

# Business and Financial Conditions

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WITH SPECIAL REFERENCE TO THE  
THIRD FEDERAL RESERVE  
DISTRICT



ISSUED

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# BUSINESS AND FINANCIAL CONDITIONS

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## GENERAL SUMMARY

ALTHOUGH much has been written in recent months concerning the general improvement of business conditions, there was little in the actual situation before the early part of August to justify optimism. During June and July, it is true, a fair volume of business was transacted in the textile and leather and shoe lines, but it was confined almost entirely to immediate deliveries, and the orders received by the basic industries were negligible. The past few weeks, however, have witnessed some improvement in conditions,—improvement very limited in scope but nevertheless real.

The greatest betterment has occurred in the textile markets, where, for the first time in many months, fair sized orders for future delivery were placed. Of the various textile lines in this district, cotton made the best showing during the month and is now the most active. The export call for cotton goods, which was fair during July, remains unchanged, but the domestic demand has increased to such proportions that several mills are booked to capacity until next April. Gingham has been the most sought for, but with a scarcity of these materials, considerable interest has been shown in percales and other print cloth products, and prices of all these goods have advanced slightly. Tire fabrics and drills and twills used in the manufacture of linings for shoes have also shared in the increased business. Cotton yarns are in better demand, but owing to the rather large stocks that buyers have had on hand interest in yarns is not so great as in cotton goods.

Activity in the wool industry also was greater during the past month, and operations in cloth

mills have been increased. There has been little re-ordering of goods for fall shipment and the total of fall business is considerably below normal, but the orders placed for goods for next spring have been gratifying to the entire industry. Following the openings by the American Woolen Company, mills in this district showed their spring samples, and the response was so satisfactory that several manufacturers have found it necessary to withdraw certain of their lines. Prices for spring goods are the same as those quoted for fall materials, and this fact has engendered confidence in the stability of the market. Demand for yarns is also better, especially for heather mixtures for the hosiery trade; but orders for yarns are not being placed for shipment beyond 60 days. Reflecting improved conditions in the woolen cloth and yarn industries, the demand for raw wool is also stronger, but it is for immediate delivery only.

Orders placed for heavy weight underwear during August were of fair size, and although the total fall business thus far placed is much below normal, the repeat orders already received and the prospects for further duplicate orders have improved the tone of the market. The official showings of light weight underwear samples for next spring were virtually ignored, but mills which have resorted to strenuous sales methods have succeeded in booking considerable business. Owing to the continuation of the strike in Philadelphia mills, manufacturers were unable to meet the demand for full-fashioned hosiery, which was very active during the month. Operations in these mills have been steadily increasing since many of the new workers whom manufacturers

## SYNOPSIS OF BUSINESS SITUATION

Compiled as of August 23, 1921

Third Federal Reserve District

BUSINESS	DEMAND	PRICES	RAW MATERIAL OR MERCHANDISE SITUATION	COLLECTIONS	FINISHED STOCKS
Brick.....	Light	Slightly lower	Easily obtainable	Fair	Large
Canned goods.....	Improved	Higher	Limited	Good	Large
Carpets and rugs.....	Good	Lower	Firm	Good	Low—Wilton and Brussels Ample—other goods
Chemicals.....	Poor	Lower	Lower	Fair	Ample
Cigars.....	Improved	Steady	Easily obtainable	Fair to good	Smaller
Coal, anthracite.....	Poor	Lower		Fair	
Coal, bituminous.....	Poor	Firm		Poor	
Coke.....	Poor	Firm		Fair	
Cotton goods.....	Stronger	Firm	Firm	Fair	Low—summer fab- rics Ample—others
Cotton yarns.....	Fair	Firm	Firm	Fair	Ample
Cotton, raw.....	Fair	Firm	Firm		
Furniture.....	Slightly improved	Lower		Fair	Sufficient
Glass.....	Fair	Steady	Easily obtainable	Fair to good	Sufficient
Groceries.....	Fair	Steady	Easily obtainable	Fair	Sufficient
Hardware.....	Poor	Lower	Lower	Fair	Small
Hosiery, seamless, cotton..	Poor, but im- proving	Lower	Higher	Good	Ample
Hosiery, seamless silk....	Strong	Firm	Firm	Good	Limited
Hosiery, full-fashioned....	Strong	Firm	Firm	Good	Limited
Iron and steel.....	Poor, but slightly better	Lower	Lower	Fair	Low
Leather, upper.....	Good	Firm	Firm	Good	Scarce in high grades Ample in other grades
Leather, heavy.....	Good	Firm	Firm	Good	Sufficient
Leather, hides.....	Fair	Firm		Good	Sufficient
Leather, belting.....	Poor	Slightly lower		Fair	Large
Lumber.....	Fair	Steady	Easily obtainable	Fair	Smaller
Office appliances.....	Improved	Some lines firm Others lower		Fair	Sufficient
Paint.....	Fair	Lower	Easily obtainable	Fair	Normal
Paper.....	Small	Slightly lower	Easily obtainable	Poor to fair	Smaller
Paper boxes.....	Improved	Lower	Easily obtainable	Fair	Normal
Plumbing supplies.....	Fair	Steady	Easily obtainable	Fair	Sufficient
Rubber.....	Tires—good Mechanical goods—poor	Lower	Firm	Fair	Ample
Shoes.....	Good	Firm	Firm	Slow to fair	Ample
Silk.....	Decreasing	Firm	Slightly lower	Good	Ample
Tobacco.....	Small	Lower	Scarce in better grades Plentiful in lower grades	Fair	Sufficient
Underwear, heavy weight..	Improved	Firm	Firm	Good	Ample
Underwear, light weight...	Good	Firm	Firm	Good	Ample
Wool cloth.....	Good	Firm	Firm	Good	Ample
Wool yarns.....	Fair	Firm	Firm	Fair	Ample
Wool, raw.....	Fair	Firm			



have been training in the use of the machines are now able to handle them, but production is not yet equal to the demand. Sales of seamless and mock-fashioned silk lines have also increased, and the hosiery industry as a whole is enjoying a fair volume of business. The strike in the carpet and rug industry was settled during the month, and as a result, operations were increased to meet the new business offered and to replenish stocks that had been depleted during the strike. Silk alone, of the textiles, has failed to better its position since last month. The demand for hosiery and other silk knitting yarns is very good, but with these exceptions business has fallen off. Weaving yarns are in scant demand but little business is offered for fall fabrics.

Conditions in the leather trades have also improved. The export demand for glazed kid fell off slightly, but this was more than counterbalanced by larger domestic orders. Sales of calf, too, increased both in number and size. Sole leathers were moved in fair quantities at firm prices, and the demand for hides was good. Large orders for fall shoes were placed during the month, increased business being especially in children's shoes. Jobbers are now buying more shoes for the fall season and conditions in the industry as a whole are steadily improving.

Manufacturers of paper boxes report better business and as a result, types of paper used in box making are in good demand. Other papers, however, are generally inactive. Improvement is also noted in the tobacco industry. Cigars are selling well, the demand for five-cent brands being especially good. Agricultural conditions, too, improved during the month, owing to the heavy rains.

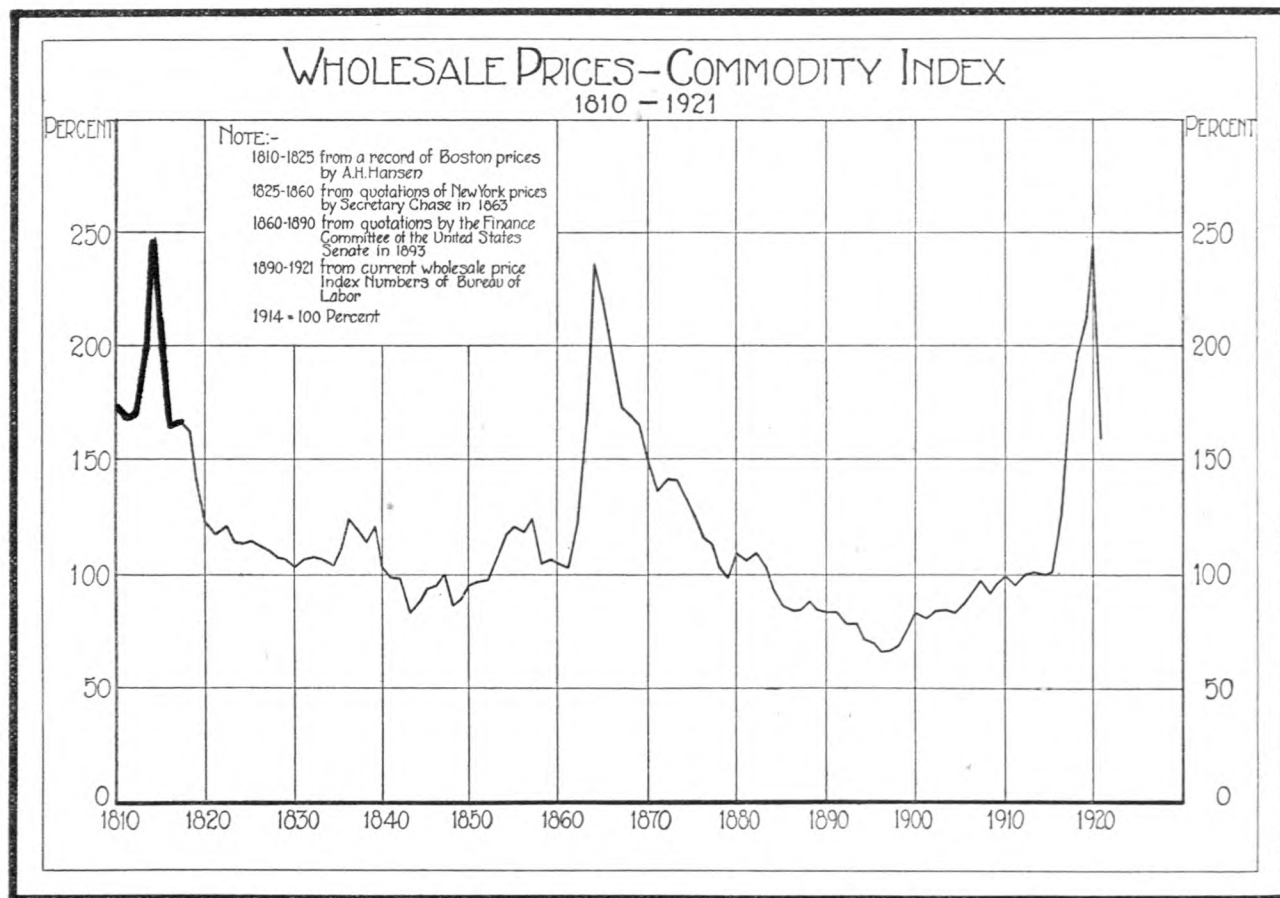
Of greater significance, perhaps, than the better conditions in textiles, leather and shoes, and other lines are recent developments in the iron and steel industry. For months there was an almost total absence of demand for these products, and operations were at the lowest point, as compared with capacity, in history. August, however, has witnessed the placing of orders for sheet steel and pig iron, the increase of production schedules in plants that had continued to operate in face of the lack of new orders, and the reopening of some plants which had closed down. Especially

encouraging is the fact that railroads have begun to buy iron and steel for repair purposes. The increase in beehive coke production is further indication of greater activity in iron and steel in the Pittsburgh district. The total volume of orders recently placed is very small, it is true, but in view of the completely apathetic state of the iron and steel markets during the past few months, the increase in activity is of real importance.

In contrast with those of most other industries conditions in the coal business showed little change during the month. Stove coal was in good demand, but with this exception, sales of other domestic sizes and of steam sizes of anthracite were very small and, if anything, less than during July. This declining demand is reflected in the smaller differential between independent and large company prices. The demand for bituminous coal is also very poor, but prices hold firm.

As a result of the better demand for most products, operations in nearly all industries have been increased and unemployment is diminishing. The Pennsylvania State Department of Labor estimated the number of unemployed in the cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport, on August 15, as 216,905, a decrease of 1.6 per cent from the estimate of July 30. Reports received from individual manufacturers since August 15 indicate a further reduction of unemployment.

Considerable emphasis has been placed in recent weeks upon the rise of several of the wholesale commodity index numbers as indicating a turn in the so-called business cycle. The Bradstreet number on August 1 was 11.0576, as compared with 10.7284 on July 1 and 10.6169 on June 1. The Dun index on August 1 registered its first increase since July 1, 1920, the number being 163,677. On July 1 of this year the Dun index number was 159,833. The index number of the Bureau of Labor Statistics showed no increase for July, but it failed to recede further, the number for both June and July being 148. Although it is true that the increase in the Bradstreet and Dun index numbers and the stabilization of that of the Bureau of Labor Statistics are very favorable signs, there is much speculation as to whether prices have definitely turned upward



or have merely been temporarily halted in their precipitous decline. In this connection, attention is called to the accompanying chart, the figures for which were obtained from a recent issue of the *Annalist*, showing the trend of prices since 1810. There is marked similarity between the periods following the war of 1812, the Civil War, and the recent war. In the price declines after each of the first two conflicts, prices ceased to fall for a short time and then resumed their downward course for a number of years. Whether the price trend in coming years will follow that of the previous periods is a question which is occupying much thought.

### FINANCIAL SITUATION

**A** RESUME of the important events of the month in the business and financial world points to the conclusion that business in general

is still going through the process of liquidation. Loans and deposits of banks have decreased, and their reserves have increased. As previously stated the latest wholesale commodity price indices have either remained stationary or shown a tendency to rise; but the latest weekly food price index (*Bradstreet's*) points to a renewed tendency downward. The volume of business as measured by payments through banks—debts to individual accounts—has undergone further contraction. Business profits were again reduced. Stocks suffered renewed pressure. Interest rates have averaged a little lower, and bond prices moved somewhat higher. The President has presented a definite plan for aiding the railroads, whose earnings continued to show encouraging gains over those of a year ago. Foreign trade has further declined. Not much has been done toward arriving at a final solution of the tariff problem, but Congress has cut tax and expenditure estimates for next year. Wages still continued downward. Specu-

lation was at a low ebb and the spirit of enterprise as measured by new incorporations and new issues of capital became still more listless. The inflow of gold from abroad is unabated. In Germany expansion of the public debt and inflation of the currency continue, accompanied by active speculation. The balance sheet of the Bank of England shows renewed activity on the part of the borrowing public; while that of the Bank of France, after reflecting a surge upward, coincident with the lowering of the discount rate from 6 per cent to  $5\frac{1}{2}$  per cent, again recorded a decline of notes, loans and deposits. In Japan an announcement was made to the effect that the past fiscal year had been concluded with a large surplus, and as Japan was the first nation to feel the effects of the reaction from the big boom of 1919, this is encouraging.

The best explanation of these events is that business in general is still liquidating. On pages 18 and 19, is given a table of figures in further support of this conclusion.

That this should be so is not to be wondered at. The process of liquidation is the reverse, broadly speaking, of the process of inflation. What happened during the war and post-war period is now an old story. The difference between events then and now is that at present they are moving in reverse order. The volume of business has declined from the unprecedented peak it had reached, prices have been following suit, and likewise profits. Those who saw a plentiful supply of money offered at low rates in 1915 and 1916 and saw an increasing demand absorb it at higher and higher rates, are now witnessing the reverse movement in the decline of bank loans, bank deposits and interest rates. Wages are falling each month, though other costs, such as freight rates and rents, have not yet come down substantially. The spirit of enterprise and speculation, which was so active during the boom period, is now dormant. In other words, the present trend is a natural and inevitable consequence of the preceding trend, and is not an artificial thing brought about by the manipulation of some group.

The process of liquidation has been going on for some time, but there are still important industries and areas of the country in which it is

not yet complete. The condition of the Federal reserve banks depends upon the condition of their member banks; the condition of their member banks depends upon the status of the communities they serve. Hence, the figures accurately reflecting the condition of the Federal reserve banks, also reflect, indirectly but accurately, the condition of their respective districts. Attention is directed, therefore, to the Federal reserve bank ratio of reserves to liabilities. Since March 12, 1920, when the lowest reserve ratio for the entire system was recorded, the ratio of the Federal Reserve Bank of Boston, calculated as at present, has risen from 44.2 per cent to 76.6 per cent, a recovery of 32.4 points; that of the New York bank has gone from 37.9 to 72.2, a recovery of 34.3 points; the Philadelphia ratio has advanced 24.0 points; the Cleveland ratio, 25.5 points; the Chicago ratio, 29.6 points; the St. Louis ratio, 18.1 points; the Kansas City ratio, 18.3 points; and the San Francisco ratio, 21.8. These figures show that in the areas indicated the liquidation has been considerable. But in other districts business readjustment, as measured by these ratios, has not progressed as far. The ratio of the Richmond district has risen 5.3 points, and that of the Dallas district, .8 of a point; while those of the Atlanta and Minneapolis districts have declined respectively 5.1 points and 4.1 points. They seem to bear out the common observation that liquidation is proceeding very unevenly in the different sections of the country. The first to feel its effects were the industrial districts, and these are showing the greatest progress toward its completion and toward recovery. The farming districts, as these ratios show, are laboring under a severe handicap, the existence of which nearly everybody recognizes, and which apparently could not have been avoided. The situation is one that cannot be forced or handled impatiently. There is abundant credit to take care of it, but past experience has always shown that time is a necessary element as well as money.

Certain of the events of the past month deserve special attention because of the influence they may exercise one way or the other upon the adjustment of important business factors that are closely inter-related, namely, costs, profits,



prices of various materials, and the buying power of great groups of consumers. (1) The proposal to aid the railroads will, if carried out, restore to some extent the purchasing power of a very important group of consumers, and this should result eventually in lower costs and improved service. (2) The further reduction of wages in the iron and steel industry is a most important step toward the scaling down of costs of production. (3) Borrowers were benefited by lower interest rates on securities and commercial paper. The Federal Reserve Bank of Cleveland reduced its discount rate from 6 per cent to  $5\frac{1}{2}$  per cent, the effect of which should be considerable in such an important industrial district. (4) Judging by reports as to collections, however, commercial credits made no more than a nominal recovery during the month. This credit situation is so enmeshed with the general business situation that it cannot show material improvement while business remains as dull as it has been. Dun's and Bradstreet's failure figures show that the past month has been a period of severe testing. (5) The small amount of business available is making competition much keener than it has been for a number of years, and business managers realizing this are bending every effort to reduce costs. Bankers also are preparing for greater competition. (6) The falling off of foreign trade, which shows how world wide the depression is, has aggravated the depression existing in this country. Improvement in the domestic situation depends to a considerable extent upon its revival, and its revival depends in part upon the foreign trade policies pursued by our business men, bankers and tariff makers.

Lastly, the government, as well as business, has taken steps toward readjustment in fiscal affairs. The director of the budget is striving with some results to increase government efficiency. Congress seems to have effected a real reduction in expenditures and in taxes for the coming year. And the President has called a disarmament conference which may lead to the cutting of appropriations for war purposes.

While some of these elements in the situation are favorable, it should be remembered that any influence they may have will in all likelihood be felt more or less slowly. Hence, the safest inter-

pretation of the events of the month is that liquidation is still continuing and that weak spots are steadily being eliminated.

#### BANKERS' ACCEPTANCES

During July another heavy decline in the sales of bankers' acceptances in this district was reported by dealers. The sales of five dealers totaled only \$3,818,000 as against \$6,355,000 in June and \$13,815,000 in May. The decrease in sales as compared with June was 40 per cent. In July, 1920, only four of these dealers were selling in this district. The sales for July, 1921, as compared with 1920, show an increase of 67 per cent. The continued falling off in our foreign trade has been the leading cause in the diminution in supply of bankers' bills. In the early part of July the demand was in excess of the supply, and this, together with the ease in money, caused rates to fall somewhat. Later in the month the demand for bills fell off, and since then the supply in most cases has been found adequate, and rates have remained steady. Most of the acceptances issued covered foreign transactions, the exports of grain and cotton and the imports of sugar being the largest items of this class. As usual, commercial banks are the principal buyers, but industrial firms have bought a considerable amount. The report of twelve member banks in this district shows an increase in bills executed, but a decrease in those outstanding, as compared with the previous month. The reports of these banks are summarized as follows:

	Executed during preceding month	Outstanding on date given
1921—March 10.....	\$5,325,000	\$14,127,000
April 10.....	4,558,000	13,234,000
May 10.....	5,611,000	12,892,000
June 10.....	2,795,000	10,798,000
July 10.....	3,121,000	9,286,000
August 10.....	4,852,031	8,756,973

Foreign transactions are responsible for the great majority of acceptances issued by the Philadelphia reporting banks. In addition to sugar, grain and cotton, some of the articles covered are hides and skins, oil, silk and tobacco.

Selling rates are at the present writing as follows:

	30 days	60 days	90 days	180 days
Eligible members' bills.....	5 -5 $\frac{1}{8}$	5 -5 $\frac{1}{8}$	5 -5 $\frac{1}{8}$	5 -5 $\frac{1}{4}$
Eligible non-members' bills.....	5 $\frac{1}{8}$ -5 $\frac{1}{4}$	5 $\frac{1}{8}$ -5 $\frac{1}{4}$	5 $\frac{1}{8}$ -5 $\frac{1}{4}$	5 $\frac{1}{4}$ -5 $\frac{1}{2}$

### COMMERCIAL PAPER

The month of August is usually a dull period in the commercial paper business and this year has proved no exception to the usual condition. Until the end of July there was a brisk demand, lower rates were bringing in new names, and this reduction caused institutions to buy more freely, in anticipation of further declines. In New York some extra choice paper sold as low as 5 $\frac{3}{4}$  per cent, but in the Philadelphia district 6 per cent was the lowest price, and at this rate many sales were made. The end of July marked a considerable change in the situation. Though paper continued to be offered in fair volume, banks appeared to have lost all interest. In this district, banking institutions in agricultural communities, such as Lancaster County in Pennsylvania and portions of New Jersey, have more money for investment than have those in the coal and iron centers or the large cities. Rates are from 6 to 6 $\frac{1}{2}$  per cent.

### SAVINGS DEPOSITS

People in this district continue to draw their savings out of banks. This is the fifth consecutive month that 24 savings banks in this district have reported such a movement. The fact that during these five months people not only were unable to save, but actually drew upon their past savings to the extent of \$5,428,417, or 1.75 per cent, is not without significance. Moreover, increased savings of \$36,176 outside Philadelphia in July, more than counterbalanced by a decrease of \$1,452,848 in Philadelphia, show that it is in this city that the greatest depression is being felt.

	In Philadelphia	Outside Philadelphia	Totals
1921—August 1....	\$251,645,886	\$52,927,485	\$304,573,371
July 1....	252,716,953	52,797,413	305,514,366
June 1....	254,169,801	52,761,237	306,931,038
May 1....	255,317,181	52,902,375	308,219,556
April 1....	256,335,641	53,066,733	309,402,374
March 1....	256,901,359	53,100,429	310,001,788
1920—August 1....	242,089,856	49,158,306	291,248,162

### FOREIGN EXCHANGE

GERMANY'S financial transactions in connection with reparations payments are again cited as the chief reason for the erratic fluctuations of the foreign exchanges during August. Sterling continued to lead the market, and interest has centered upon a sensational rise of 11 cents which carried this rate up from a closing of \$3.60 on August 6 to \$3.71 on August 8. Strength emanated from London as in previous movements, and practically all the other European rates moved up in sympathy with sterling. That the market is extremely sensitive is evident also from the fact that bankers have reported a rather small volume of bills during the month. Since August 11, however, most of the exchanges have continued the usual seasonal decline, which was interrupted by this unexpected rise. But even so the present quotations are considerably higher than they were on August 1, except in the case of marks. These dropped heavily, being quoted on August 16 at 1.05 cents, almost the lowest price ever recorded, but subsequently recovered most of this loss. Reparations payments are held to be partly responsible for this weakness, but another factor of importance is the continuance of inflation in Germany. This has been accompanied by heavy note expansion and a rising price level, which have still further depreciated the internal commodity purchasing value of the mark.

The neutral European exchanges have displayed no individual tendencies but have followed, in general, the lead of sterling. The chart on page 10 shows the course of dollar exchange in the principal neutral countries during and subsequent to the war. It will be seen that

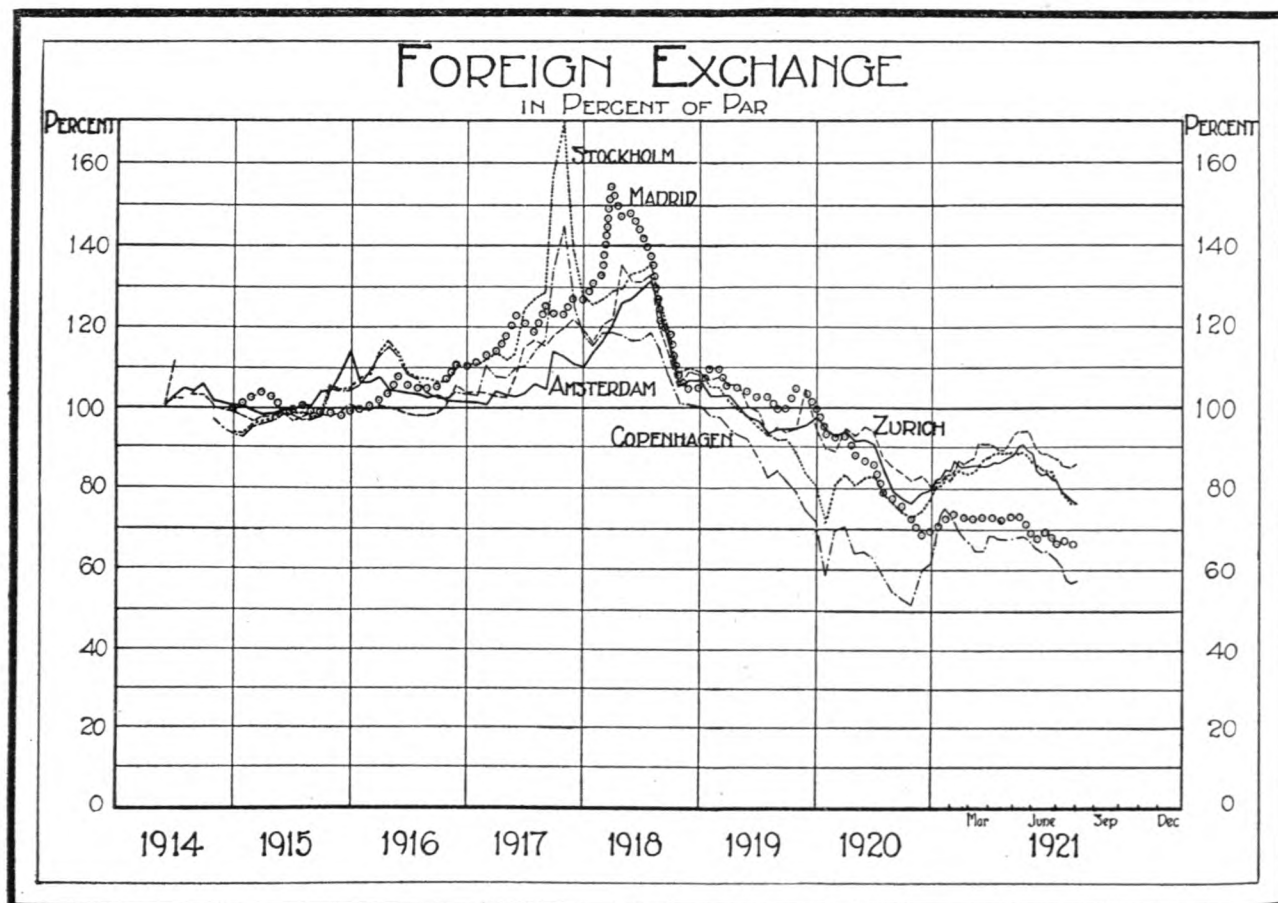
although these currencies have shared in the extreme depreciation and seasonal movement which have characterized practically all of the exchanges since the war, their fluctuations during the war years were of quite a different nature.

During the period of "pegging," from October, 1915, to April, 1919, when French and British rates were stabilized at a slight discount from par, all the neutral exchanges were quoted at a premium in the United States. Inasmuch as the balance of payments between the United States and these countries was almost continually in our favor during this period, the discount on the dollar is not to be attributed to trade factors. Indeed, the pegging of the British rate at a 2 per cent discount was, in itself, the cause of this phenomenon. The various neutrals had favorable financial balances with Great Britain during the war, and hence the pound was quoted at a dis-

count. The neutrals therefore were able to obtain dollars almost as cheaply as sterling, by making a triangular purchase of our money through London. Thus dollar, sterling, and franc exchange moved as a unit in neutral countries during the period of pegging.

Following the cessation of pegging in April, 1919, however, the neutral exchanges fell rapidly and have remained at a considerable depreciation since that date. In the case of these currencies, as in the case of other depreciated moneys, the depreciation is not attributable to trade balances alone, but is a reflection of the degree of currency inflation and the rise of prices in these countries as compared with the United States.

In other words, since commodity prices in the United States are on a gold basis, dollar exchange rates represent very closely the gold value of these foreign currencies.





## RETAIL TRADE

RETAIL business for July, as measured in dollars, shows a falling off, as compared with July, 1920, of 11.8 per cent. Last year the reductions made during the late spring and summer months were the first to be made after the continuous and sensational advances of the previous year, and these reductions induced many buyers who had been holding off to purchase rather heavily. This year conditions have been very different. The market price of practically all merchandise has been steadily declining. Prices in the spring were sufficiently below those of the corresponding period in 1920 to induce buyers to purchase earlier than they did a year ago. As the public is buying cautiously and only to fill immediate needs, these earlier spring purchases have made the further reductions in price since then less attractive than were last year's reductions. This condition, in the view of some, accounts for part of the falling off in buying during July. Other influences have contributed, one being the continued widespread depression in the iron and steel and affiliated industries. In this district the falling off of retail business in the towns and cities where these trades predominate is very marked.

However, when due allowance has been made for the difference between prices now asked and those asked a year ago, it will be seen that the amount of merchandise purchased has been large and compares favorably with the corresponding period of 1920. Merchandise of lower price is, in most instances, selling best. Silks continue to move rather slowly, but gingham has never been in better demand. Of course, there are exceptions to this rule. Cotton stockings are difficult to sell, whereas retailers can hardly secure enough silk stockings to supply their needs. In the men's apparel shops, the continued heat of July caused a heavy demand for tropical weight clothing, and in some cases it is reported to have been exceedingly difficult to secure enough of this to supply their customers. Since August 1 the much cooler weather has caused a decided falling off in the buying of very light weight

fabrics and there has been a general decline in demand for most lines of wearing apparel, both by men and women. The accumulative effect of the amount lost by the wage earner through unemployment is now being felt more decidedly than in the earlier months in which this condition existed. Then savings could be drawn upon, but these are now becoming depleted, and enforced economy is the result.

Retail stores are following the example of their customers and are buying with great caution and only to fill present wants. Most merchandise is in plentiful supply, in the hands of manufacturers and wholesalers, so that little difficulty is experienced in securing goods quickly. Fewer price cuts have been made, and many articles have shown stability in price.

RETAIL TRADE*		
NET SALES:	July 1921 compared to July 1920	July 1 to July 31 1921 compared to July 1 to July 31 1920
Firms in Philadelphia (13).....	—13.8%	—13.8%
Firms outside Philadelphia (34)...	— 6.4%	— 6.4%
All reporting firms (47).....	—11.8%	—11.8%
STOCKS OF GOODS:	July 31 1921 compared to July 31 1920	July 31 1921 compared to June 30, 1921
Firms in Philadelphia.....	—15.9%	— 4.4%
Firms outside Philadelphia.....	—15.2%	— 4.3%
All reporting firms.....	—15.7%	— 4.4%
STOCKS COMPARED TO SALES:	Average stocks July 1 to July 31 1921 compared to Average sales July 1 to July 31 1921	
Firms in Philadelphia.....	460.3%	
Firms outside Philadelphia.....	479.0%	
All reporting firms.....	464.8%	
ORDERS COMPARED TO PURCHASES:	Orders outstanding July 31 1921 compared to total purchases in 1920	
Firms in Philadelphia.....	7.9%	
Firms outside Philadelphia.....	7.5%	
All reporting firms.....	7.8%	

\*Revised percentages.

## IRON AND STEEL

A MODEST increase in the volume of orders, accompanied by continued price-cutting in nearly all lines, has characterized the iron and steel market during the past month. Although

sentiment has improved considerably in the trade, it is too early as yet to determine whether this improvement is likely to be of a permanent nature. The extensive and continual price cutting is hardly to be looked upon as a constructive feature. Moreover, the present business represents largely an accumulation of orders, generally for small lots and for immediate delivery, which had awaited the arrival of satisfactory prices; and competition for this business has been so keen that not only the small companies but the large independents and the Steel Corporation subsidiaries have quoted prices that are far below the most recently announced "official" scale. Pig iron, sheets and tin plate have, perhaps, suffered most, being from \$4 to \$5 per ton under the official quotations of July. In consequence of this instability of prices buyers hesitate to place future contracts.

The railroads, it had been hoped, would re-enter the market long before now, but reports from this district give little or no indication that their purchases are increasing. In the central west, however, a few large contracts have recently been placed for car repair work. Inquiries from automobile and miscellaneous manufacturing plants in the Philadelphia district are somewhat more numerous.

In the Pittsburgh section conditions are rather better. There increased demand has actually caused a number of mills to be reopened. In this district, on the contrary, reports indicate that operations have improved but little if any. Many plants are entirely closed, and it is doubtful if the local industry is averaging more than 20 or 25 per cent of capacity. Curtailment of operations and of employment has resulted in a plentiful supply of labor, willing to accept much lower wages than hitherto. The Steel Corporation on August 20 announced a further reduction in the wages of unskilled labor from 37 to 30 cents an hour, effective August 29. Many independent steel companies are already paying as low as 25 cents per hour for unskilled labor which is only 5 or 6 cents higher than the pre-war scale. According to the monthly survey of the Bureau of Census, there was a further decline in employment in the industry during July of 38,331 workers or 13.3 per cent.

An encouraging feature of the present situation is the fact that stocks are universally low and are not accumulating. Finished stocks are reported to be decreasing and in some instances are almost depleted. Reserves of raw materials are also diminishing, and in several cases have even been resold, that they might be reduced more quickly. Consumers' stocks are also low, and present purchases are to satisfy immediate needs only. Hence, any considerable increase of purchasing is bound to stimulate production.

On the other hand, the reports of production and orders placed during July are far from encouraging. The actual tonnage of pig iron produced was only 864,555, or a daily average of 27,889; a decrease of 200,278 tons from the previous month. This is a loss of more than 20 per cent from the June average and represents a rate of about one-fifth of the nation's capacity. It is also the lowest tonnage produced in any month since December, 1903, and the lowest percentage of activity displayed by the industry during the present century. A net loss of seven active furnaces occurred during July,—only 69, with a daily capacity of 28,175 tons, being in blast on August 1.

Steel ingot production was equally disappointing, showing a loss of 20 per cent from the previous month. Returns made by members to the American Iron and Steel Institute indicate that the total production of steel ingots was only 803,376 tons, as compared with 1,003,406 tons for June and with an average of nearly 3,000,000 tons per month for the summer of 1920. It seems hardly possible that during the twelve months, production should have contracted to a volume little more than 25 per cent of what it was a year ago.

The unfilled tonnage of the U. S. Steel Corporation again declined, the July 31 total being 4,830,324 tons, which was a decrease of 287,544 tons from the tonnage reported on June 30. These orders were less than half those on the books of the corporation on July 31, 1920, when 11,118,463 tons were reported. The report of the Bridge Builders and Structural Society for July shows orders and shipments of 32 and 32.5 per cent of capacity respectively, and work ahead for only one month, or 61,600 tons.

Machinery and machine tool manufacturers in this district are sharing to a great extent the general inactivity of the steel industry, but operations are on the whole at a higher rate than in steel. Reports indicate that production averages about 50 per cent of capacity. Orders received are for very small lots and for immediate delivery, and finished stocks are, in some instances, accumulating.

Collections throughout the industry are reported as being fairly satisfactory, but a number of firms report a recent slowing down. Cancellations and suspensions are giving little difficulty, as most orders are for immediate shipment.

### COAL AND COKE

#### ANTHRACITE

RETAIL dealers in this district report that demand for most of the domestic sizes of anthracite has declined steadily during the past month. Stove coal is selling in satisfactory quantities practically everywhere, but with this exception domestic sizes are now moving almost as sluggishly as the steam coals. This decline in purchasing has caused some surprise to dealers, for they are of the opinion that the public has not yet accumulated sufficient reserves to protect itself against the possibility of a winter shortage.

In consequence of this slackening of demand, both retail dealers and the larger producers have been compelled to store practically the entire output of smaller sizes and an increasingly large proportion of domestic sizes. Yards are overstocked at the present time, and dealers have frequently been compelled to ask for suspensions or cancellations of contracts they have placed with operators. Owing to their ample storage facilities, the large operators, with few exceptions, have been able to maintain a nearly normal rate of production, but many of the smaller independents have preferred to close their mines entirely or reduce operations rather than continue to operate at a loss.

That production in general has decreased is seen in the recent report of the Geological Survey. According to this, anthracite production for the four weeks ending August 13 was 6,923,000

tons, as compared with 7,387,000 tons for the same period in 1920. Production for the last week of that period, however, was 1,772,000 tons as compared with 1,564,000 tons during the preceding week; but the low output for the latter period is to be attributed, in part at least, to recent minor labor difficulties in the Lehigh and Wyoming regions. And it is encouraging to note that for the first seven months of the year production was 53,037,000 tons, as compared with 51,720,000 during the same period in 1920.

Recent price tendencies also reflect the decline in sales. Although many of the large companies made the usual ten cent advance on August 1, retail dealers, in numerous instances, made no advance. Quotations of the independents during the past month have receded steadily, until at present they are only slightly in excess of company prices for domestic coals and are considerably less than company prices for steam coals. This is significant, for the quotations of the independents are sensitive to changing demand, being higher than the stabilized level of the companies in periods of prosperity, and lower when demand becomes slight.

#### BITUMINOUS

Although a slightly better sentiment is noticeable of late in the soft coal trade, tangible evidence of an improvement, in the form of a larger volume of orders, is lacking. In fact, many dealers report a material decline in demand since last month. The hope is expressed by many that some measure of financial relief from the government will soon enable the railroads to place large contracts, but at present their purchasing is disappointing. Most of their orders are for spot delivery or prompt shipment, and they demand the lowest possible prices. Industrial consumers are also buying very closely and are apparently unwilling to place contracts for future delivery at present quotations. Since nearly 60 per cent of the bituminous output is normally consumed by railroads and industrial plants, little improvement may be expected before these companies resume purchasing. Export and lake business has suffered a considerable decline during the past month, as the accumulation of stocks at the



ports is more than sufficient to care for any immediate demand from these sources.

The slight but steady decline in production, which has continued since the first week of July, was broken by a marked upturn in output reported for the week ending August 13. For this week, production, as reported by the U. S. Geological Survey, was 7,726,000 tons as compared with only 7,175,000 for the previous week. Although this recovery is encouraging, the present rate of output is far from satisfactory. The average weekly output for the four weeks ending August 13—7,400,000 tons—is only slightly more than 70 per cent of that for the same period of last year. Even in 1914, which was a year of severe industrial depression, the August output averaged 8,700,000 tons a week, which is 18 per cent more than the present rate.

Although the general level of soft coal prices is practically unchanged, several instances of price-cutting, on both spot and contract coal, have recently been reported. Prices have weakened principally as a result of the competition of lower cost coal from non-union fields. In these districts, notably the Somerset, Westmoreland and Connellsville regions, operators have been able to make wage reductions amounting to from 50 to 75 cents per ton. Competition from these sources has naturally been disadvantageous to companies operating in union fields, where they have been unable to induce miners to accept wage reductions. In consequence union mines are universally operating on a much lower schedule than are non-union.

Collections are reported as being very slow and unsatisfactory, especially from the railroads.

#### COKE

An encouraging, though slight, improvement in the beehive coke industry is indicated by recent production reports of the Geological Survey. During the four weeks ending August 6 there was a steady increase in production, the output for that period being 190,000 tons,—a slight but unmistakable gain over the total of 174,000 tons reported for the preceding four weeks. This is a hopeful sign, but the tonnage is still at only a small fraction of the normal rate.

Total output for the week ending August 13—43,000 tons—is slightly less than 12 per cent of that for the corresponding period of 1920. A production of but 3,562,000 tons is reported for the first seven months of the present year, as compared with 12,411,000 tons during the first seven months of 1920.

These figures, however, are not representative of the entire industry, as the by-product branch, which normally produces about half the nation's total, is now operating at a rate between 40 and 50 per cent of capacity. Hence the industry as a whole is operating at over 25 per cent of the normal rate. A number of smaller companies have lately resumed manufacture, and it is reported that the largest producer in the Connellsville region is preparing to do so at an early date. Unemployment is still high, however, and further wage reductions were announced on August 1.

Sentiment in the trade is much more buoyant than it was last month, and many operators believe that production and prices have both passed the lowest point and will henceforth steadily improve. Prices have strengthened somewhat during the month and there are apparently fewer distress sales. Quotations for spot furnace coke range from \$2.90 to \$3, but contract prices are about 25 cents higher. Spot foundry coke is still quoted at from \$4 to \$4.50.

#### COTTON GOODS

COTTON goods are undoubtedly in a better position at the present time than are any of the other textiles. Different classes of goods vary in activity, it is true, but generally speaking the entire market is in better condition than it has been at any time during the current year. Whether this position will be maintained or not is problematical. Heretofore, increased activity has resulted in higher prices, which in turn have operated to check the demand. Cotton goods dealers, however, agree in the opinion that present activity is based upon an actual shortage of finished goods. If this is true, any moderate increase of price will stimulate rather than retard the present demand.

Reports emanating from both the retail and

the wholesale trade are all to the effect that business is satisfactory. This is particularly true in gingham, some mills being sold up for six months in advance. The fall buying season for dry goods has not officially opened, but buyers are already placing orders covering a wide range of materials.

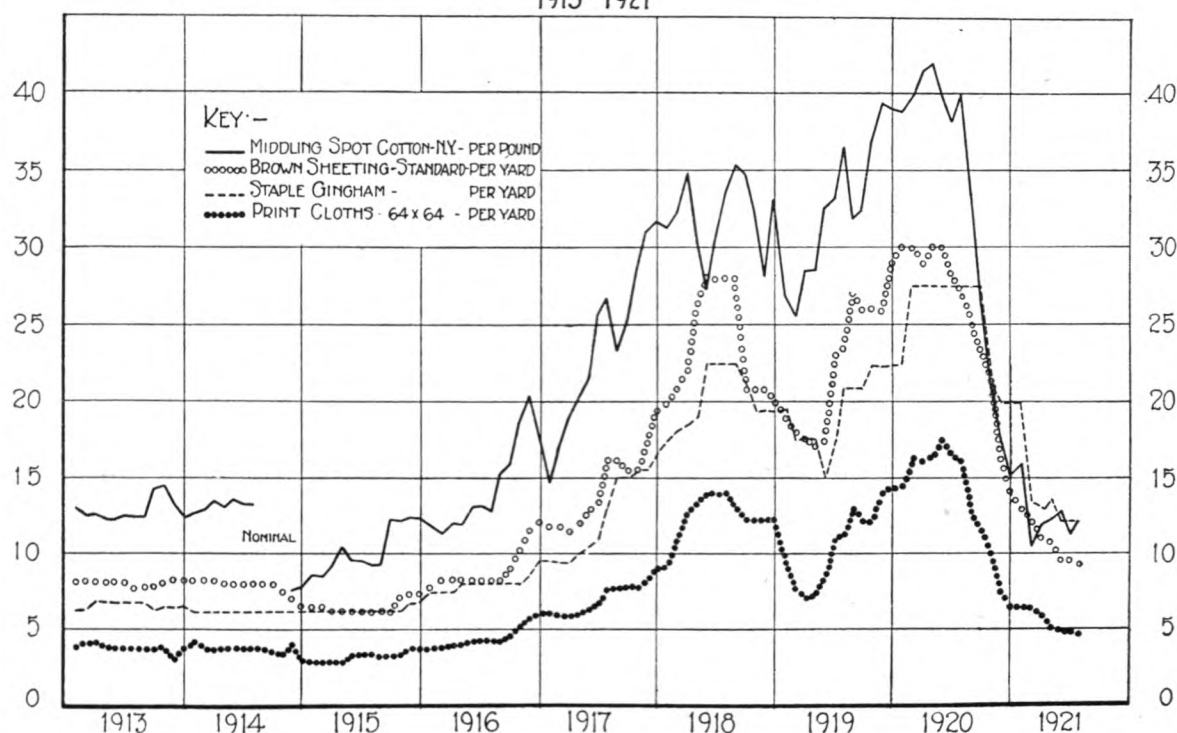
The export trade in sheetings continues in satisfactory volume, although price advances resulting from increased domestic business tend to restrict transactions. Another difficulty in the selling of goods for export is the fact that though early deliveries are desired, sheeting mills will be unable to deliver goods before autumn. The Levant has been the principal foreign buyer, although China and South America have purchased a variety of small lots.

In the domestic market materials that have until recently moved sluggishly are in good demand. One example of this is found in the sales

of drills and twills to shoe manufacturers in increasing amounts. Percalés are in request by retailers, and this demand is, in turn, reflected in the strength of the print cloth market. Both yarns and fabrics for the automobile industry are subject to greater inquiry as surplus stocks in the hands of manufacturers are reduced. Heavy ducks, however, are not in demand, and but few sales of any size have been reported.

With but few exceptions prices are slightly better on all cotton goods. The following chart gives comparative prices on three important cotton goods articles and the price of raw cotton, since 1913. It will be seen that quotations for the first eight months of 1921 correspond very closely with those of 1917, when the long upward swing began which culminated in the peak values of 1920. The August quotation on staple gingham is  $\frac{1}{2}$  cent above the average for the first six months of this year. Other quotations for

PRICES-COTTON AND COTTON GOODS  
1913-1921



the current month, as shown by the chart, are slightly lower than the six month average, but are higher than those for the month previous.

#### COTTON YARNS

The cotton yarn market has improved in strength during the past month and dealers report a noticeable development in the number of inquiries. The number of sales is larger, but individually they remain small in yardage, and no general disposition is shown to anticipate future needs. In a large measure this attitude of the buyers is attributable to the uncertainty of future market conditions. Another reason is the existence of distress stocks which will be offered at reduced prices as the holders are forced to liquidate. Although the number of these is decreasing, it is the opinion of many dealers that a stable price level will not obtain until they are sold.

Some spinners still claim that in view of the recent increase in the price of raw cotton, profits on many yarns are nil. In support of this contention they have announced that they will suspend operations rather than accept further business at a loss. However, recent reports point to an increase in the number of active cotton spindles, and it is hoped that further reductions of personnel, especially in southern mills, will not be necessary.

Past efforts of spinners to increase yarn prices have been unsuccessful and it is predicted that the present level will not be maintained. On the other hand some members of the trade, expecting the current quotations to remain firm, have attempted to place orders for future delivery. In general, though, spinners do not desire to be tied up in a rising market, and hence some orders which specified late delivery dates have been refused. The number of these, however, is small.

Carded southern yarns, hitherto a week spot in the market, advanced slightly in price last month. Indeed, gains of from 1 to 2 cents on all yarns were general, and some spinners asked an increase of 5 cents. Weavers are buying for towels, upholstery goods, and denims in larger quantities. Tire yarns have been inactive for

some time, but the recent purchase of small lots indicates that the stocks held by tire manufacturers are being depleted.

#### RAW COTTON

Following closely upon the news of the unfavorable crop report of August 1, the price of spot cotton rose over 150 points. However, by the middle of the month a reduction of 70 points had occurred, with a corresponding loss in activity.

The July consumption of cotton amounted to 460,139 bales, as compared with 563,064 bales in July of last year. Consumption for the year ending July 31—the cotton year—amounted to 5,401,750 bales, as compared with 6,762,207 bales for the year ending July 31, 1920.

Cotton spindles active during July numbered 32,446,281, compared with 34,666,794 in July of last year.

#### WOOL

##### WOOLEN GOODS

A MORE optimistic tone has prevailed in the woolen goods trade since the successful opening of spring lines by the American Woolen Company on July 25. Within two weeks after the opening staple lines were sold out and withdrawn from the market. Fancy worsted lines were opened on August 8, and it is reported that orders taken within the first week were sufficient to insure extensive operations until the beginning of the year. Independent mills that followed the lead of the American Woolen Company have also been successful in placing orders.

Except on a few numbers current fall prices are continued into the new season. This policy, it is expected, will do much to stabilize the market, as retailers were apprehensive of possible price-cutting and of its effect upon spring business. Clothing manufacturers, however, feel that prices on cloth are still too high and that the volume of spring trade will depend largely upon their ability to produce garments at a lower cost.

A recent development of interest is the attention given to novelty fabrics. For some time it has been the aim of manufacturers to encourage a wider use of novelties in order to keep the great-



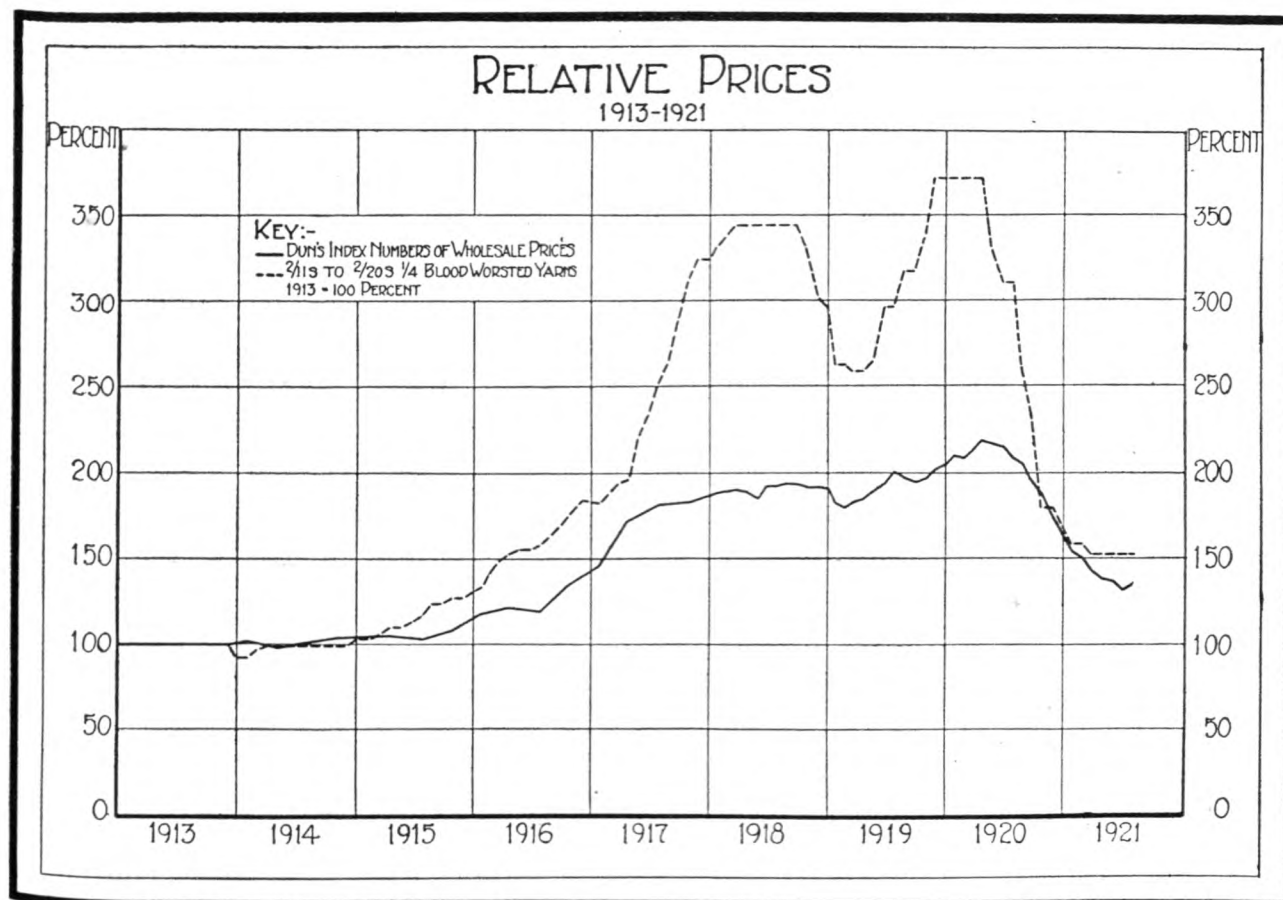
est possible number of looms in operation. This can be done, it is believed, without materially reducing the use of staple goods, for fancy fabrics are usually made up into extra garments, and the result would be a general increase in mill operation, which is especially desirable at this time.

Women's wear has not been in such demand as men's wear during the past few months, and several explanations have been advanced for the prevalent dullness in this branch of the trade. One is the relatively high price demanded by retailers for finished dress goods. Another reason is the present wave of economy and the consequent substitution of cotton goods for woolen fabrics. Further, some mills formerly engaged in making men's wear turned their mills over to the production of women's wear in the spring, and thus created an abnormal supply, which is now being consumed but slowly.

Several indications lead manufacturers to believe that an increasing volume of business in woolen goods will be done within the next few months. Agents for men's wear houses have discontinued the hand-to-mouth buying heretofore characteristic of the trade. This is mainly the result of a belief that there is an actual shortage of finished stocks resulting from decreased mill production.

#### WOOL AND WORSTED YARNS

The general aspect of the woolen and worsted yarn market has changed but little during the past month. The sentiment is strong that the recent spring business done by weavers will result in satisfactory yarn orders. However, developments at this time do not indicate that cloth manufacturers intend to anticipate their demands beyond the sixty-day period. On the other hand, certain spinners of quality yarns report a con-



## PROGRESS OF LIQUIDATION

Table showing how principal assets and liabilities of latest statements have increased or decreased (—) as compared with statements of a year ago and a month ago

## FEDERAL RESERVE SYSTEM

ASSETS	Increase or decrease August 17, 1921 as compared with August 20, 1920	Increase or decrease August 17, 1921 as compared with July 20, 1921	LIABILITIES	Increase or decrease August 17, 1921 as compared with August 20, 1920	Increase or decrease August 17, 1921 as compared with July 20, 1921
Total reserves.....	+ \$623,631,000 (29.39%)	+ \$86,102,000 (3.24%)	Government deposits.....	— \$35,949,000 (65.41%)	— \$15,953,000 (45.62%)
Discounts secured by Government obligations.....	— \$741,940,000 (57.00%)	— \$50,090,000 (8.21%)	Member bank deposits.....	— \$172,105,000 (9.59%)	— \$8,626,000 (0.53%)
All other discounts.....	— \$365,392,000 (27.72%)	— \$123,942,000 (11.51%)	Other deposits.....	— \$14,163,000 (31.51%)	+ \$2,809,000 (10.08%)
Bills bought in market.....	— \$278,655,000 (86.92%)	+ \$18,003,000 (75.30%)	Federal reserve notes in actual circulation.....	— \$671,083,000 (21.13%)	— \$60,870,000 (2.37%)
Securities held.....	— \$58,757,000 (19.33%)	— \$8,895,000 (3.50%)	Federal reserve bank notes—net liability.....	— \$84,061,000 (42.33%)	— \$13,373,000 (10.46%)
Uncollected items.....	— \$253,369,000 (32.25%)	— \$12,784,000 (2.34%)	Deferred availability items.....	— \$132,974,000 (22.49%)	+ \$4,577,000 (1.00%)
Net change.....	— \$1,074,482,000	— \$91,606,000	Change.....	— \$1,110,335,000	— \$91,436,000

## REPORTING MEMBER BANKS

ASSETS	Increase or decrease August 13, 1921 as compared with August 20, 1920	Increase or decrease August 13, 1921 as compared with July 13, 1921	LIABILITIES	Increase or decrease August 13, 1921 as compared with August 20, 1920	Increase or decrease August 13, 1921 as compared with July 13, 1921
Loans secured by Government obligations.....	— \$344,144,000 (35.87%)	— \$23,188,000 (3.63%)	Deposits.....	— \$1,360,519,000 (12.08%)	— \$190,463,000 (1.89%)
Loans secured by other securities.....	— \$42,801,000 (1.42%)	— \$22,563,000 (0.75%)	Government deposits.....	+ \$175,030,000 (6.43%)	— \$4,229,000 (0.15%)
U. S. securities owned.....	— \$175,799,000 (11.65%)	+ \$64,565,000 (5.09%)	Payable with Federal Reserve Bank.....	+ \$235,870,000 (162.36%)	+ \$103,227,000 (37.14%)
All other loans—discounts and investments.....	— \$1,370,752,000 (12.01%)	— \$121,037,000 (1.11%)	Redeemed with Federal reserve banks.....	— \$483,918,000 (63.83%)	— \$37,657,000 (12.08%)
Reserve with Federal Reserve Bank.....	— \$162,560,000 (11.93%)	— \$47,270,000 (3.79%)	Change.....	— \$605,244,000 (45.56%)	— \$119,472,000 (14.18%)
Cash in vault.....	— \$41,578,000 (11.81%)	— \$26,205,000 (7.78%)			
Net change.....	— \$2,137,634,000	— \$175,698,000		— \$2,038,781,000	— \$248,594,000

## LATEST AVAILABLE FIGURES COMPARED WITH PREVIOUS MONTH AND PREVIOUS YEAR

	1920 August	1921 July	1921 August	RESERVE RATIOS	March 12†	July 18	August 17
Call money renewals.....	7 %	6 %	5½ %	Boston.....	44.2%	78.9%	76.6%
Time money.....	9-9½ %	6-6½ %	6 %	New York.....	37.9	68.0	72.2
60-90 Commercial paper, N. Y.....	8 %	6½-6¾ %	6-6¾ %	Philadelphia.....	40.5	65.4	64.5
Bond prices.....	\$73.82	\$76.99	\$77.80	Cleveland.....	47.3	66.0	69.2
Stock prices—*				Richmond.....	38.7	43.7	44.0
Average 20 rails.....	\$74.66	\$72.48	\$72.30	Atlanta.....	46.0	41.8	40.9
“ 20 industrials.....	\$86.22	\$68.27	\$65.34	Chicago.....	39.5	59.3	69.1
Wholesale commodity prices†.....	262	148	148	St. Louis.....	40.4	53.5	58.5
Bradstreet's wholesale index.....	18.8273	10.7284	11.0576	Minneapolis.....	43.7	38.6	39.6
Dun's wholesale index.....	252.288	159.833	163.677	Kansas City.....	41.3	51.1	59.6
Bradstreet's weekly food index.....	4.57	2.98	3.02	Dallas.....	39.7	42.8	40.5
Business failures (Dun's).....	152	371	357	San Francisco.....	42.7	61.3	64.5
Debits to individual account.....	\$8,507,721	\$7,416,606	\$6,984,527	Combined.....	36.36	62.2	65.6
Dividends declared.....	\$46,349,500	\$53,963,000	\$42,900,000				
New securities issued.....	\$215,661,650	\$124,747,360	\$128,352,360				
Imports into United States.....	\$537,118,000	\$198,000,000	\$178,636,000				
Exports from United States.....	\$651,136,000	\$340,000,000	\$320,708,000				

Dow Jones & Co.  
Bureau of Labor.  
These ratios computed as at present.

stantly increasing business, the majority of which comes from producers of woolen hosiery.

The finer counts of yarn are the subject of greatest inquiry, and values are slightly higher. An example of this is found in 2-50s, which at the first of the month were obtainable at \$2 per pound but subsequently advanced to \$2.10 per pound. Though prices have not improved on all yarns the practice of shading prices in order to secure business has been virtually eliminated.

The knitting yarn trade varies in activity, and no particular branch is doing more than ordinary business. Woolen and worsted hosiery is probably in better condition than any of the other knit goods departments, as it has about 70 per cent of the total number of machines in operation. The current season for light weight underwear is practically over, and, as yet, little business has developed for 1922. In heavy weight underwear, the market is spotty and the number of inquiries has decreased since the first of August. Further reduction of output is expected, as manufacturers do not believe that retailers will buy except in small quantities for immediate sales.

The preceding chart, comparing the price of worsted knitting yarns with general commodity prices, shows the approximate parity that exists between them at present, following the high prices and violent fluctuations of yarns during and subsequent to the war. As a result of the placing of the Underwood tariff on raw wool, prices for both wool and yarns strengthened early in 1914. During 1915 and 1916, a gradual increase occurred, which was caused by allied war orders and the absence of foreign competition.

Immediately following our entry into the war in 1917, prices rapidly increased, until Government regulation became effective in April, 1918. Following the abrogation of these regulations, in December of 1918, prices dropped to about 50 per cent above the level of 1913. Speculation during 1919 and the first part of 1920 forced the prices up to even higher levels than those of 1918 and there they remained until the general period of liquidation began in May, 1920. The next six months witnessed a rapid decline in yarn prices of almost 50 per cent, and the August quotations denote that at present yarns are only

17 per cent above the general commodity prices as shown by Dun's index number.

### RAW WOOL

The raw wool market is in better condition than it has been at any time during the present year. The consumption of over 52,000,000 pounds of raw wool in June, the latest figures available, is the largest for any month since April, 1920. The total consumption for the first six months, however, was 24 per cent below that for the similar period of 1920. This is explained by the unusually large use of wool during the first half of 1920. As compared with the inactivity of the latter half of 1920, the first six months of 1921 show a gradual improvement.

The successful opening of spring lines helped to create a favorable sentiment in the raw wool market. However, firmer prices are confined to fine wools, as the summer fabrics are produced mostly from these grades. In coarse wools values are slight lower, for it is expected that consumption of this grade will decrease. Another reason for the strong position of fine wools, in comparison with other grades, is the relatively small production of fine and half blood staples. It is evident that with increasing consumption it will soon be necessary to import fine staple wools even under a high tariff.

Sales of three-eighths blood have been made recently at a price of 50 cents, scoured basis. Fine territory wool has sold at between 60 and 65 cents, clean, and some dealers have refused offers of 68 cents for choice lots. Australian and Cape wools have both sold well recently, good Australian in some cases having brought 75 cents.

### SILK

A QUIET month has just been experienced in the silk market. Retail buying of silk goods diminished more than was expected by dealers, even the inducement of bargain sales having failed to stimulate the demand to any extent. Among wholesalers and manufacturers those handling well known brands did the majority of the business.

The buying of broad silks is being restricted



almost entirely to staples. Ordinarily retail merchants and the cutting-up trade enter the market at this time of year to supplement the staple lines they purchased in the spring. This season, however, these buyers inspect wholesale stocks and after making a narrow selection announce their intention of waiting until the public displays an inclination to buy. In no case has there been any movement by retailers to discontinue hand to mouth buying. Wholesalers on the other hand cannot follow this conservative buying plan as closely as retailers do, as they must carry a well balanced stock from which retail buyers can choose.

The ribbon market is still characterized by the dullness that has prevailed for several months, although there has been some small lot buying for samples. In spite of the light demand, ribbon prices have remained firm, and no reductions are expected by the trade. Houses doing business in the dress accessory trade report that the demand for ribbons is fair and that satisfactory orders have been booked.

Conditions are unchanged in both the domestic and primary raw silk markets. Prices in Yokohama and Shanghai have receded slightly, but in Canton and Milan no change is reported. The Imperial Syndicate of Japan holds 42,000 bales of raw silk, and about 30,000 bales are held by individual firms. Last year at this time the total stock of silk was only 34,000 bales, as compared with the present supply of 72,000. Imports of raw silk for July were 8,500 bales greater than those for June, and for the same period there was an increase in consumption of 1100 bales.

### HOSIERY

SILK hosiery is in continued demand in full-fashioned, mock-fashioned and seamless styles, and the mills making these are well supplied with orders. Conditions in the full-fashioned mills in which the strike exists are improving, and they are now able to work at more than 25 per cent of capacity. This result has been achieved by teaching new hands. Plenty of labor suitable for this is obtainable, but the number of teachers has been small, which has

greatly retarded the work. It is expected that from now on progress will be more rapid, as some of the new men will be able to help in the teaching. One of the largest full-fashioned mills in the country has progressed so far as to be on an almost normal basis.

There has been little change recently in the price of either finished silk hosiery or of silk yarn. Prices for both are firmly maintained. The improved demand for high grade mercerized goods previously noted continues, but trade is still far below normal. Low end cotton has also been in better demand, but price-cutting is still being resorted to, and the margin of profit for the manufacturer is said to be very small. Prices of all grades of cotton yarn used by the hosiery trade have advanced recently, the low grades at least one cent and the highest grades as much as five cents. Manufacturers who make cotton goods hope that the advances in yarn will steady the price of stockings and stimulate trade.

Exports of both cotton and artificial silk hosiery declined in June, as compared with May. In cotton the June figures were 190,845 dozen—the smallest for any month in the year—as against 191,765 dozen in May. In artificial silk the June figures were 64,802 dozen as compared with 67,802 dozen in May. The exports of cotton hosiery for the first half of 1921 were 1,380,790 dozen. In 1920 the exports for the months of March and May were each larger than this six months' total.

#### OPERATIONS IN THE HOSIERY INDUSTRY

No. of firms reporting—29	July 1921 compared to June 1921	July 1921 compared to July 1920
<i>Firms selling to the wholesale trade:</i>		
Product manufactured during July .....	— 4.4%	—21.5%
Finished product on hand July 31 .....	— 9.4%	—70.4%
Raw materials on hand July 31 ..	+ 2.5%	—39.1%
Orders booked during July ....	—37.4%	+56.9%
Unfilled orders on hand July 31	— 4.8%	+36.7%
<i>Firms selling to the retail trade:</i>		
Product manufactured during July .....	+ 9.8%	—23.7%
Finished product on hand July 31 .....	+ 1.4%	—60.3%
Raw materials on hand July 31 ..	+14.4%	—51.9%
Orders booked during July ....	—33.0%	
Unfilled orders on hand July 31	+18.5%	— 5.9%

## UNDERWEAR

THERE has been a decided improvement in the demand for heavy weight underwear for the fall trade, and a number of duplicate orders have been received by manufacturers. However, the total business done so far is small in comparison with that of other years. Jobbers and retailers have both maintained a very conservative attitude, buying as a rule for immediate needs only. Some cases have been reported of requests being made for earlier shipments than were specified, which shows that in these cases at any rate stocks are depleted. The situation is a most difficult one for the manufacturer, for curtailment in production has undoubtedly been heavy, and much doubt is expressed as to the ability of the mills to fill enough orders from now on, if such orders are received, to make the season's business normal.

The opening of light weight underwear for the spring season was set for August 15. The day passed without any show of enthusiasm and was different in no way from any other day. Many manufacturers have been booking spring orders for some time and are continuing to do so. The volume already placed, though not large as compared with that of the average year, is considerable and is a source of encouragement to manufacturers as an indication of a return to former methods of merchandising and a departure from the recent policy of buying only for prompt delivery.

Prices of all grades of yarn used in the manufacture of underwear have advanced and are firm. This has helped to stabilize prices and has largely stopped price-cutting. Collections are slower than they have been in recent months.

CONDITIONS IN THE UNDERWEAR INDUSTRY

No. of firms reporting—20	July 1921 compared to June 1921	July 1921 compared to June 1920
Product manufactured during July	—21.9%	—47.0%
Finished product on hand July 31	+ 4.9%	—36.2%
Raw materials on hand July 31 . . .	—38.5%	—59.6%
Orders booked during July . . . . .	—28.8%	+97.5%
Unfilled orders on hand July 31 . .	— 3.9%	—42.5%

## CARPETS AND RUGS

THE outstanding feature of the carpet and rug industry during the past month has been the settlement of labor difficulties. In the tapestry and velvet mills of this district operations were resumed on August 1 on a scale commensurate with the limited demand existing at this time. The strike of weavers in the Wilton and Brussels mills was also virtually settled, although not all of the weavers have returned to their looms. It is expected that all difficulties will be settled and complete operations be resumed by the middle of September.

The strike in the Wilton mills was general throughout the country, and no rugs have been woven, except by apprentices, since January of this year. This, together with the fact that a limited but steady demand has reduced the stocks that had accumulated before the strike, has caused an actual dearth of Wilton and Brussels floor coverings at the present time. The scarcity is not confined to retail dealers alone, for jobbers entering the market to replenish their stocks find that even the larger mills have long since disposed of all desirable materials. It is the opinion of jobbers that Wilton rugs will be sold as rapidly as they can be produced. A buyer for one of the large department stores said that all rugs shipped to him within the next six months would immediately go out to customers. However, a large part of the present demand is for small lots, to be shipped at once. This is due to the fact that within two months spring samples will be shown and orders placed for spring business.

Cheaper rugs have, to a large extent, taken the place of Wiltons and Brussels since the beginning of the year. This is particularly true of Axminsters, though other less expensive rugs have been sold too. However, in general, the lower the quality of the rug, the less has it been in demand.

The number of idle carpet looms is slowly decreasing, according to figures compiled by the Department of Commerce. The following table shows the percentage of active looms for the first eight months of 1921, as compared with the similar period of 1920.

	1920 Per Cent of active looms to total	Total looms	Active looms	1921 Per Cent of active looms to total	Total looms	Active looms
January.....	69	8644	6032	54	8686	4714
February.....	71	8726	6226	50	8574	4312
March.....	72	8617	6231	40	8617	3406
April.....	71	8510	6109	43	8562	3663
May.....	71	8621	6167	46	8535	3963
June.....	70	8594	6090	47	8568	4027
July.....	67	8610	5847	49.2	8577	4230
August.....	67	8146	5516	49.5	8618	4273

## LEATHER AND SHOES

### LEATHER

DURING the period of the war and since, there have been great and rapid changes in the prices of raw hides and skins, and of leather and leather products. In 1913 and that part of 1914 prior to the declaration of war, the prices of heavy native steer packer hides, and of scoured oak backs, these two being here considered as the standard of values, varied but little. Throughout this article the prices quoted refer to the specific grade of hides and grade of leather noted above. During this time hides sold at from 17 to 20 cents per pound, and backs at from 45 to 48 cents per pound.

Almost immediately after the declaration of war, prices of both began to advance, but until the opening of 1916 the changes were slight. In that year hides rose to 32 cents and leather to 87 cents. Thus by December, 1916, the price of hides and leather averaged 65 per cent above the pre-war normal, and that of sheepskins for leather jerkins, 250 per cent. Then Great Britain inaugurated a system of price fixing which had a remarkable effect in stabilizing the prices in this country. Prices began to decline, but only comparatively small changes occurred until the U. S. War Trade Board took control over the importation of hides. In February, 1918, the Hide and Leather Control Board was formed, and this was shortly afterwards reorganized as the Hide, Leather and Leather Goods Division of the War Industries Board. Under their supervision various arrangements were made whereby the market was controlled, and thereafter the fluctuations in price were inconsequential.

After the armistice was signed prices were 28 cents for hides and 78 cents for leather. But shortly after the beginning of 1919, the market then being an open one, prices began advancing. The greatest excitement prevailed in all branches of the leather business. Prices changed so rapidly that in some instances quite unheard of advances occurred overnight. By July, 1919, hides had climbed to 52 cents per pound, and leather to \$1.09 per pound. From that point prices declined almost as rapidly as they had advanced. By the end of 1920 hides had reacted to 18 cents, almost exactly where they were in 1913, and leather had fallen to 60 cents. During the early part of the present year further declines took place, hides selling below 9 cents per pound, and leather below 50 cents per pound; although on account of the thoroughly demoralized condition of the market and because buying was negligible, it is not possible to state the exact low price at which these articles were traded in.

All other skins and leathers acted in about the same way during the period from 1914 to 1921, except that in calf, sheep and goat skins and the leather manufactured from them, the fluctuations were greater and the changes in price even more rapid. The principal reason advanced for the greater activity in these skins and leathers, is that they were largely imported and that ocean freights and insurance rates had risen to unheard of prices. Also at that time the fashion for women's kid and calf shoes called for very high uppers, necessitating the use of much more leather than normally, and this at a time when the supply was small.

Thus it will be seen that during the years under review hides advanced about 35 cents per pound, and that the leather made from them advanced over 60 cents per pound. The difference is accounted for in large part by the increase in the cost of manufacture. Labor in the industry, which, prior to the war, had received very low wages, received many advances, and the increase in the cost of fuel and tanning material was considerable.

Though the peak of prices for raw hides and skins and sole leather was reached in the summer of 1919, shoes continued to advance for nearly a year thereafter, and the peak price for shoes



was not reached until the spring of 1920. The average price of a group of shoes selected as typical, rose 29 per cent in 1920.

As in all periods of rising prices, manufacturers, wholesalers and retailers made unusually large profits. By a recent report of the Federal Trade Commission, we are informed that tanners of shoe leather, making about 65 per cent of the total production, reported profit on investments—as represented by capital stock, surplus and borrowed money—of 13.1 per cent in 1918, and of 29.8 per cent in 1919. Tanners of kid leather, making 70 per cent of the total production, averaged profits of 26.8 per cent in 1918 and 81 per cent in 1919. Shoe manufacturers, making 62 per cent of our output, made a profit of 16.2 per cent in 1918 and 29.8 per cent in 1919. The large increase in profits was due primarily to the fact that the selling prices increased out of all proportion to the increases in costs per unit of production. Reports from 32 typical shoe wholesalers show an average profit in 1918 of 22 per cent, and in 1919 of 31 per cent; and reports from 46 typical retail shoe stores show an average profit in 1918 of 25 per cent, and in 1919 of 32 per cent. These increased earnings in 1919 indicate that, with shoe dealers as with tanners and manufacturers, the selling prices advanced more rapidly than did costs. But when the turn in prices came, the change in conditions was so sudden, and the fall in prices so great, that much of the seemingly large profits was quickly absorbed by the consequent losses.

Today, the price of shoes has not fallen to pre-war levels, though the hide and skins from which they are made have done so. This is not difficult to explain, for expenses of all kinds, though much lower than they were a year ago, are still considerably above the 1914 level. Freight rates are higher, and so is fuel. Labor in both the tannery and the shoe factory is higher, and so are many of the smaller items which go into the cost from the time the hide is sold until the shoe is put into the hands of the consumer.

The prices of all kinds of hides and skins have advanced since the low point of 1921. The tanneries, which were either shut down or nearly so, have increased operations until they are now working on an average of from 60 per cent to

70 per cent of capacity. Shoe manufacturers also have recovered from the period of stagnation, and are now increasing their output of shoes and have sufficient orders on their books to keep their factories running for several months.

At the time of writing, the upper-leather market shows considerable activity. Glazed kid, both black and colored, is in demand. Though stocks of medium and low grades are still large, the call for them has shown a decided improvement, in spite of the fact that in these grades the lack of export demand is felt most. The foreign exchange situation has made it extremely difficult for anything like a steady business to be done. The reports are that stocks of finished kid in England are low and that supplies are needed there, but the unfavorable exchange rate is causing buyers to hold off in the hope that in the autumn exchange will be more in their favor. As an indication of the improvement in glazed kid, we quote from the report of the Census Bureau as of June 30, "Stocks of glazed kid have decreased 5.4 per cent during June."

Calf and side leathers are being bought in good quantity, and prices for both are firm, as are prices of sole and welting leathers. An advance on one grade of sole leather was announced by a large tanner. The Census Bureau reports that June 30 shows the first decline in the stock of sole leather for a number of months,—4.8 per cent for the month. Welting leather during the same period showed the effect of increased business in a decline of 26.2 per cent in stock on hand.

In belting butts there is little change. A goodly number of orders is being booked, but they are of small size and the total is inconsiderable. Glove leather continues dull, but a slight increase of inquiries is reported.

#### RAW HIDES AND SKINS

A generous amount of business has been done in hides and calf skins during the month, and prices remain firm. The possibility of a duty on hides is still being discussed, and it is said that some of the most influential members of the Senate favor such a duty. This has tended to prevent any recession in prices.

Goat skins continue in good demand and sales of large lots have been made. East Indian skins, particularly Patnas, are especially wanted. The prices quoted for skins from this district vary considerably. Some of the cablegrams from Calcutta have asked \$1 per dozen more than the price at which sales of goods already shipped from that port have been consummated. Spanish skins have also been bought in good sized lots at firm prices. Brazils are in good demand, and the supply both here and in Brazil is reported to be small. Argentina skins of various descriptions have sold at prices fully equal to those obtained at previous sales. The stock in Buenos Aires is reported to be considerable, but it is held by large firms, who, up to the present, have refused to sell at ruling prices.

Sheep skins in London are in increased supply, and prices are, if anything, a little easier. This, together with the favorable rate of exchange, enables tanners in this country who use sheep skins to procure their supplies at very attractive figures.

#### SHOES

Shoe manufacturers in this district are now in the midst of a busy season and are, as a rule, well supplied with orders. Those making shoes for girls of school age are particularly well off in this respect. However, all lines have shared in the improvement.

Jobbers who delayed placing their orders so that they might obtain the fullest possible information on styles, have bought decidedly larger quantities during the past month. The demand, except for children's shoes, is almost entirely in various styles of low shoes.

There has been practically no change in prices and the market is decidedly firm. All cotton goods used in shoes are held at prices above those of a month ago, and sales at the advanced figures have increased. In some instances manufacturers of cheap grades of shoes have been able to obtain slight concessions on their purchases of leather, but reports of transactions of this kind are fewer than they were earlier in the season.

Shortage of expert female help in the fitting room continues, and this is responsible for the fact that many factories well sold ahead are

unable to turn out shoes to their maximum capacity.

Collections are reported as being slower than they were a month ago, especially in the middle northwest.

This month we have inaugurated our reporting system in the shoe manufacturing business, and we give below a table showing the first results of its operation.

#### CONDITIONS IN THE BOOT & SHOE INDUSTRY

No. of firms reporting—36	July 1921 compared to June 1921	July 1921 compared to July 1920
(In terms of pairs)		
Production.....	—20.5%	— 4.2%
Shipments.....	—36.5%	—43.8%
Orders booked.....	—44.9%	—27.2%
Orders on hand.....	+ 1.5%	+23.6%
Stocks on hand.....	+ 6.0%	+61.7%
Number of operatives on payroll.	+ 2.3%	+11.5%

#### RUBBER GOODS

THE rubber situation as a whole shows improvement, varying in degree with each branch of the industry. Mechanical goods and rubber specialties are in limited demand, although stocks of finished goods are reduced to a minimum. On the other hand, the demand for tires and rubber accessories has widened, even beyond expectations, during the past two months. The price of raw rubber, which in May and June reached the lowest level ever recorded, has recovered but slightly from that point.

The railroads and the iron and steel industry are the largest users of mechanical rubber goods, but during the last year their purchase of these materials, as of other equipment, has been limited to necessities. Before the present dull period began large stocks of mechanical rubber supplies were accumulated by the railroad and steel companies. Under normal conditions shortage of such stocks at any one point would be met by an order to a producer of such goods. Now, however, a reshipment of surplus stock is made from the place of storage to the point where it is needed.

Tire manufacturers report increasing business as summer advances, and the entire industry is

now operating at better than 60 per cent of capacity. Larger orders are being placed by automobile manufacturers for tires to be used as original equipment, and at the same time replacement demand is increasing with the advancement of the touring season. The following table, prepared by the Rubber Association of America, shows the increase in production and in domestic shipments, and the decrease in stocks, for the first five months of 1921.

TIRES			INNER TUBES		
Production	Stocks	Shipments domestic	Production	Stocks	Shipments domestic
Jan.— 703,430	5,319,605	965,417	740,824	5,586,163	1,042,617
Feb.— 819,892	5,193,018	1,073,756	916,627	5,415,464	1,129,881
Mar.— 1,163,314	4,597,103	1,614,651	1,346,483	5,044,861	1,643,690
Apr.— 1,651,418	4,527,445	1,785,951	1,762,122	4,916,772	1,983,571
May— 2,100,917	4,451,668	2,085,882	2,210,040	4,751,880	2,342,567

SOLID TIRES			RAW MATERIAL	
Production	Stocks	Shipments domestic	Fabrics	Crude Rubber
Jan.— 21,220	303,753	29,116	2,598,143	6,625,435
Feb.— 23,355	304,374	29,559	2,952,058	7,823,657
Mar.— 28,710	283,800	43,926	4,474,965	12,075,298
Apr.— 28,859	269,985	42,080	6,524,668	17,191,149
May— 35,156	264,633	40,122	7,863,738	21,050,554

The smaller companies, unburdened by high-priced raw material, have been in better shape financially than the larger firms. As a result they have priced their product low enough to more than enable them to keep pace with their larger competitors in the volume of sales.

The demand for raw rubber has displayed slight improvement, although manufacturers still limit their purchases to small amounts. Prices remain firm. Smoked ribbed sheets are quoted at 14 1-2 cents, as against the low level of 11 cents in June. Imports for June were 34 million pounds, an increase of 48 per cent over the amount imported during May. Imports for year ending June 30 were 356,975,223 pounds, with a value

of \$114,639,659, as compared with 632,392,636 pounds, with a value of \$274,156,825, for the corresponding period of 1920.

## CHEMICALS

FOREIGN competition continues to be the most disturbing factor in the domestic chemical market. The strong position attained by the chemical industry during the war years has been seriously endangered in many lines by competition of lower cost chemicals from abroad. In the export market, European products have practically driven the American manufactures from the field, and in the domestic market importation of fine chemicals and dyes has become increasingly serious. The decline in exports of certain typical chemical products, as reported by the Department of Commerce, is shown in the following table:

	June 1920	June 1921	Per cent decline
Acids.....	\$ 565,347	\$141,512	74.7%
Dyes & dyestuffs.....	3,851,180	605,096	84.4
Tanning extracts.....	343,913	114,040	66.6
Soda salts.....	2,404,076	547,252	77.0
Potash salts.....	383,602	37,757	90.1
Lime.....	158,103	56,945	64.0

The course of prices of practically all chemicals has been downward for over a year. Prices of the various chemical groups, as shown by averages prepared by "Drug and Chemical Markets," are from 40 per cent lower than the peak, in the case of dye intermediates, to nearly 60 per cent lower in the case of crude drugs. But in spite of these recessions many products, especially the coal tars, are still considerably higher than they were before the war and even relatively higher than the general average of commodity prices. During the past few months prices have declined slightly, but the market is still weak, and concessions are frequent, especially to meet foreign competition. Prices of foreign competing chemicals, when expressed in dollars, are almost without exception below the domestic level, a condition for which the present exchange situation is largely responsible.



The uncertainty as to the tariff and the constant decline in the prices of raw materials have forced manufacturers of chemicals to follow a very conservative policy. Operations have been curtailed to meet existing demands, even though in some instances this has necessitated the closing of factories; and stocks are kept as low as possible. Unemployment is quite high throughout the industry, and wages have been further reduced, but the general level is still considerably higher than in most other industries in this country and is much above the wage received by European workers in the same field.

In this district the poor demand for heavy chemicals reflects the general industrial situation, and the depression in textiles, leather, and paper has seriously affected the market for dyes. There has been, however, a rather surprising improvement in the sales of pharmaceuticals and drugs, one firm doing a nation-wide business reporting that the demand for these products is better in this district than in any other section of the United States.

Collections are described as being only fair and some firms are having greater difficulty with them than they had last month.

### PAPER

SUMMER inactivity, which has not been noticed in the paper trade for several seasons previous to this one, continues to depress business, and the general demand for paper is exceedingly low. Slight improvement can be noted in some lines, the most recent cases being in the products used by the paper-box trade, box board and cover paper. One dealer reports a material increase in orders for glazed and other papers used in box-making, and a large manufacturer of box board has recently increased plant operations. Some distributors report a better demand for book paper. As a rule, however, the printing business is dull and purchases of paper by members of this trade are at a minimum. Paper dealers are inclined to attribute present inactivity in part to the failure of printers to reduce their charges, which are still so high as to discourage the placing of many printing contracts that

would in all probability be ordered at lower prices. In most cases quotations have been lowered as costs have decreased, but paper is the only element of cost that has declined to any appreciable extent.

The character of the demand, which is for small lots to be delivered immediately, indicates that consumers' stocks are low. The number of orders received is large, but they are so small in size as to keep the total volume of sales down. There is also very little paper left on the shelves of the distributors, and they are pursuing similar tactics in buying with the result that their rate of turnover is fairly rapid. Because of these small stocks any business that is placed is transmitted almost directly from consumer to mill. Manufacturers seem to have sufficient supplies on hand, as they are filling orders immediately although operations are reduced still more than they were last month and in this district now average less than 35 per cent of capacity. Many mills have closed down entirely during the last few months, and others make it a practice to cease manufacturing until enough orders have accumulated to make further production necessary. In general, sales exceed production and stocks are being reduced.

Federal Trade Commission figures for June show that total stocks of paper decreased slightly during the month, although they increased in some particular grades such as book and wrapping papers and board. The supply on hand at the end of June was, however, 70 per cent greater than on the same date last year, and 40 per cent above the average for the last three years. The government report also shows that production and shipments are about 40 per cent less than they were a year ago.

Prices are steadier than they have been for some months, but the general level is still falling. Dealers are constantly shading their prices, and a wide variation is always found in quotations on a particular grade—a situation that makes the market uncertain and discourages future buying. Wrapping paper was reduced on some grades during the month, and cuts in book paper, cardboard, and newsprint were announced at various times. Raw material prices also fell. Chemical pulp was reduced, and there was no trading worth

noting in scrap paper and rags. On the other hand, ground wood is in a much better position, as its production has been curtailed and the supply of it for sale is limited.

Foreign competition is now a disconcerting factor in the paper market. Scandinavian and particularly Finnish papers have been sold here recently at prices below the quotations of domestic houses. Government statistics show a marked reduction in imports of newsprint in May and June as compared with the same months last year, but imports of wrapping and book papers have increased remarkably within the period, whereas exports of these grades have fallen off considerably. Foreign pulp has also entered the domestic market and is offering severe competition to American manufacturers, who are still making pulp from high-priced wood. It is quite generally admitted, however, that domestic production of pulp and of some grades of paper is not sufficient to supply the normal demand of this country and that imports are therefore necessary. Also there is some uncertainty in regard to imported products because of the possibility of increased duties, and this makes dealers hesitant about placing substantial orders with foreign manufacturers.

Collections with the paper dealers are not satisfactory, particularly in respect to accounts against printers. Manufacturers report payments to be fair.

### PAPER BOXES

THE same spotty demand that has been experienced by the paper-box trade for ten months continues to be a characteristic of the market. Those manufacturers whose sales were encouraging in June report a falling off in July, but a better tone seems to prevail this month, and in some cases sales have increased. A manufacturer of boxes for druggists' supplies reports that jobbers are now buying in fair quantities, and the demand from the confectionery trade shows improvement. This may be due not so much to increased sales of candy as to depletion of stocks by confectioners, who, as a group, last fall bought boxes far beyond their needs. Sales of corrugated boxes also have increased in volume

recently, and, though they are still small as compared with last year, the number of boxes sold exceeds that in corresponding periods of 1916 and 1917.

Orders are still small, and there is no tendency to buy for future requirements. Paper-box manufacturers no longer keep on hand stocks of boxes required by certain customers, in anticipation of future orders. This practice was not general throughout the trade, but it was followed by some. It is being abandoned now partly because of the cessation of future buying and because of the space and expense required to carry these stocks, but largely because many customers are changing their specifications. Therefore operations are now necessary only when orders are to be filled, and it is estimated that plants on the average are still running at less than 50 per cent of capacity. Owing to the long period over which these reduced operations have extended, many of the plant organizations have been seriously disorganized. For this reason, it is thought by some that the coming of a normal demand would find the trade hardly in a condition to handle the business and that prices would therefore go up.

Competition continues to be severe, and consequently prices are marked down, in most cases to the lowest possible figure allowed by prevailing costs. In fact, manufacturers complain that under the present small-scale production, with little change in overhead expenses, the prices received allow for no profit. Nevertheless, prices for boxes are still higher than in 1918. It is claimed, however, that costs are proportionately greater. For example, in the Philadelphia factories there have been few if any wage cuts, and as employers are quite generally agreed that lower wages would be detrimental to the business, reductions will be avoided unless competition makes them compulsory. In the smaller towns many firms are paying less to their employees than they did last year. The lowest hourly wage reported for unskilled labor was 16 cents, paid to females. Other rates ranged up to 40 cents.

Box board fell in price during July to as low as \$26, but has been firmer in August. Some reports have been received of a recent rise to \$30. Many manufacturers have taken advantage of

the low prices and have bought a large supply of board for future use. Others think that the price will not rise high enough within the near future to make the expense of carrying large stocks worth while. Their belief is based on the present low price, on the abundant available supplies of waste paper from which board is made, and on the very fact that other manufacturers have large stocks of board on hand, which they will use in case the price should rise.

No change has taken place in the matter of collections. They are still described as being from poor to fair.

### FURNITURE

THE manufacture of furniture has participated in the general decline of business, and as yet no decided improvement has taken place. There has been a temporary quickening of demand during the past month, attributable, no doubt, to the August furniture sales; but the orders received were for immediate delivery and for small quantities only. Practically no orders are being received for future shipment. The slump in building operations has affected the furniture business to a great extent, and this, coupled with the lack of confidence in prices, is making recovery slow.

As a result of these conditions, production has dropped to from 60 to 33 1/3 per cent of capacity, although a few factories have been running at from 80 to 90 per cent of capacity. Where operations have been greatly reduced a steady decrease in stocks is reported, but it is generally conceded that they are still sufficiently large to permit of prompt shipment of all orders. Prices average about 25 per cent lower than the highest quotations of 1920, much of this reduction having taken place since January 1. With one or two exceptions no further cuts were made during July or the early part of August.

No difficulty has been encountered in obtaining labor. Manufacturers are able to secure all the workers needed at wages 10 to 20 per cent lower than last year, although a few firms report that they have not reduced wages. The present wage rates for unskilled labor range from 30 cents to 45 cents per hour.

Collections in this industry have been fair.

Some customers have been taking the time limit rather than discount their bills, but there have been few actual losses.

### OFFICE APPLIANCES

A PERCEPTIBLE increase in sales during July and August is reported by manufacturers and distributors of office appliances. The reasons given for this activity vary. Some firms, desiring to economize in every way possible, are installing mechanical devices and thereby reducing office forces. On the other hand, the industries that have more or less passed through the period of readjustment are preparing for better business by ordering additional equipment. The orders placed are not large, but they are of better size than they were two months ago. Distributors of office appliances on the whole are optimistic, as this increase in activity is occurring in what is usually a dull season. Stocks in all instances are adequate to meet present demand.

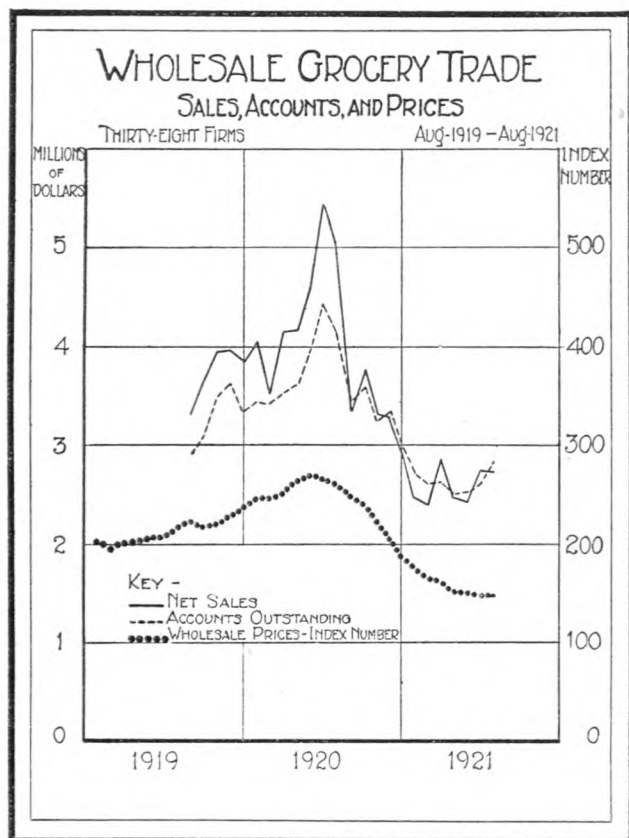
No such drastic price reductions have been made in office appliances as have been made in most other commodities. An average decline of from 10 to 20 per cent from the peak has taken place, the greater part of this since January 1. Prices of filing cabinets and filing equipment have gone lower than those of other lines. This is a reflection of the cut in steel and in paper, which are the principal materials from which the files and supplies are manufactured. Typewriters, adding and accounting machines remain stationary in price, except that one firm has just made a reduction of 10 per cent on writing and accounting machines,—a drop that brings their prices almost to the pre-war level.

With one or two exceptions collections are said to be fair and good.

### WHOLESALE GROCERIES

THIS month completes the first year of our wholesale grocery reporting service and we now have figures showing the trend of the grocery market for two years. It will be seen from the accompanying chart that except for slight reactions in December and February, sales in-





creased from August, 1919, to June, 1920, at which time they reached the maximum. There was a small decrease in July and a very radical one in August, followed by improvement in September, and then by a gradual decline until March of this year. The volume of sales fell off again in April and has fluctuated since that time. Collections were good throughout the first twelve months of the reporting service, and the ratio of outstanding accounts to sales averaged only 87.2 for those months. During the last year, however, accounts outstanding at the end of the month usually have exceeded net sales for the same month, and the ratio has averaged 101.6.

An interesting relation is shown between the fluctuations in the volume of sales and the rise and fall of food prices for the same period. It will be noted from the chart that the decline in prices began in May, 1920, whereas sales continued to increase until June, and in July did not fall to as great an extent as prices. This may be largely attributed to the sugar situation. Sugar

is probably the most important article of sale to the wholesale grocer, and during the early summer of 1920 that commodity was in great demand, and the price soared above all previous known levels. Sugar consumers, fearing a shortage, bought all they could secure and stored it away. But on August 12, the price began to decline and within 30 days was cut in half. Sugar sales fell off and consumers began to use their surplus stocks. This situation no doubt played a large part in furthering the increase of sales in June, in retarding the July decrease, and in accelerating the abnormal decline that occurred in August. Also the great disparity between sales for the past few months and those of the corresponding months last year is thereby largely accounted for. In the future, this difference should not be so marked.

Sales during July were slightly below those for June, which can no doubt be attributed to a seasonal dulness. The demand in August has shown no material improvement, but because of greater firmness in prices and because the market is less uneven than it has been for some months, there is a much better feeling among the reporting firms.

Prices are stronger, and, although some commodities are still falling, many staples such as sugar, potatoes, dried fruits and canned goods have advanced. Various index numbers show that food products, as a class, have either risen slightly in price or remained steady all summer. The sugar situation is much better than it was, and although the increase in price has not been great, the rapid decline, which continued from early April until July, has ceased, purchasers are less hesitant about buying, and the general tone of the market indicates more confidence.

Collections are not improving in general. The ratio of outstanding accounts to sales during July rose to over 100 per cent and several firms still report collections to be bad. But a greater number of good reports were received this month than last.

#### FLOUR

The flour market was rather active in the middle of July, in sympathy with higher quotations

on wheat, but since the first of August there has been little buying, and the price has again fallen. The general level of prices on flour is about one-third below that of August of last year, and is 40 per cent below the maximum, which was attained in May, 1920. Quotations have not been steady for some months. They reached their minimum last May and have been gradually rising, with frequent fluctuations, since that time. Millers in this district report that their stocks on hand are normal. The export demand, which is an important factor in the market, has been particularly dull recently.

#### THE PRODUCE MARKET

Fruits and vegetables have been entering the Philadelphia market in large quantities and have sold at good average prices. The midsummer prices were below those of last year in nearly all cases, but they compare favorably with those of previous seasons. Large shipments of Alberta peaches were made during July from Georgia and other southern states, and high prices were received for them; but the southern crop is exhausted, and as eastern fruit was almost entirely destroyed by frosts, there are now few peaches on the market. Watermelons and cantaloupes both brought satisfactory prices in July but quotations have been weaker this month. Delaware and Maryland cantaloupes are largely supplying the markets at present, and are selling at from \$1.50 to \$2 a crate.

The price of potatoes has doubled on some grades within the last month. New Jersey Cobblers rose from 50 cents per five-eighths bushel basket on July 15 to \$1.10 on August 15, and Virginia Cobblers from \$3.50 to \$5.50 per barrel. During the same period last year Virginia potatoes fell from \$9.50 to \$4.25, so that this year's prices now exceed those of the same date last season, though in July they were only a little over a third of the quotations of a twelve-month before. Butter and eggs have also been quite active during the past month. The former, stimulated by heavy consumption and storage demand and by active speculative interest caused by lighter production and poor quality, rose about 15 cents in nine weeks without a re-

cession, and on August 2 reached a new high level for the season. A slight decline since that date is attributed to cooler weather and a lighter demand for cream and unsalted butter by the ice-cream trade. Cheese and egg prices followed the same general tendencies.

#### CANNED GOODS

During the spring and early summer, the canned goods market was depressed—prices were falling, stocks on hand were excessive, and the prospects for the future were anything but encouraging. This situation has changed within the last six weeks, and trading in canned goods has been much more active. One cause of this was the poorer condition of crops, due to recent dry weather. But the most important factor is the voluntary cut in production by both farmers and canners.

A large part of the 1920 pack remains unsold and is being carried by canners, jobbers, and retailers. The presence of these large stocks on the shelves, with the new season fast approaching, naturally tended to depress prices. Canners, realizing the gravity of the situation, determined to reduce the new pack materially and refused to enter into contracts with farmers for the use of crops. Consequently, the latter planted a smaller acreage of vegetables than usual. Then late frosts practically destroyed the fruit crops, and the June drought damaged what few vegetables were planted. Many packers, adhering to their announced purpose, are not opening their canneries at all, and others are planning to operate on a reduced basis. As a result, the 1921 pack promises to be small, and last month dealers began a rush to secure a sufficient supply of last year's carry-over to meet their demands.

The position of the canning industry, as a whole, is better than it was in August, 1920. At that time, the carry-over was negligible, canneries were operating, the demand had been good to date, and prices were high. On the other hand, canners had contracted with farmers for their crops at maximum figures, whereas the market prices for farm products were falling rapidly, the prospective pack was large, costs were high, and all indications pointed to a de-

cline in prices, which came soon after. The result was that the output was held or sold at a loss. This year, the stocks on hand, to be sure, are large, and prices are relatively low, but the new pack will be small, raw products are being bought for less money, other costs are much lower, and prices are going up. Therefore canners are expecting a profit on this year's production.

The rise in prices, which began in July, has been particularly strong in the case of tomatoes. No. 2 canned tomatoes, quoted as low as 85 cents per dozen on July 20, have been sold in carload lots since August 1 at over \$1, and No. 3s rose from \$1.15 to \$1.40. This year's low prices for these grades were 70 cents and \$1 respectively. California fruits are also selling well, as the short fruit crop will cut down the volume of home canning. Apricots rose from \$1.75 on July 20 to \$2.10 on August 18. Canned salmon has been another feature in the market. The output of a certain grade of salmon has been

WHOLESALE GROCERY TRADE		
No. of firms reporting—48	July 1921 compared to June 1921	July 1921 compared to July 1920
Net sales during month . . . . .	—2.6%	—44.9%
Accounts outstanding at end of month . . .	+5.1%	—36.6%
Ratio of accounts outstanding to sales:		
July, 1921 . . . . .	102.6%	
June, 1921 . . . . .	96.5%	
May, 1921 . . . . .	103.7%	
April, 1921 . . . . .	102.3%	
March, 1921 . . . . .	90.8%	
Feb., 1921 . . . . .	106.3%	

pooled by a number of western packers, and they are demanding \$1.15 a dozen for it, f. o. b. Seattle. The price on this grade in New York on July 20 was 90 cents and on August 17 was \$1.10. Other canned products have not risen to so great an extent, but the general demand is quite steady, and buying for the future is more frequent than it was a few weeks ago.

Collections in the canning industry are reported to be good.

### BUILDING MATERIALS

THE slackness in building which has prevailed during the present year apparently remains unbroken in spite of the virtual settlement of the

strikes in the building trades in Philadelphia and other large cities. Indeed, reports indicate that the total value of new permits issued has actually declined. Construction of business and industrial structures is almost negligible, and practically the only large operations under way are public buildings such as schools and court houses. A fairly large volume of street and road building and repair work is being done, and this has increased somewhat since last month. The bulk of the present activity, however, is confined to inexpensive repair jobs and alterations and to the construction of garages and dwellings.

The decrease in building activity is illustrated by the accompanying table, which shows the number of permits and the estimated costs of construction for the months of June and July in the years 1920 and 1921 in the fourteen largest cities of the district.

CITIES	July, 1921		June, 1921		July, 1920	
	Num- ber	Estimated cost	Num- ber	Estimated cost	Num- ber	Estimated cost
Allentown . . .	46	\$ 64,475	68	\$ 207,968	53	\$ 177,000
Altoona . . . .	144	149,043	184	243,947	73	59,717
Atlantic City .	200	170,887	237	1,096,770	65	159,115
Camden . . . .	82	148,509	114	183,507	96	471,758
Harrisburg . .	62	290,170	45	426,395	27	45,720
Lancaster . . .	92	222,360	33	106,795	20	60,388
Philadelphia .	1,277	3,824,565	1,407	4,587,395	1,056	4,727,420
Reading . . . .	224	177,950	278	297,250	213	422,350
Scranton . . . .	54	136,070	64	206,019	67	1,114,455
Trenton . . . .	127	250,360	134	149,731	116	235,960
Wilkes-Barre .	66	153,225	77	94,975	62	72,478
Williamsport .	50	78,420	36	63,945	19	57,580
Wilmington . .	86	77,200	84	172,640	116	192,548
York . . . . .	89	132,437	113	38,302	68	119,805
Totals . . . .	2,599	\$5,875,671	2,874	\$7,875,639	2,051	\$7,916,294

During the first seven months of the present year, in the above cities, a total of 17,494 permits was issued at an estimated cost of \$36,644,547, or an average cost for each permit of \$2100. During the same period of the year 1920 only 15,185 permits were issued in these cities, but the average cost for each permit was \$4470, or more than twice that for the present year. This tendency to build smaller structures is perhaps more pronounced in the Philadelphia district than in other sections of the country.

The present inactivity in the industry as a whole is largely due to the lack of investment building, *i. e.*, the construction of office buildings, apartment houses and the like, which are ex-



pected to yield a long term profit to the owner. High as rents are at the present time they are not high enough to justify investment in buildings at their present cost. Either costs must be so far reduced as to ensure a satisfactory return on the investment, or rents must rise still further. The deadlock which now exists between these two factors—rents and building costs—is probably the most important cause of the present dulness in the building trades.

### GLASS

Considering the season of the year and the lack of activity in building, the demand for plate and window glass has been of fair size during July and August. Practically all of the merchandise sold is for use in alterations or small construction jobs, as no large building operations have been attempted. Since glass is one of the last commodities used in building, future demand for it can be roughly estimated by present construction operations. The present building season, however, is fast approaching an end without important developments, and therefore little material improvement in the plate and window glass branches of the industry is expected this year. The same may be said of wire glass, though this is in a better position than it was earlier in the year. Demand for glass from industrial firms and from furniture manufacturers is still very small.

Production of glass has been reduced to a material extent, and operations in plate glass factories are not more than 50 per cent of normal. Bottle factories are closed for the month of August under agreement with their employees. Finished stocks of glass in general are normal and are not accumulating. Evidently consumption has not been curtailed to as great an extent as production, for the imports of glass during the year ending June 30, 1921, were 470 per cent more than for the twelve months ending June, 1920, and the excess over 1919 was even greater. Window glass led the list in amount imported and also in ratio of increase, which was 1100 per cent. The cost of manufacture abroad is lower than here, and the foreign producers are anxious to recover their lost trade. For this reason, glass

manufacturers are favoring increased tariff duties on their products.

This large volume of imports has been, and no doubt will continue to be, a factor in the price situation. Prices are now about 50 per cent below the peak of last year. The decline has slackened recently, as the price level is approaching nearer to the costs of production, which have not descended so rapidly. Freight is an important item with glass manufacturers, particularly in its adding to the cost of coal and other raw materials. Furthermore, wages have not been reduced except in some specialized lines. A wage conference between the pressed and blown glass manufacturers' association and their employees' union, held in Atlantic City in the latter part of July, resulted in no satisfactory agreement, and at this writing the question of wages is still under discussion.

Collections are reported by various firms as being either fair or good.

### BUILDING BRICK

Demand for building brick has been light during the summer, and, as yet, has shown no signs of improvement. Sales are small, since no large operations are under construction, and brick is used only on small jobs or in repair work. Production has been reduced further during the last month and, in general, will not average over 40 per cent of capacity. Such reductions were found to be necessary in order to prevent undue accumulation of finished stocks, which are still rather large, considering that no great activity is anticipated this year.

Prices have been further shaded and are now less than two-thirds of last year's maximum. Certain grades of building brick that sold last year at \$20, \$25 and \$28 are now \$13, \$17 and \$20 respectively. The pre-war quotations on these grades were, in the above order, \$7, \$8 and \$12. An important factor in keeping prices from reaching these former low levels is the failure of freight rates to come down. The rates on coal are 50 per cent higher than the pre-war cost of a ton of coal with the freight charges included. Wages also are still much higher than in 1914, although they are lower than they were last year.



One Philadelphia manufacturer now pays common laborers \$3.25 for a ten-hour day, as compared with \$4.75 last year and \$1.75 before the war.

Collections are only fair, and on some accounts are slow.

#### REFRACTORIES

Fire-brick is not selling even as well as building brick, and the decline of demand in this branch of the trade which began some months ago has continued. Furthermore, no indications of improvement are to be noted. Many manufacturers have found it necessary to close down entirely, and others are operating on a less than 25 per cent basis. Stocks in general are large, but as a result of curtailed production are being slowly liquidated.

Prices of refractories suffered further reductions about August 1 of from 6 to 10 per cent and are now 25 per cent below the quotations of January 1. Labor costs have been reduced, and the hourly wage for unskilled labor, reported by manufacturers outside of Philadelphia, is less than 30 cents.

Collections are fair and have shown no change since last month.

#### LUMBER

July was the dullerest month for the lumber business, in point of production and sale, since early in the year. Statistics published by the National Lumber Manufacturers' Association show that the total of lumber cut and the totals of orders and shipments, of all members throughout the country, were smaller in July than in either May or June, and that the ratio of orders and shipments to the lumber cut also declined, which would indicate an increase in stocks. As the demand for the higher grades of lumber is good, some mills make it a practice to continue production, sell the better stuff, and store the remainder. Consequently, the stocks of low grade lumber are rather large, particularly with the manufacturers. Dealers have fairly well disposed of surplus supplies and are preventing undue accumulations by purchasing only in small lots for immediate delivery.

There is now a better feeling throughout the industry, as inquiries have been stimulated by the revival in building activity which is expected to result from the partial settlement of the building trades strike on August 1. Almost all of the lumber now sold is for use in general building construction, the demand for industrial purposes and shipbuilding and from the railroads and the furniture trade being practically nil. Wooden box manufacturers, however, have been fairly active.

Lumber prices have been reduced to a greater extent than those of other building materials, but they are still nearly 100 per cent above the pre-war figures. Nor have they come down as much as the general price level. Some grades have probably reached bottom, but not all. Competition is serving to bring prices down, but for some months now the rate of decline has been rather slow.

Labor has caused no especial difficulty in the lumber trade proper. The early deflation of prices in the industry was made possible largely by extensive wage reductions in southern mills. Labor seems to be quite plentiful throughout the Third Federal Reserve District, and the hourly wage for unskilled labor has, in general, suffered reductions. One firm in the northern part of the state reports that it is paying \$1.75 for a ten-hour day.

Collections are generally said to be fair.

#### PAINT

The event of outstanding importance in the paint industry during the last month was the general revision of price lists on August 1, whereby quotations were reduced about 17 per cent on nearly all grades. The price of ready-mixed paint was cut 50 cents a gallon and is now \$2.50, as compared with \$4 a year ago. This reduction was made first by western manufacturers, the eastern producers announcing similar cuts soon afterward. The price of white lead came down at the same time three-fourths of a cent a pound on all grades. Dry lead is now quoted at  $7\frac{1}{4}$  cents, and lead in oils at  $12\frac{1}{4}$  cents a pound. Linseed oil has been fairly steady for some time, fluctuating slightly between 75

and 80 cents a gallon, to which level it arose a few months ago, after a sensational decline from \$2.25, its peak price, to as low as 51 cents.

The general store demand for paints continues to be almost normal; but the normal demand at this time of the year is only a slight one. Consumption of paint by manufacturing firms, railroads, and shipbuilding plants, and in new construction work, is still at a minimum, and any dullness in the industry, beyond that due merely to a seasonal lack of orders, can be attributed largely to inactivity in these fields, for it is from these sources that probably 40 per cent of the demand for paint originates. Operations continue on a reduced basis and average about 75 per cent of capacity. Every possible effort is made to prevent the accumulation of finished stocks, and some manufacturers report that supplies are low. But the majority report supplies to be normal. Stocks of raw materials are greatly reduced.

Few wage reductions have, as yet, been made in the paint industry, but labor costs are somewhat lower because of increased efficiency on the part of employees. Undesirables have been eliminated and a better grade of workers has been secured.

Collections are generally considered to be fair.

#### PLUMBING SUPPLIES

Manufacturers of plumbing supplies report that small orders for immediate delivery have recently shown a slight increase in number, but not in size. Very few orders for the future have been placed, but those received are for larger lots than are the spot sales. The little improvement that has been felt has not yet been sufficient to make increased operations necessary. In fact, stocks are rather large for the present light demand, and production has been more than sufficient to take care of the business offered.

Prices were fairly steady during the past month

though on some commodities there were slight decreases. Brass goods are about 30 per cent lower than last year, and some cast-iron products are as much as 60 per cent lower. Labor costs have been reduced, but not to so great an extent as the prices of finished goods.

Collections are characterized as fair by all reporting firms.

#### HARDWARE

The volume of hardware sales for August declined materially, and buyers show continued hesitancy in placing orders for fall delivery. Instability of prices and expectations of further reductions have prevented purchasers from placing many future contracts. Although demand for most lines, especially mill supplies and builders' hardware, is very poor, retail merchants report a fair call for seasonable and sporting goods.

The following table, prepared from reports rendered by typical hardware firms in this district, is fairly representative of the present situation. It is noticeable that both net sales and accounts outstanding in July show a decided decrease as compared with the previous month and with the same month of last year. That collections are becoming less satisfactory is evident from the fact that the reduction in accounts outstanding was not as large as that in net sales. The ratio between these items in July was over 20 per cent higher than it was in June.

#### WHOLESALE HARDWARE TRADE

No. of reporting firms—25	July 1921 compared to June 1921	July 1921 compared to July 1920
Net sales during month . . . . .	—17.8%	—38.2%
Accounts outstanding at end of month . . . . .	—7.2%	—31.1%
Ratio of accounts outstanding to sales:		
July, 1921 . . . . .	189.4%	
June, 1921 . . . . .	167.5%	
May, 1921 . . . . .	169.4%	
April, 1921 . . . . .	155.2%	
March, 1921 . . . . .	172.2%	
Feb., 1921 . . . . .	213.3%	

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

## CHARGES TO DEPOSITORS' ACCOUNTS

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

	Aug. 17, 1921	July 13, 1921	Aug. 18, 1920
Altoona.....	\$ 2,872,000	\$3,209,000	\$2,631,000
Chester.....	4,060,000	4,078,000	5,950,000
Harrisburg....	6,700,000	6,853,000	2,067,000
Johnstown....	4,267,000	4,962,000	4,650,000
Lancaster.....	4,173,000	4,390,000	5,522,000
Philadelphia...	273,046,000	289,668,000	330,977,000
Reading.....	7,150,000	4,563,000*	3,481,000
Scranton.....	12,598,000	17,474,000	12,238,000
Trenton.....	9,975,000	10,552,000	11,936,000
Wilkes-Barre...	7,991,000	8,578,000	8,879,000
Williamsport...	3,737,000	4,295,000	4,675,000
Wilmington....	6,653,000	7,132,000	8,060,000
York.....	3,323,000	3,717,000	4,249,000
Totals.....	\$346,545,000	\$369,471,000	\$405,315,000

\*Smaller number of banks reporting.

## RESOURCE AND LIABILITY ITEMS

of Member Banks  
in Philadelphia, Camden, Scranton and Wilmington  
(000's omitted)

	At the close of business		
	Aug. 10, 1921	July 13, 1921	Jan. 7, 1921
Loans and discounts:			
Secured by U. S. securities	\$ 49,607	\$48,623	\$37,934
Secured by other stocks and bonds.....	180,597	192,948	198,983
All other.....	340,243	343,188	378,718
Investments:			
United States bonds.....	46,212	46,993	45,283
U. S. Victory notes.....	6,208	6,330	11,342
U. S. Treasury notes....	8,964	9,271	.....
U. S. certificates of indebtedness.....	29,307	7,976	12,447
Other bonds, stocks and securities.....	155,509	157,711	154,363
Total loans, discounts and investments....	\$816,647	\$813,040	\$839,070
Demand deposits.....	611,082	625,106	672,893
Time deposits.....	41,470	41,316	36,976
Borrowings from Federal Reserve Bank.....	74,022	76,504	110,036

STATEMENT  
Federal Reserve Bank of Philadelphia  
(000's omitted)

RESOURCES	Aug. 17, 1921	Month ago	Year ago
Gold reserves.....	\$204,829	\$204,415	\$170,625
Legal tender, etc. ....	3,010	3,753	473
Total reserves.....	\$207,839	\$208,168	\$171,098
Discounts—secured by U. S. securities.....	85,949	85,638	136,899
Discounts—all other..	29,371	33,197	40,865
Purchased bills.....	1,887	1,492	12,489
U. S. securities.....	27,377	28,379	37,591
Total earning assets..	\$144,584	\$148,706	\$227,844
Uncollected items....	49,263	48,626	69,619
All other resources....	1,612	1,502	2,304
TOTAL RESOURCES...	\$403,298	\$407,002	\$470,865
LIABILITIES	Aug. 17, 1921	Month ago	Year ago
Capital paid in.....	\$8,656	\$8,613	\$8,312
Surplus.....	17,564	17,564	13,069
Government deposits..	847	3,674	1,106
Member banks—reserve account.....	103,337	99,208	107,531
Other deposits.....	1,320	1,388	3,114
Total deposits.....	\$105,504	\$104,270	\$111,751
Federal Reserve notes	216,543	219,130	262,309
Federal Reserve Bank notes.....	7,320	8,946	19,835
Deferred availability items.....	43,762	44,883	53,127
All other liabilities....	3,949	3,596	2,462
TOTAL LIABILITIES..	\$403,298	\$407,002	\$470,865

## BUSINESS INDICATORS

	August 15, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans.....	\$665,553,000	—1.1%	—11.7%
Deposits.....	578,996,000	—4.4%	—15.0%
Ratio loans to deposits.....	115%	111.2%*	111.0%*
Federal Reserve Bank:			
Discounts and collateral loans....	\$114,923,000	—2.2%	—36.4%
Reserve ratio.....	64.9%	65.4%*	49.7%*
90-day discount rate	5½%	5½%*	6.7%*
Commercial paper....	6¼%	6¼%*	8.7%*
	July, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia...	\$1,665,000,000	—5.9%	—24.2%
Elsewhere in district.....	151,374,000	—3.3%	—22.5%
Total.....	\$1,816,374,000	—5.7%	—24.0%
Building permits, Philadelphia.....	3,824,565	—16.6%	—19.1%
Post office receipts, Philadelphia.....	1,068,577	—8.0%	—16.0%
Commercial failures in district (per Dun's)	72	71*	29*
Commodity index numbers:			
Annalist (food prices only).....	174.293	+8.2%	—37.9%
Dun's.....	163.677	+2.4%	—35.1%
Bradstreet's.....	11.0576	+3.1%	—41.3%

\*Actual figures