BUSINESS CONDITIONS

IN THE

THIRD FEDERAL RESERVE DISTRICT

PHILADELPHIA APRIL 1, 1921

GENERAL SUMMARY

CONTENTS

THE variable trends of industry and trade which were noted in our last report continue to be features of the business situation. Retail trade in the district compares favorably with a year ago, sales for the month of February showing an increase of 3.4 per cent over the same month of 1920. The detailed figures for March retail trade will not be available until the next printed report; such reports as we have received are to the effect that trade has not been uniformly good, but taken as a whole it seems to be fairly satisfactory. Textile manufacturers have been fortunate in securing a certain amount of business to tide them over the last few months, but are not prepared to make predictions as to the future. Iron and steel manufacturers and producers of other materials used in construction operations have obtained few orders, and their operations in most cases represent only a small percentage of their productive capacity. The predominant opinion is that conservatism is required at this time.

The weakness or strength of the markets for basic materials has had a large influence on the finished products. Raw silk prices have been maintained and the demand for silk goods has been quite strong. Raw wool was for a time thought to be on a fairly firm basis, and purchasers did not hesitate to place some orders for finished products; however, with the subsequent weakening of wool prices, due to large importations, the business obtained by cloth mills became less attractive to manufacturers, who are now accepting orders cautiously, realizing the possibility of cancellations. Weakness in cotton quotations is reflected by small orders in the markets for staple goods; there is, however, a good demand for certain specialties.

Shoe manufacturers are still fairly busy turning out the fancy styles which are in request. This condition has stimulated a demand for colored calf and kids from the leather makers. Staple lines are quiet.

Price reductions in iron and steel products have thus far failed to stimulate any large amount of new business, and the operations of plants in this district have declined steadily. Railroads have not been in a position to place orders, and the curtailment of this demand, together with the lack of a strong demand for shipbuilding and structural materials, have served to make the

SYNOPSIS OF BUSINESS SITUATION

Compiled as of March 21, 1921 — Philadelphia Federal Reserve District

Business	Demand	Prices	Raw Material or Merchandise Situation	Collections
Brick	Limited	Lower	Plentiful—prices lower	Fair
Gas and electric fixtures	Increased	Firm	Plentiful—prices lower	Satisfactory
Hardware	Slight increase	Lower	Good—prices lower	Slow
Lumber	Limited	Lower	Plentiful	Fair
Paints	Varying—household good construction poor	Lower	Plentiful	Fair except in South
Coal, Anthracite	Decreased	Lower	Good	Fair
Coal, Bituminous	Negligible	Lower	Good	Satisfactory
Confectionery	Decreased	No change	Good—prices lower	
Cotton Goods	Fair	Firm	Good—prices lower	Fair
Cotton yarns	Decreased	Downward	Good—prices lower	Fair
Groceries	Decreased in all except staples	Lower		Slow
Iron and Steel	Decreasing	Lower	Good—prices lower	Poor
Leather	Good in colored uppers Limited in staples	Slight increase Firm	Scarcity in some grades Good	Fair
Leather goods	Increased	Slight decrease	Good	Fair
Shoes	Good for specialties Decreased in staple lines	Firm	Good	Fair to good
Paper	Limited	Lower	Good—prices lower	Fair
Printing and Publishing	Decreased	No change in high grade goods	Good—prices lower	Fair
Silk	Good	Firm to slight increase	Good	Fair to good
Tobacco	Slight increase	Slight reductions in low priced cigars	Good—prices low grade leaf lower Good—prices high grade leaf firm	Fairly good
Hosiery—seamless full fashioned	Limited Good	Unsettled Firm	Good Good	Fair to good
Underwear—light weight heavy weight	Fair Poor	Firm Unsettled	Good Good	Fair
Wool cloth	Good	Lower	Good	Fair to good
Wool yarns	Fair	Firm	Good	Fair to good

iron and steel markets exceedingly dull. High freight rates have been a great detriment to this industry, having added largely to the costs of production of basic materials.

The output of bituminous coal has fallen off since the beginning of the year, owing to the small industrial demand throughout the country, lower consumption by the railroads, and the falling off in export shipments. Anthracite production is quite large, but lately the price has declined slightly with the coming of spring and the consequent lessening in demand. The car supply at the mines has been ample for all requirements.

A reduction in the number of employees during the past month is reported from nearly all sections of the district, the textile industry being an exception to the general rule, as many mills have added to their forces since January 1. Comparative estimates of unemployment, made by the local bureaus of the Pennsylvania Bureau of Employment, are as follows:

	Feb. 15	Feb. 28	Mar. 15
Philadelphia	80,000	81,100	83,000
Altoona	19,625	21,360	23,350
Harrisburg	20,360	19,810	20,735
Johnstown	7,700	7,825	7,260
Scranton	13,100	12,435	12,770
Totals	140,785	142,530	147,115

Of the estimated total of 147,115 men out of employment on March 15th in the five cities mentioned, 35,450, or 24 per cent, were classed as common labor. Some demand for farm workers is making itself felt, and contemplated public improvements also are expected to give employment to many.

Collection conditions have shown little change during the month except in scattered localities. Banks and business houses which report to us on collections state that they are generally slow. The railroads owe large sums of money to firms in this district, and have not been able to pay, some bills dating back to a year ago. Payments from the south and abroad also are notoriously slow.

Failures in the Third Federal Reserve District in February, as reported by R. G. Dun & Company, showed a decline in number as compared to December, but the liabilities were larger. In point of both number and amount of liabilities it exceeded any February during the last four years, as the figures show:

	Number	Liabilities
1921—February	71	$3,701,526
January	96	2,183,908
1920—December	76	4,317,296
February	23	361,236
1919—February	37	447,770
1918—February	65	2,639,038
1917—February	65	470,444

Borrowings from banks in manufacturing centers have fallen off generally as a result of the decline in manufacturing operations, though this has been offset in some cases by the slowness of collections, which compelled business men to borrow from their banks, where possible, to secure funds for current needs. The agricultural sections show larger borrowings with the advent of the spring planting season. The figures of 58 member banks, located in four large cities of this district which are manufacturing centers, evidence the decline in loans. Total borrowings of their customers dropped from $733,919,000 on February 18th to $718,025,000 on March 11th.

Commercial paper of firms which have shown a favorable ratio of quick assets to current liabilities in their latest statements has been moving at 7½ per cent on the average. February sales were rather light and practically all of the demand came from out-of-town banking institutions.

RETAIL TRADE

REPORTS of retail trade conditions during the past month again exhibited contradictory trends. Increased business as compared to last year was reported by many concerns, while other statements were directly opposed to these. Store location was not wholly responsible for this situation, for firms in the same sections of this Federal Reserve district were not affected alike. The explanation is to be found in the attitude of the consuming public. Reduced prices, backed by good quality, are attracting purchasers, but highly advertised sales in which cheap grades of goods are offered, are being totally neglected. Quality, at fair quotations, not simply reduced price, is being sought by the consumer. Those stores which have been able to satisfy this demand have gained the greater portion of the Easter trade.

In addition to the stimulation of sales, the problem uppermost in the mind of retail merchants is that of reducing overhead expenses. There has been no cut in the wages of sales forces, and retailers express a desire to maintain them at present levels. How to reduce overhead, keeping wages constant, is the question. The answer as offered by several concerns is the reduction of the number of employees, both in the store and on the delivery service, and stressing the efficiency factor.

The retail trade situation during February is reflected in the following table:

RETAIL TRADE

Net Sales	Feb. 1921 compared to Feb. 1920	Jan. 1 to Feb. 28, 1921, compared to Jan. 1 to Feb. 28, 1920
Firms in Philadelphia (15)	+3.4	+4.4
Firms outside Philadelphia (31)	+4.7	+1.6
All reporting firms (46)	+3.7	+3.6
Stocks of Goods	**Feb. 28, 1921, compared to Feb. 29, 1920**	**Feb. 28, 1921, compared to Jan. 31, 1921**
Firms in Philadelphia	−11.6	+4.2
Firms outside Philadelphia	−12.4	+9.4
All reporting firms	−11.8	+5.5

Stocks Compared to Sales	Average stocks Jan. 1 to Feb. 28 compared to Average sales Jan. 1 to Feb. 28
Firms in Philadelphia	314.3%
Firms outside Philadelphia	508.6%
All reporting firms	365.6%

Orders Compared to Purchases	Orders outstanding Feb. 28, 1921, compared to total purchases in 1920
Firms in Philadelphia	7.9%
Firms outside Philadelphia	6.1%
All reporting firms	7.4%

Collection conditions are generally satisfactory, although the reports of retardations are increasing in number.

The conservative buying policy of the past nine months continues, and stocks are low for this period of the year. The public demand is not being anticipated, and only goods for which there is an immediate outlet are being purchased.

COAL AND COKE

Anthracite

THE hard coal industry, during the month of March, has experienced a pronounced slackening of demand, not only for steam sizes, but for domestic grades as well. The decline in domestic demand, deliveries being 20 to 30 per cent less than for February, is undoubtedly attributable to the remarkably mild winter and to the expectation of the usual spring price cut. This expectation was realized March 15 with the announcement that two of the leading railroad coal companies had made new prices 50 cents to 75 cents lower than the prevailing rates for prepared sizes at the mine. In the case of several leading Philadelphia retailers this action was followed with cuts in domestic sizes ranging from 50 cents to $1.00 per ton. In regard to steam sizes severe competition from bituminous grades has led some of the independents to shade the company prices in steam grades by 15 cents to 25 cents. Company mine prices per gross ton for line shipment were as follows on March 15:

Broken	$7.75
Egg	7.75
Stove	8.05
Nut	8.05
Pea	6.40
Buckwheat	3.50
Rice	2.50
Boiler	2.00
Barley	1.50
Culm	1.50

This softening in demand has been reflected in decreased production for the first week in March, as shown by the weekly report of the U. S. Geological Survey dated March 12, which estimates total production of the country for the week ending March 5th at 1,917,000 tons. This figure represents an increase of 101,000 tons over the week ending February 28th, but a decrease of 93,000 tons from the last previous full time week, that of February 24th, owing to the fact that the observance of Washington's birthday subtracted almost an entire day's output from the total.

Except in a few isolated cases, wages have not yet been lowered, and employment is still close to the maximum. Credit conditions are considered satisfactory with few cancellations and fair collections.

Bituminous

An almost total collapse of demand has resulted in demoralization in the bituminous coal industry. The first week in March witnessed an average daily production of 1,234,000 net tons, which (with the exception of the period of the coal strike from November 1 to December 16, 1919) is the lowest daily average production in this country since 1914.

The chart shown below indicates clearly the decided decline in production this year as compared to a corresponding period in 1920. Recent conditions in the industry closely resemble the period following the armistice when industrial depression and a mild winter combined to limit demand, although it is doubtful if consumers have as large a reserve on hand as they had in 1919. The reasons for the present disorganized condition of the industry are quite obvious; industrial demands are less than 50 per cent of normal; railroad demand shows a decline of about 30 per cent from normal; and coking demand is almost negligible, owing to curtailment of blast furnace and foundry operations.

A rather important item is the decline in foreign demand, which has resulted in exports of only 712,000 tons in February as compared to 2,248,448 tons in January. French and Italian markets are almost entirely closed to our trade, owing to the surplus of coal caused by German reparations deliveries.

The spot prices quoted are merely nominal, as there seems to be little business transacted at any

BITUMINOUS COAL—AVERAGE PRODUCTION PER WORKING DAY

figure. It will be noticed that prices show a decline of 5 to 10 per cent in the past month and 60 per cent since the peak of 1920, with the result that average prices are lower than those set by the War Industries Board in 1917:

Pool 1	$3.50
Pool 10, 11	2.25 @ 2.75
Pool 9	3.25
Pool 32 (54, 64)	2.00 @ 2.25

Although there have been no wage cuts in most of the mines, the employment time is considerably less than half of normal. Collections are reported as being fairly satisfactory but rather slow, especially in the case of railroads.

Coke

The demand for metallurgical coke is almost negligible, and the price has been forced down to $4.50 for furnace, which is exactly one-quarter of the peak prices of August, 1920. Even this low price is no inducement to purchasers, with the result that almost one-half the beehive ovens are not operating. The estimated production for the week ended March 5th was 181,000 tons, a decline of 6 per cent from the previous week and of more than 50 per cent from the corresponding week in 1920. The total production of beehive coke to date is 2,098,000 tons, as compared to 4,120,000 for the same period last year. The action of one of the largest independents in cutting wages 18 per cent has not been followed by other independents, who are awaiting the action of a certain large producer.

IRON AND STEEL

A FURTHER slackening of demand, slowing up of production and decline of prices have characterized the iron and steel industry of this district during the past month. Attempts on the part of independents to stimulate demand by cutting prices have proved ineffectual. The Steel Corporation plants are probably working at not more than 50 to 60 per cent of capacity. The average for the entire industry is probably not more than 30 to 40 per cent of normal. Seventy-five per cent of the reporting firms of this district report demand as being the same, or less than last month, and it seems evident that inquiries are less than 30 per cent of normal for this period of the year. Demand for pig iron could hardly be less, as there is no contract and little spot business being transacted. Construction work is at a low ebb, and hence there is little demand for structural sizes of steel. In spite of a plentiful supply of raw materials at considerably reduced prices, the cessation of demand has resulted in still further curtailment of operations. Reports indicate that operations in this district are at not more than 25 per cent of capacity, with many plants totally closed.

A glance at production figures for the month of February shows quite clearly the present trend in the industry. Pig iron production for the month was 1,937,257 gross tons, a daily average of 69,187 tons, as compared to January's total of 2,416,292 tons, averaging 77,945 tons daily. The above figure represents the smallest output for the month of February during the last five years, and the lowest production for any month since the steel strike in October, 1919.

The number of blast furnaces in operation on March 1st was 153, as compared with 183 on February 1st and 201 on January 1st. This shows a net loss of 30 furnaces in the month of February; 16 of the number blown out were those of the Steel Corporation. Figures showing steel ingot production indicate a similar tendency. February's production is reported as 1,749,472 gross tons as compared to 2,203,186 tons for January and 3,299,049 tons for March, 1920. These figures show a decline of 453,714 tons, or over 20 per cent as compared to January and of 1,549,577 tons, or 46.9 per cent, as compared to March, 1920.

The unfilled tonnage of the U. S. Steel Corporation was reported on February 28th as 6,933,867 tons, which is the lowest figure since October, 1919, when an unfilled tonnage of 6,472,668 was reported. The figure for February shows a falling off of 639,297 tons from the previous month. This is the seventh consecutive monthly decline reported. This figure is only 62 per cent of the peak unfilled tonnage of 11,118,468 reported in

July, 1920. Judging from the reports of firms in this district, unfilled orders on hand do not average more than two or three weeks' normal production.

The following figures show the orders and shipments in terms of percentage of capacity of the members of the Bridge Builders and Structural Society, which carries on about 40 per cent of the total business of the country:

	Per cent of Capacity	
	Orders	Shipments
1921 February	18½	40
January	18	38½
1920 February	132	52

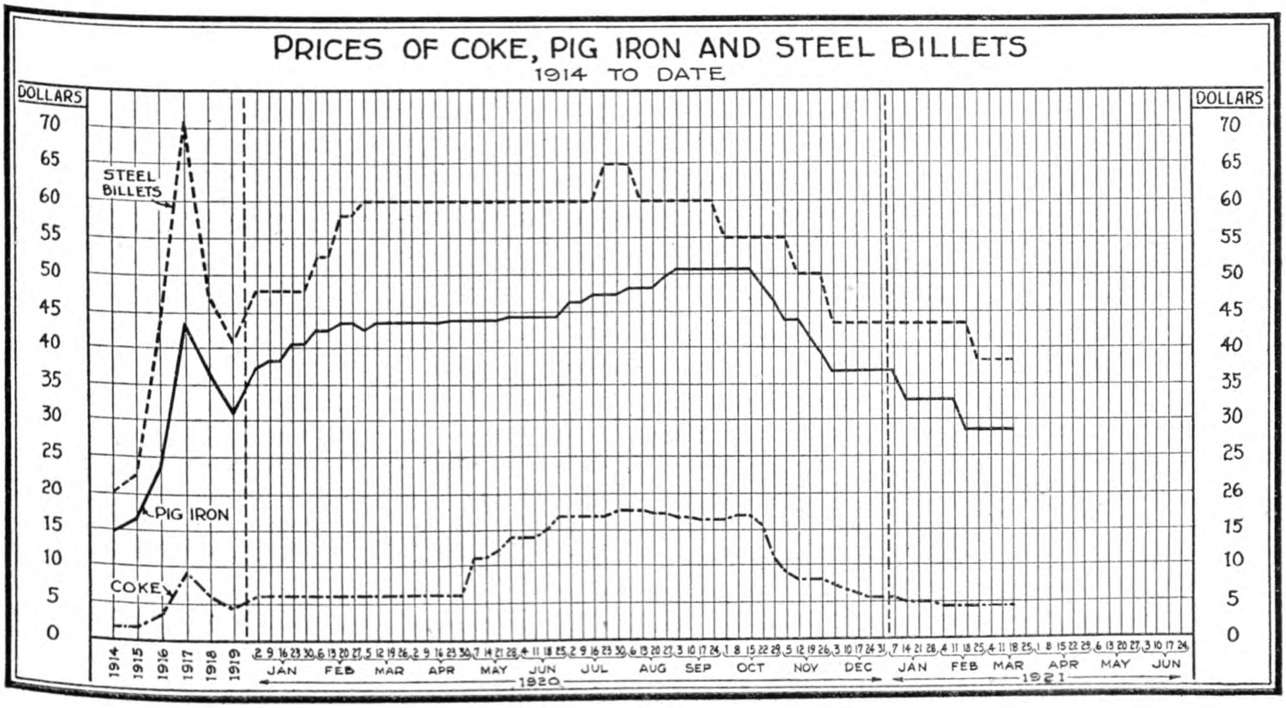
The decline in the orders from 132 per cent of capacity in February, 1920, to 18 per cent of capacity in last month is symptomatic of conditions in the structural steel industry.

Export figures for January were at a surprising variance with the apparent trend of the domestic markets. Total exports of iron and steel for January, as reported by the Bureau of Foreign and Domestic Commerce, were 547,394 tons, a decided increase over December's figure, 497,765 tons, and over the total for January, 1920, which was 333,601. In spite of this seemingly large figure, it is becoming increasingly apparent that our firms will have to meet severe competition from European manufacturers. England has already felt the effect of Belgian and German competition, and as the productive capacities of European firms increase, we will be compelled to meet European prices or lose the business.

Labor is said to be quite plentiful in this district, and many firms report wage reductions of from 10 to 20 per cent since the first of the year. Employment is at less than 40 per cent of normal. Practically all plants are working on a restricted schedule, and many are being entirely closed due to lack of orders.

Very few contracts being made, cancellations are few in number at the present time. Collections are reported generally as being poor, especially on the part of the railroads, one firm reporting the "poorest collections in fifty years."

The struggle for the little business offered has resulted in a further general cut in prices of about 10 per cent. The following comparative list of prices from the *Iron Age* shows a decline since



last month of nearly 10 per cent and since last year of about 40 per cent:

	Mar. 15, 1921	Feb. 15, 1921	Mar. 16, 1920
Pig iron			
No. 2X Phila	$27.26	$30.00	$45.35
No. 2 Valley furnace	26.00	28.00	41.00
Basic Valley furnace	25.00	25.00	41.50
Malleable, Valley	26.00	28.00	42.00
Open hearth billets	44.24	49.24	64.10
Iron bars, Phila. per 100 lbs.	2.45	2.70	4.25
Sheets, black No. 28 Pitts	3.85	4.20	5.50
Sheets, galv. No. 28 Pitts	5.00	5.50	7.00
Sheets, blue annealed 9–10	3.00	3.20	4.50
Carwheels, Phila	18.00	23.00	42.50
Coke, furnace	4.50	4.50	6.00

The foregoing chart indicates the marked decline which has taken place during the past year in the prices of steel billets, pig iron and coke. The price of furnace coke in particular has shown a decrease from a peak price of $18 per ton to a present price of $4.50 per ton, or exactly one-fourth the peak reached in 1920. Billets and pig have declined to nearly 50 per cent of the peak prices.

LUMBER

DEMAND for lumber is so dependent upon conditions in various lines of business—such as building, box manufacturing, etc.—and they in turn are so dependent upon other manufacturing lines, that cessation of operations in any department indirectly affects the lumber industry.

Manufacturing in general has been at so low an ebb for many months that box manufacturers catering to industrial plants have found but little outlet for their products, and lumber dealers supplying these manufacturers report a steadily decreasing demand. Building, which, of course, represents the heaviest call upon lumber, also has been far below normal operations for so long a period that comparatively little demand exists from that source.

At present production is said to be approximately 50 per cent below normal, and in spite of this curtailed production large supplies of lumber are being accumulated by manufacturers and wholesalers.

From outlying cities of this Federal Reserve district are reported numerous inquiries. In some instances, these pertain to building plans which have already been contracted for, and in other cases are thought to be in anticipation of revived building activity in spring.

Prices have declined materially, and it is said that at present lumber is easily obtainable at prices 30 to 40 per cent below the cost of present stocks. The continual recession of prices on a few staple lines are shown by the following comparison of prices for the past two months:

	Jan. 7	Feb. 19	Mar. 19
Penna. hemlock	$50.00	$48.00	$42.50
H. maple 4 x 4″	115.00	115.00	110.00
Y. P. boards 1 x 4″	44.00	40.00	38.00
N. C. pine air dried roofers 6″	28.50	29.00	27.50
Lath, Eastern spruce	9.00	8.00	8.00

WHOLESALE HARDWARE

A SURVEY of the wholesale hardware trade of this district for the month of February indicated a falling off in demand. Although some concerns report larger sales in volume of articles than in January and the corresponding period of 1920, the volume in dollars is considerably less, as shown by the table. The first few weeks of March show some improvement.

The market for mill supplies is practically negligible, for large corporations and manufacturing concerns are cutting their purchases to the minimum and in some cases are cancelling orders already placed. The warm weather, however, has resulted in an increased volume of sales in seasonable implements. Although the city trade has not shown encouraging increases, country business has shown marked improvement. Concerns with a large part of their business in southern farming districts were the first to note the improvement in demand.

Prices of standard articles have decreased during the month to a point approximately 10 per cent lower than last month's level. The principal decreases have been noted in iron, steel and copper goods, finishing hardware and galvanized ware, but present prices are conservatively estimated at almost 100 per cent over the prices of 1914. Wire nails were quoted on March 15th at $3 per 100 pounds, a figure 25 cents lower than February's quotations. Other standard products have experienced similar declines. The dullness in the trade, which characterized the first two months of the year, combined with a decided lowering of the cost of raw materials, undoubtedly were responsible in part for the price cutting of the past month.

The following list shows a composite result of the reports of firms in this district, giving net sales and accounts outstanding for the months of February and January, 1921, and for February, 1920.

WHOLESALE HARDWARE TRADE

	Feb. 1921 compared to Jan. 1921	Feb. 1921 compared to Feb. 1920
Net sales during month........	−4.4%	−12.7%
Accounts outstanding at end of month....................	−2.5%	−3.9%

Ratio of accounts outstanding to sales:

Feb. 1921..........................	213.3%
Jan. 1921..........................	195.2%
Dec. 1920..........................	165.0%
Nov. 1920..........................	188.6%
Oct. 1920..........................	153.7%
Sept. 1920..........................	151.9%

* Revised

Reports from firms in this district indicate that the cancellation evil is almost a thing of the past and that practically all business is being done on a spot basis; orders are filled promptly and no cancellation is allowed after shipment of goods. Collections are still rather slow.

PAINTS

MILD winter weather has resulted in a more favorable situation in paints than in the more basic construction materials. Demand has been growing and several concerns described sales for the past month as very good. This demand, however, is restricted largely to those concerns dealing directly with the consuming public. The decline in business activity, which principally affects the producer, has resulted in greatly limiting repairs to manufacturing establishments. The automobile trade, which in normal times consumes large quantities of paint, has been dull; the consumption by shipbuilders is likewise restricted.

Although stocks on hand are ample in all cases, there is a slight tendency to increase them in anticipation of a revival in business during the next few months. Raw materials which also are in large supply have made further declines in price. Operations are being carried on at from two-thirds to full capacity, showing a slight increase over a month ago.

Prices have softened slightly in some lines, but as a whole are firm at the levels established in January. Most plants have added a few employees to their personnel, expecting to further increase their forces if present conditions continue. Cancellations are negligible. Collections are fair, but difficulty is being met by those firms doing business in the South.

BRICKS

MANUFACTURERS of brick continue to mark time with demand almost negligible. One company reports a slight increase in orders, but inquiries are generally too few to furnish any basis for price quotations. In some cases, although firms have reduced prices below those quoted last month, they have been unable to stimulate sales.

Raw materials are in abundance, but are only a shade lower in price than last month. Operations continue dull; many plants are shut down entirely and others are running at less than 50 per cent capacity. Stocks generally have tended to accumulate. Supplies of raw materials are as a rule ample and the coal contracts placed have been for only limited amounts.

Employees are being retained principally on part time, and in many cases are kept busy at odd jobs. This inactivity, however, is partly due to seasonal curtailment of operations.

There have been no cancellations on recently placed orders. Collections are fair.

GAS AND ELECTRIC FIXTURES

PRACTICALLY all firms in this field report little if any increase in demand over last month, and in comparison with this month last year, orders have fallen off from 10 to 25 per cent. Although a large amount of surplus goods is not being carried, finished stocks have been generally sufficient, as buying has been for current needs only.

Raw materials have been easily obtainable at slightly lower prices. Due to lessened production, however, costs of manufacture on the whole seem to have increased. Prices for finished products have not changed since last month and remain about 20 per cent lower than in the corresponding period of last year.

Operations continue about the same as last month, that is about 50 per cent of normal. The employment situation is generally unchanged, reduced forces and part time work being the rule.

Opinions regarding operations in the near future are conflicting; some firms anticipating an early resumption of demand, are carrying employees at a loss, while others are curtailing operations in order to minimize stocks.

COTTON

UNEXPECTED activity in late January, a decided reaction in February, and a spotty market during March has been the history of the cotton goods industry since the first of the year. The present demand is fairly active for some materials, principally ginghams and percales, several manufacturers reporting that they have sold their entire output up to May 1st. Jobbers in these goods have had good spot business with the retail trade and therefore have made insistend demands upon the manufacturers. In general, the demand for these materials is reported as comparing favorably with this period during a normal year. It must be noted, however, that orders for spring delivery are usually placed during the preceding September, October and November. Since no orders of any kind were booked prior to the revival in January, this demand must not be construed as indicating a return to normal business. In fact, the industry as a whole, instead of showing improvement continues to react.

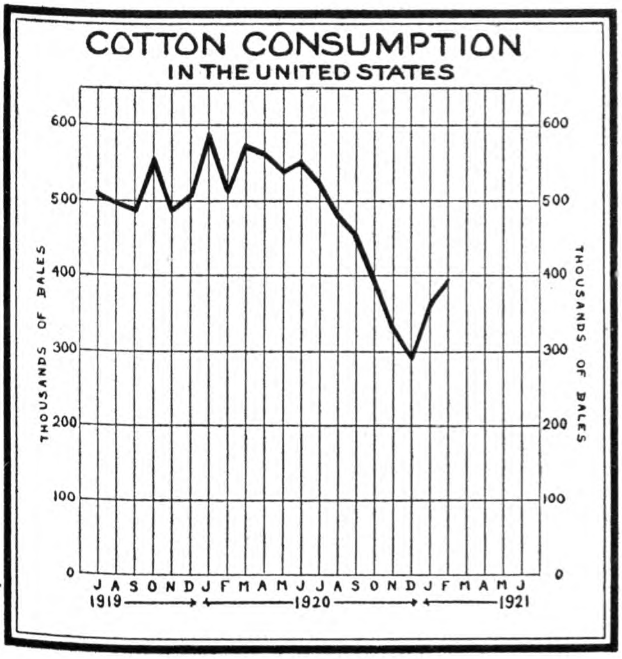
The volume of business being booked by manufacturers of fine materials is small and is not sufficient to keep plants running at the recently increased schedules. As the orders placed during January are completed, operations are reduced. The cutting up trade is particularly sparing in their buying and their orders are restricted to absolute needs. Immediate shipment is required in almost all cases, and as the supply of finished materials—with the exception of certain specialties—is still rather large, this provision is easily complied with.

Manufacturers of heavy cotton fabrics also report a poor demand for their products, and operations are at a low ebb. The continued weakness of the raw cotton market is responsible in large measure for present conditions. Buyers, noting the weakness in these prices, hesitate to make commitments for finished goods, realizing the possibility of further price recessions. There is no confidence in the general situation and the demand, with the exceptions mentioned above, is restricted. The few orders being placed in the cotton goods industry at the present time are confined to immediate delivery. No attention is being given to fall goods, although normally these are ordered during the current season.

Demand in the cotton yarn industry during March also was limited, and spinners who increased operations during the revival of interest in January and February did not receive sufficient business to operate at the new schedules. To attract orders, lower quotations were made, but the result was a further falling off in demand, for without a firm price basis, buyers refused to operate. Some concerns reduced production, but others preferred to operate for stock. The situation at the present time is comparable with that of last December, the poorest month of 1920.

March witnessed a further falling off in raw cotton prices and dealers in this district reported a listless market. Some small orders for sampling purposes were received, but the demand in general was far below normal.

The consumption of lint cotton in the United States during February amounted to 395,563 bales. This was greater than the amount consumed in January, but the same relative increase over the low point reached in December was not maintained. This is reflected in the chart below showing the trend of cotton consumption in the United States since July, 1919, as reported by the Census Bureau.



The stock of cotton, exclusive of linters, and active spindles, on February 28th compared as follows:

	Feb. 28, 1921	Jan. 31, 1921	Feb. 28, 1920
In mfg. establishments	1,335,435	1,273,067	1,869,368
In warehouses........	5,597,019	5,645,368	3,530,654
Active spindles.......	32,458,528	31,509,021	34,655,677

WOOL

Wool Cloth

THE wool industry seems to be passing through what might be termed a transitional period, which is fraught with optimism for some, with anxiety for others and with interest for all. Why the unexpectedly heavy demand for wool cloths at the fall openings, and what will be the outcome of it seems to be the question in the minds of many.

Until the flurry of interest in tricotines for the dress goods trade a couple of months ago, the entire wool industry had been dormant for many months. Wool cloths was one of the first industries to feel the effects of curtalied consuming demand, and about nine months ago, cancellations in this branch were rife, jobbers throwing back on the manufacturers huge stocks of finished materials and cancelling orders on partly finished goods. There was practically no spring season and the industry as a whole was rather pessimistic regarding the fall season. The American Woolen Company, however, offered overcoatings and dress goods at from 35 to 50 per cent below prices of last year, and in spite of the skeptical attitude towards the fall openings, received many orders. Smaller manufacturers also met with success, and as a consequence the mills manufacturing these materials are running with increased operations.

Manufacturers are wondering whether this demand is stimulated by legitimate necessity or is merely a speculative movement. Some feel that the wholesale cancellations at the beginning of the readjustment period left jobbers with slim stocks, and the restricted buying on the part of the public last fall is thought to have resulted in a real scarcity among consumers. With the advent of the fall season, a realization of this state of affairs by manufacturers may be reflected in the demand for overcoatings and dress goods. On the other hand, many believe that a consuming demand is being anticipated and fear the result should it fail to materialize. For this reason, many manufacturers, preferring a smaller number of conservative orders supported by a real demand to many merely speculative ones which might result in cancellations, are warning their purchasers against overbuying, and are even refusing a bulk of the orders being received.

A tendency toward cancellations is still noted in this industry, particularly in tricotines, where prices may have dropped or deliveries been delayed.

The chart of prices given at the top of the next page (quoted from the Bankers' Economic Service) is a comparison of the leading numbers of staple worsteds, as quoted by the American Woolen Company:

	SPRING 1921							
	Fall 1921	Revised	Opening	Fall 1920	Fall 1919	Fall 1918	Fall 1917	Fall 1916
Fulton serges:								
3192, 11 oz.	2.42½	2.37½	3.67½	4.50	2.62½	......	......	......
3194, 14 oz.	2.85	2.72½	4.25	5.50	3.20	3.77½	2.35	1.95
3844, 16 oz.	3.37½	3.25	4.97½	6.45	3.72½	4.37½	2.75	2.17½
364, 14 oz.	3.12½	......	4.60	......	3.35	......	......	......
200	3.10	3.00	4.60	......	......	......	......	......
Washington serges:								
209-2, 9 oz.	1.20	......	1.65	2.25	1.50	1.82½	1.20	.95
209½-1, 9½ oz.	1.25	......	1.67½	......	1.57	......	1.32½	1.02½
Washington clay:								
200, 16 oz.	2.85	......	......	......	3.50	4.15	2.37½	1.82½
Washington cheviot:								
312-32	1.05	......	......	......	......	......	......	......
Washington French-back:								
816-69, 16 oz.	3.25	......	......	6.62½	3.85	4.42½	2.62½	2.10
Wood serges:								
9479	2.42½	......	......	......	......	......	......	......
9709-1	2.07½	2.02½	3.07½	......	......	......	......	......
Wood unfinished:								
9613-1, 13 oz.	2.10	2.02½	2.75	4.12½	2.50	3.12½	1.75	1.37½
Ayer serges:								
6192	2.42½	......	......	......	......	......	......	......
1814-44	2.75	2.77½	4.22½	5.50	3.30	3.70	2.27½	1.77½

Wool Yarns

Augmented production in the hosiery industry early in February created an increased demand for worsted yarns which resulted in sufficient orders to sustain operations during March. One large yarn manufacturer describes the improved conditions at his mill as follows: "During the latter part of January the knit goods manufacturers began to get business again on their products, so that they placed good contracts with the spinners for yarns. We booked at that time sufficient business to run our plant at full capacity. We are today operating about 80 per cent of our plant and are trying to get to full production as quickly as we can re-form our organization and train in new help for same."

This enlarged demand is not universal, as some yarn manufacturers report a falling off during March. These manufacturers think that the revival of demand during February was due to the feeling that prices were as low as they would go and might stiffen with increased demand for merchandise. The present hesitancy in placing orders is ascribed by some to the situation in the raw wool market. The uncertainty of tariff regulation makes the importation of large quantities of foreign wool still a factor to be reckoned with; the large stores of Government wool, which may at any time be thrown on the market; and the domestic clip which is about due, tend to make spinners cautious about stocking up for future requirements.

Although most raw materials are easily obtainable, a scarcity in the finer grades is noted. Prices seem to be holding firm at the slightly higher levels which were recorded last month.

The revived activity is reflected in the capacity being maintained by many mills in the district, some of which have opened since last month and are now running at from 33⅓ to 60 per cent of capacity.

The steadiness of prices probably accounts for the fact that no cancellations have been recorded since January 1st. Collection conditions are found to vary from fair to good.

SILK

CONDITIONS in the silk piece goods industry continue to display the same conservative strength which has characterized the market since early in February. The demand which had its inception during the latter part of January in a flood of orders for immediate shipment has since developed into a steady stream of small sized commitments. These are still confined to nearby delivery however, for buyers are not willing to place, nor manufacturers to accept orders for delivery much beyond thirty days. Retailers are buying cautiously, not yet feeling assured of the permanency of the consuming demand. The cutting up trade, too, is placing only moderate orders at this time, for the end of their season is near at hand. On their part, manufacturers are satisfied with the nature of the orders. Since there is still uncertainty as to the future, they fear a recurrence of the cancellation difficulties if a consuming demand is anticipated by buyers, large orders placed, and the expected demand should fail to materialize.

While the individual orders are of moderate size, the total volume is placed at 75 per cent of that of the so-called normal year. Many orders are filled from finished stocks, which are being rapidly depleted. The stocks of several numbers in most active demand were exhausted in the early days of the revival. To replenish these and to keep pace with the present orders for immediate shipment, operations have been systematically increased until at the present time 65 to 70 per cent of the industry's productive capacity is being maintained.

Manufacturers are not attempting to force an added demand by displaying new materials, but are contenting themselves with supplying that which now exists. Canton crepes are popular fabrics and there is also a good market for taffetas, crepes de chine, and georgettes. Prices have not shown a general increase during the past month, although in some quarters there are reports of slight advances. Both buyers and sellers express themselves as well satisfied with present levels.

Collection conditions are reported as fair.

Silk throwsters have also been experiencing a decided improvement in the demand for their products. Since the orders are practically all for immediate or nearby shipment, operations have been materially increased. Prices on trams and organzines, however, continued to decline, the past month having recorded moderate reactions. Collection conditions in this industry are variously given as fair to good.

HOSIERY

FEBRUARY'S price fluctuations in the seamless hosiery industry, which acted as a check to the good business of the previous month, were partially stabilized in some lines during March. Quotations as a whole did not reach a firm basis, however, and as a result, jobbers and retailers continued to operate cautiously.

The auction sale of over 5,000 cases of lisle and mercerized hosiery, conducted by a large concern in New York early in the month, succeeded in fixing market prices for these goods. Purchasers at this sale were small jobbers and retailers, and their bidding resulted in considerably higher prices than were expected by the big jobbers. This sale, having stabilized prices, has had a most salutary effect on the tone of the markets for these goods, but has reacted to the disadvantage of mills in this district by further checking the actual demand for their goods. The price stabilization has not influenced the silk lines, however, and quotations for these goods continue to fluctuate, strengthening in some quarters and weakening in others.

The reports of manufacturers as to the orders booked during the first three weeks of March have been varied. One concern states that the demand was 50 per cent greater than the similar period of February. At the other extreme, a firm reports the orders received as so few that, having completed those placed during January, operations were reduced. In general, a rather limited demand is reported, with orders confined to small lots for immediate shipment.

In contrast with the seamless hosiery situation is that in the full fashioned industry. When manufacturers attempted a reduction in wages of 15 per cent from the peak levels of 1920, a controversy followed which ultimately resulted in a general strike. Large sized orders were offered for high grade goods for the Easter and spring trades, especially of the shades which have been so much in vogue recently, but manufacturers were forced to reject them. The deadlock in the industry continues at the present writing. A concern that was not affected by the strike reports the receipt of orders which are taxing the capacity of its plant, and because of the inablility to deliver in the required time, it was necessary to reject even more orders than were accepted. Finished stocks of these goods are totally depleted and much valuable business is being diverted to other manufacturing sections.

There has been an improvement in the collection situation during the past month and conditions are reported as fair to good.

OPERATIONS IN THE HOSIERY INDUSTRY

	Feb. 1921 compared to Jan. 1921	Feb. 1921 compared to Feb. 1920
Firms selling to wholesale trade:		
Product manufactured during February	+29.0%	−67.1%
Finished product on hand February 28	−11.8%	+18.3%
Raw materials on hand February 28	− 7.6%	−45.3%
Orders booked during February	+131.2%	− 1.1%
Unfilled orders on hand February 28	+81.5%	−67.6%
Firms selling to retail trade:		
Product manufactured during February	+65.6%	−89.5%
Finished product on hand February 28	−18.8%	−78.0%
Raw materials on hand February 28	+ 7.8%	−35.9%
Orders booked during February	+38.8%	−10.3%
Unfilled orders on hand February 28	+108.8%	−89.8%

UNDERWEAR

AS compared to a normal year, the volume of orders thus far received for 1921 light-weight underwear totals barely 50 per cent. Buyers ignored the markets when the first openings in these goods were made early last fall, and no interest was displayed until the middle of January. Then followed three weeks in which jobbers and retailers entered the markets in numbers and bought conservatively to fill their early needs; the total of these orders gave the appearance of considerable activity. A few manufacturers at that time booked sufficient business to occupy their mills for three to four months, but the majority were not so fortunate and received only fair-sized orders for immediate shipment.

The demand fell off during the latter part of February and while March has seen some improvement the volume of reorders has not reached expectations. Few, if any orders, are being received for delivery beyond three weeks, most buyers insisting upon immediate shipment. Much business still remains to be booked if the season is to approach normal. Several reporting firms state that they are operating at full capacity, while other manufacturers give their present production at 30 to 40 per cent. Average operations are between 65 and 70 per cent.

Prices of light-weight goods are generally firm, although a number of slight advances during the past month have been reported. Collections are reported as fair.

General showings of heavy-weight underwear for fall delivery were not made early in March, the time previously set for them. Manufacturers were unable to agree on a price basis and the official announcement of the new level was postponed. Several mills in this district nevertheless offered their lines to the trade, but the response has not been encouraging. When a few mills late in February anticipated the announced opening and received fair sized orders there was a feeling that the general showings would be productive of good business. The expectations have thus far failed to materialize. Jobbers and retailers have shown little interest and the orders booked are few. The present situation is similar to that which existed in the light-weight underwear market when the opening of spring, 1921, goods was first made. Most mills manufacturing heavy-weight underwear are shut down. A number, however, are operating on a 5 to 10 per cent basis.

CONDITIONS IN THE UNDERWEAR INDUSTRY

	Feb. 1921 compared to Jan. 1921	Feb. 1921 compared to Feb. 1920
Product manufactured during February	+85.1%	− 41.3%
Finished product on hand February 28	− 8.5%	+166.2%
Raw materials on hand February 28	+ 5.0%	− 38.9%
Orders booked during February	−22.2%	+359.1%
Unfilled orders on hand February 28	+27.3%	− 64.5%

LEATHER

Shoes

DURING February and the first two weeks of March, the volume of orders booked by concerns manufacturing shoes designed for the Easter and early spring trade, reached such proportions as to tax the productive capacity of these firms. Retailers who delayed buying until the latter part of this period had difficulty in placing their orders, for early in February most manufacturers booked their limit for March and early April shipment. Individual orders were not of large size, for there have been so many styles offered—especially in women's and misses' shoes—and the public has so long delayed purchasing, that retailers have been unwilling to stock heavily. They, therefore, have made moderate sized purchases and have restricted them to immediate and nearby shipment. But the number of these orders has been large, and the time in which they have been placed short, so that the industry has been hard pressed to fill them. This is due, in large measure, to the fact that the demand has been confined almost exclusively to the new styles, and manufacturers therefore have been unable to draw upon their stocks of finished goods.

The interest displayed in the new spring styles, however, has not extended to the staple lines. Stocks of these shoes have been accumulating for months, due to the continued operations of many firms in face of the almost total absence of demand. The supply of such goods is ample to meet any normal demand which may arise. Manufacturers of heavy work shoes have not shared in the buying activity of the past two months, and they report a continuation of the lull of the last nine months.

It cannot be said that the shoe industry as a whole has returned to a normal basis of activity, in spite of the demand for novelty spring shoes. Usually, shoe orders for spring and summer delivery have been completely placed and largely made up by this period of the year, and bookings are open for fall styles. Thus far during the current year, little if any attention has been given to fall shipment, and considerable business is still to be booked for summer delivery. The results of the Easter demand will largely determine whether this business will be forthcoming, for orders for late spring and summer delivery are being withheld until the disposition of the consumer, both as to style and price, can be adequately sensed.

While some concerns report a further retardation, collections as a whole are reported as fair to good.

Leather

The situation in the shoe industry has been duplicated to a great extent in leather circles. As retailers entered the markets, shoe manufacturers in turn, displayed considerable interest in the materials used in producing the novelty goods for Easter and an "immediate shipment" demand developed for these leathers—colored calf and kid in particular. The finished stocks, however, were soon exhausted and tanners found it difficult to produce the desired quantities for the stipulated deliveries. This was due, not only to the short time between the placing of orders and the requested shipping dates, but also to the scarcity of hides and skins of the requisite quality.

While it is true that in general a plethoric condition has existed in the hide and skin markets for almost a year, the supply of the finer qualities has been comparatively scant, and in several grades was not equal to the demand. Prices for these raw materials strengthened, and an increase in the quotation for the finished leathers followed. March witnessed a slight falling off in this demand, however, for shoe manufacturers have delayed the ordering of further supplies, not having received orders for late spring and summer delivery. The demand which still exists for these leathers is practically the only interest being evidenced in the industry.

Manufacturers of staple leathers have not participated to any appreciable extent in the activity of the novelties. There has been a slight increase in the sale of black kid, but the demand is till far below normal and the supply of the finished product more than adequate to meet the present call for it. Firms manufacturing this and other types of staple leathers have not increased their operations. Many plants remain closed and as a result, there is still considerable unemployment in the industry. Several tanners who increased operations early in January have since gone back to the schedules maintained prior to that time.

There has been practically no change in the business received from foreign sources, and the export trade, therefore, continues slack. Viewed in its entirety, it may be said that the tanning industry has recovered somewhat from the almost complete apathy which characterized it during the latter half of 1920, but it is still far from a normal operating basis.

Leather Goods

Improvement has been made in the leather goods industry since the first of the year. The month of February witnessed a revival of interest which continued during March, and the industry displayed marked activity. While orders were filled in part from stocks, these were not sufficient in all cases to meet the demand, several concerns reporting the total disposition of inventories of finished goods. This, coupled with the introduction and demand for new goods, has resulted in increased operations, and the industry is running at approximately 60 per cent of its productive capacity at the present time.

In spite of the increased interest, prices continue to decline, slight recessions having been recorded since February. No difficulty is being encountered in securing raw materials. The supply of grades of leather used for traveling and other leather goods is plentiful. Prices are somewhat lower. Other materials are in good supply with quotations firm at the low levels of late 1920.

In general, cancellations are no longer a factor in the industry, although when shipments are not made promptly, a tendency to cancel is noticed in some quarters. Manufacturers as a whole express themselves as well satisfied with conditions at the present time.

PAPER

ALTHOUGH during February there has been a continued increase in the number of inquiries in the paper market, the actual orders placed have showed some slight decline. The policy of dealers and consumers of paper continues to be "small lots for quick shipment." The consensus of opinion is that the present demand is just about 50 per cent of what it would be in a normal year at this period. A year ago the industry was operating at a full 100 per cent capacity, and some concerns were even forced to put in extra hours to meet the excessive demand. Present conditions are entirely different. With few exceptions, orders are not sufficient to keep the mills busy and the average of plant operation continues to be from 60 to 75 per cent of capacity. Some plants, which were idle for several months, have accumulated orders sufficient for nearly normal operation at the present time, however.

These plants which continued their operations during the past few months report ample stocks of standard sizes which have accumulated in the effort to keep their plants running. Manufacturers who accept orders on specification only are proportionately not as restricted in their present operations.

Conditions in the wrapping paper market are quiet, even dealers in food products refusing to buy for any but immediate needs. Users of book paper continue to be conservative purchasers and the inactivity of the printing and publishing industry has also had its effect on this line. Newsprint, influenced in part by the imports from Germany and Scandanavia, has shown a considerable decline since the first of February. Sales on the spot market, however, are holding up fairly well. Contract prices, as indicated by bids to the Joint Congressional Printing Committee, show a decided drop from prices quoted in the rejected bids of January 31st, which were then stated as "the lowest that had been received in several years."

During the month of February, the general reduction in price throughout the industry has been approximately 10 per cent, and present prices are from 25 to 30 per cent under those of December. The decline has been steady for the past five months, but in some instances during the past month, competition seemed to cause prices to stiffen somewhat.

The raw material situation continues easy with further declines in prices, being regulated largely by the demand. The declines in the past sixty days have not been so rapid, however, as in the preceding four months period. Although present prices are under those of January 1st, they are still 100 to 150 per cent over those of 1914.

The employment situation is approximately the same as during January, the manufacturers feeling that forces have been reduced as much as is possible if their organizations are to be kept together. Even with reduced forces, the same results in production are apparent. Some concerns are operating with the same force on a shorter time schedule, while others are taking the opportunity to repair machinery and conduct improvements in plants, which up to within the past few months could not be made because of the necessitv for continued operation.

Cancellations are few and these are largely because of reductions on the part of competitors. There are now a number of influences at work to prevent a repetition of the cancellation evil in this industry. In the first place, orders are not being placed far enough ahead to cancel; the purchaser needs the goods even before he orders them. Second, the price declines have been slight in proportion to the drastic cuts of a few months ago and confidence is being restored to some extent. Third, the manufacturers are giving their customers no opportunity to cancel orders, shipping and billing goods promptly, and in this they are aided to a great extent by the improved transportation conditions. And lastly, orders are of such small size that buyers do not feel like risking their business reputation by canceling them.

Collections continue to be only fair except with those concerns which deal only with carefully selected customers.

PRINTING AND PUBLISHING

THE printing and publishing industry showed a more definite decrease in all lines of work during the month of February than in any of the past few months. Although it is reported that February usually shows an increase over the month of January, it is noted that in the instances where this increase has materialized, it has been of decidedly smaller proportions than in an average year. On the whole, the larger work has declined, except in the cases where plants are operating on contracts placed some time ago. Smaller work shows some decrease except in the case of social and organization work, which however amounts to no considerable portion of the total.

The decrease in magazine subscriptions and sales through newsdealers, representing as it does the composite feeling of the people in every section of the country, is an index of the trend of the printing and publishing industry.

Advertising, although strengthened somewhat by the campaigns of automobile manufacturers, has continued to decline in volume during the past month. The primary reason for this is the lack of funds on the part of advertisers, for the necessity for advertising is even more urgent now than heretofore. Bradstreet's Commercial Agency reports that 84 per cent of the business failures of the past year occurred among firms which did not advertise.

One publisher reports that new orders for advertising are almost equal to cancellations of orders previously received. He also gives the sentiment of the entire industry when he says that the publisher or printer cannot afford to finance proposed advertising campaigns, even though a large amount of business could be secured on a basis of future payment. This statement is supported by an excerpt from "Printing Art" for March 1921 to the effect that "the average profit in the printing business for the year just past, as indicated by returns now available, is just a little over nine per cent."

The situation in the paper market is easy and printers and publishers can obtain almost immediately any quantity and quality of paper desired. Prices have shown a further decline of about 10 per cent during February, and other supplies have receded slightly. Prices of finished articles have undergone some revision, especially in lower grades of work which are largely machine made. There is some scarcity of highly skilled labor for the best grade of work and the refusal of the unions to accept any wage decrease at the present time has permitted little reduction in prices of high-grade goods.

Collection conditions are about the same as last month with a tendency toward slowness and the general condition only fair.

WHOLESALE GROCERIES

BUYERS in the wholesale grocery market continued during February to purchase carefully, but a more cheerful feeling developed throughout the trade, with the retailer evidencing a continued desire to absorb his loss and reduce prices. Demand for all except staple goods decreased slightly. Some houses which report an increased demand attribute this to one of several causes. First, there is a depletion of the stocks of retailers with whom they deal; second, there has been somewhat of a revival of interest in the sugar situation; and third, concerns have in some instances expanded their business.

The reports of increased demand during the month of February are in few instances upheld by the figures accompanying such reports. The logical assumption is that the further declines in prices have caused the total volume of sales, as expressed in dollars, to decline to some extent, while as expressed in quantity a slight increase has probably occurred. The amount of sales as compared to February, 1920, is considerably lower, and we may attribute a large part of this to the radical difference in prices of practically all commodities. The demand during the current year, however, has been thus far on a much lower scale than during the corresponding period of last year.

With the exception of sugar, which advanced about one cent per lb., due largely to the control of the Cuban Finance Commission, prices of all goods continued to decline. Canned fruits and syrup declined most sharply. Dried fruits dropped about 15 per cent, with prunes, which have held fairly steady up to this time, included in the general reduction. Canned vegetables receded after the slight increase of last month, although tomatoes have remained practically the same. Flour and rice have been fairly steady with a tendency toward slightly lower levels. Beans and cereals also have declined slightly. Coffee and raisins have shown the only element of strength apparent in the market, with raisins slightly stronger and coffee reflecting a small advance.

On the whole, prices for all staples have been rather quiet, with any price changes leaning toward the side of a decrease. Prices of paper, paper bags and cotton twine have diminished about 15 per cent, but reports indicate that present quotations are considerably above normal.

According to reports, cancellations continue in scattered instances, where the markets are unfavorable for the buyer. One concern reports some cancellations of orders recently placed by smaller retailers, but the general feeling is that this condition is no longer a problem. According to the ratio of accounts outstanding, collections during February showed little change from conditions which prevailed in January.

WHOLESALE GROCERY TRADE

	Feb. 1921 compared to Jan. 1921	Feb. 1921 compared to Feb. 1920
Net sales during month	−4.2%	−24.9%
Accounts outstanding at end of month	−2.2%	−20.6%

Ratio of accounts outstanding to sales:

February, 1921	106.3%
January, 1921	106.7%
December, 1920	101.3%
November, 1920	102.7%
October, 1920	99.3%
September, 1920	88.1%

CONFECTIONERY

ALTHOUGH the approach of the Easter season has tended to increase the demand for special goods in the confectionery line, the general demand is at a rather low ebb, and has suffered some decrease in the past month. The larger concerns which manufacture well-known standard brands of candy, however, have noted some increase in sales during February, which would lead to the belief that the public in its purchases of candy prefers to buy this type of goods. The supply of Easter goods in concerns which handle specialties in that line is barely sufficient to meet the demand.

With the exception of Easter goods, practically all manufacturers have on hand sufficient stocks of finished product to meet the present less than normal demand. The failure in the materialization of the huge Christmas trade expected last Fall forced many concerns to carry over large quantities of finished goods. The operation of plants at this period of the year would normally be about 80 per cent of capacity, but the present percentage runs from 50 to 75 per cent. The candy business is to a large extent seasonal, with the Christmas and Easter trades necessitating extra hours during those periods. The inability to secure the amount of sugar required last year and the year before curtailed production to a considerable extent, but even in the face of that difficulty practically all plants were operating at a full 100 per cent capacity at this time last year.

The raw material situation is considerably easier than it has been for some time, and prices have declined extensively during the past few months. Sugar made a slight advance in February, but at the present time is selling at an almost normal price. Cocoa beans are reported as selling at a price distinctly below normal. Paper and paper boxes have reached a low point, while tin and glass containers, though much lower in price, are still above normal.

Practically no price changes have been made since January 1st, when there were reductions in practically all lines. Further slight reductions, however, in standard 5 and 10 cent goods and in peanut products have been noted.

Although there is a distinct change in the employment situation from conditions of last year, there is only a slight difference in the number employed at present as compared with the number employed on January 1st. Some of the smaller manufacturing concerns report slight increases; others report employees working on reduced time, while a number of larger concerns report some decrease in the number of employees.

The cancellation problem has been eliminated because of the present buying policy in the trade, with small orders placed carefully and no sales for future delivery. Collections on the whole are fair, except throughout the South, and this is largely because of the greater care exercised by the manufacturers in accepting credit risks.

TOBACCO

THE tobacco industry throughout the district moved into a slightly healthier position during the month of February. A slight increase in the demand for cigars has been noted in scattered instances, but this is by no means general. Although there appears to be practically no tendency toward a further decrease, the demand on the whole is still considerably below normal. The open weather which has prevailed throughout most of the district has undoubtedly influenced tobacco sales favorably, while the continued unemployment in some sections has had the opposite effect. Stocks of finished goods, materially increased by accumulations carried over from 1920, are sufficient to meet all current demands, and the size of these stocks has resulted in the curtailment of operations in many plants to from 50 to 75 per cent of capacity. This, however, is a slight increase over the operations of last month.

Raw material for present use is fairly easy to obtain, although there is some scarcity of finer grades. Prices of old leaf, with the exception of wrappers and binders which remain firm, have declined slightly. All the current Pennsylvania crop practically has been bought by manufacturers and dealers at prices ranging from 15 to 20 cents, and they have now withdrawn from the market, with their requirements apparently satisfied.

Prices reflect no material change, especially in fine cigars, as the raw material being used continues of high value. Cheaper cigars have in some instances been reduced, however, and retailers are endeavoring to rid themselves of all excess stocks.

Cancellations of orders of from one to three week periods are noted, but strictly speaking these are merely postponements until the retail sales show some improvement. Collections are fairly good, due largely to the strict terms of the industry, but there are instances of a request for note settlement or short renewals.

FINANCIAL CONDITIONS

Federal Reserve Banks

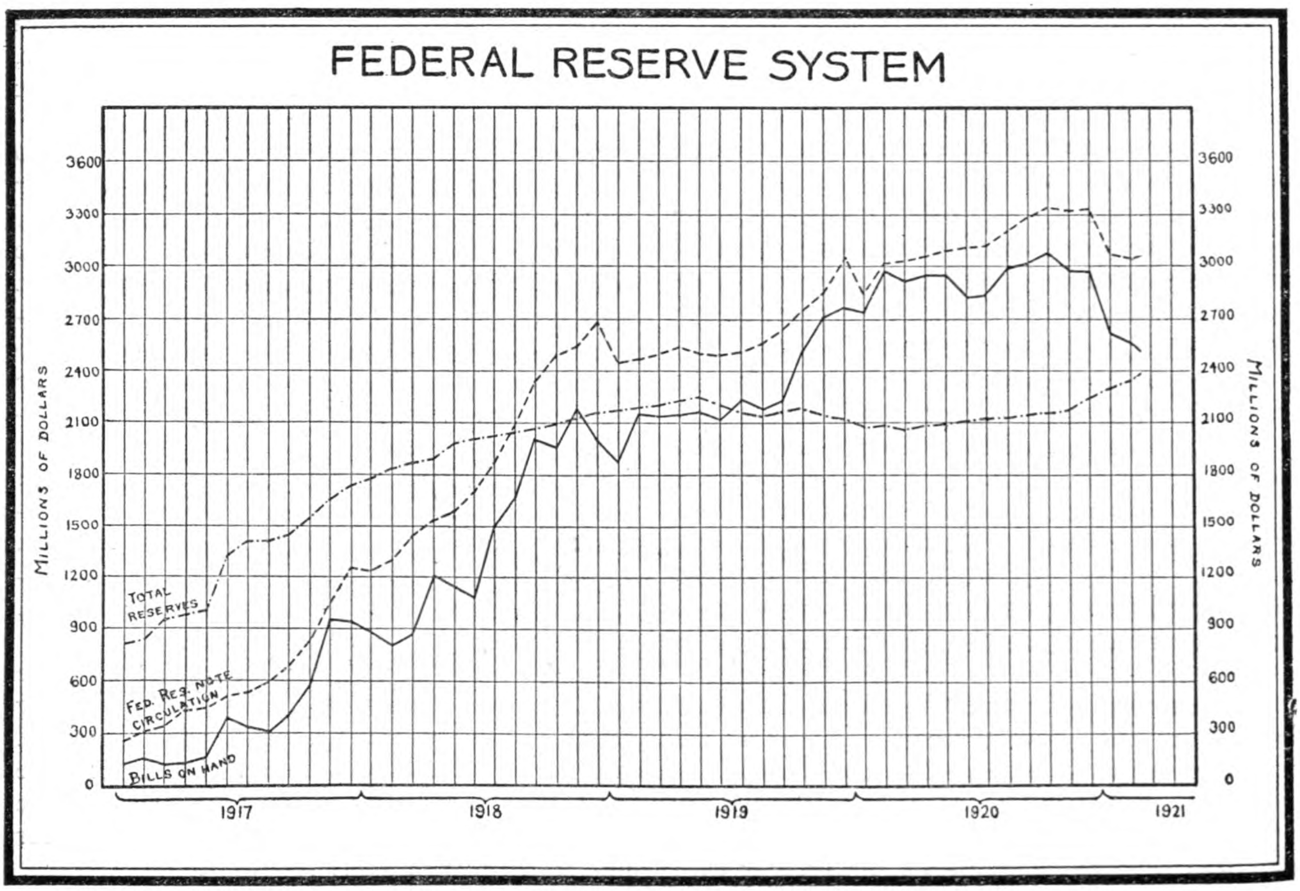
HOLDINGS of discounted paper by the Federal Reserve Bank of Philadelphia on March 19th were $150,763,000, as compared to $156,220,000 on February 19th and $207,283,000 on March 19, 1920. Cash reserves on March 19th were $186,578,000, a gain of 4 per cent over the previous month and of 32 per cent over the figures of a year ago. Federal Reserve note circulation of this Bank continued its downward trend from the high point of $283,740,000 (reached on December 23, 1920), the circulation on March 19th being $241,514,000.

The total bill holdings of all of the Federal Reserve banks amounted to $2,347,699,000 on March 18th, a decline of 8 per cent from February 18th. With this decline in bills there also has been a decline in the circulation of Federal Reserve notes from $3,037,444,000 on February 18th to $2,962,880,000 on March 18th and a gain in the gold reserves of $73,387,000. Federal Reserve note circulation is now down $442,051,000 or 13 per cent from its peak. Large importations of gold received during the last few months are undoubtedly an important factor in increasing the gold reserves.

The chart below shows the trend of total holdings of discounted and purchased paper, Federal Reserve notes in circulation and total reserves for the Federal Reserve system from the beginning of 1917 to the end of February.

Member Bank Reports

Loans and discounts by member banks when added to rediscount accommodations obtained from the Federal Reserve Bank give an indication of the trend of borrowings. In the following table, loans and discounts of 58 member banks in Philadelphia, Camden, Scranton and Wilmington



have been segregated from the other investments of those institutions:

	Loans and Discounts	Reserve Bank Accommodation	Total borrowings of Customers	Deposits
Jan.				
7	$615,404,000	$110,036,000	$725,440,000	$709,869,000
14	613,103,000	110,432,000	723,535,000	698,759,000
21	616,785,000	103,610,000	720,395,000	698,077,000
28	610,705,000	111,353,000	722,058,000	690,938,000
Feb.				
4	608,983,000	111,986,000	720,969,000	687,418,000
11	610,637,000	113,913,000	724,550,000	691,502,000
18	608,696,000	125,223,000	733,919,000	675,485,000
25	604,810,000	124,526,000	729,336,000	677,124,000
Mar.				
4	603,082,000	119,711,000	722,793,000	678,394,000
11	603,568,000	114,457,000	718,025,000	685,151,000

From December 18th to March 11th there was a decline in loans and discounts at the member banks and in their borrowings from this Bank, indicating a reduction in the total of customers' borrowings of $15,894,000. Deposits, which had been decreasing down to February 18th, have since shown an upward trend.

Debits to Individual Account

Charges to depositors' accounts by banks which are members of the 13 clearing houses in this district increased 2.7 per cent for the four weeks ending March 16, in comparison with the preceding four weeks' period.

Savings Deposits

Reports from 24 savings banks in the district show a small but steady increase in deposits for the fourth consecutive month. Evidently unemployment and part-time work have not been able thus far to counterbalance the good habit of saving. Some of the banks showed a decline in deposits, which they ascribed largely to investment in securities, but their deposit losses were not sufficient to offset the gains on the part of the other institutions.

Comparative total figures are given below:

	In Philadelphia	Outside of Philadelphia	Totals
1921–March 1	$256,901,359	$53,100,429	$310,001,788
February 1	256,574,783	52,189,574	308,764,357
January 1	253,320,499	51,377,325	304,697,824
1920–December 1	243,506,317	51,237,019	294,743,336
March 1	241,958,044	48,082,290	290,040,334

Commercial Paper

The average rate on commercial paper bearing good names has been 7½ per cent, and the paper of concerns which showed an exceptionally attractive ratio of quick assets to current liabilities has been moving at 7¼ per cent. February sales were comparatively light, though one or two of the dealers stated that they compared favorably with February of 1920.

Many of the larger concerns which issue paper have been turning their attention to liquidating and others hesitate to enter the market because of the slackening in trade and the high rates demanded by the banks on paper which they purchase. The banks are stressing particularly a low ratio of quick assets to debt and sound inventory values. Country banks have been the principal customers.

COMPILED AS OF MARCH 22, 1921

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

CHARGES TO DEPOSITORS' ACCOUNTS
Other than Banks' or Bankers', as Reported by Clearing Houses

	Weeks Ending		
	Mar. 16, 1920	Feb. 16, 1920	Mar. 17, 1919
Altoona	$3,538,000	$2,930,000	$3,457,000
Chester	5,187,000	5,430,000	5,271,000
Harrisburg	6,240,000*	5,900,000*	4,240,000
Johnstown	4,855,000*	4,227,000*	3,42,3000
Lancaster	5,790,000	4,790,000	5,926,000
Philadelphia	331,786,000*	282,597,000	385,555,000
Reading	6,308,000	6,228,000*	6,059,000
Scranton	13,351,000	15,151,000	12,442,000
Trenton	10,500,000	11,387,000	11,712,000
Wilkes-Barre	8,442,000	8,256,000	8,358,000
Williamsport	4,061,000	3,699,000	4,501,000
Wilmington	8,463,000	7,627,000	10,326,000
York	4,385,000	3,437,000	4,333,000
Totals	$406,337,000*	$360,659,000*	$465,604,000

*Larger number of banks reporting.

RESOURCE AND LIABILITY ITEMS
of Member Banks
in Philadelphia, Camden Scranton, and Wilmington

	At the close of business (In thousands of dollars)		
	Mar. 11 1921	Feb. 11 1921	Jan. 7 1920
Loans and discounts:			
Secured by U. S. securities	$33,155	$35,537	$37,934
Secured by other stocks and bonds	194,274	194,928	198,042
All other	376,139	380,172	379,428
Investments:			
United States bonds	43,702	45,700	45,283
U. S. Victory notes	10,305	12,225	11,342
U. S. certificates of indebtedness	13,180	12,016	12,447
Other bonds, stocks and securities	155,496	155,282	155,295
Total loans, discounts and investments	$826,251	$835,890	$839,771
Demand deposits	646,040	653,222	672,893
Time deposits	39,111	38,280	36,976
Borrowings from Fed. Res. Bank	114,457	113,913	110,036

STATEMENT
Federal Reserve Bank of Philadelphia
(In thousands of dollars)

RESOURCES	Mar.19,1921	Month ago	Year ago
Gold reserve	$182,782	$181,429	$137,394
Other cash	3,796	2,898	492
Total reserve	$186,578	$184,327	$137,886
Discounts—Secured by U. S. securities	$73,167	$108,104	$162,735
Discounts—all other	77,596	45,672	49,238
Purchased bills	14,149	23,480	5,591
U. S. securities	33,669	33,336	31,988
Total earning assets	$198,589	$210,592	$249,552
Uncollected items	$50,626	$62,273	$76,031
All other resources	31,293	2,817	16,822
Total resources	$467,078	$460,009	$480,229

LIABILITIES	Mar.19,1921	Month ago	Year ago
Capital paid in	$8,609	$8,570	$8,198
Surplus	17,010	17,010	8,805
Profit and loss	1	1	14
Government deposits	6,366	2,773	16,016
Members' reserve account	97,536	104,377	94,837
Other deposits	1,025		
Total deposits	$104,927	$107,150	$110,853
Federal reserve notes	$269,554	$255,304	$25 6485
Federal reserve bank notes	46,039	19,582	22,344
Deferred availability items	46,039	50,105	70,239
All other liabilities	2,999	2,287	3,353
Total liabilities	$467,078	$460,009	$480,291

BUSINESS AND FINANCIAL INDICATORS

	Mar. 21 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	$714,992,000	+0.3 %	—12 %
Deposits	619,978,000	—1 %	— 9 %
Ratio loans to deposits	115%	114 %*	119 %*
Federal Reserve Bank:			
Discounted paper	$151,031,000	— 2 %	—26 %
Reserve ratio	54%	53 %*	41 %*
90-day discount rate	6%	6 %*	6 %*
Commercial paper	7½%	7¾%*	6 %*

	Feb., 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	$1,547,995,871	—16 %	—13 %
Elsewhere in district	94,337,880	—22 %	—12 %
Total	$1,642,333,751	—17 %	—13 %
Building permits, Phila.	$1,345,170	+20 %	—80 %
Post office receipts, Phila	1,178,330	— 8 %	+ 1 %
Commercial failures in district (per Bradstreet's)	52	81 *	33 *
Latest commodity index figures:			
Annalist (food prices only)	194,556	+5.3 %	—34.8%
Dun's	$181,921	—2.1 %	—28.1%
Bradstreet's	$118,650	—4.1 %	—43.0%

*Actual figures