BUSINESS AND FINANCIAL CONDITIONS

IN THE

THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA JUNE 1, 1921

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GENERAL SUMMARY

DEFINITE signs of a revival of activity are still lacking in the industries that supply equipment and certain classes of materials. Iron and steel markets continue to be dull and inquiries are very few indeed. Bituminous coal mines are operating at a fair rate, but there is little demand for the output. There has been a moderate increase in the contracts for new building, in keeping with the usual trend, but this increase has not been sufficient to put construction upon anything like a normal basis.

Manufacturers who produce consumers' goods, on the other hand, have in the main received a fair number of orders, sufficient in some cases to warrant their operating at full capacity. This is particularly true of those turning out silk goods, certain grades of woolen and worsted materials, and the specialty and semi-specialty styles of shoes. Ginghams and some varieties of cotton goods have also received considerable attention from buyers.

Reports of April sales by department stores in this district for the first time in a period of twelve months show a decline as compared with sales in the corresponding month of the previous year. This decline, however, is small, amounting to .4 per cent, as measured in dollars. Reliable indexes of retail prices are not available, but it is reasonable to assume that they have dropped, on the average, at least 15 to 20 per cent. From these facts it appears that the public is buying a larger amount of goods as measured in units than it was last year. There is little extravagance, but people are insisting upon good quality at a medium price.

Price index numbers have declined further during the past month, but certain groups of commodities have shown greater resistance than

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heretofore. Cotton and some grades of wool have advanced, even though it is generally recognized that stocks are large. Raw silks have weakened somewhat. Hides have gained slightly, but leathers, with the exception of the finer grades of calf and kid, remain practically unchanged. Prices of building materials and iron and steel have been weak. From these diverse tendencies and the absence of radical price changes it appears that buyers and sellers are maneuvering for a better position from which to pursue business on a larger scale.

In this connection it is interesting to compare prices of certain raw materials at present with what they were at the peak and in July, 1914. A typical list is given in table no. 1.

All of the commodities mentioned there are important in the several lines of industry. Large declines from the peak have been scored by all, but the relations of commodities to pre-war prices are by no means in agreement. Heavy increases in freight rates and labor costs during the last few years make it difficult to estimate just what prices should be. Before the war the price of pig iron per ton was not much higher than the present freight charges on the materials entering into a ton of pig. The fuel quotations —coal, coke and oil—on the other hand, are given at the sources of these materials.

Data that measure the extent of industrial activity always possess interest. The figures given in table no. 2. show the production or consumption of some of the more important materials during the first three or four months of this year in comparison with the same period last year. Though these figures are national in their scope, it seems fair to assume that they are representative of production conditions in this district:

Table no. 1	Percentage of increase or decrease compared with	
	Peak prices	July, 1914
Pig iron, basic valley furnace	—52%	+77%
Copper, electrolytic—N. Y.	—65	— 6
Zinc—N. Y.	—	+ 6
Lead—N. Y.	—50	+15
Rubber	—	—75
Hides—country slaughtered steers	—77	—51
Leather—hemlock sides	—42	+10
Cement, Portland	—31	+83
Lumber, hemlock	—30	+63
Bituminous coal, mine	—75	—12
Crude petroleum, at wells	—42	+50
Coke, Connellsville foundry	—65	+85
Wheat, No. 2 red	—47	+50
Sugar, Cubas raw	—76	+47
Steers, Chicago	—53	+ 9

Table no. 2	Total first four months		% increase or decrease
	1920	1921	
Pig iron production, tons	12,109,764	7,142,000	—41%
Steel ingot production, tons	11,770,580	6,737,599	—43
Structural steel shipments, tons**	169,678	118,301	—30
Copper production, pounds***	221,542,000*	185,266,000*	—29
Bituminous coal production, short tons	173,641,000	129,324,000	—26
Anthracite coal production, short tons	28,195,000	32,781,000	+16
Crude petroleum prod. bbls	102,328,000*	114,003,000*	+11
Cotton consumption, bales	2,250,323	1,608,648	—29
Lumber shipments, feet	2,615,613*	1,727,654*	—34
Woodpulp production, net tons	895,875	262,332	—71

* Totals of 3 months *** 20 large companies
** Members of Bridge Builders' and Structural Society

Reductions in wages have been accepted for the most part, but at least three important strikes are going on in this district as a result of attempts to reduce wages. These include the full-fashioned hosiery workers in Philadelphia, the carpet weavers in Philadelphia, and the building trades in Philadelphia and some other large cities. Employment conditions otherwise remain about the same as last month, although some textile plants and shoe factories have added to their personnel.

Failures in the Third Federal Reserve District, as reported by R. G. Dun & Company, are as follows:

	Number	Liabilities
April, 1921	104	$2,227,631
March, 1921	63	1,082,419
April, 1920	24	278,334

FINANCIAL CONDITIONS

Federal Reserve Banks

LOANS of the Philadelphia Federal Reserve Bank on May 18 were $146,965,000, an increase of $2,469,000 over the holdings on April 15. This amount is 31 per cent below a year ago, but is about the average of loans thus far in 1921. Federal Reserve note circula-

SYNOPSIS OF BUSINESS SITUATION

Compiled as of May 21, 1921 — Third Federal Reserve District

Business	Demand	Prices	Raw material or merchandise situation	Collections	Finished stocks
Carpets and rugs....	Increasing (slightly)	Lower	Plentiful	Fair	Decreasing
Chemicals..........	Poor	Slightly lower	Plentiful	Fair	Ample
Coal, anthracite.....	Good	Slightly higher		Fair	Accumulating
Coal, bituminous....	Poor	Same		Fair	Ample
Coke..............	Negligible	Lower	Plentiful	Poor	Heavy
Cotton goods.......	Poor	Firm	Plentiful	Fair	Large supply
Cotton yarns.......	Slight improvement	Firm	Plentiful	Fair	Sufficient
Glass..............	Poor	Lower	Plentiful	Fair	Adequate
Groceries...........	Poor	Lower	Plentiful	Fair	Sufficient
Hardware..........	Fair	Lower	Plentiful	Fair	Light
Hosiery—Seamless {	Cotton—"spotty" Silk—very good	Firm Firm to slight increase	Plentiful Plentiful	Fair to good Fair to good	Heavy Low
Full fashioned..	Very good	Firm			Depleted
Iron and steel.......	Negligible	Slightly lower	Plentiful	Poor	Accumulating
Leather............	Improving	Upper leather higher Sole leather firm	Sufficient	Good	Ample
Lumber............	Poor	Lower		Fair	Heavy
Paint..............	Fair	Lower	Plentiful	Fair	Light
Paper..............	Poor	Lower	Plentiful	Fair	Sufficient
Paper boxes........	Slight improvement	Lower	Plentiful	Fair	Light
Plumbing..........	Poor	Lower	Plentiful	Fair	Ample
Raw skins and hides	Good	Higher		Good	Ample
Rubber............	Fair	Lower	Plentiful	Fair	Sufficient
Shoes..............	Good	Slightly lower	Sufficient	Fair	Ample
Silk goods..........	Good	Firm	Plentiful	Fair to good	
Tobacco...........	Improving	Firm	Sufficient	Good	Smaller supply
Underwear—					
Heavy weight.....	Improving	Firm	Plentiful	Fair to good	Conflicting estimates
Light weight......	Decreased	Firm	Plentiful	Fair to good	Low
Wool goods.........	Fair	No change	Plentiful	Good	Low
Wool, raw.........	Poor	Steady	Plentiful	Good	
Wool yarns.........	Fair	No change	Plentiful	Better	Low

tion was $229,259,000 on May 18, a decline of $6,556,000 or 2.8 per cent, from April 15. Total reserves were $180,864,000, a drop of 3.9 per cent, and the reserve ratio declined from 54.8 per cent to 53.8 per cent in the same period.

The Federal Reserve System has improved its reserve position owing to a decrease in loans and larger gold reserves, as may be seen from the following figures:

	April 15, 1921*	May 28, 1921*	% increase or decrease
Bills discounted	$2,104,554	$1,642,553	—12.5%
F. R. note circulation	2,668,527	2,767,415	— 3.6
Total deposits	1,754,943	1,716,642	— 2.9
Total reserves	2,485,077	2,549,134	— 2.5
Reserve ratio	53.7%	56.8%	
*In thousands of dollars			

The improvement in the condition of the Federal Reserve Banks since their reserves were at their low point is due to a notable decrease in loans of $984,272,000, or 35 per cent, and to an increase of $376,233,000 or 14 per cent in the amount of their gold holdings.

A number of the Federal Reserve Banks have lowered their discount rates on commerical paper since our last report. The highest rate on this class of paper now in effect is 6½ per cent, which holds in the New York, Chicago, Minneapolis and Dallas districts, the others being on a 6 per cent basis.

Member Banks

The reports of 56 member banks in this district show a decline in loans and investments and in total deposits during the latest month under review. The total loans and investments (including rediscounts with the Federal Reserve Bank) dropped from $896,865,000 on April 8 to $884,316,000 on May 11, and deposits from $717,890,000 to $699,174,000.

Over 800 member banks distributed throughout the country displayed similar trends, the falling off in total loans and investments being $287,000,000, or 1.2 per cent of the total in the same period, as compared with 1.4 per cent in the Philadelphia district. Deposits declined $63,000,000, or .5 per cent.

Savings Deposits

Deposits of 24 savings banks in this district declined $1,182,000, or .5 per cent during April. This is the second consecutive monthly decline and our records, which go back to July, 1919, do not show any previous occasions upon which this has happened. The amounts held by these institutions are given below:

	In Philadelphia	Outside Philadelphia	Totals
1921—May 1	$255,317,000	$52,902,000	$308,219,000
April 1	256,355,000	53,066,000	309,401,000
March 1	256,901,000	53,100,000	310,001,000
Feb. 1	256,574,000	52,430,000	309,004,000
Jan. 1	252,607,000	51,377,000	303,984,000
1920—May 1	242,946,000	49,135,000	292,081,000

It is interesting to note that postal savings deposits throughout the country decreased $10,000,000 to $158,100,000 during April.

Debits to Individual Account

The following table compares the debits to individual account in each of the Federal Reserve districts. The average of the four weeks ending May 18 is compared to similar averages for the four weeks ending April 20, 1921 and May 19, 1920, respectively:

Districts	May 18, 1921 compared to April 20, 1921	May 18, 1920 compared to May 19, 1921
Boston	+ 3.3	—20.8
New York	+11.1	—14.9
Philadelphia	— 4.9	—21.0
Cleveland	—10.8	—24.1
Richmond	— 1.4	—23.7
Atlanta	+ .8	—31.2
Chicago	+ 6.0	—20.6
St. Louis	— .1	—26.5
Minneapolis	+ 2.7	—21.6
Kansas City	+ .6	—26.7
Dallas	— 1.8	—13.4
San Francisco	— 1.0	—15.3
Totals	+ 5.6	—18.1

It will be noted that the trend as compared to April 20 is by no means the same in all districts, half showing an increase and the others a decrease. With the exception of Cleveland, the Philadelphia district had the largest decline.

Certificate of Indebtedness Issues

The Philadelphia district has again maintained its splendid record of subscriptions to the offers of certificates of indebtedness by the Government. Subscriptions to the issue of May 15 amounted to $91,076,000 or 17 per cent of the total amount received. The final allotment made was $25,757,500—approximately 10 per cent of the total for the country.

Bankers' Acceptances

Five dealers in bankers' acceptances report that sales in this district during April fell off 4 per cent from those in March. Either month, however, shows a very large increase over the corresponding period in 1920. Three of the five dealers were selling acceptances in April, 1920, and their sales in April, 1921, were five or six times as large as at that time

Reports of 11 accepting Philadelphia banks may be summarized as follows:

1921	Executed during preceding month	Outstanding on date given
March 10	$5,321,000	$14,095,000
April 10	4,561,000	13,150,000
May 10	5,596,000	12,844,000

As noted in our last review, decreasing foreign trade has had a noticeable effect in reducing the volume of bankers' acceptances executed. Conflicting views are given whether or not the supply of acceptances is equal to the demand. City banks have not displayed any particular interest in the market and bulk of the sales are to banks in the smaller centers.

An interesting estimate of the types of transactions covered by acceptances executed during April is given by one of the large acceptance firms. Their letter states that imports accounted for 65 per cent of the total, exports—10 per cent, domestic shipments and warehousing—10 per cent, and dollar exchange—15 per cent. Bills to finance sugar importations composed a large part of them, and wool, cotton, silk, hides, leathers, grain, oil, tea and coffee were also important. Three of the five dealers hold that bills to create dollar exchange are of small consequence thus far, whereas another states that he is handling a larger number than ever before.

Rates quoted in the first two or three weeks of May are generally about same as in April, but there have been many fluctuations and variations of $\frac{1}{8}$ of one per cent are common. Quotations as of the middle of May were as follows:

	30 days	60 days	90 days
Eligible members' bills	5½–⅝	5⅝–¾	5⅝–⅞
Eligible nonmembers' bills	5⅝–⅞	5¾–6	5⅞–6

Commercial Paper

It is said that many firms have, during the past few weeks, materially reduced the amount of paper that they had outstanding. This has caused a scarcity of good paper. Banks and trust companies in Philadelphia, with a few exceptions, show little interest as purchasers, and the country banks continue to be the principal buyers. Rates on the best names have been as low as 6¾ per cent, with quite a number being absorbed at 7 and 7¼ per cent.

RETAIL TRADE

INDICATIONS of a slackening in retail sales which were noticed after the exceptionally active Easter season, are now more pronounced. During April, net sales, in terms of dollars, were .4 per cent less than in the same month of 1920, and the unseasonable weather of May has so interfered with retail business that many stores report a greater decrease for the first two weeks of this month. It is true that the discrepancy in total sales between April, 1920, and April, 1921, may be accounted for by the lower price levels of the current year, and it is also probable that the volume of sales, in terms of units, was greater in April, 1921. But when it is considered that sales for January, 1921, were 3 per cent in excess of January, 1920, and that February, 1921, sales were 3.7 per cent ahead of those of the same month of last year, it will be seen that present business is decidedly smaller.

In large measure, of course, the poor May business is the result of weather conditions. But it is also true that the equally unseasonable March served in part to detract from the usual May trade, especially in wearing apparel. Decreased business is by no means the universal report, however, for the figures of many stores reveal considerable gains over the totals of last year. This is more especially true of those establishments that have conducted intensive advertising campaigns and have offered good quality merchandise at attractive prices.

The buying policy of retailers has undergone a marked change in recent weeks. Whereas the purchasing of practically all firms was confined exclusively to the satisfaction of immediate requirements, many merchants are now in the market for fall goods. Considerable difficulty was experienced in obtaining much of the desired merchandise for the spring trade—specialty shoes, full fashioned hosiery, and many silk lines being notable examples. As a result, retailers are now beginning to anticipate their requirements, and although the orders placed do not compare in size with those of other years, the change in buying policy has cheered wholesale markets. It is to be noted, however, that not all retailers are as yet ordering for fall delivery, and that the commitments of those who have entered the markets have not extended to all lines. The beginning of a return to normal buying conditions has, however, been made.

RETAIL TRADE

Net Sales	April, 1921, compared to April, 1920	Jan. 1 to April 30, 1921, compared to Jan. 1 to April 30, 1920
Firms in Philadelpha (15)...	—2.5%	+1.8%
Firms outside Phila. (32)....	+5.8	+3.7
All reporting firms (47).....	— .4	+2.3
Stock of Goods	**Apr. 30, 1921, compared to Apr. 30, 1920**	**Apr. 30, 1921, compared to Mar. 31, 1921**
Firms in Philadelphia.......	—20.5%	+1.4%
Firms outside Philadelphia..	—13.0	+ .8
All reporting firms..........	—18.7	+1.3

Stocks Compared to Sales	Average stocks Jan. 1 to April 30, 1921 compared to average sales Jan 1. to April 30, 1921
Firms in Philadelphia............	313.5%
Firms outside Philadelphia........	426.4
All reporting firms...............	340.4

Orders Compared to Purchases	Orders outstanding April 30, 1921 compared to total purchases in 1920
Firms in Philadelphia........	8.6%
Firms outside Philadelphia....	4.9
All reporting firms..........	7.8

AGRICULTURE

AGRICULTURAL conditions throughout the district are favorable, except for the damage done to fruit crops by cold weather earlier in the spring. A reduction in the acreage of potatoes planted is reported from some counties, but the acreage of other crops is estimated at present to be about normal.

Spring work on the farms this year is from two to three weeks earlier than usual. According to the Bureau of Crop Estimates, the percentage of spring plowing completed to May 1 in this district was roughly 75 per cent, as compared with 54 per cent last year, and an average of 62 per cent for the last ten years. The figures for spring sowing are 55 per cent this year, about 33 per cent last year, and 37 per cent for ten years. Some fresh produce from Delaware and South Jersey appeared in the Philadelphia market early in May.

The following table gives the comparative status of the important crops in the district on May 1, as reported by the Bureau of Crop Estimates of the U. S. Department of Agriculture:

Sixteen per cent acid phosphate is the fertilizer most generally used by the farmers of this district, but this year for reasons of economy many are using cheaper grades. Almost 50 per cent of the farmers mix their own fertilizer in preference to buying it already prepared.

Crop	Acreage to be harvested	Condition 1921	Forecasted production, May 1	Production 1920
Winter wheat—bushels:				
Pennsylvania	1,447,000	95%	27,768,000	25,284,000
New Jersey	98,200	96	2,027,000	1,520,000
Delaware	116,000	92	1,921,000	2,040,000
United States	38,721,000	88.8	629,287,000	577,763,000
Rye—bushels:				
Pennsylvania	156,000	97	2,799,000	2,656,000
New Jersey	66,000	97	1,248,000	1,155,000
Delaware	98% of last year	94	58,000	60,000
United States	4,544,000	92.5	72,007,000	69,318,000
Hay (tame)—tons:				
Pennsylvania	2,850,000	92	4,090,000	3,951,000
New Jersey	333,000	93	510,000	544,000
Delaware	98% of last year	87	117,600	120,000
United States	58,879,000	91.7	91,628,000	91,193,000

This is a larger percentage than that of last year. The use of fertilizers has not fallen off to any appreciable degree. Prices are from $5 to $10 a ton lower than they were a year ago.

Wheat and potatoes are the chief crops held over, together with a little corn for local consumption and in some places a part of the surplus apple crop. About 20 per cent of the potato crop and 25 per cent of last year's wheat still remain in the hands of the growers.

The frosts of March 29-30 and of April 11-12 played havoc with orchards. In Delaware practically the entire crop of peaches, pears, plums, and cherries was killed. It is estimated that there will be a 10 to 20 per cent crop of late apples. Strawberries were damaged, and some other small fruits were killed. Wheat, peas, early potatoes, and truck suffered injury. In Pennsylvania the damage varied in different sections. According to available estimates, the apple crop will be from 25 to 50 per cent of normal. Damage to peaches varies from 30 per cent in one county to 90 per cent in another. In New Jersey the injury is reported to be not so great as at first was believed.

The financial status of farmers is undoubtedly below that of recent years, but it is much better in this district than in the large agricultural sections of the South and West. Insolvencies are rare, but most of the farmers are under the necessity of practicing strict economy. Their condition will improve as the prices of commodities they use descend to a level commensurate with the low prices of their products.

COAL AND COKE

Anthracite Coal

ALTHOUGH domestic consumers are still slow to purchase hard coal at present prices, the orders placed during May have shown a considerable increase over the total for April. Mine production is proceeding at a slightly increased rate, but a large part of the output is being stored by producers and retail dealers. The report of the United States Geological Survey on coal stocks indicates that operators and retailers have on hand supplies considerably in excess of those held on April 1, 1920. Statistics from seven of the largest producers show that stocks held on April 1 amounted to 1,358,976 tons, as compared with 1,169,587 tons on March 1, 1920, and 1,757,881 tons on April 1, 1919. Retail anthracite dealers also appear to have on hand a plentiful supply. Reports from representative dealers in eastern cities indicate that stocks in hand on April 1, 1921, amounted to 1,323,000 tons, as compared with 843,000 on March 1, 1920, and 980,000 tons on January 1, 1919. If these reports may be considered typical, there was an increase of nearly 50 per cent in the stocks of retailers between January 1 and April 1. It is evident, however, that consumers' supplies are considerably lower, and therefore that a large proportion of this year's output has been stored by producers and retailers.

Leading retailers during the first two weeks of May announced advances of 25 cents per ton in domestic sizes, and also a sliding scale of increases that will bring quotations to last winter's level by October 1. This action, however, has failed to stimulate to any great degree the somewhat sluggish demand, which is probably attributable to other causes than prices. Continued slackness in steam sizes is due to the curtailment of industrial operations and to severe competition from bituminous sources. Production for the period from January 1 to April 30 amounted to 30,345,000 tons, as compared with a total of 28,214,000 tons for the same period of 1920. Mine quotations for anthracite on May 10 were as follows:

Broken	$7.35
Egg	7.60
Stove	7.85
Chestnut	7.85
Pea	5.50

Collections, although somewhat slow, are considered fair.

Bituminous Coal

The estimates made by the United States Geological Survey of consumers' stocks of soft coal on hand April 1 were a distinct surprise to dealers, for they indicated that these reserves were far larger than was thought possible. It is apparent, however, that consumers in general, and especially industrial consumers, have been drawing upon their stocks for at least part of their current supply. The survey indicates that production for the first quarter of 1921 was approximately 100,000,000 tons, and that consumption was 108,000,000 tons, the difference between the two being supplied from consumers' reserves. Evidently our present rate of production is insufficient to meet our current demands, even at the present curtailed rate of operation. The survey estimates our present supply as approximately 37,000,000 tons, as compared with 45,000,000 tons on January 1, 1921, 40,400,000 tons on April 1, 1919, and 24,000,000 on March 1, 1920.

Production for the week ending May 7 showed the fourth consecut ve weekly increase. The average daily tonnage was 1,216,000, as compared with 1,162,000 for the previous week, and 1,136,000 for the week of April 23. But in spite of this increased output, the rate of production is less than that for any period since April, 1914, except during the strike of 1919. Whether this improvement will continue is questionable. It is probably due in part to replenishment of last year's stocks and in part to the vigorous buying campaign now being carried on by many producers.

The British miners' strike continues with unabated vigor, but actual orders resulting from it have as yet been inconsiderable, although there are many inquiries and several shiploads of coal have been sent abroad as a speculation. Industrial depression in Europe has permitted the accumulation of large reserves of coal, and an increase of export demand is not likely to occur before these are depleted.

The contract market is still dormant, and producers are apparently unwilling to make the concessions demanded by consumers. Spot prices, in general, are stationary. Consumers are anticipating freight reductions and consequently lower prices before fall.

Coke

Demand for metallurgical coke is still low, and beehive coke ovens in the Connellsville district are operating at less than one-fifth of capacity. The estimate of beehive coke production for the week ending April 30 was 72,000 tons, as compared with an output of 359,000 tons for the week ending May 1, 1920. Production figures of the United States Geological Survey showed a decline in output for the week ending April 23, of 4,360 tons, as compared with a gain of 12,455 tons for the past week. Another decline of 2,000 tons was registered for the week ending April 30. A number of future orders have been taken, however, and some of the independents are planning for increased activity in the near future. By-product coke production is at a higher rate than beehive production, owing to the demand for the by-products. The accumulation of stocks has caused strenuous price cutting, so that spot furnace coke is easily obtained at $3.50, and many of the smaller producers have made sales at as low as $3. Foundry coke is quoted at $4 to $5. Unemployment is rather prevalent in the industry, and wage cuts have been made by the independents, following the wage reduction recently announced by the Steel Corporation. Collections generally are considered poor.

IRON AND STEEL

THE iron and steel industry is still suffering from widespread stagnation. The equalization of corporation and independent prices has failed to stimulate new business. Seasonal purchases by automobile companies and oil interests, though larger than they were last month, are far from normal, and it is apparent that automobile manufacturers are drawing heavily upon their accumulated stocks of raw material. Fabricated steel for structural work is the only kind of steel that is moving in any quantity, and inquiries for this are few as compared with the number received in recent years. Demand from ship-building plants and from machinery and machine tool manufacturers is practically negligible. The lethargy that has marked the export trade continues, and the depression abroad gives no assurance of any immediate improvement in this field. Whether consumption would be greatly stimulated by further price reductions is doubtful, but the consuming trade believes that the new prices announced by the Steel Corporation are merely transitional and will be followed by further decreases in the near future. Another potent factor responsible for the present state of affairs is the expectation that material reductions will be made in railroad freight rates.

Hesitancy on the part of consumers has been reflected in further curtailment of operations and decreasing output, as indicated by production figures for the month of April. The unfilled orders of the Steel Corporation showed a further decline to 5,845,224 tons on April 30, as compared with 6,264,765 for the previous month, a decrease of 439,541 tons, or approximately 7 per cent. This figure represents the ninth consecutive monthly decline, and is the lowest tonnage recorded since July 31, 1919.

The output of steel ingots and of pig iron likewise decreased in April. Ingot production for April was estimated at 1,213,900 tons, a decrease of 22 per cent from the March output of 1,570,900 tons, a total that represents less than 40 per cent activity in this branch of the industry. The average daily production of pig iron in April was only 38,505 tons, as compared with a daily output of 106,220 tons in October, 1920. There was a net loss during April of six furnaces in blast, which brings this total to 96, as against a total of 319 in blast in October, 1920. In spite of this low record, stocks of pig iron are undoubtedly accumulating. Reports from firms in this district indicate that many blast furnaces are being operated merely to utilize the coke output of by-product ovens. The demand for by-product and the danger of ovens deteriorating if closed, have in many cases compelled firms to continue operations. As coke cannot be stored without deterioration it has been used in the operation of blast furnaces, since the final product may, of course, be stored indefinitely. Reports indicate that, with the exception of pig iron, stocks are not accumulating and that production at the present time does not exceed consumption. The only bright spot in the situation was the report of the structural steel orders made by the Bridge Builders and Structural Society. This showed an increase from 14 per cent of capacity in February to 29 per cent of capacity in March, and 32½ per cent in April. It is clear, however, that structural work, in spite of this belated spring revival, is far from normal, for present contracts call for only 66,000 tons, as compared with contracts to the amount of 171,000 tons in February, 1920. It seems that users of structural steel are still waiting for lower prices in other building materials and for reduction of wages in the building trades.

In general, it is doubtful if operations in this district amount to more than 40 per cent of capacity. Many plants are closed entirely. Forty per cent of capacity, however, does not necessarily mean 40 per cent of normal, as the steel manufacturing capacity of the country was increased during the war to a point considerably above the present normal demands.

Further reductions have been made in working forces and wages. The Steel Corporation announced a 20 per cent reduction in the wages of all classes of workers, effective May 16.

This action, which brings the average wage of the Steel Corporation close to that of the independents, has been followed by wage reductions by companies that had hesitated to act before the Corporation had established a precedent. Average wages in this district are about 20 per cent under the peak of last year, and employment and working hours have been cut to an even greater extent. Reports indicate that the number of employees has declined 20 to 30 per cent, and that working hours are between 60 and 70 per cent of full time. A letter from the Metal Manufacturers' Association, comprising about 100 metal working plants in and near Philadelphia which employ normally 106,000 men, reports an average reduction in working forces of 29 per cent, and in operation, of 12 hours, or a total reduction in operation of nearly 50 per cent. It is probable that this report is representative of conditions generally in the metal working and allied industries in the Third Federal Reserve District.

Though adhering in general to the recently stabilized level, prices have shown little resisting power, and concessions have been made in numerous instances on quotations for pig iron, sheet bars, wire nails, and hot rolled strip steel. Competition has been most severe and consumers evidently expect further price concessions. In the export field, serious competition is being encountered from Europe, where lower operating costs and government subsidies have permitted underselling of the domestic product. Even in domestic markets foreign competition is already an important factor. Domestic products have been undersold at Atlantic and Pacific ports by as much as 10 to 30 per cent.

Among the plants of this district those manufacturing forgings, castings, beamings and other automobile parts, and fabricated structural steel products, are naturally receiving the largest orders. Even this seasonal business, however, is far from normal, and all buying seems to be for immediate needs.

Improvement in the automotive industries has failed to stimulate demand for machine tools and machinery. Firms manufacturing these products, and even those manufacturing such seasonal products as ice making machinery, have received practically no orders and are operating at less than 30 per cent of capacity. In the foreign field competition from European and especially German companies is so severe as to have practically stopped exports.

Shipbuilding has shown no improvement during the past month, and most yards are entirely closed. Because of present world-wide depression, shipping space is far in excess of actual requirements, and there is absolutely no demand for new ships. This, of course, is a most important contributing factor in the present slack demand for iron and steel products and machinery.

Credit conditions in the industry have not improved since April, although cancellations are negligible. Collections generally, are reported as poor, customers requiring 60 to 90 days on 30 day accounts.

In general, it may be said that the widespread lethargy in the iron and steel and allied industries is largely a reflection of the general industrial readjustment, although consumers' expectations of further price revisions and reduction of freight rates in the near future are potent factors tending to prevent buying at the present time. Purchasers are fearful of placing contracts, in view of the possibility of further reductions; hence, buying is entirely of a hand to mouth variety.

COTTON

Cotton Goods

THE cotton goods market is unsettled, with little or no change within the past month. May is ordinarily an off month in the cotton trade as all fall orders are supposed to have been placed. But this year buyers are not purchasing until goods are needed, and because of price fluctuations converters are hesitating to stock up. They therefore not infrequently find that lines which they desired immediately cannot be secured. The wholesale trade in summer wash goods has been affected by the recent cold weather. Demand for tire fabrics improved somewhat in April, and many mills making these goods have again begun operations. Ginghams continue to be a strong element in the market, but the demand for staple ginghams lessened slightly at the end of the period.

About the middle of May, greater activity in some lines was evidenced in an increasing number of inquiries. But permanent improvement is not expected as long as general conditions remain what they are. There is no tendency to purchase goods in any quantity for future delivery, but buying in small lots for prompt shipment seems to be gradually increasing. The opinion is that the low point in prices and demand has been reached.

Curtailment in production has continued for such a long time that surplus stocks are fairly well liquidated, and constant buying in small lots by both wholesalers and retailers is now necessary to supply ordinary demands. It is estimated that the industry is operating on a 50 per cent basis. Many Southern mills have continued to operate in the absence of demand, and for this reason some lines are being stocked up. All firms report sufficient stocks for present requirements.

Prices are a bit firmer. Although fluctuations have occurred, they are not as wide as they were, and the trend is not always downward, as was the case a few months ago. Drills and sheetings are slightly lower. Retailers have taken advantage of the great demand in ginghams to raise prices. Print goods have held steady and in some lines have recently shown a tendency to advance.

Yarns

The situation in cotton yarns is much better than that in cotton goods. A stronger demand is noted, especially since the last of April. Not only are more inquiries being received but a larger number of actual orders. The orders are still small and are for immediate needs, but one large commission house reports that a slight tendency to buy ahead can be detected. The greatest part of the business comes from the hosiery and light-weight underwear trades. Less firmness is manifested among the weaving mills. Toward the end of the period, combed yarns were in greater demand than were carded yarns.

Prices are nominal because of competition, but have been firmer recently and are becoming more settled. The tendency has been upward because of the improved market, and the greater activity in combed yarns has brought about a rise in their prices.

More mills have resumed operations since last month, and production is now between 50 and 75 per cent of capacity. Most of the mills report that their whole output is being sold, but some dealers seem to think that present production exceeds demand and consumption, and that surplus stocks are bound to accumulate. Supplies of high-priced goods have largely been disposed of.

Raw Cotton

Raw cotton has been an important factor in the market recently. The rise in the price of spot middling in New York from 12.25 cents on April 21 to 13.15 cents on May 11 caused an increased interest in both cotton goods and cotton yarns. The price later fell from this high level to 12.55 cents. The Bureau of Census reports that the consumption of cotton in April was 408,881 bales, which is a decline from 437,933 bales consumed in March, 1921, and 575,789 in April, 1920. The following table shows stocks of cotton on hand (exclusive of linters) and active spindles on the dates given:

	Apr. 30, 1921	Mar. 31, 1921	Apr. 30, 1920
In manufacturing establishments....	1,316,065	1,337,790	1,811,527
In warehouses.....	5,028,631	5,235,360	2,978,158
Active spindles....	32,535,725	32,104,946	34,697,812

No further trouble has been experienced with cancellations, and collections are reported as fair in about 50 per cent of the cases, and as good in the remainder.

WOOL

Wool Cloth

THE woolen cloth industry is gradually returning to normal. In the dress goods trade, fancy striped skirtings and velour and bolivia coatings are attracting the attention of most buyers. Domestic mills equipped to supply tweed and homespun materials have found a steadily increasing demand for these products. However, specialization on a few lines is not expected to continue, as the array of styles is said to be more nearly complete than it has been for the past two years.

In the men's wear trade, interest is being manifested in some of the slower process fabrics, such as fancy back overcoatings. This preference for a material which comes from the looms slowly and the difficulty in reorganizing production forces have been embarrassing to manufacturers who are resuming operations after a long period of idleness. Buyers want early deliveries in order to complete their sample lines for the fall showing, and manufacturers anticipate difficulty in filling the orders already placed. The amount of finished stock on hand is low and production is for immediate delivery.

Wool and Worsted Yarns

The greater part of the new business on wool and worsted yarns has been going to producers of the finer counts, with the result that such manufacturers are operating at about 80 per cent of normal.

Conservatism marks the buying policy of weavers and knitters. Wool yarns for use in men's wear are receiving most attention, with 2-36s and 2-40s half-bloods showing the most strength. In the dress goods trade those suitable for velours, bolivias and tricotines are subject to the greatest inquiry. Heather mixtures probably are in more request than any other yarn at this time. One large manufacturer reports that his present volume of business is supported almost entirely by orders for heather mixture. Producers of yarns for fancy knit goods are doing little business, as the demand for these materials is limited.

The supply of raw material far exceeds the demand and prices on all but the finer grades of wool are lower than they were in April.

No substantial price changes have occurred since April. Slight reductions have been made in some counts, but the majority remain the same. Buying for immediate needs has reduced cancellations to a negligible quantity. Some customers are asking for reductions in the price of contracts that were placed in March in order that they may meet current prices.

Collections on present shipments are good, but extensions have been asked for on 1920 deliveries by some firms that have been unable to dispose of their finished materials.

Raw Wool

Only actual needs, it seems, have prompted the few scattered inquiries received by wool dealers. Buying is limited, but it involves practically all grades and classes of wool. The general feeling is that present prices do not warrant any extensive purchasing for future needs. Increased activity of spinners and weavers is consuming the supply of raw wool that they held in the storeroom, and as this supply decreases, they are forced to buy in order to fill their commitments.

The normal annual wool consumption of this country is 550,000,000 pounds, according to a Boston bank. The new clip will be available by July 1, and it is estimated that we shall then have on hand a sufficient supply to last for a year and a half. Importations have continued steadily in anticipation of the tariff. Since January 1st 190,000,000 pounds have rarived in the country which is about double the usual amount for the same period.

Foreign wool markets remain inactive. Efforts have been made to steady the price by reducing the amount of the offerings, but values have dropped to lower levels. Recent London sales were made at prices below those of previous sales.

The domestic clip is slowly arriving at the eastern markets. Most of this is being shipped on consignment at a ten cent advance. Losses on last year's clip by over advances are causing dealers to proceed cautiously with the new wool.

No trouble is reported with collections at the present time.

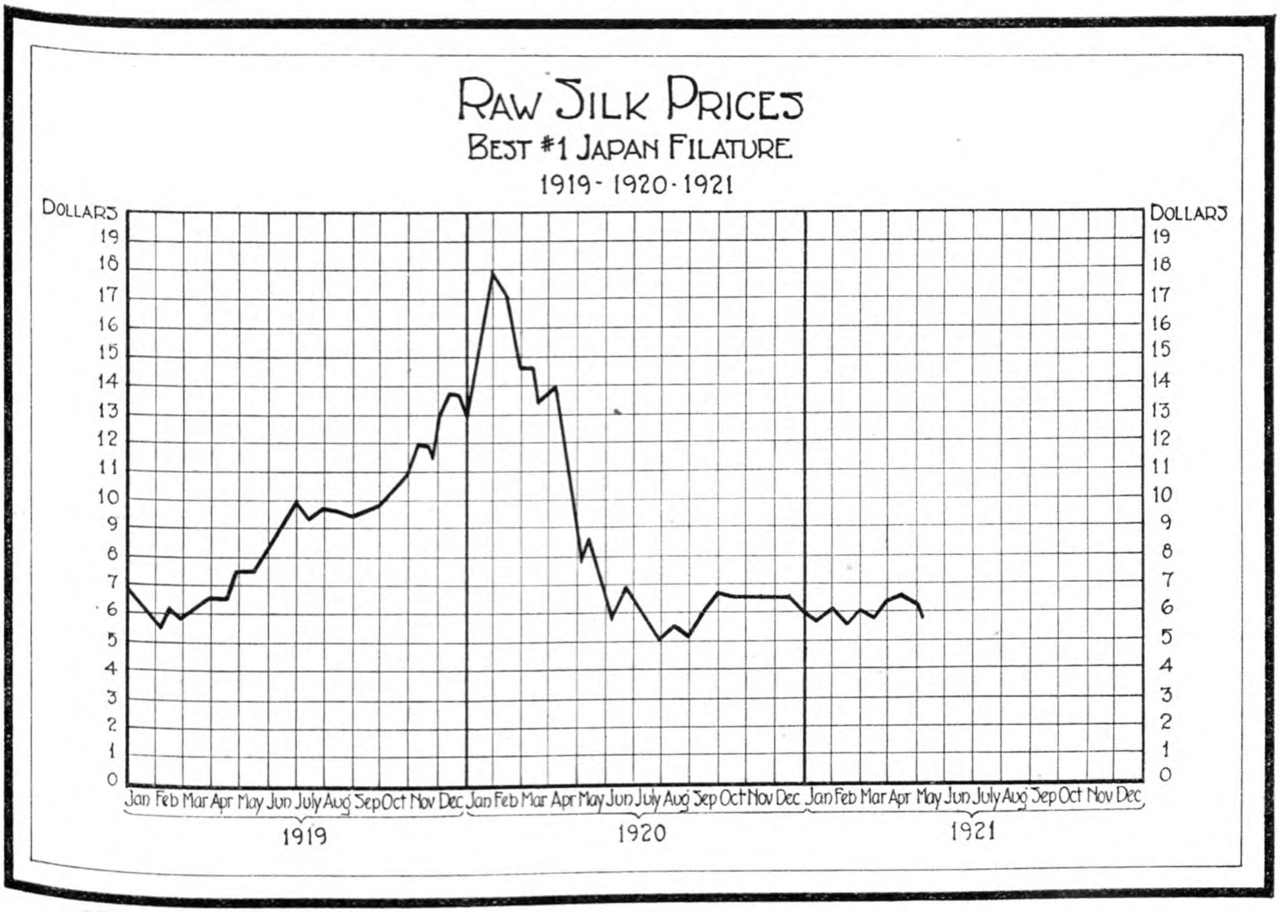
SILK

SEASONAL conditions were responsible for the dullness in the silk industry during the past few weeks. Some members of the trade have feared a return of the inactivity that prevailed several months ago. This feeling, however, is not general. The last week in April and the first two or three in May are the usual period of transition between the spring and fall seasons. Therefore, the quietude which has pervaded the markets during these weeks is looked upon as being normal by the larger manufacturers of the district. These manufacturers base their optimism upon the orders they are receiving for fall delivery, which, though coming in slowly, are in sufficient numbers to maintain operations at approximately 60 per cent of capacity.

Finished stocks held by mills are small, and supplies in the hands of jobbers have been greatly reduced, particularly the artificial silk used in the making of neckties. Retailers are experiencing difficulty in supplying the needs of consumers, but notwithstanding this fact, their orders for the most part are for immediate delivery only. Jobbers in turn are following a similar policy in ordering from manufacturers. There are some retailers, however, who have placed orders for future delivery.

In spite of the declining prices of raw silks, finished silks are holding firm at the levels established during the January revival. These prices represent a decline from the peak of from 40 to 50 per cent on broad silks, and from 30 to 40 per cent on spool silks. One reason advanced for this maintenance of prices on finished silks is that the yarns used in their manufacture were purchased at the higher prices.

The accompanying chart gives the prices of raw silk from January, 1919, to the early part of May, 1921. It will be noted that the peak price is here recorded as $18 a pound. This is the amount actually paid by firms for raw silk. During January, 1920, there were quotations at $22 a pound and rumors of sales at that



price. It is doubted, however, that any silk was actually transferred at that high figure, the opinion being that any such sales were of a purely speculative nature.

In connection with the prices on this chart, it is interesting to recall that during the years from 1907 to 1914, the price of raw silk averaged $4 a pound. The nearest return to this was the July, 1920, quotation of $5 a pound.

CARPETS AND RUGS

IN the recent auction sale of carpets and rugs in New York prices were somewhat higher then they were in a similar sale in April. This was true especially of all classes of rugs. In this advance, tapestries and axminsters took the lead.

The stock of finished goods on hand, especially of the better grades, has been depleted to a great extent. For several months buyers have been proceeding cautiously, but the reduction of available stocks from which to make selections is now stimulating their interest. One large firm has completely closed out its finished stock of quality rugs and its customers are now turning to the cheaper grades to complete their purchases.

This shortage of better quality merchandise is explained by the strike of Wilton and Brussels weavers in the Philadelphia district. Nothing has left the looms since January, when the manufacturers announced a wage reduction of 25 per cent and the reinstatement of creeler boys. The employers are firm in their decision to keep their looms idle until the wage reductions have been accepted. Approximately 7,000 workers are out of employment at the present time. Manufacturers of cheaper grade rugs, who do not employ union weavers, are operating at 65 per cent capacity.

Prices are 50 per cent lower on all grades of rugs than they were a year ago, at the time of greatest production. On a few lines prices have been reduced 10 per cent since April 1, but, generally speaking, no recent reductions have been made. Raw material is obtainable at a slightly lower cost.

There is no desire to cancel orders at this time. Express shipment is being specified in some orders recently received. Collections vary to a marked extent, but taking the trade as a whole, they may be said to show improvement since the last report.

HOSIERY

INSISTENT requests for full fashioned hosiery, depleted stocks, and the inability of manufacturers to produce the desired quantities were the chief features of the hosiery markets during the first three weeks of May.

The prolongation of the strike in Philadelphia mills, which mills are normally a most important source of supply, resulted in the receipt of repeated and increasingly large orders by manufacturers in other production centers. The majority of full fashioned mills in these sections, however, had previously booked orders to the limit of their capacity for three and four months in advance, and were, therefore, unable to accept any new business for either immediate or short time delivery. The few that were still open for orders were offered so many that they found it necessary to allot production among their regular customers, and to refuse new accounts. Jobbers, consequently, turned to seamless and mock fashioned silk lines, and manufacturers of these goods reported exceptionally good business. So great was the demand that several mills resorted to night shifts to meet it, and are still maintaining them.

In spite of increased production, the call for the better grades far exceeds production. Artificial silk hosiery, also, has shared in the increased business, and to such an extent that a number of mills are unable to handle further orders.

The market for seamless cotton hosiery is spotty. In some quarters, there is considerable activity; in others, a like degree of dullness. Quality appears to be the chief selling factor in these goods at the present time, as opposed to price, which has been the deciding element for some months past. Quotations are now firm.

Labor is the only disturbing manufacturing element. There is a scarcity of experienced operatives, and in addition to the strike in the

OPERATIONS IN THE HOSIERY INDUSTRY

	April, 1921, compared to March, 1921	April, 1921, compared to April, 1920
Firms selling to the wholesale trade:		
Product manufactured during April	+13.3%	—62.0%
Finished product on hand April 30	—18.4%	—43.2%
Raw materials on hand April 30	— 9.0%	—54.8%
Orders booked during April	—28.3%	+355.0%
Unfilled orders on hand April 30	+ .3%	—59.5%
Firms selling to the retail trade:		
Product manufactured during April	+43.3%	—86.4%
Finished product on hand April 30	—14.9%	—47.4%
Raw materials on hand April 30	— .6%	+ 9.8%
Orders booked during April	+ .7%	+185.4%
Unfilled orders on hand April 30	+15.7%	—82.3%

full fashioned mills, one is reported by a manufacturer of seamless hosiery. Raw materials are in abundant supply, and the price levels satisfactory. Silk yarns advanced slightly during April, but this movement was checked by the recent decline in the raw silk market.

Collection conditions are improved, being reported as fair to good.

UNDERWEAR

THE underwear market has changed but little since last month. The demand for light weights has fallen off to a slight degree, but counterbalancing this, orders for fall delivery have been received in somewhat greater volume. Neither of these tendencies, however, has been so well defined as to amount to a broad market movement. That the market is in a sensitive state was disclosed when the brisk spring demand for light weight underwear for immediate shipment was noticeably affected by the cool, wet weather of early May. Many retailers had been buying from hand to mouth, placing orders for immediate shipment when the demand seemed to warrant it. With the coming of the unseasonable weather, retailers ordered less, and in turn the immediate delivery orders from jobbers fell off. In the main, however, the market displays considerable activity, and manufacturers in many lines are unable to meet the present demand for short time deliveries.

Practically all retailers and jobbers are placing orders for fall, but they are so small in size that the total is barely 20 per cent of normal for this period of the year. And this is true despite the fact that many retailers have had difficulty in obtaining spring goods, owing to their withholding orders when these lines were offered last fall. Mills are not operating for stock, and it may be that the experience of this spring when there was a last minute scramble for the more desirable lines, will be duplicated in the autumn.

The underwear price level is firm, although yarns have shown a slight tendency to weaken. It is to this condition in the cotton yarn market that the cautious buying is in large measure attributed.

Collection conditions are reported as being fair to good.

CONDITIONS IN THE UNDERWEAR INDUSTRY

	April, 1921, compared to March, 1921	April, 1921, compared to April, 1920
Product manufactured during April	— 5.7%	—29.4%
Finished product on hand April 30	—16.9%	+169.6%
Raw materials on hand April 30	+45.7%	—36.2%
Orders booked during April	—20.7%	+36.6%
Unfilled orders on hand April 30	— 5.3%	+ 9.3%

BUILDING MATERIALS

THOUGH building operations in May were greater than in April and March, they are still considerably below the level of last spring, which was a peak period in building. Contractors and builders hesitate to commence construction in view of the possible further decline in materials and wages. The situation in some large cities is complicated also by strikes of practically all classes of workers. The present strike in Philadelphia is an attempt by the employees to prevent a reduction in wage scales, amounting to about 20 per cent, which contractors have felt compelled to make. This unsettled condition in the building trades, together with declining production costs, has brought about marked price reductions in building materials in general. Above quotations, however, are still nearly double the pre-war scale.

Brick

Both building and refractory brick continue to be in slight demand, and but few additional inquiries have resulted as yet from the more extensive building operations of the past month. Fire-brick manufacturers report no increase, but frequently a decrease, in inquiries as compared with last month. Operations and sales hardly average more than 15 per cent of normal, a condition attributable to present slackness in the steel trade. In spite of considerable price reductions since January 1, manufacturers are accumulating large stocks. Prices of highest grade fire-brick have dropped from $55 per thousand on January 1 to $40 per thousand at the present time, and some of the smaller operators have gone a trifle below this.

Although the building brick trade has improved somewhat since early spring, conditions are far from normal. Some manufacturers have large accumulations of stock from winter operations, which they are unable to move even at present quotations. Prices now average $18 to $20 per thousand, a decline of about 25 per cent since January 1. Operations throughout the industry are of an intermittent nature. Production is everywhere greatly curtailed, and this has been accompanied by decreased employment and by wage reductions of from 20 to 30 per cent. Collections are uniformly reported as fair, but a recent tendency to procrastinate has been noted. Cancellations are no longer a source of annoyance in the industry, as most of the present business is spot business rather than contract.

Lumber

The lumber trade, like that in other building materials, is marking time while awaiting the outcome of strikes in Philadelphia and other cities. During the past month demand for lumber, especially Southern yellow pine and Douglas fir, has increased considerably, and local deliveries have materially reduced the rather heavy stocks that have been carried by dealers in this district. Sales do not average more than 60 per cent of last spring's business, though a few firms report deliveries equal in volume to those of the same period of 1920. Prices have slowly declined since January 1, and the quotations for both hard and soft woods are now about 50 per cent below the high levels of 1920. Expectation of a reduction in freight rates is an important deterrent to purchasing at the present time, as transportation charges are so high as to enormously increase prices to dealers and consumers. This is especially true in the cheaper grades of soft woods. Southern pine No. 2 common (1x3), for example, was quoted on May 14 at $16.25 per thousand, f.o.b., mill. The freight rate for this quantity to Philadelphia or New York was $11, or nearly 70 per cent of the mill price. Although the increase in price due to transportation costs is proportionately less in the more expensive grades, it forms a very considerable part of the cost to the consumer. Reports from dealers in this district indicate no present difficulty with cancellations. Collections are fair.

Glass

During the past winter, firms manufacturing plate glass, wire glass and window glass have suffered from the same conditions as have affected other building material manufacturers. Many plants have been closed entirely since October 1, and those that continued operation have accumulated rather heavy stocks, which they are experiencing difficulty in selling. With the coming of spring there has been some revival of business and many plants have reopened, but demand and sales are not much more than 50 per cent of normal for this season of the year. This, together with declining production costs, has brought about fairly large price reductions during the past few months. Standard building and wire glass was cut about 20 per cent during

April, and plate glass is from 50 to 60 per cent below the high quotations of 1920. Wage reductions of 20 to 30 per cent have been almost universal in plants that reopened during April and May. Soft coal, the most important raw material, is, of course, much cheaper in price and very plentiful.

Bottle works reflect better conditions than building-glass trades, and there are numerous instances of normal activity in this line. In the finer grades of glass, however, severe competition is being encountered from Belgian manufacturers, who are able to deliver goods in domestic markets at prices much below our own. Cancellations are causing no difficulty at present, but collections are reported as being only fair.

Paints

Spring painting and repairing have brought about a considerable revival of activity among those manufacturers of paint who specialize in paints for household use. Such firms are, in some cases, operating at full capacity. Business in structural paints, however, though better than during the winter, is not more than 60 per cent of normal. Raw materials, especially linseed and other oils, are plentiful, and are obtainable at prices less than half the high quotations of 1920. This has permitted price reductions of paint since January 1 of from 20 to 30 per cent. Likewise, wages have been lowered about 20 per cent, on an average, during the present year. Employment, except in structural paint factories, is rapidly returning to normal. No cancellations are reported, and collections are generally considered to be fair.

Plumbing Supplies

Gradually increasing activity in plumbing trades has been manifested during April and May, but present demand is hardly more than 50 per cent of normal. Slack times in building operations have naturally affected the plumbing supplies business. Factories are producing not more than 60 per cent of last spring's output, but even so finished stocks are accumulating. Raw materials—iron, lead and copper—are all plentiful. Iron products are showing a tendency to go down, but prices of lead and copper are a bit stiffer.

Employment has declined somewhat, and wages and working hours have been reduced. Whether the situation will improve this summer will, of course, depend upon the extent of the building revival.

Firms report collections as fair, and are having no difficulty with cancellations.

WHOLESALE HARDWARE

SLIGHTLY increased building activity has naturally been accompanied by a further improvement in the wholesale hardware trade. Demand during April increased, and the volume of sales was considerably larger than that of March, but still somewhat smaller than sales during April, 1920.

The demand thus far during May for general hardware was not greatly changed, except in the case of seasonable household and agricultural articles where a better market was reported. The demand for mill supplies and industrial hardware, however, is the poorest in recent months, but this is not surprising, in view of the present industrial situation.

Although dealers' stocks are low, in most cases they have been sufficient to permit of immediate delivery of orders.

The following table indicates the changes in the wholesale hardware trade in this district during April, 1921, as compared with March, 1921 and April, 1920:

WHOLESALE HARDWARE TRADE

	April, 1921, compared to March, 1921	April, 1921, compared to April, 1920
Net sales during month	+11.4%	−18.7%
Accounts outstanding at end of month	− .3%	−11.8%

Ratio of accounts outstanding to sales:

April, 1921	155.2%
March, 1921	172.2%
February, 1921	213.3%
January, 1921	193.2%
December, 1920	165.0%
November, 1920	188.6%

Further price declines have been recorded during the month in most articles, but the average level of hardware prices is still considerably higher than it was before the war.

Collections are much improved over last month, and the ratio of outstanding accounts to net sales has shown a further decline.

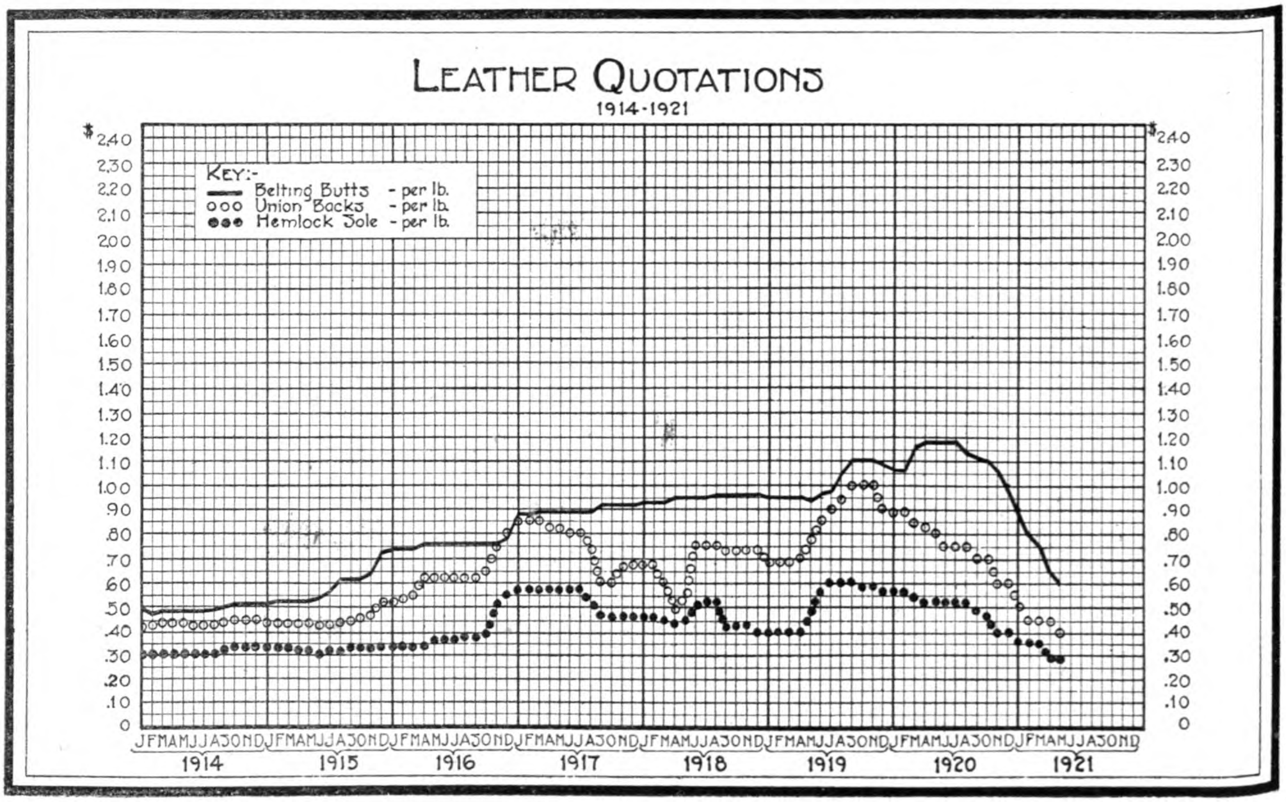
SHOES AND LEATHER

Shoes

THE improvement in the shoe manufacturing industry, which began with the revival of buying in January, continues. Retail shoe sales have been highly satisfactory, and as a result merchants have offered considerable business for late spring and summer delivery. Manufacturers however, have been forced to refuse many such orders, because of their inability to produce the goods in the required time. Unfilled contracts for summer delivery are sufficient to occupy most plants at capacity until July 15, and in some instances beyond that date. That the market is becoming more stable is seen in the increase in orders for fall delivery, many of which call for staples. Until recently, retailers have hesitated to place fall contracts, anticipating, as they did, that prices would be lower. They were no doubt partly justified in this attitude by the slow movement of high priced merchandise. But recent sharp advances in leather quotations have overcome this hesitancy and have led to the placing of definite orders.

No striking change in styles is noticed in autumn footwear samples. The extreme strap effect in women's shoes, which was the leader in spring fashions, has been modified somewhat, and there is an increase in the use of black glazed kid.

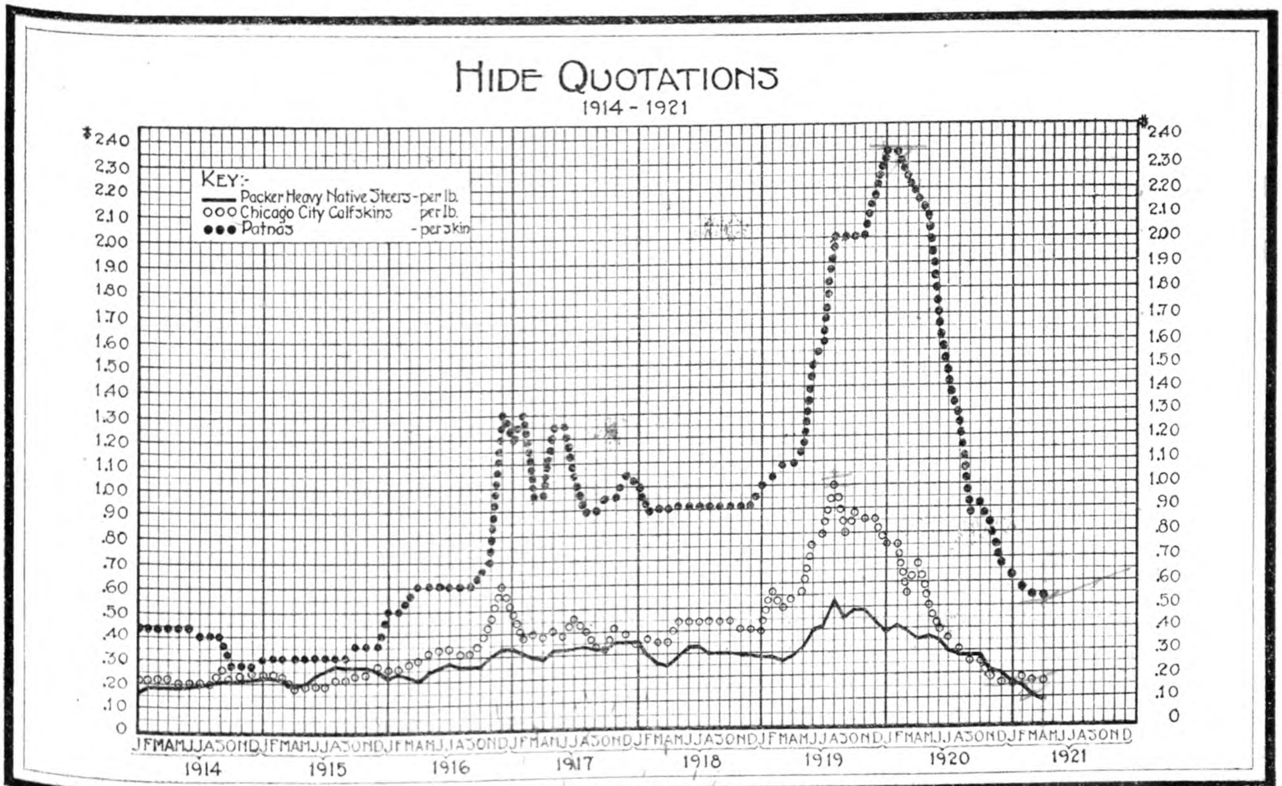
A shortage of skilled labor in the fitting rooms has retarded production in a number of plants, but this is not a general condition, and, as a rule, the labor situation is satisfactory. The few cancellations reported were a result of failure to meet delivery dates promptly. Collection conditions are generally improved.



Leather

The demand for calf skins, especially in the light weights, and for colored glazed kid, which started with the placing of orders for women's shoes for spring, has not only continued but has increased steadily in volume until now there is considerable difficulty in finding many of these leathers in the market. Prices have been raised without in any way slackening the demand. From these leathers the demand has spread to all others. Black glazed kid, of which there was a heavystock in the hands of tanners, and for which there had been little or no inquiry, is now in fair demand, and large sales have been made. The prices obtained were low, but that, under the circumstances, was to be expected. The removal of these stocks has greatly relieved the pressure on the market. Europe, which used about 40 per cent. of the pre-war production of glazed kid (approximately 15,000 dozen skins per day), has until recently been quite out of the market. Now there is beginning to be a demand for export, which, with the increased domestic consumption, has brought about much more satisfactory conditions.

During the period of the war, a greatly increased number of animals were slaughtered all over the world. The skins and hides of these furnished the tanners with much more raw material than they had previously had. In goat skins alone, the output of tanneries in this country increased from 15,000 dozen per day to 25,000 dozen per day. Other hides and skins increased in about the same proportion, but the domestic demand grew enormously and made up temporarily for the loss of our export trade. As a result of this state of affairs many hides and skins of a poor quality, which under normal conditions would not have reached the tanners, were made into leather. In the case of goat and sheep skins, the process of leather making is comparatively short, and much of this low grade material was marketed before the break in prices, but not all of it, and there has remained on the market a considerable quantity of undesirable leather. In the case of hides, in which the pro-



cess of manufacture takes practically six months, much of the leather made of these poor quality hides was finished after the demand had ceased, and has been carried by the tanners ever since. As there has been no domestic demand for such leathers, the hope of the tanners is that an export demand will spring up, which will consume these grades. Another result of the great war-time slaughter of food animals is that fewer animals are being slaughtered now, and therefore that hides and skins of good quality are scarce and the market is sensitive to even a small amount of buying.

Belting

Belting leather continues dull and the output has been greatly reduced. Prices are at their lowest point. Stocks in the hands of both manufacturers and jobbers have been very large, but the demand now is greater than the output, and stocks are gradually dwindling. There is only hand to mouth buying, as the consumer feels that he can have all orders filled promptly from stock, therefore many manufacturing plants which used to keep a considerable supply of belting leather on hand, now have none.

Raw Skins and Hides

Sharp advances in the price of nearly all kinds of hides and skins have occurred recently. Goat skins are now from 25 to 50 per cent. above the low prices of late 1920 and early 1921; the skins showing the greatest advance being those best fitted for the making of colored leather. The heaviest trading recently has been in Indias and Chinas, although all have been active. The following quotations for two India districts and two China districts will give an idea of the fluctuations in the market:

	May, 1920	Low	May, 1921
Patnas, per dozen	$25.00	$5.50	$8.00
Amritsars, per dozen	25.00	6.00	6.25
Szechuans, per pound	2.50	.65	.95
Hankows, per pound	1.25	.40	.65

Calf skin prices have fluctuated fully as much as goat skins, and have recently been very strong. Hides also have advanced 20 to 30 per cent. from the low prices, but even so are greatly below the 1920 level, as may be seen in the following table:

CHICAGO MARKET FOR PACKER HIDES	1921	1920
Native steers, spready	14c–15c	37c–40c
Native steers, heavy	11c–12c	35c–37c
Texas steers, heavy	11c	32½c–33½c
Texas steers, light	10c	32½c–33½c
Texas steers, extra light	9c	31c
Butt branded steers	11c	33½c–34c
Colorado branded steers	10c	31c–32c
Native cows, over 55 pounds	10c–11c	34c–36c
Native cows, under 55 pounds	9½c–10c	35c–37c
Branded cows	9c	31c
Native bulls	7½c–8c	30c–31c
Branded bulls	6½c–7c	27c–29c

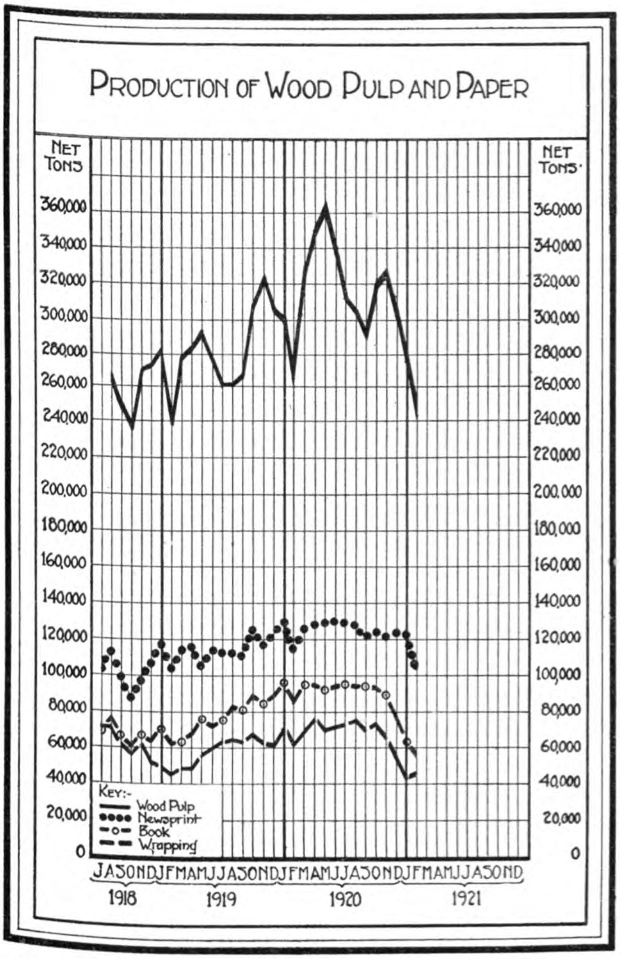
Sheep skins are not in as great demand as other skins, and the price of some varieties is still at the lowest point reached. New Zealands, for instance, are 34 shillings per dozen, as against the high price of 110 shillings per dozen.

The Tanner's Council, commenting on the census report of hide and leather for March, states: "There has been a considerable decrease in holdings of calf and kip skins, and goat and kid skins over February, and a slight decrease in holdings of cattle hides, while those of sheep and lamb skins and horse hides have considerably increased."

PAPER

THE paper market during May was largely influenced by two strikes. There was first the strike in the printing and allied trades, particularly in Philadelphia and its vicinity, which began May 2 and during the first sixteen days gained considerably in strength. It affected many plants, some to such an extent that they were forced to reduce operations to a minimum. The fine paper market has been materially damaged by this inactivity, but prices have not changed. Business was dull before, and the present trouble is only a temporary element in the situation.

The second strike, caused by the announcement of a general wage reduction, was that of the employees of the large paper mills, particularly in newsprint plants. About 75 per cent. of the



mills were involved. The two sides to the controversy are very far apart, and as yet there is little prospect of their coming to an early agreement. The manufacturers take the position that business is very dull at present anyhow and that their stocks of paper are sufficient to meet any demands which may be expected. No price changes have occurred as a result of the curtailment in production.

In the industry in general, there has been no increase in the demand for paper within the past month. About the third week in April there was a slight spurt in buying, which resulted in a general improvement in business. But this activity seems to have left paper users well stocked, for the demand immediately fell off and has been small, though steady, ever since.

The industry, as a whole, is operating at less than 50 per cent of capacity and most plants are producing only what can be sold at once. Jobbers and distributors are purchasing no more than is sufficient to meet present demands. Large supplies bought at high prices by jobbers and users of paper have been fairly well exhausted by this time, although in most cases at a heavy loss.

A considerable fall in prices occurred during the latter part of April, which affected nearly all lines except the fine grades. The level then reached has been fairly well maintained since, and the market has been steady. Spot quotations for newsprint rolls are lower by approximately 18 per cent. than they were one month ago. Tissue paper fell 25 per cent., and book and wrapping papers from 10 to 15 per cent. Writing paper remained firm.

Little change is noted in the raw material situation. All supplies are easy to obtain. Most of the plants have their own pulp wood piles which they secured at high prices and from which they must make pulp for low-priced paper. Prices have suffered further cutting. Ground wood pulp fell about 30 per cent. and about the first of May reached a new low level of $28 per short ton, f. o. b. mill. Chemical pulp fell about 15 per cent, and rags from 10 to 15 per cent.

Collections may be described as fair, although some firms report that they are good. One large jobbing house stated that collections are worse at present than they have been for some time.

PAPER BOXES

ACTIVITY in the paper box industry is entirely dependent upon general business conditions and cannot very well be stimulated by artificial means. For this reason, during the past month the best business has been enjoyed by firms manufacturing for the industries which are themselves experiencing greater activity. Therefore it is difficult to make a general statement as to conditions in the industry at large. It may be said that business in May was somewhat better than in April and that orders on the whole are increasing, although this is not true of many individual firms. Manufacturers of shoes, of electrical supplies, and of some textile lines, particularly hosiery, are the largest buyers of boxes at present, but from the confectionery trade the demand is slight. Sales continue to be small and are all for quick delivery.

Some users of boxes still have supplies on hand, but stocks are pretty well exhausted, and the present business is almost entirely for renewal purposes. Customers are not buying ahead, but for immediate needs only. Manufacturers, as a rule, have disposed of all stocks on hand and are not accumulating any at present. They are doing business almost entirely on a job basis and are making boxes only after orders are received. This is in part due to the fact that the call is for particular designs.

Prices are lower. Trading is very active and is accompanied by keen competition. The market is a buyers' market, and customers shop around before placing orders, except in cases in which orders are large and in which high quality of goods or special services in manufacture and delivery are desired. Prices for finished boxes have generally been marked down in accordance with reductions in raw materials.

Plant operations have increased slightly since last month and now average about 60 or 70 per cent. of normal. This is in sharp contrast with the normal operations of the same period last year. Production is being kept in line with demand because of the character of the business. Some factories are running on full time with a reduced force, while others have retained practically all their employees but work them only part of the time. The sentiment throughout the industry seems to be against wage reductions. A better class of workers has been attracted by the higher wages, and employers think it will be more satisfactory and more economical to retain them than to return to pre-war conditions.

Prices of raw materials continue to decline, and supply still exceeds demand. Box board is particularly cheap, selling at a price which some claim is close to the cost of production, if not below it. This is attributed by many Philadelphia buyers to the severe competition existing among board manufacturers in this city, but others refute this contention by pointing to the agreement between Philadelphia prices and those in other eastern cities. A few manufacturers are taking advantage of the low prices of board to secure large stocks, but the majority buy only as new supplies are needed. Box paper has not come down as much as board, but some recent reductions have taken place.

Cancellations are no longer a source of annoyance, as goods are being ordered only when actually needed. Collections are quite generally reported as fair, and an increasing number of firms characterize them as good.

CHEMICALS

CHEMICAL industries during the past month displayed conflicting tendencies, and firms in this district report little increase in demand or operations, except in isolated cases. Oils and heavy chemicals have exhibited slightly increased activity and some price stiffening, but dyes and crude drugs showed no improvement. The market for oils, notably linseed oil, has strengthened somewhat, owing to the resumption of purchasing by manufacturers of paint.

The effect of foreign competition is felt more keenly in chemical products, especially dyes and intermediates, than in any other branch of domestic manufacturing. In consequence, manufacturers are marking time until the outcome of present tariff discussions has been made known definitely. The intermediate and dye industry, in particular, has reflected this uncertainty by a continuance of almost total inactivity. Operations are nearly at a standstill, and demand is negligible, but no further price weakening has occurred.

Most prices have remained stationary, though slight increases were recorded in linseed oil and naval stores, and in lithopone and caustic potash. Prices of chemicals, in general, have declined continuously since they reached their highest levels in May and June, 1920, but this tendency has been less marked during 1921 than it was during 1920.

RUBBER

THERE is a lack of uniformity in the demand for the different rubber products. Tire makers are unanimous in reporting strengthened interest in their product, and mechanical rubber goods are attracting more attention than are articles that are strictly specialties. Vulcanized fibre manufacturers are receiving a large number of inquiries, but the amount involved in sales is small. Calls for rubber clothing and footwear are numerous and compare favorably with the demand during the same period last year. In many cases inquiries are received from new customers who have resumed buying after having disposed of their stocks of finished materials.

Rubber is obtainable in practically unlimited quantities at a price lower than any heretofore recorded in the history of the industry. Consumption of rubber in the United States at the present time is slightly less than 1,000 tons per month, an amount barely 50 per cent of the rubber used during a normal month, according to a trade journal. Production of raw rubber has far exceeded the requirements of the world, and restriction of output is facing plantation owners as an imperative necessity if present prices are to be prevented from going lower.

Quotations on fabric are relatively higher than those on rubber, but they are slowly approaching pre-war levels. Tire makers, generally speaking, have had a considerable amount of fabric on hand, and as yet production of tires has not reached a sufficient magnitude to create a noticeable demand for fabric. A limited number of orders have been placed, but they are mostly small and indicate purchasing for immediate needs without provision for the future.

All firms have a sufficient amount of finished stock on hand to fill current orders. Some manufacturing for stock is being done by a number of firms making staple products. Specialty lines are all made to the customer's order.

Concessions in prices corresponding to the savings on raw material and labor have been granted by most manufacturers. Reductions during May by one firm averaged 20 per cent for the entire line of goods. This, however, is exceptional, the more usual range being from 7 to 15 per cent. Specialties and accessories for the automotive trade have been materially reduced in an effort to stimulate buying.

Operating schedules are being maintained at an average of 65 per cent of capacity. The excessive cost of securing and training new employees prevents many employers from cutting down the personnel in proportion to the volume of business secured. One firm producing both tires and mechanical rubber goods has shifted employees from one department to the other, maintaining a 50 per cent production schedule and keeping the working force intact.

Several orders placed recently have called for rush shipment. The finished stock in the retail stores is said to be low, and it is expected that cancellations will be few.

Unstable conditions in some parts of the south make it necessary to renew the obligations of some customers in that district, but collections with this exception are good.

WHOLESALE GROCERIES

SALES by wholesale grocery firms dropped off materially during April, as can be seen in the accompanying table. Improvement is reported by some firms as having taken place to date in May, but the more general opinion is that there has been little or no change for the better. Merchandise of all kinds is easily obtainable, and both wholesalers and retailers continue to buy only for immediate requirements. The total volume of sales also is much lower than it was last year, but the great value of the 1920 sales can be attributed, in large part, to the very high price received for sugar at that time. Nevertheless, decline in prices will not alone explain the difference in sales during April of the two years.

Prices continue to fall, the present wholesale level being six or seven per cent below that of a month ago. Sugar suffered a further decline to 6.30c. on May 17, as compared with 7.50c. on April 20. Recent tendencies, however, have been upward. Butter and cheese fell about 33 per cent during the month. The price of flour rose during the latter part of April, and later fell slightly, the general level remaining a bit higher than at the beginning. The market for lard was weak. The price fluctuated slightly, is a fraction lower than it was a month ago. Coffee, tea and rice are still at their extremely low levels, but were steady throughout the month. Dried fruits remained firm, with the exception of prunes which rose one or two cents a pound.

An improvement took place in the canned goods market about the middle of May. This change has been attributed to the reports of a prospective short pack in 1921, and to the recent unfavorable weather. All lines of California canned fruits rose rapidly to new levels, which were from 10 to 50 per cent higher. Tomatoes, corn and peas were active at steady prices.

Collections are reported as fair, but no improvement has occurred during the month, as can be seen by the following table. Outstanding accounts decreased, but not in the same proportion as net sales. Hence, the ratio of accounts to sales for April is greater than it was in March.

WHOLESALE GROCERY TRADE

	April, 1921, compared to March, 1921	April, 1921, compared to April, 1920
Net sales during month.......	—14.9%	—39.4%*
Accounts outstanding at end of month................	— 5.3%	—30.1%
Ratio of accounts outstanding to sales:		
April, 1921..................................		102.3%
March, 1921..................................		90.8%
February, 1921..............................		106.3%
January, 1921................................		106.7%
December, 1920.............................		101.3%
November, 1920.............................		102.7%

*Revised

TOBACCO

THE month of May, in a normal year, marks the beginning of the cigar maker's best season and brings an increasing number of sales. An improvement has recently taken place in the cigar trade, but the business done is far below that of the same month in previous years. Nevertheless, the increased activity is encouraging. The greatest demand continues to be for cigars selling at eight or ten cents. Except in the case of a few standard and well-advertised brands, the more costly products are not finding very ready market.

Smokers are demanding a cheaper cigar, which is of course due to smaller incomes, reduced wages, and unemployment. The cigar trade, however, finds it impossible wholly to meet this want, although some manufacturers have reduced prices. One reason given is that the tobacco used in the present output of the factories was bought a year ago at high prices. Another is the wage situation. The wage scale has been reduced by many firms in varying degrees. Also the total of wages paid has been lessened by such means as reducing the force, shortening hours, demanding a better quality of work, or transferring workers from high-priced to low-priced cigar making, on which the rate of pay is lower. Yet wages are still above pre-war levels, and there is a sentiment among manufacturers in favor of retaining the present scale as nearly as possible. Another reason advanced to show the unlikelihood of any return to the five-cent cigar is the increasing taxation placed upon tobacco products by the government.

In spite of the small demand the cigar business is in a rather healthy condition. In most cases operations and sales have about reached a point of adjustment which prevents overstocking and at the same time furnishes a supply of cigars sufficient to meet ordinary needs. Some factories aim to keep slightly oversold all the time. This is arranged either by operating on full schedule with reduced forces or by running with a large force only part of the time. Throughout the industry in general, factory operations are less than 75 per cent of capacity. A few large makers of medium-priced cigars report normal operations, but claim that ordinarily at this time of the year they should be constantly oversold. Distributors are buying on a strictly hand to mouth basis, keeping only such stocks on hand as will enable them to meet immediate requirements.

Because the business is of this character, there are no cancellations. Collections seem in most cases to be satisfactory.

The leaf tobacco situation presents a different aspect. All of the old tobacco is in the hands of the manufacturers. Most of them have just enough to meet their own needs this season. Consequently there is practically no trading in last year's tobacco. Nor are manufacturers buying new tobacco on any large scale. Whether this is due to a lack of purchasing power, to an expectation of a further decline in prices, to an inclination to "wait and see," or to a combination of these factors, is not clear. Binders and wrappers are scarce and are demanding high prices. A large part of the crop of Wisconsin binders is reported as having been bought by manufacturers. Most of the filler tobacco is in the hands of the dealers. Purchasing by manufacturers has not increased within the past month, and the price trend continues to be lower.

The Lancaster County crop has been well bought up, all that remains being of a poor grade and scattered over the county. Many recent sales were made at less than eight cents, and the highest price reported was but a little above fourteen cents.

ADVANCES THROUGH WAR FINANCE CORPORATION

The War Finance Corporation has issued a booklet which outlines, in a general way, the requirements of the Corporation in connection with advances to American exporters and American banks, bankers and trust companies for the purpose of assisting in the exportation of domestic products. Information is given as to the filing of applications, limitations on advances, collateral security required, details as to interest payments, payment of advanees of proceeds, etc., with samples of the forms to be used. Copies of this booklet (known as "Circular No. 1 of the War Finance Corporation") may be obtained upon request to the Federal Reserve Bank of Philadelphia.

COMPILED AS OF MAY 23, 1921

This business report will be sent regularly without charge to any address upon request.

CHARGES TO DEPOSITORS' ACCOUNT

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

	May 18, 1921	April 15, 1921	May 12, 1920
Altoona	3,524,000	3,124,000	3,692,000
Chester	4,792,000	4,220,000	5,705,000
Harrisburg	6,545,000	6,811,000	3,800,000
Johnstown	4,649,000	5,049,000	4,384,000
Lancaster	5,071,000	5,946,000	5,488,000
Philadelphia	320,858,000	290,116,000	377,033,000
Reading	8,089,000	8,755,000	5,540,000
Scranton	13,613,000	16,310,000	16,362,000
Trenton	11,500,000	10,555,000	12,269,000
Wilkes-Barre	9,352,000	8,070,000	8,311,000
Williamsport	4,148,000	4,369,000	4,352,000
Wilmington	8,378,000	7,235,000	8,489,000
York	4,601,000	4,525,000	4,746,000
Totals	405,120,000	375,085,000	460,171,000

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

RESOURCES	May 16 1921	Month ago	Year ago
Gold reserves	181,888	184,724	140,583
Other cash	4,022	3,428	333
Total reserves	185,910	188,152	140,916
Discounts—secured by U. S. securities	110,751	104,274	192,650
Discounts—all other	37,290	40,222	25,521
Purchased bills	8,440	16,856	2,638
U. S. securities	30,413	30,588	32,163
Total earning assets	186,894	191,940	252,972
Uncollected items	48,804	57,072	62,728
All other resources	2,513	2,400	2,292
Total Resources	424,121	439,564	458,908

LIABILITIES	May 16, 1921	Month ago	Year ago
Capital paid in	8,615	8,600	8,273
Surplus	17,010	17,010	8,805
Profit and loss	4	....	28
Government deposits	1,389	2,715	4,511
Members' reserve account	101,845	103,666	108,523
Other deposits	1,492	1,097	6,663
Gross deposits	104,726	107,478	119,697
Federal reserve notes	232,789	235,815	247,424
Federal Reserve Bank notes	13,793	16,117	18,888
Deferred availability items	43,441	51,360	51,021
All other liabilities	3,743	3,184	4,772
Total Liabilities	424,121	439,564	458,908

RESOURCE AND LIABILITY ITEMS
of Member Banks
in Philadelphia, Camden, Scranton and Wilmington
(In thousands of dollars)

	At the close of business Date May 18, 1921	Month ago April 15, 1921	Year ago May 14, 1920
Loans and discounts:			
Secured by U. S. securities	$38,842	$37,767	$101,966
Secured by other stocks and bonds	195,245	202,885	199,947
All other	358,026	366,191	574,894
Investments:			
United States bonds	45,309	44,456	41,305
U. S. Victory notes	8,573	10,025	9,525
U. S. certificates of indebtedness	21,596	21,846	53,198
Other bonds, stocks and securities	156,934	156,172	.......*
Total loans, discounts and investments	$824,525	$839,342	$980,835
Demand deposits	627,490	632,188	683,395
Time deposits	41,105	40,950	32,693
Borrowings from Federal Reserve Bank	108,290	108,748	88,208

* Included in "all other loans and discounts" item.

BUSINESS INDICATORS

	May 23, 1921	Percentage increase or decrease compared with Previous month	Year ago
Philadelphia banks:			
Loans	$697,541,000	—1.2%	—11.3%
Deposits	610,693,000	—1.7%	—9.6%
Ratio loans to deposits	113.6%	119.5%	116.4%
Federal Reserve Bank:			
Discounts and collateral loans	$142,172,000	—1.6%	—33.5%
Reserve ratio	55.3%	54.8%	40. %
90-day discount rate	6%	6%	6%
Commercial paper	7¼%	7½%	7½%

	April, 1921	Percentage increase or decrease compared with Previous month	Year ago
Bank clearings:			
In Philadelphia	$1,698,917,000	—3.7%	—19.9%
Elsewhere in district	172,142,000	—8.0%	—15.7%
Total	$1,891,059,000	—2.7%	—18.9%
Building permits, Philadelphia	3,138,735	—10.0%	—68.2%
Post office receipts, Philadelphia	1,299,574	—5.6%	—6.4%
Commercial failures in district (per Bradstreet's)	66	72	27
Latest commodity index figures:			
Annalist (food prices only)	171,755	—4.5%	—46.6%
Dun's	166,658	—4.4%	—36.6%
Bradstreet's	10,821	—4.8%	—47.7%