.10	\$1.15
8s worsted.....	3.25	1.12	1.25	1.35
2/23s wool yarn...	2.20	1.00	1.00	1.00

This tallies with a corresponding stiffening in the prices of raw materials.

With the rising market for yarns, cancellations have ceased to trouble the manufacturers. Collection conditions are also greatly improved. The only exceptions to this improvement are the firms who have not yet been able to liquidate their stocks.

Wages have been reduced in the majority of the plants and there has been a considerable augmenting of the number of employees in the various mills. One manufacturer quotes the actual number of workers as follows: "Peak number during 1920 was 515; on January 1, 1921, about 200 on half time; at the end of February, approximately 420 on the payroll." Another large employer reports that he is employing practically the same number of workers, but is running more hours in the week.

SILK

RAPID strides have been made by the silk industry in its movement toward a normal operating basis. The inquiries which were so prevalent during the first weeks of January were followed by a rather active demand and business was characterized as "brisk" during the latter part of that month and the early days of February. Since that time the demand has slackened somewhat but not to such an extent as to cause any concern. In fact the spirit in the markets at the present time is optimistic, for buyers displayed much interest in the offerings at the silk show in New York.

The silk piece goods market was most favored in this revival of interest. Taffetas, particularly in navies and browns, were and continue in active demand. Due to the radical curtailment of operations during the past nine months, a shortage has developed in these numbers, and as a result prices have increased in some quarters.

A like situation exists as to crepes de chine. Satins and messalines are receiving more attention and prices in these materials have also advanced slightly, but manufacturers report that these quotations are still below replacement costs.

The largest proportion of the demand has been for immediate or nearby delivery. Jobbers have placed few orders for forward shipment, being unwilling to make commitments in view of the considerable uncertainty which still exists as to the future course of the raw silk market. On their part manufacturers are equally averse to accepting orders for distant delivery.

As a result of the present interest in silk piece goods, a number of mills in this district, having largely disposed of their finished stocks, have resumed operations after a lay-off of many months. The industry is by no means running at its total capacity, however, for many concerns question the advisability of manufacturing for stock any materials which may prove to be unsalable. A liberal estimate places the industry's present operating capacity at 50 to 55 per cent.

No general reduction in wages has been made, but the reports of several manufacturers show decreases from the peak scales of early 1920, varying from 15 to 20 per cent. Collection conditions are much improved and on the whole are reported as fairly satisfactory.

The ribbon market is also experiencing a revival of activity. The manufacturers and selling agents report fairly large orders for immediate and close-by shipment. Future needs are not being generally anticipated, although there have been some orders dated for delivery over the next few months. Stocks of finished ribbons are being rapidly depleted and as a result a resumption of manufacturing activity is reported.

Manufacturers of silk wearing apparel report a fair volume of business, made up primarily of small sized orders for the Easter trade. Buyers have thus far refrained from making commitments for shipment beyond that date, but inquiries are very general and producers express themselves as wholly satisfied with recent developments.

During the latter part of January, the raw silk market experienced the most active demand it

had seen since the collapse of the Japanese markets. Manufacturers placed fair sized orders to supply their needs and prices in several numbers strengthened considerably. This demand sagged off somewhat during the first week of February, but at the present time there is considerable activity in the nature of "filling in" orders.

According to a recent report of the Silk Association of America, the amount of raw silk withdrawn for consumption from stocks stored in New York was 22,176 bales during January 1921, an increase of 12,748 bales over the previous month. As of January, the amount in storage is placed at 31,859 bales. Imports during the month totalled 9499 bales.

Taken as a whole the present situation in the silk industry is better than for many months past. All factors are looking forward to a further increase in business and are making preparations to supply it.

HOSIERY

ACTIVITY in the hosiery markets is again hampered by the instability of prices. As the frequency and size of orders increased in the general buying movement of January, prices as a whole showed considerable stiffening and a number of advances were made. The rising cotton yarn market at that time was in part responsible for this. These increases served as a partial check on the demand, for many jobbers insisted upon dictating their own terms as they had done for many months past when making small hand-to-mouth purchases. On the other hand, manufacturers and selling agents were equally determined to maintain the new levels. Considerable business was placed at these prices until raw cotton quotations broke late in the month, and yarn prices reacted early in February. With these developments, the demand fell off sharply and hosiery prices lost much of their previous gain.

At many mills the increased price is being maintained, however, and as a result a disparity exists between the quotations on the same numbers offered by different mills. Prices are

fluctuating more or less rapidly and indeed the quotations at individual mills vary from one order to the next. Another disturbing element is the fact that on some lines of hosiery not only have no advances been recorded, but prices have continued to decline since the first of the year. As an example of this, one mill reports that its present quotations on plain silk lines are 7 per cent under those of January 1.

The course of prices in the immediate future is very uncertain and jobbers, therefore, are in a quandary and are operating very cautiously. As a result the demand for general lines at the present writing is very limited as compared to this time last month, and exists only where goods must be obtained to fill depleted stocks or where there is a consuming outlet. On the other hand, there is still a fair demand for fancy lines for the Easter trade, and the prices on these are holding firm. In spite of the comparatively sharp reaction from the good business of January, the feeling throughout the industry is fairly optimistic. The orders placed at that time were, in general, sufficiently large to keep the mills running until the end of this month, at the limited capacity they have been maintaining recently, and there is a movement afoot to open the fall lines early in March. Already there are isolated cases of orders placed for September and October delivery.

Cancellations have again made their appearance. Jobbers, noting in some cases a slight reduction in quotations as compared to the prices at which they contracted, have attempted to countermand their orders. They are meeting determined resistance from the manufacturers, however, and in no cases are the cancellations being accepted.

The wage controversy in the full fashioned hosiery industry is still unsettled. As the demand grew stronger and operations were increased, an attempt was made to reduce labor schedules, but this was promptly followed by much dissatisfaction, and in some quarters strikes were called. Since mills are not yet running at full capacity, it has been possible to obtain the needed forces.

In the seamless hosiery industry, the wage revisions made have been accepted for the most

part, and mill owners report that the employment situation is very satisfactory.

Collection conditions, while still far from normal, are gradually improving. Considered as a whole the hosiery industry, since the first of the year, has made a big step toward recovery, and although much must still be done before business may be called normal, the beginning has been made.

OPERATIONS IN THE HOSIERY INDUSTRY		January, 1921
For firms selling to the wholesale trade:		
1. Product manufactured during month named:		
a. As compared to previous month	-	9.3%
b. As compared to same month last year	-	75.5%
2. Finished product on hand at end of month named:		
a. As compared to previous month	-	3.5%
b. As compared to same month last year	+	34.1%
3. Raw materials on hand at end of month named:		
a. As compared to previous month	-	3.5%
b. As compared to same month last year	-	35.6%
4. Orders booked during month named:		
a. As compared to previous month	+	213.5%
b. As compared to same month last year	-	61.9%
5. Unfilled orders on hand at end of month named:		
a. As compared to previous month	+	81.9%
b. As compared to same month last year	-	81.0%
For firms selling to the retail trade:		
1. Product manufactured during month named:		
a. As compared to previous month	-	73.8%
b. As compared to same month last year	-	93.2%
2. Finished product on hand at end of month named:		
a. As compared to previous month	-	9.4%
b. As compared to same month last year	-	11.1%
3. Raw materials on hand at end of month named:		
a. As compared to previous month	+	.7%
b. As compared to same month last year	-	43.6%
4. Orders booked during month named:		
a. As compared to previous month	+	155.4%
b. As compared to same month last year	-	82.3%
5. Unfilled orders on hand at end of month named:		
a. As compared to previous month	+	90.2%
b. As compared to same month last year	-	99.3%

UNDERWEAR

MANUFACTURERS of light-weight underwear have been variously affected by the buying movement which began during the second half of January. There are many statements to the effect that the total output for the next two and three months was sold at that time.

From one concern comes the report of orders which will keep its plants running at full capacity until June 1. Other mills, however, were not so fortunate, and they state that while some business was booked it was mainly for immediate shipment and would barely keep the mills operating until the end of February. As a general proposition, however, the demand was active for about three weeks. During that time, with the exceptions noted above, the mills were unwilling to book orders for distant delivery, being of the opinion that prices would show considerable improvement.

Quotations were in fact increased and this, coupled with a declining cotton market, caused a falling off in the demand. At the present time it is far below the proportions reached during the last two weeks in January and the first in February, but there is sufficient new business, in addition to re-orders, to give the markets an appearance of considerable activity. The spring season has already been delayed so long that jobbers realize the necessity of placing orders at this time if a shortage is not to develop when the consuming demand arises. Manufacturers on their part realize that this demand will not develop if prices are increased to any great extent. On the other hand, they contend that present quotations allow for practically no profit and must be increased somewhat. The present problem, therefore, is to fix a price basis which will prove equitable to all factors in the trade and at the same time allow for the setting of an attractive retail price level.

As the majority of manufacturers have not opened their fall lines the market for heavy weights is dull at this time. The first week in March is the date set for the general showing. A number of mills have anticipated this opening, however, and have received fair sized orders for fall delivery. As a result of these, manufacturers are much encouraged and are looking forward eagerly to the general opening.

The wage reductions which have been put into effect have been accepted without comment, since the workers, for the most part, have realized the impossibility of operating without a revision at the present market. Collection conditions are improved at this time.

Considered as a whole the underwear industry is rapidly recovering from the inactivity of 1920. The individual orders placed have not been large in size and few buyers have made commitments for more than a small percentage of their spring requirements. The buying has been very general, however, and it is expected that the re-orders will be of sufficient size to make the present spring season a normal one.

OPERATIONS IN THE UNDERWEAR INDUSTRY	
	January, 1921
1. Product manufactured during month named:	
a. As compared to previous month	- 12.8%
b. As compared to same month last year . . .	- 69.2%
2. Finished product on hand at end of month named:	
a. As compared to previous month	+ 1.1%
b. As compared to same month last year . . .	+ 34.2%
3. Raw materials on hand at end of month named:	
a. As compared to previous month	+ 12.1%
b. As compared to same month last year . . .	- 47.5%
4. Orders booked during month named:	
a. As compared to previous month	+245.0%
b. As compared to same month last year . . .	+ 71.4%
5. Unfilled orders on hand at end of month named:	
a. As compared to previous month	+267.2%
b. As compared to same month last year . . .	- 72.3%

CARPETS AND RUGS

CARPET and rug manufacturers are passing through a discouraging period, which probably will not be alleviated until the opening of the fall season on April 1.

It is felt by manufacturers that concerns are doing business with lower stocks than ever before. In spite of this fact, buyers are holding off in anticipation of the re-pricing which they feel will take place with the opening of the fall line of carpets.

The only orders being placed are in cases where job lots can be bought at great reductions. One Philadelphia mill during the latter part of February advertised an extensive manufacturer's sale of their rugs at low figures, some as low as 50 per cent of the former prices. This sale included Wiltons, Axminsters, Brussels and velvets. This is an indication that the manufacturer feels

there is a market for rugs at reduced prices and intends to give the public the opportunity of demonstrating it.

Prices are much lower and continue to recede, being quoted at from 20 to 40 per cent. below the peak prices attained. Raw materials are in ample supply and are much lower in price. Worsteds yarns are in some instances 50 per cent lower than they were a year ago, and cotton yarn which sold for 65 cents a pound a year ago can be bought today for 20 cents a pound.

The attempt which was made last month by Wilton and Brussels manufacturers to reduce wages 25 per cent was met by opposition. As a consequence all these mills are at present idle. Manufacturers feel that in order to institute the lower prices which the public insist upon, it is necessary to lower operating costs considerably. One of the factors of expense, of course, has been the large increases in the wages of textile workers. The workers in this industry, however, seem not yet prepared to accept a reduction in wages.

In contradistinction to this rather disquieting and discouraging condition of affairs is the report from a mill in one of the outlying sections of this district. This mill has recently experienced an improvement in the buying demand and ascribes it to the general reductions which they have offered. They are at present receiving orders sufficient to maintain 50 per cent. of their capacity, and although employing practically their full force, they are operating only five days a week.

Cancellations, having run their course on back orders, are no longer a pressing factor. The few orders recently placed are of so insignificant a character that any cancellations of them are considered of no great importance.

Collections appear to vary with the individual mill; some have little or no difficulty with them, while others find it necessary to continue extensions.

LEATHER

SHOES

UNDER the stimuli of the convention in Milwaukee and the approaching Easter season, the shoe manufacturing industry in this

district has been experiencing a decided revival of activity. During the third week of January, buyers entered the markets, and as they increased in number and the orders gained in size business assumed quite encouraging proportions. Not all concerns were affected alike by this activity and the reports concerning existing conditions reflect this varied success.

One of the large manufacturers of children's shoes states that sales for the month of January and the first ten days of February were greatly in excess of the similar period of 1920. This is qualified, however, by the fact that orders for 1920 spring goods had, in large measure, been placed prior to the first of the year. Another concern states that it is unable to accept any further orders for March delivery, as the demand is far greater than the present supply coupled with the inability to meet the demand in the required time. This firm ventures the opinion that many retailers, having delayed the placing of orders, are finding it difficult to acquire the needed stocks for the Easter trade. This statement is certainly true with respect to several styles and grades which have been in most active request, but it must be thus qualified.

At the other extreme are the statements of several concerns that while they did receive a fair amount of business during the early days of the movement, the present demand is particularly slow and the inquiries few. The vast majority of concerns during the past month have experienced a liberal increase in business and while this is falling off to a slight extent at the present time, the orders received will keep most plants running until Easter, and many others beyond that date.

Cancellations persist in the shoe industry, and while not so vexing a problem as during the last six months of 1920, continue rather annoying. Many manufacturers, of course, state that they are free from this evil, but reports of the receipt of cancellations are very common, and several concerns have written that orders placed during the January activity have been countermanded.

The tendency on the part of most buyers has been to place substantial orders for Easter, but in their commitments for delivery beyond that time they have been rather conservative. Several

large orders for later spring shipment have been reported, however. While business thus far has been gratifying, the success of the spring season, as a season, depends upon the number and the size of re-orders after Easter. These, in turn, are dependent upon the attitude of the consumer.

The principal demand has been for so-called novelty shoes, with special attention being given to style and quality, for the public today not only is demanding a lower price, but is showing more interest in the quality of the goods offered at these reduced prices. Price quotations, which have been trending lower for the last half year or more, seem to have reached a fairly firm basis, no sharp declines having been reported during the past month. Although some few advances have been recorded, and in spots, quotations are still weak, as a general proposition stability has been established.

Wage scales have not been reduced in the shoe industry. This statement may seem surprising in view of the numerous revisions in other industries, but it must be remembered that labor rates for shoe workers did not approach the high levels reached in textile and other lines. Collections are still greatly retarded, but there is some evidence of improvement.

LEATHER

The inquiries which were so general in tanning circles during the latter part of January have resulted in an improved demand for leathers, but the sales recorded have not been of sufficient volume to say that there has been an active revival of business. It would seem that shoe manufacturers are fairly well stocked with leather, for in spite of the fact that they have received comparatively large orders for their product they have failed to make an impressive appearance in the leather markets. But the demand is increasing daily, and the situation has improved considerably over that which existed during the closing months of 1920. The principal demand in upper leathers has been for novelties and fancy colors, and in many of these the supply has not been equal to the demand. This is particularly true of some grades of calf skins. There are also some sales of colored glazed kids, and

slightly more attention is being given to blacks. The demand for staple leathers is far from active, although in isolated cases there are reports of fair sized orders.

While the domestic demand is showing signs of improvement, the export business is, for all practical purposes, negligible. Since the American tanning industry depends for its prosperity in large part upon the foreign consumption of its products, this phase of the situation is one of the real drawbacks at the present time.

The price situation has been greatly stabilized. The continued declines of the latter part of 1920 were checked early in January, and since that time there have been no downward revisions. Slight advances have been recorded in some of the leathers for which the demand has been most active. Tanners, as a whole, have increased their production and unemployment in the industry has been somewhat relieved thereby. Wages have been reduced in practically all plants, with cuts of 25 per cent being common, and there have been some cases of revisions as great as 30 and 40 per cent.

Cancellations are no longer a problem, for few if any orders for distant delivery are on the books, recent business having been confined almost exclusively to immediate or nearby shipment. Collections of domestic accounts are wholly satisfactory, but many foreign accounts are long overdue and are furnishing much difficulty.

The shoe leather industry in general may be said to be displaying a distinctly better turn than at any time since last spring when the readjustment had already made considerable progress.

BELTING

There has been a rather decided improvement in the demand for leather belting since the first of the year, and though the orders have been small and confined almost entirely to immediate needs, these requirements have become so insistent that in the aggregate a fair volume of business has resulted. While not all manufacturers have participated in this revival, the report of a marked growth in the number of inquiries is universal, and the industry as a whole is, therefore, prepared for the expected increase in business.

The increase in the demand for leather belting is indicative of the enlarged activity in many manufacturing industries. Prices have ceased their downward trend and have become fairly firm. Indeed, advances have been noted in several instances, bringing such quotations to a more normal level and prices as a whole have generally strengthened. This is true despite the fact that buyers have attempted to obtain further concessions when making purchases.

Wages in this industry have been reduced, ranging from 10 to 25 per cent generally, with isolated cases of a 35 per cent reduction. Production has been increased, but since even at the present time barely 50 per cent of the industry's total capacity is being operated, labor is easily obtainable at the new rates. Collection conditions, for the most part, have shown considerable improvement and are reported as very satisfactory.

HIDES

In spite of the revival in shoe and tanning circles, activity in the hide market continues at a very low ebb and there are no present signs of improvement. There is some slight demand, but it is far from adequate to absorb all the hides that are being offered. Stocks are still rapidly accumulating, and as a result, prices continue on the downward trend which had its inception some nine months ago.

When calf skins, which had previously declined to 13 cents a pound from a peak level of \$1.05 advanced to 20 cents during January, the tone of this market improved and a recovery in hides in general was looked for, but instead of a further advance, calf skins reacted to 17 cents a lb. and the expected recovery was nipped in the bud.

Hide dealers are hoping that the activity in the manufacturing lines will soon be reflected in their market, but at the present time there are no indications of this, and the market drifts listlessly with no definite trend.

RUBBER

THE rubber industry has been passing through a rather severe period of readjustment, during which several large companies

found it necessary or advisable to reorganize. This is said to be due to the fact that many firms indulged in over-expansion of their plants in order to take care of the abnormal rush of orders which were received during the past few years.

Two factors have contributed largely to the present stagnation in the rubber industry. The first remote and probably fundamental cause of existing conditions was the over-production of rubber for several years back. During this period, in spite of the tremendous demand for rubber, there was an ever increasing surplus at the end of each year. The following table, taken from the Bankers Economic Service, of February 1, 1921, shows this surplus in actual tons:

Year	Production	Consumption	Surplus
1912.....	98,928	95,863	3,035
1913.....	108,440	102,455	5,985
1914.....	120,380	99,800	20,580
1915.....	158,702	135,214	23,588
1916.....	201,598	169,474	32,124
1917.....	256,976	229,017	27,959
1918.....	296,579	201,620	94,959
1919.....	326,860	219,497	107,093
1920*.....	403,000	300,000	103,000
Total.....	1,971,463	1,552,940	418,323

*Estimated

The second and more immediate cause of the slump was the general slackening of activities in those industries which usually absorb large quantities of rubber. The most notable example of this is the automobile industry, which annually consumes about 70 per cent of the rubber imported into the United States.

For several months, tire manufacturers and dealers found themselves with huge accumulations of stock for which there was almost no demand. It is now reported by firms here and there that a slight revival in the demand for tires took place during January, and has continued through February. This revival is very limited, however.

Manufacturers of mechanical rubber goods and specialties also noted a return of activity during the middle of February, with some reporting a decided increase in the volume and the number of orders received. The limited amount of

building has reacted so adversely upon the manufacturing of code wire that for the first time in years many code wire plants are shut down. Rubber manufacturers catering to the code wire makers, therefore, have been cut off from a very large source of their business.

The price trend on tires and mechanical rubber goods is downward, varying in degree from 10 to 50 per cent. There is much variance with regard to cancellations, some firms still receiving them in considerable numbers and others experiencing none at all. Collections are slow, especially in the South and the farming districts, but are not considered any more retarded than they were last month.

Vulcanized fibre products, covering as they do so wide a field, are supplied to railroads, textile, silk and woolen mills, automobile companies and trunk manufacturers. These are all lines that have been very dull for many months, and consequently demand for fibre products is exceedingly low. The few inquiries and the spasmodic small orders are hailed by some as a sign of the depletion of stocks, which they think presages a recovery in demand. Others, however, feel that buyers are holding off not only in anticipation of lower prices, but also because of a basic lack of demand.

Although a few lines are holding firm owing to the fact that the cost of manufacturing them has not been lowered, prices on the majority of fibre products have been reduced from 20 to 30 per cent below peak prices. No cancellations of orders placed since 1921 have been recorded, which is a rather encouraging fact. Except in some special instances, notably the railroads and manufacturers of automobiles and accessories, collections are said to be good. Foreign collections are also reported good in most countries, except Italy and France, and in these the exchange conditions necessitate long extensions of credit.

In all branches of the rubber industry, wages have been materially lowered—on the average 15 to 20 per cent—but are still considerably in excess of 1914 levels. Plants are not running at normal capacity, nor in most instances is the full working corps maintained. The employment situation is one of dwindling numbers, the majority

of firms reporting continual declines in the number of employees from the peak of 1920, with many plants reducing their forces even further since January 1, 1921. Apropos of operating conditions one manufacturer, whose experience seems to be typical of many, writes: "We are employing now, actual workers in the mill, 50 per cent of the peak of last year. Our mill is running four days a week, 8 hours a day as compared with six days a week, 9½ hours a day during 1920."

Rubber is said to be cheaper at present than at any time in the history of the industry. In order to illustrate the radical decline in its price, we again quote from the Bankers Economic Service:

January	Up-River Para Fine	Fine Ribbed Smoked Sheets
1913.....	\$1.06	\$1.13
1914.....	.75	.61
1915.....	.67	.92
1916.....	.86	1.00
1917.....	.77	.79
1918.....	.62	.60
1919.....	.61	.52
1920.....	.50	.55
1921*.....	.18	.18½

*Latest quotations

The Rubber Growers' Association, spurred to action by the uneconomic condition created by the excessive production of rubber, pledged themselves to restrict their output 25 per cent for six months, beginning November 1, 1920. This procedure while curtailing production will also have the beneficial effect of conserving the supply of rubber for future needs. The action was given support by London and Javanese planters not members of the Rubber Growers' Association, and it is expected to result in a more equitable relation between production and consumption.

FURNITURE

IN the general policy of abstinence from buying, pursued for some time, furniture was an almost totally neglected commodity. Retailers, therefore, have been stocked with furniture, which they bought at high prices and

found it impossible to dispose of. The reductions made by manufacturers have not been at all drastic, so that retailers, sharing the public's expectation of further declines, are holding off. The few orders booked are for replacement only. The reductions which have been made are said to be principally on the medium and cheaper lines, the better grades remaining firm.

Although some factories cut wages about 10 per cent on the first of February, this reduction seems not to be general. Neither have the plants reduced their working forces to any great extent, most reductions being chiefly in the shipping departments. The number of working hours, however, has been curtailed in most plants.

There is no apparent shortage of raw materials. Lumber, mirrors, hardware, varnish and other finishing materials are plentiful, and are also gradually but steadily declining in price. These price declines are deterring manufacturers from stocking up for future requirements. In the majority of factories, cancellations blotted from their books many of the orders received during 1920. The orders booked since January 1, 1921, were all to fill definite requirements, and no cancellations of these have been reported.

Collections continue slow, but seem not to cause much concern.

PAPER

ALTHOUGH the first week of February witnessed an increase in the number of inquiries in the paper market, the general condition has shown little improvement. The only element of strength which has been evident is a slight increase in orders for low priced small goods, but all buyers have been extremely conservative in any purchases they have made. The concensus of opinion among the prominent paper dealers and manufacturers is that publishers, printers and small dealers are holding off their orders in expectation of a further recession in price quotations. Meanwhile, rush orders for small quantities recently placed with manufacturers would tend to prove that the stocks of publishing houses are low.

According to the census of manufacturers,

which was made in 1919, the capital invested in the paper industry, which is the seventh largest industry in the country, was approximately 114 per cent of the total annual sales. This means that, in order to keep this huge amount of capital productive, the machines, incapable of being converted to other uses, must be kept in operation. But practically all manufacturers report that for several months they have been running on part time with a full force, or have cut down to a minimum number of employees. However, the past month has shown some improvement in this direction. At the present time the paper plants report a working force of from 60 to 75 per cent of the normal number, a considerable increase from the 35 to 50 per cent on January 1.

A reduction in wages has been reported this month by practically all the manufacturing plants. This largely explains the increase in working force, despite the inactivity which is prevalent, for manufacturers express the desire to keep as many of their employees working as possible. The reduction from peak wages, which prevailed in the past year, amounts to from 10 to 20 per cent, but even with this cut they still remain from 50 to 75 per cent over the scale of 1916, and from 150 to 200 per cent over the wages of 1914.

Prices have shown a strong tendency downward, the decline being apparent in all branches of the industry. The total reduction from peak prices during the past few months amounts to from 30 to 40 per cent. Prices are still from 75 to 100 per cent above 1914 prices, but these, the manufacturers maintain, were on too low a basis. The greatest declines have occurred in the rougher and heavier grades of paper, with wrapping papers and newsprint showing the weakest tendencies. Fine papers, such as bonds and writing papers, have shown the least decrease. Spot offers for newsprint are considerably less than the contract prices made in December for the year 1921, but the number of purchasers are limited. The report that the government expects to save several hundred thousand dollars on the purchase of paper for its printing office this year is an indication of the decrease in prices this year as compared to those of last year. It is said that bids were the "lowest that have

been received in several years," and competition for the order was extremely lively.

The raw material supply is quite sufficient to meet the needs of the industry, with a continuing recession of prices. There is, however, no assurance of stability in these prices and the timidity of buyers has retarded activity in the market for pulp and sulphite. The fact that many manufacturers have large stocks of high priced materials on hand also serves to retard the market to some extent. Sulphite underwent a 10 per cent drop in the beginning of February, and is continuing to decline.

Despite a few reports to the contrary, the opinion is that the cancellation evil in the paper industry is about over. Some cancellations, however, are reported from foreign purchasers, which may be regarded as a result of the disadvantageous exchange rate which operates against them.

Collections are reported as only fair, largely because of the fact that customers are not disposing of their goods, and also that accounts with foreign customers are extremely poor.

PAPER BOXES

AN increase in interest on the part of purchasers of paper boxes has been noted during the past few weeks. Although it can hardly be said that conditions have improved to any great extent, the increase in the number of inquiries, which are reported by practically all manufacturers, gives a more encouraging aspect to the industry. There is keen competition for the small orders which are being placed, and all of these are for immediate delivery. It is now practically impossible to persuade consumers in this line to buy for the future. There can hardly be any expectation of other than limited buying, of a hand-to-mouth character, until manufacturing industries have used up the stocks of boxes which were on hand at the time their activities were curtailed. The easing up of the demand in the candy market has also had a detrimental effect on manufacturers who handle that type of business, for the quick turnover in that industry has always necessitated the carrying of fairly large stocks.

The trend of prices has continued slightly downward, with competition playing a large part in price quotations. There is, however, a tendency toward a stabilization of mill prices at the low point of from twenty-five to forty per cent below the peak of the past year.

The raw material supply is ample for all requirements, and prices are on about the same basis as prevailed January 1st. The first of February witnessed a slight advance in the price of board, but since that time it has returned to its former position. The weakening of the market for newsprint has had some influence on the situation. Many manufacturers who, during the shortage of that material, turned their attention to its manufacture, have withdrawn from the market and resumed the manufacture of board.

There has been no concerted action by manufacturers on the question of wages, some having reduced from ten to twenty-five per cent, and others maintaining the peak wages of 1920. Practically all plants have been operating on part time, however, working forces on January 1st being approximately 50 per cent of the number employed in 1920. The encouraging aspect of the market during the past few weeks has caused a number of plants to resume operations on a steadier basis however, and many have increased the working force slightly.

This industry has been notably free from cancellations, but suspension of orders and postponement of delivery have been quite prevalent during the past few months. The situation has not been serious at any time, and conditions at present are encouraging. Collections have shown no appreciable change from the general tendency toward slowness, which has been noticed for some time.

PRINTING AND PUBLISHING

THE month of January, 1921, witnessed rather conflicting trends in the printing and publishing industry of the district. Both increases and decreases in the demand for the products of printing establishments are reported. The increase has been noted principally in the

reports of the larger commercial and publishing houses. Although advertising is still being placed on a conservative basis, which tends to reduce to a considerable extent the larger work of these houses, the total volume of business has been maintained by the demand for pamphlets and catalogs of the simple one and two-color type, and for small weekly publications. The majority of smaller commercial establishments report slight decreases in the demand for both small and large work. In both types of establishments decrease in demand for high class catalogs, luxury booklets and high-grade books is but a reflection of the inactivity of productive industries and of booksellers.

Prices of the products of the industry have not shown any marked decline, except where there is price cutting, which indicates a desire for business and a disregard of the costs of producing the goods sold. Many publishers are continuing to operate with supplies of paper purchased at high prices, but by far the majority have reduced their stocks to the minimum which will meet current requirements, and are making only sufficient replacements to meet the daily demand. This they are well able to do, for the paper situation has taken a much easier turn, and where heretofore it was necessary to place orders some time ahead, with no certainty of receiving them on the date prescribed, special orders are now made up almost immediately, and the paper dealers and manufacturers are out on the market to dispose of their product.

The prices of paper have broken considerably during the past few months, with a further reduction during January of from 10 to 15 per cent in the price of bond paper, and slightly greater reductions in book papers. Paper comprises from 30 to 40 per cent of the cost of printed products, labor another 30 per cent, and the balance is made up of miscellaneous items. Ink, paste, binding materials and the like have shown no reduction in the past few months, but the proportion of the cost which is represented by these articles is not large.

Although some houses report slightly better collection conditions during January, others say that their customers are inclined to ask for extensions or are giving trade acceptances for from 60

to 90 days. The situation seems to show little change on the whole, with the general condition only fairly good. However, this period of the year is usually somewhat slower than other seasons.

OFFICE APPLIANCES

THE market for office appliances has shown encouraging tendencies during the past month. Although the demand is only slightly better, the general tone of the market is stronger and inquiries are increasing. In the past few months there has been no actual decrease in the need for office furniture and fixtures, but the tendency has been to withhold orders until the period of readjustment has brought the market to a firmer position. The large institutions seem to be holding off to a greater extent than the smaller concerns, but salesmen report a growing spirit of optimism. They also report that much harder work is now necessary to secure orders than has been the case during the past year, when demand exceeded the supply.

Except in the case of filing cabinets and office furniture, which have declined from 10 to 25 per cent, prices have changed very little. Office supplies, especially those composed largely of paper, have dropped to some extent, which is a reflection of the drop in paper prices. Typewriters, dictating machines and adding machines in almost all cases have maintained a stationary price during the past year or two and, although more effort is required to keep business up to its normal standard, there has been no general weakening.

The cost of manufacture, represented by the prices of raw materials, has had a downward trend during the past month. The rates of wages, however, have shown slight if any reductions. Many manufacturers have been operating on a curtailed time schedule, and the general impression seems to be that even with a smaller force and shorter working hours, the output has remained approximately the same. Varnishes and other finishing materials also have declined, resulting in a decrease in the cost of repairs and refinishing as well as in the initial cost of manufacture. Employment in the industry dropped

rapidly during the latter part of 1920, but since the first of the year the number of employees has shown no marked change in one way or the other.

Cancellations, which were general during the last few months of 1920, are no longer a problem, largely due to the stability of the price quotations being made. Many cancellations which occurred were the result of the placing of large orders during the period of scarcity, in order to insure stock to meet anticipated brisk business during the winter months. This did not materialize. Collection conditions are about the same, with some variation in the case of individual houses. On the whole, however, they are fair, with the exception of business placed in the South.

TOBACCO

CONDITIONS in the tobacco business throughout the district have shown little change during the past month. Demand is somewhat inactive, with purchases being made only to meet the current requirements of local dealers. The latter part of January witnessed a slight increase in activity, but February thus far has been somewhat below normal. Buyers are still holding off with the hopes of a decrease in prices, but there seems to be less belief that this will materialize. Retailers' stocks are unquestionably at a low point, and orders have come in recently with requests for quick delivery.

The deadlock which has existed between the packer and grower throughout the Lancaster district on the question of leaf tobacco prices has finally been broken, and the crop is rapidly being bought in. Prices of the various lots have ranged from 16 to 20 cents per pound, but no purchases have been made without careful inspection by the representatives of the packers. Although the crop this year was extremely large, it is generally conceded to be of rather poor quality. However, the leaf tobacco held by the manufacturers and dealers on January 1, according to a report from the Census Bureau, amounted to 1,446,984,469 pounds, compared with 1,318,131,291 pounds held a year ago, and even though this year's crop will not enter into the manufacture of the article until next year and the year after, there is no possibility of a shortage of raw material.

Prices for cigars and cigarettes have been reduced only in a few instances, where reductions in costs other than those represented by raw materials have been brought about. Wages in the manufacturing end of the industry have remained practically the same during the past month, with, however, further slight reductions noted in some cases. In the packing industry there has been a material drop in wages, and the supply of labor, in contrast to the scarcity which existed last year at this time, is very plentiful.

For several months past plant operation has been curtailed to a large extent throughout the district and there are no reports of a revival of activity during the past month. Cancellation of orders is no longer a problem of any note and collection conditions are unchanged, with some difficulty noted.

WHOLESALE GROCERY TRADE

THE wholesale grocery market during January and the first week of the month of February showed no material change from conditions prevailing during the past few months. The activity of the first week of January was apparently occasioned by the decrease in retailers' stocks, for since that time the market has settled back to its former quiet position. The outstanding characteristics at the present time are a continued lack of confidence in prices on the part of the retailer, increased caution on the part of the buying public, and slight declines in almost all lines handled by the trade. The retailer continues to send in frequent orders for small quantities, with a desire for smaller stocks and quick turnover.

Reports show that in the sections of the district which have suffered most from unemployment, conditions are decidedly more unsteady than in those sections which have not felt the inactivity in manufacturing lines. Standard grocery staples are in the most steady demand, while lines such as high-class canned fruits have been almost neglected, even at reduced prices. In many of these lines the output has been far beyond the normal demand, and prudence has prompted the retailer to reduce his inventory of such goods.

Sugar declined sharply the first of February, all of the large refiners having reduced their prices to a basis of about seven cents per pound. The present quotation is the lowest that has been made in the past two years, and is very nearly at a pre-war normal price. Flour, in some instances, has declined slightly, but the jobbing trade is still considerably below normal. In the market for tea and coffee no material change has been evident, although the tendency of the coffee market is toward a firmer basis. Rice has dropped slightly, and the price, now practically a pre-war one, has attracted a fairly good volume of sales.

The market for dried fruits is decidedly weak, the only exception being found in the sales of prunes, which are somewhat larger. Canned vegetables have had an almost normal demand, at prices from 30 to 40 per cent below those of last summer. Canned tomatoes have shown an element of strength, with a general increase in price of from 10 to 15 per cent.

The conclusions to be drawn from these conditions are that the public are buying carefully, are consuming only the foods which are required, and with few exceptions are avoiding the more expensive and luxurious delicacies, which found a ready market during the period of high wages, and correspondingly high prices.

The cancellation evil in the grocery trade is almost a thing of the past, but there are scattered reports of retailers who still persist in this practice. Collections continue slow, especially in the sections where unemployment is apparent, and in the case of retailers who still persist in their refusal to liquidate stocks and accept the loss on sales at market prices.

The trend of the wholesale grocery market may be seen from the following figures for the month of January:

WHOLESALE GROCERY TRADE	
	January, 1921
1. Net sales (selling price) during month:	
a. As compared to previous month.....	- 11.9%
b. As compared to same month, 1920.....	- 31.9%
2. Accounts outstanding at end of month (selling price):	
a. As compared to previous month.....	- 9.0%
b. As compared to same month, 1920.....	- 20.8%
3. Ratio of accounts outstanding at end of month to net sales during month.....	106.7%

WHOLESALE HARDWARE TRADE

THE following figures reflect conditions in the wholesale hardware trade for the month of January, 1921, as compared to December, 1920, and January, 1920:

WHOLESALE HARDWARE TRADE	
	January, 1921
1. Net sales (selling price) during month:	
a. As compared to previous month.....	-26.0%
b. As compared to same month last year.....	-17.4%
2. Accounts outstanding at end of month (selling price):	
a. As compared to previous month.....	-6.1%
b. As compared to same month last year.....	-9.6%
3. Ratio of accounts outstanding at end of month to net sales during month.....	203.8%

FERTILIZER

REPORTS received from fertilizer companies state that the demand for fertilizers is light, and that farmers have been holding off in the endeavor to secure lower prices. The withholding of orders has borne fruit, as evidenced by the following quotation from the letter of a large manufacturer: "Manufacturers of and dealers in fertilizers and fertilizer materials have capitulated to the buyers' boycott, and on the 15th of January a revised scale of prices was announced by leading companies which brought the manufactured goods down to the replacement level. . ." Another manufacturer writes that present prices represent a reduction of approximately 30 per cent from the peak. Raw materials are ample in supply.

The quietness in current demand is in part due to seasonal conditions, and the approach of the planting season assures a certain amount of business. Collections generally are slow.

FINANCIAL CONDITIONS

FEDERAL RESERVE BANKS

DISCOUNTS of member banks at the Federal Reserve Bank of Philadelphia, on February 17, amounted to \$153,774,000, an increase of \$19,141,000 or 14 per cent in the course

of the month. On the same date last year, however, member banks' borrowings were \$249,483,000, or very near the peak, so that comparison over the period of a year shows a large decrease. Note circulation on January 17 was \$265,461,000, as compared to \$255,304,000 on February 17. Net deposits changed only slightly during the month, but cash holdings declined from \$213,809,000 on January 17 to \$184,326,000 on February 17. As a consequence, the reserve ratio declined from 59.6 per cent on January 17 to 52.6 per cent on February 17.

The combined statements of the Federal Reserve system show continued improvement, as reflected in the following figures:

	Feb. 18, 1921	Jan. 14, 1921	Feb. 20, 1920
Total bills on hand.....	\$2,531,282,000	\$2,652,952,000	\$2,890,227,000
Note circulation.....	3,037,444,000	3,159,491,000	2,977,124,000
Total reserves	2,352,990,000	2,288,538,000	2,035,440,000
Reserve ratio.	50.3%	48.1%	42.7%

REPORTING MEMBER BANKS

The total loans and investments of the reporting member banks in Philadelphia, Camden, Scranton and Wilmington have changed little during the past month, and the same is true of deposits and other items contained in their weekly reports.

SAVINGS BANK DEPOSITS

Saving deposits reported by 24 institutions in this district showed a further increase during the month of January, participated in by institutions both in and outside of the city of Philadelphia. In explanation of this increase in the face of curtailed employment, one banker gives the following reasons: "Less extravagance; money coming out of 'hiding,' earnings 'go further' because of lower prices of commodities. Some industries resumed operations after January 1st, giving employment to an increased number of workers." Comparative figures on savings deposits follow:

	Outside of Philadelphia	In Philadelphia	Total
1921-February 1..	\$52,189,574	\$256,574,783	\$308,764,357
January 1..	51,140,089	253,320,499	304,460,588
1920-December 1..	51,237,019	243,506,317	294,743,336
November 1..	49,155,891	242,990,138	292,146,029
February 1..	48,255,184	241,033,243	289,288,427

DEBITS TO INDIVIDUAL ACCOUNT

Debits to individual accounts, as reported by the member banks of 13 clearing houses in this district, in general fell off from the figures of last month and a year ago, as shown by the following figures: February 16, 1921, \$360,659,000; January, 19, 1921, \$405,930,000; February 18, 1920, \$405,577,000. It should be noted that in three of the cities—Harrisburg, Johnstown and Reading—a larger number of banks have reported to us this year.

COMPILED AS OF FEBRUARY 19, 1921

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

STATEMENT Federal Reserve Bank of Philadelphia (000's omitted)			
Resources	Feb. 17, 1921	Month ago	Year ago
Gold reserve.....	\$181,429	\$212,984	\$134,491
Other cash.....	2,898	825	466
Total reserve.....	\$184,327	\$213,809	\$134,957
Discounts—Secured by U. S. securities.....	\$108,104	\$106,915	\$154,513
Discounts—all other.....	45,672	37,699	54,491
Purchased bills.....	23,480	9,285	7,206
U. S. securities.....	33,336	38,207	32,306
Total earning assets.....	\$210,592	\$192,106	\$248,516
Uncollected items.....	\$62,273	\$61,622	\$91,519
All other resources.....	2,817	2,026	2,463
Total resources.....	\$460,009	\$469,463	\$477,455
Liabilities	Feb. 17, 1921	Month ago	Year ago
Capital paid in.....	\$8,570	\$8,494	\$8,130
Surplus.....	17,010	17,010	8,805
Profit and loss.....	1	1	7
Government deposits.....	\$2,773	\$806	\$2,726
Members' reserve account.....	104,377	106,778	107,926
Collection items, etc.....	50,105	47,380	84,926
Gross deposits.....	\$157,255	\$154,964	\$195,578
Federal reserve notes.....	\$255,304	\$265,461	\$235,594
Federal reserve bank notes.....	19,582	22,195	26,673
All other liabilities.....	2,287	1,338	2,668
Total liabilities.....	\$460,009	\$469,463	\$477,455

BUSINESS AND FINANCIAL INDICATORS			
	Feb. 17, 1921	Percentage increase or decrease compared with	
		Previous mo.	Year ago
Philadelphia banks:			
Loans.....	\$712,969,000	-1 %	-11 %
Deposits.....	627,025,000	-4 %	-7 %
Ratio loans to deposits.....	114%	108 %*	120 %*
Federal Reserve Bank:			
Discounted paper.....	\$153,776,000	+ 7 %	-23 %
Reserve ratio.....	52.6%	61 %*	40 %*
90-day discount rate.....	6%	6 %*	6 %*
Commercial paper.....	7¾%	7¾%*	6 %*
Jan., 1921			
		Percentage increase or decrease compared with	
		Previous mo.	Year ago
Bank clearings:			
In Philadelphia.....	\$1,852,696,905	-15 %	-15 %
Elsewhere in district.....	121,043,528	-6 %	-11 %
Total.....	\$1,973,740,433	-14 %	-14 %
Building permits, Phila.....	\$1,124,440	-48 %	-68 %
Post office receipts, Phila.....	1,276,857	-20 %	-1 %
Commercial failures in district (per Bradstreet's).....	81	82	* 36
Commodity indices (latest):			
Annalist (food prices only).....	184.753	-1.2 %	-36.5%
Dun's.....	\$185,822	-6.5 %	-26.8%
Bradstreet's.....	\$123,689	-2.3 %	-40.8%

*Actual figures

RESOURCE AND LIABILITY ITEMS of Member Banks in Philadelphia, Scranton, Camden and Wilmington			
	At the close of business		
	Feb. 11 1921	Jan. 14 1921	Feb. 13 1920
	(In thousands of dollars)		
United States bonds.....	\$45,700	\$44,905	\$38,343
Victory notes.....	12,255	11,189	11,576
Certificates of indebtedness.....	12,016	11,810	49,900
Total U. S. securities owned.....	\$69,971	\$67,904	\$99,819
Loans secured by U. S. securities.....	35,537	42,229	55,771
All other loans and investments.....	730,382	728,391	717,498
Total loans and investments Reserve with Federal Reserve Bank.....	\$835,890	\$838,524	\$873,088
Bank.....	67,282	63,907	59,838
Cash in vault.....	15,380	18,405	17,916
Net demand deposits.....	653,222	661,756	665,604
Time deposits.....	38,280	37,003	26,070
Government deposits.....	5,704	6,227	5,899
Number of banks reporting.....	58	59	56

CHARGES TO DEPOSITORS' ACCOUNTS Other than Banks' or Bankers', as Reported by Clearing Houses			
	Weeks Ending		
	Feb. 16, 1921	Jan. 19, 1921	Feb. 18, 1920
Altoona.....	\$2,930,000	\$3,828,000	\$3,101,000
Chester.....	5,430,000	5,579,000	4,775,000
Harrisburg.....	5,900,000	7,032,000*	2,720,000
Johnstown.....	4,227,000	5,212,000	3,626,000
Lancaster.....	4,790,000	6,054,000	5,341,000
Philadelphia.....	282,597,000	320,858,000	331,070,000
Reading.....	6,228,000	6,459,000	5,711,000
Scranton.....	15,151,000	12,762,000	12,068,000
Trenton.....	11,387,000	12,597,000	11,188,000
Wilkes-Barre.....	8,256,000	8,743,000	8,722,000
Williamsport.....	3,699,000	4,546,000	3,805,000
Wilmington.....	7,627,000	8,527,000	9,356,000
York.....	3,437,000	3,733,000	4,094,000
Totals.....	\$360,659,000	\$405,930,000	\$405,577,000

*Larger number of banks reporting.