Business and Financial Conditions

WITH SPECIAL REFERENCE TO THE THIRD FEDERAL RESERVE DISTRICT

ISSUED

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Business and Financial Conditions

GENERAL SUMMARY

FOR the second consecutive month industrial and trade conditions have shown improvement. It should not be assumed from this statement, however, that business has fully recovered from the depression that began early in 1920. Nor must it be inferred that business has made as yet any very substantial steps toward recovery, for although it is undoubtedly true that in the last two months real betterment has occurred in practically all lines of industry, it is also true that this is relatively so small that many further gains must be made before it may safely be said that business has definitely "turned the corner" and resumed its upward trend.

The outstanding event of the past month was the spectacular rise in the cotton market, and to it may be attributed in large measure the better actual position of many textiles and the better sentiment in business generally. Immediately following the unfavorable government crop report of September 1, the raw cotton market began its upward movement, and as quotations daily—even hourly—rose higher and higher, there was a rush of cotton goods buyers to place orders at the then existing price levels. But as manufacturers had no means of knowing to what heights raw cotton quotations might soar, many of them withdrew their lines. Others took orders at advanced prices, and some few made sales contingent on the prices prevailing on the day of shipment. In many cases jobbers and retailers, in the belief that raw cotton would not maintain its gains, refused to pay the higher prices asked, and the buying of cotton goods, which had been steadily gaining prior to the advance in raw cotton, was checked, and is still checked at the present time. A like situation exists in the cotton yarn industry, in the underwear industry, and in the cotton branch of the hosiery industry. Yarn prices have fluctuated in sympathy with raw cotton quotations, and as a result many underwear manufacturers have temporarily withdrawn their lines. The few current sales are being made at higher prices. There is no fixed price level for cotton hosiery, and the business being transacted is therefore small. But the sentiment in these industries is greatly improved, and it is universally stated that the halt in buying is but a temporary condition and that sales will go forward with renewed vigor as soon as the cotton market becomes so stabilized as to permit of firm price levels again being established.

The full-fashioned silk hosiery industry is still receiving more orders than it can fill in time to meet the desired shipping dates, and plants not affected by the now ten-months-old strike are operating at total capacity. Production schedules have been increasing in the Philadelphia mills where the strike is still in progress, owing to the increased efficiency of the new workers who have been undergoing training for some months. Demand for mock-fashioned and seamless silk lines is not as great as that for full-fashioned hosiery, but manufacturers of these types report very fair sized orders. As a result of the large volume of business being done in silk hosiery, demand for silk yarns for the knitting trade is strong. The situation in the silk industry generally is better than that which existed last

SYNOPSIS OF BUSINESS CONDITIONS

THIRD FEDERAL RESERVE DISTRICT

Business	Demand	Prices	Raw material or merchandise situation	Collections	Finished stocks
Brick	Poor	Slightly lower	Plentiful	Poor	Sufficient
Cigars	Good	Firm	Plentiful	Good	Sufficient
Clothing, men's and boys'	Fair	Firm	Plentiful	Fair	Light
Coal, anthracite	Good	Increased		Fair	Heavy—decreasing
Coal, bituminous	Poor	Firm		Poor	Light
Coke	Poor	Increased	Plentiful	Fair	Light—decreasing
Confectionery	Fair	Firm	Plentiful	Fair	Decreasing
Cotton goods	Fair	Increasing	Plentiful	Fair	Sufficient
Cotton, raw	Fair	Increasing	Decreasing		
Floor coverings	Increasing—(Brussels, Wilton, linoleum) Decreasing—(tapestries, velvets)	Firm	Sufficient	Fair	Sufficient
Gas and electric fixtures	Poor	Firm	Plentiful	Poor	Sufficient
Groceries	Fair	Firm	Plentiful	Fair	Sufficient
Hardware	Poor	Decreased	Plentiful	Fair	Light
Hosiery, seamless, cotton	Poor	Increased	Plentiful	Fair	Sufficient
Hosiery, seamless, silk	Good	Firm	Sufficient	Good	Sufficient
Hosiery, full-fashioned	Excellent	Firm	Sufficient	Good	Light
Iron and steel	Poor	Unsettled	Plentiful	Fair	Light—decreasing
Leather	Good	Firm	Sufficient	Good	Decreasing
Leather goods	Fair	Firm	Sufficient	Fair	Sufficient
Lumber	Improved	Slightly higher	Sufficient	Poor	Light in high grades
Paint	Fair	Firm	Plentiful	Fair	Sufficient
Paper	Improved	Lower	Plentiful	Good	Sufficient
Petroleum	Poor	Increasing	Plentiful	Fair	Heavy—increasing
Printing and publishing	Poor	Lower	Plentiful	Poor	
Shoes	Fair	Decreasing	Sufficient	Fair	Light
Silk	Fair	Decreasing	Sufficient	Fair	Sufficient
Tobacco, leaf	Poor	Weak		Fair	Heavy
Underwear, heavy weight	Poor	Increased	Sufficient	Fair	Light
Underwear, light weight	Fair	Increased	Sufficient	Fair	Light
Wool cloth	Fair—decreasing slightly	Firm	Sufficient	Fair	Sufficient
Wool yarns	Fair	Firm	Sufficient	Fair	Sufficient
Wool, raw	Increasing	Firm	Sufficient		

month. There is more buying of raw silk, and the demand for broad silks is slightly greater, although the continued warm weather during September has greatly retarded the fall silk season. An increased volume of ribbons is being moved, but sales are largely for immediate delivery. In view of the fact that silk alone of the textiles showed no improvement during August, the results of the past month are encouraging.

Conditions in the wool industry are generally better than they were in August, although the demand for cloth is somewhat lighter. A few cancellations of orders for wool cloth, particularly overcoatings, have been received, owing to late deliveries, but they have not reached such proportions as to cause much concern. There is an increased demand for some grades of woolen and worsted yarns, but the yarn situation in general is but little changed. For raw wool the demand is considerably better, more orders for future delivery are being placed, and prices have advanced. The finer bloods are still in most active request, but the increase in sales is relatively greater in medium and low grade wools than in wools of higher quality. Carpet wools are selling in good volume, and forward buying is common. In the carpet and rug industry, the demand for Wilton and Brussels is improved as compared with last month, but that for tapestries and velvets has fallen off slightly. The strike in the tapestry and velvet section of the industry, which continued after the Wilton and Brussels strike had been settled, was adjusted during the past month. Workers agreed to an immediate wage reduction of 15 per cent, and to a further cut of 5 per cent to take effect on October 1.

Buying activity in the shoe industry has been rather slight during September, owing to the between-season period, but manufacturers have had sufficient orders on hand to maintain production at about 75 per cent of capacity. Salesmen have been on the road with spring samples, but the response thus far has been small, as retailers have moved but few of their fall shoes and are unwilling to place orders for distant delivery. Reflecting the slackened demand for shoes, sales of upper leathers have decreased somewhat, but glazed kid is still being sold in large quantities, although the orders received are slightly smaller than they were during August. Demand for sole leathers from shoe manufacturers is low at this time, but there has been an increase in sales to the shoe repair trade. Export business in leathers has not improved, but it is encouraging to note that many of the grades which have been shipped to foreign ports are those for which there is no present market in this country. Sales of belting leather have advanced steadily in the past six weeks, indicating beyond a doubt that industrial activity has expanded.

The most significant of the changes in conditions is the continued gain in the iron and steel industry. Demand for pig iron and steel ingots has grown steadily greater and the production correspondingly larger. However, the unfilled orders of the United States Steel Corporation fell off during August, but this was probably due to the fact that demand was confined largely to immediate delivery. In fact, most of the present sales call for prompt shipment. The greatest degree of improvement has been made by pig iron; sales are larger, prices have stiffened, and the general tone of the industry is better. The prices of finished steel products, with very few exceptions, have not increased, but most of the precipitous declines have been checked. Greater operations in the iron and steel industry continue to be reflected in the beehive coke industry. Demand for beehive coke is better and prices have advanced. The major portion of this increase in price, however, may be attributed to the higher wages being paid in the industry.

There was also a marked change in conditions in the anthracite coal industry during the past month. This was one of the few industries that failed to improve their position during August, and the noticeable increase in the buying of domestic sizes of anthracite during September is therefore especially encouraging, although much of it may be attributed to seasonal conditions. For steam sizes, too, there has been some demand, though last month there was none, and the number of inquiries has grown consider-

ably. An indication of the better demand is found in the fact that the prices of the independents for prepared domestic sizes have again risen above company quotations. Anthracite prices, in general, have been advanced at the mines and in turn by the retailers, and are now on a winter basis. The buying of bituminous coal is still at a low ebb but is slightly above that of July and August, owing to the increased purchases by the railroads. Almost all present sales are for spot delivery, the contract market being practically dormant. The petroleum industry, too, has felt an increased demand for its product. Crude oil is being sold in larger quantities, industrial plants have entered the markets for lubricating oils, and there is a better call for other refined products. There is little change in crude oil quotations, but the prices of refined products are somewhat stronger.

The paper industry has shared in the general increase in business, but little future buying has been noted as yet. Prices for fine and book papers have declined from 5 to 15 per cent, and the lowering of newsprint quotations has been announced for the fourth quarter of the year. The printing and publishing industry is still experiencing considerable dulness, but more inquiries have been received for catalogues and large commercial work. Printing and publishing charges have been lowered, but are still high and to this fact the small volume of orders is largely attributed.

Reports received from the wholesale grocery trade disclose an increase of 10.4 per cent in August's sales as compared with those of July, and during September business has continued to grow. Confectionery manufacturers report a better demand, which, however, is partly seasonal. A few orders for the Christmas season have been booked at prices from 25 to 30 per cent below those of last year. Cigar manufacturers also report a greater call for cigars, that for the cheaper grades being especially active. Prices of cigars have not changed during the month. The leaf tobacco market is inactive at this time, owing to the large carry-over of stocks from last year.

Concrete evidence of the change in industrial conditions during August and September is given in the employment figures of the Pennsylvania State Department of Labor. That Bureau's estimates of unemployment in the cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport have steadily declined since August 1, the latest estimate—203,500, as of September 15—being 3.8 per cent below that of August 31, which in turn was 2.5 per cent under that of August 15. The estimate for the latter date was 1.6 per cent below that of July 30. From other sections of this district come reports of increased employment, and indeed for the country as a whole it is recognized that the unemployment problem is not now, and during the coming winter will probably not be, so great a menace as was so freely predicted two months ago. The figures compiled by the Bureau of Labor Statistics of the United States Department of Labor, from reports submitted

INDEX NUMBERS OF WHOLESALE PRICES, BY GROUPS OF COMMODITIES
Bureau of Labor Statistics

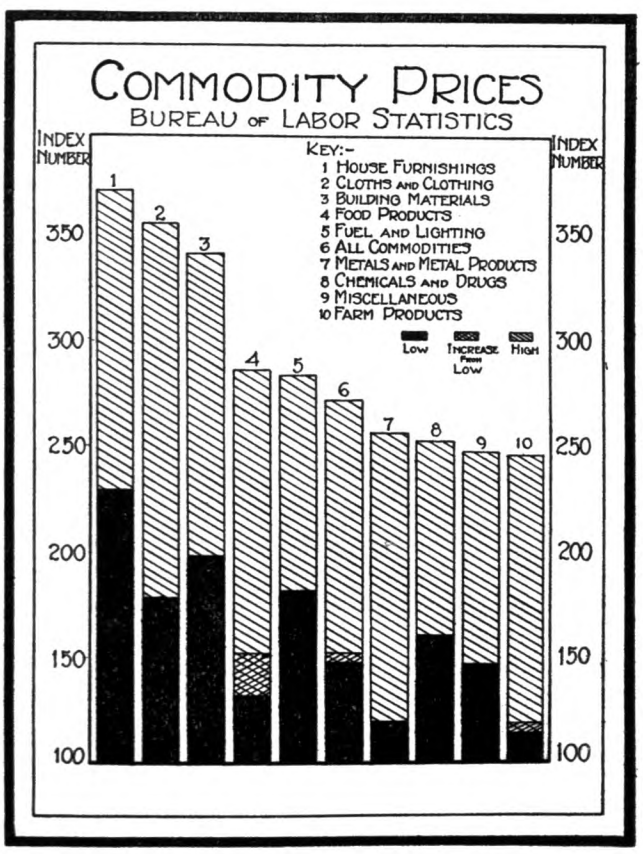
Groups of commodities	Peak prices		Low since peak		Decline from peak		Index number August, 1921	Increase from low	
	Index number	Date of peak	Index number	Date of low	Actual	Per cent		Actual	Per cent
1. House furnishings	371	Sept.–Oct., '20	230	Aug., '21	141	38%	230	.....	.....
2. Cloths and clothing	356	Feb.–Mar., '20	179	Aug., '21	177	50"	179	.....	.....
3. Building materials	341	Apr.–May, '20	198	Aug., '21	143	42"	198	.....	.....
4. Food products	287	May, '20	132	June, '21	155	54"	152	20	15.2%
5. Fuel and lighting	284	Sept., '20	182	Aug., '21	102	36"	182	.....	.....
6. *All commodities*	*272*	*May, '20*	*148*	*July, '21*	*124*	*46"*	*152*	*4*	*2.7%*
7. Metals and metal products	257	July, '17	120	Aug., '21	137	53"	120	.....	.....
8. Chemicals and drugs	252	Oct., '17	161	Aug., '21	91	36"	161	.....	.....
9. Miscellaneous	247	June, '20	147	Aug., '21	100	40"	147	.....	.....
10. Farm products	246	Apr., '20	113	June, '21	133	54"	118	5	4.4%

by identical establishments, show that though in five industries the number of persons on the payroll during August was smaller than in July, in nine industries it was greater. The industries showing the largest increases in employment were hosiery and underwear, men's clothing, iron and steel, and boots and shoes. The greatest decline—5.9 per cent—occurred in the automobile industry.

In sharp contrast with wage scales, which continued to fall during the past month, the cost-of-living figures of the Bureau of Labor Statistics disclose the fact that retail food prices in the United States as a whole rose 4.3 per cent during August. In Philadelphia the increase was 6 per cent, and in Scranton 5 per cent. Wholesale commodity prices in the United States continued their upward trend during August, as measured by the Bradstreet and the Bureau of Labor index numbers. The Dun index number declined .6 per cent in August, but the Bradstreet number rose from 11.0576 in July to 11.0868, and that of the Bureau of Labor Statistics recorded its first advance since May, 1920, the number for August being 152 as compared with 148 in July and June. In the Bureau of Labor index the only groups of commodities which increased in price during August were farm products and foods, and these accounted entirely for the rise in the all-commodities number. All the other classes continued to decline, with the exception of cloths and clothing. These remained stationary. The foregoing table on which the accompanying chart is based, gives the high and low levels of the commodity groups entering into the Bureau of Labor index number, the dates thereof, and the actual and percentage decline from the peak. It also shows the two increases during August cited above.

Since prices during September have risen in several instances, particularly those of cotton and the products into the manufacture of which cotton enters, it is reasonable to suppose that the index numbers for September will continue to increase. In this connection, attention is called to the weekly index number of the wholesale prices of twelve basic commodities, compiled by the Federal Reserve Bank of New York. For the week ending August 29, the number was 102.12, an increase of 1.33 per cent over that of the previous week. On September 5 the number was 105.24, and on September 12, 107.37. On September 19, however, it had declined to 104.08.

Further indication of local improvement in business is found in the decrease in the number of failures in this district as reported by R. G. Dun & Company. There were 68 failures in August, as compared with 72 in July. For the country as a whole, however, there was a larger number of failures in August. Then too, freight car loadings have been increasing steadily since early in August. The number of cars loaded during the week ending September 3, as reported by the Car Service Division of the American Railway Association, was 830,601, the largest total since December 11, 1920. There was an increase of 6,004 cars in the loading of merchandise and miscellaneous freight, and the loading of grain, ore, and coke was also larger. For the week ending September 10 the total number



of cars fell off because of the Labor Day holiday, but the average daily loadings were greater. Loading of live stock, coal, and forest products, however, were smaller.

FINANCIAL SITUATION

Features Affecting the Costs of Doing Business

DEVELOPMENTS during the month that bear directly upon the cost of credit were quite numerous. One of the most encouraging was the continued growth in the strength of the Federal Reserve system. Although total deposits increased, this increase was more than offset by the reduction in bills bought in the open market, in bills discounted and in Federal Reserve notes in actual circulation. Consequently, the ratio of the cash reserves to the demand liabilities rose to 68.7 per cent on September 21 from 66.5 per cent, the point at which it stood on August 24, 1921. It is worth noting that this improvement took place in spite of the fact that, to judge by the demand deposits of the reporting member banks, as the best index of current changes, the banks of the country were for the first three weeks of this period, expanding the volume of their accommodation to customers. The Federal Reserve banks of New York, Philadelphia, Cleveland, Chicago, Minneapolis, and San Francisco strengthened their position, the New York bank showing the greatest improvement. The remaining Reserve banks, however, are not as favorably situated as they were a month ago. This is largely explained by the fact that, except in the case of the Boston district, these districts have had to sustain the demands of the cotton, grain, and live-stock interests. The New York and Boston banks, by reason of the sound condition of business in their districts as reflected in their own statements, lowered their official discount rates from 5½ per cent to 5 per cent as of September 22 and 23 respectively.

In spite of the seasonal call for money for the moving of crops, which usually causes more or less hardening of interest rates, rates actually are lower than they were a month ago. The New York rates for call and time money, commercial paper and bankers' acceptances are all lower, and bond prices are higher. The banks, showing the influence of some loan liquidation, were more active buyers of commercial paper and securities than they have been for months. Investment bankers reported a strong and active market for high grade bonds. The new government short term loan for $600,000,000 was oversubscribed to the extent of about $800,000,000.

Some progress was made in the reduction of loans and not infrequently in the reduction of those which, because of the inability of the debtors to liquidate them, have been called "frozen" loans. This is partly explained by the selling of crops, except in districts where crops were a failure, and partly by the gradually increasing ability of debtors in various other industries to pay their debts. The reduction, however, was by no means general, and bankers in various localities still report no liquidation or even further extension.

Money markets abroad show various tendencies. The market in England has followed about the same course as ours, the Bank of England being in a stronger position than it has been, by reason of the fact that deposits are fewer and reserves greater. Both Bank of England notes and government currency notes have undergone contraction. The open market rate for 90-day bills and 90-day Treasury bills, and the call rate, are all lower. The Bank of France showed a slightly expanded note circulation and greater advances to borrowers. The Reichbank's reserves decreased somewhat, but there was an expansion of over 3 billion marks in note circulation. None of the central bank discounts rates were changed, except that of the Swiss National Bank, which was lowered from 4½ per cent to 4 per cent.

In addition to these developments, there were some which affected other costs of doing business. A number of these have already been referred to in the general summary. There were also isolated instances of rents declining during the month, and this fact, in connection with the outlook in building, which is said to be improving, may be a hopeful sign. There have also been a

few freight rate reductions here and there, but it is firmly maintained that the railroads are not in sufficiently strong position to make a general reduction now. The prospect as regards taxes, to judge by tax bills in Congress, is that they will be lower, and this of course points to the consequent reduction of government expenditures.

Volume of Trade

According to some financial indications, the volume of trade is greater than it was a month ago. The latest figures, those of September 14, for payments through banks, (debits to individual accounts) took a leap upward that carried them above those reported on August 17; but the average for four weeks ending September 14 was lower than the average for the four weeks ending August 17. Demand deposits in banks, however, increased steadily from August 24 to September 14, but appear to have fallen off from the fourteenth to the twenty-first of this month. The volume of bankers' acceptances increased substantially over that of a month ago, as shown in the table on page 11. Our foreign trade was considerably greater than that of July; but an important share of this increase is due to the seasonal shipment of agricultural products, which have been moving in large amounts. English foreign trade increased too, and in this case also a goodly share was due to the seasonal movement of foodstuffs, resulting in increased imports. The encouraging part, however, was an increased export of raw materials and manufactured goods.

Certain developments of the month have an important bearing upon the future volume of trade. In Germany the inflation of the currency and of the government floating debt has been going on steadily for months, but it has been more or less disregarded because of its apparent lack of harmful effect upon German industry, which from time to time has been reported as being feverishly active. Indeed, more than one observer has expressed the opinion that this continued and rapid inflation was a factor in favor of her industrial recovery. This month, however, international attention has been focused sharply upon the German situation, largely because of a precipitate drop in the value of marks; which fell to the lowest point on record. The result has been that more than a few bankers have described Germany's financial status as being highly precarious. As a result, the questions of reparations, stabilization of the exchanges, and probability of continuing trade with Germany have once more occupied prominent places among current problems. Foreign exchanges in general have been lower; this, however, is seasonal and not at all unusual.

Other factors affecting the volume of trade have been somewhat more favorable. Progress has been reported in liquidating some of the "frozen" credits in our export trade with South American countries. Collections of outstanding accounts have been reported in this district as being a little better generally, and inventories of goods held over from periods of higher prices have been further reduced.

Buying Power of the Public

It is not likely that the buying power of the public has changed to any extent, although reports from bankers were conflicting on this point, some indicating improvement, others, no change, and still others, actual diminution of buying power. Though employment is a little greater, wages are somewhat lower and food prices higher. There was another drop in savings deposits in the Third district savings banks and in postal savings banks throughout the country.

Business Profits

Net earnings of railroads generally show continued gains over those in previous months, and these have been due not so much to increased traffic as to rigid economy. There is no reason to doubt that other industries are also practicing economy and with the same result; many current news items confirm this. Moreover, the higher prices of stocks point to the same conclusion; for, insofar as they have not been moved higher by manipulation, their rise signifies that profits are becoming greater at present or will do so in the near future. Business failures, although still heavy, were fewer than last month. The passing and reduction of dividends is still quite notice-

able, but this is a fact not necessarily discouraging in itself, as it may indicate in some cases a desire for economy and for building a solid foundation for future business. Very few new enterprises are being started, and the small volume of securities floated during the month were mostly those of established firms borrowing more money. Many investment bankers are of the opinion that the reasons for the small amount of securities being floated at present are that there is no general desire to borrow money for purposes of expansion at this time, and that borrowers are expecting interest rates to be lower in the future.

General Tendencies

There is no doubt that business sentiment improved during the month. It is still, however, very conservative. Stock prices are perhaps as good an indication as any of its improvement, and the character of the demand of investors is a good indication of its conservatism. The bonds in greatest request have been high-grade bonds, and the heavy oversubscription of the new Treasury issue was a clear manifestation of the taste of the buying public. This, together with recent tendencies on the stock exchange, shows that the prevailing mood is far from speculative.

In spite, however, of the fact that the volume of business has increased and that business sentiment is better, it is clear that we are still passing through the process of readjustment. Bankers in some sections again reported that extension, rather than liquidation, of loans was the rule, that collections were no better, and that the buying power of the public was unchanged or even lower. Indeed, real as the improvement is, it is not general, and there are some sections of the country not aware of it. In the South, the rise in the price of cotton will, it is claimed, work wonders in restoring confidence, in releasing both banks and borrowers from an unfortunate credit situation and in stimulating business. It is to be hoped that all this will be realized. If it is, it will be the silver lining in the cloud. But when the consumers in general find out that because of the scarcity of such a necessity as cotton, or grain, or any other staple, they face the prospect of paying considerably more money for what they have to buy of it, they are not likely to toss their hats in the air to celebrate the news. It is apparent to all that the more money people spend for cotton, the less they will be able to spend for other things. Real prosperity depends on large per capita production, free exchange of one kind of surplus for another kind, and large per capita consumption.

Moreover, one should turn from the generally favorable events of the month in this country and look abroad. To an important extent, the prosperity of American business depends upon its trade with the rest of the world. To that extent, then, must conditions affecting the prosperity of business abroad be studied as integral factors helping to determine the prosperity of business as a whole in this country.

One phase of our international relations that is of profound significance is this country's tremendous balance of trade, which was again substantially increased. Neither the steady stream of gold, which flows in unabated, nor debts contracted by Americans for insurance, freight, and other current items, can reduce it or prevent its increase. When one adds to it the funded debt owing us, the resulting total becomes stupenduous. As there seems to be no intention of cancelling any part of this huge sum of indebtedness, it must eventually be paid, and paid mainly by securities, or goods, or both. Every accretion to it, proof that fresh credit is being extended, must be paid for in one way or another later on, and the final settlement in securities or goods cannot fail to affect both our foreign and domestic trade. It is interesting to speculate how much more this indeterminate factor of our prosperity will grow month after month in both size and importance.

Bankers' Acceptances

The increase in foreign trade during August, in both exports and imports, is reflected in the total of acceptances sold and in the total of those executed by the banks in this district during that period. Four dealers, operating in this district, sold $8,149.000 as against $3,445,000

in July, an increase of 236 per cent. In August, 1920, although only some of these dealers were selling acceptances here at that time, the sales were $9,551,000. It should be noted, however, that the purchases of the Federal Reserve Bank of Philadelphia in that month, as shown by the table below, increased enormously, and in fact were far larger than ever before. Most of the acceptances sold by these dealers covered exports and imports of staple commodities, chief among which were grain, cotton and sugar, in the order named. Warehousing transactions were next in importance.

Rates were slightly easier. Owing to this, the demand has slackened and the supply has been adequate. This Federal Reserve Bank was by far the heaviest buyer. Comparison of its purchases for the past three months and for the corresponding months of 1919 and 1920 is shown in the following table:

PURCHASES OF BANKERS' ACCEPTANCES BY FEDERAL RESERVE BANK OF PHILADELPHIA

	1919	1920	1921
June	$135,000	$1,033,000	$4,000,000
July	279,000	616,000	1,403,000
August	510,000	8,058,000	4,303,000

Twelve banks executing acceptances in this district report an increase both in bills issued and in bills outstanding, as compared with the previous month. The following figures give the totals for the past six months:

BANKERS' ACCEPTANCES EXECUTED

	Executed during preceding month	Outstanding on date given
1921—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	4,852,000	8,757,000
September 10	5,312,000	9,009,058

In most cases these acceptances were issued on account of foreign transactions. Some of the articles covered, in addition to grain, cotton and sugar, are silk, hides and skins, oil, tobacco, copra, and salt fish.

Selling rates, at time of writing, are as follows:

BANKERS' ACCEPTANCES—SELLING RATES

	30 days	60 days	90 days	180 days
Eligible members' bills	4¾–4⅞	4¾–4⅞	4¾–4⅞	4⅞–5⅛
Eligible non-members' bills	4⅞–5⅛	4⅞–5⅛	4⅞–5⅛	5⅛–5⅜

Commercial Paper

The dulness in the commercial paper business noted last month continued until Labor Day. Since then there has been a decided increase in activity. Some of the large city banks that have been out of the market for many months have purchased to a considerable extent, and this has encouraged dealers greatly. However, this increase in business has been partially offset by continuing dulness in the country districts.

Owing to the almost kaleidoscopic changes in many businesses during the past year, banks are demanding late statements, and are exercising unusual care in checking up, as the process is known in the trade, on names presented. In one instance at least, paper has been sold at 5¾ per cent, but this is below the rates at which the bulk of the business has been done. Most of the sales have been made at 6 and 6¼ per cent.

Savings Deposits

Returns from the twenty-four regularly reporting savings banks in the Third Federal Reserve District show that people are still drawing on their savings to tide them over the present period of stress. Indeed, the following figures indicate that the amount drawn out during the month just past was the largest since the decline in deposits began last March:

SAVINGS DEPOSITS—THIRD FEDERAL RESERVE DISTRICT (24 banks reporting)

	In Philadelphia	Outside Philadelphia	Totals
1921—September 1	$250,087,955	$52,670,089	$302,758,044
August 1	251,645,886	52,927,485	304,573,377
July 1	252,716,953	52,797,413	305,514,366
June 1	254,169,801	52,761,237	306,931,038
May 1	252,716,953	52,902,375	308,219,556
April 1	256,335,641	53,006,733	309,402,374
March 1	256,901,359	53,100,429	310,001,788

FOREIGN EXCHANGE

THE most disturbing development of the past month in the foreign exchange market has been the unprecedented decline in German marks. This currency, with a "normal" gold par value of 23.84 cents, fell during the first fifteen days of September from 1.17 cents to .9 cent, a loss of nearly 15 per cent in as many days. One explanation of this decline is that throughout the past few years, and especially since the commencement of reparations payments, Germany has continued to issue enormous volumes of paper currency. The most recent report of the Reichsbank, published September 22, shows a total circulation of over 81 billion marks, supported by a pitifully small gold reserve of 1,023,700,000 marks, a ratio of one gold mark to 79.5 paper marks. This steady recession in the external value of the mark has been duplicated, in Germany, by an equally rapid decline in its internal purchasing power. Commodity and security prices have risen with startling rapidity; a feverish speculative boom has taken place—a wild rush of speculators and investors to convert their holdings of rapidly depreciating paper into tangible property.

French and Belgian francs have also suffered a severe reaction, the former falling from 7.87 on September 1 to 6.98 on September 15, and the latter currency from 7.64 to 6.94 during the same period. This decline is a reflection of the serious doubt entertained by some as to Germany's ability to meet her future reparations payments. As Belgium and France will profit the most from these payments, it is not surprising that these currencies should move in sympathy with marks.

Sterling and the other European exchanges, however, have displayed relatively greater strength, although practically all of them have declined considerably. Sterling closed on September 15 at $3.70, as compared with $3.746 on September 1; lire fell from 4.50 to 4.23 during the same period; pesetas from 13.10 to 13.03; Swedish crowns from 21.75 to 21.59. Swiss francs were the only currency to go up; they rose from 17.12 to 17.23. This downward trend in European rates at the present period, however, is but a normal seasonal development, as offerings of grain and cotton bills are appearing in increasing volume to cover fall exports.

South American exchanges, on the other hand, are recovering somewhat from the marked depreciation of several months past. Liquidation of "frozen credits," increasing exports, and the placing of American loans for these countries are largely responsible for this improvement. Argentine and Brazilian exchanges have advanced from 67.93 and 11.99 respectively on September 1, to 68.29 and 12.3 on September 15.

Asiatic exchanges are also stronger, especially the Shanghai tael, which rose from 68.37 on September 1 to 72.30 on September 16.

The inability of foreign countries to liquidate their indebtedness to us by the export of commodities is seen in the heavy flow of gold to the United States. Net imports for the first eight months of 1921 amounted to $491,252,386, a sum which is greater by $35,386,186 than the total of our domestic production for the period from 1915 to 1920 inclusive.

RETAIL TRADE

IN AUGUST, retail trade, as measured in dollars, showed a falling off, as compared with August, 1920, of 4 per cent. The furniture sales featured by the larger department stores were almost uniformly successful, in some instances being reported to be the largest on record. The gain in furniture, however, and in a few other commodities, among which cotton piece-goods for women's wear may be mentioned, has been more than offset by dulness in a number of other articles. Luxuries, including jewelry, silver ware, silks, and haberdashery in higher priced lines, have sold but slowly. House furnishings, particularly those made largely of iron or wood, in which articles up to the present time the reductions in price have been comparatively small, have by their inactivity made it apparent that buyers are expecting lower prices.

Reports of the large mail order houses show that though August sales are considerably below those of the same month of 1920, they have in-

creased in a highly satisfactory way over the sales of July, 1921.

MAIL ORDER SALES—JULY-AUGUST, 1921

	Sears Roebuck Company	Montgomery Ward Company
July, 1921	$10,625,505	$4,329,164
August, 1921	12,477,430	5,483,413
Gain	17.4%	26.6%

September sales in this district have not improved, which is thought to be largely due to the warm weather. Stocks of goods in the stores are considerably lower than they were a year ago, and buyers are continuing the policy of purchasing only for current needs. There have been no reductions in wages, but in cases where it has been necessary to engage new employees it has been possible to do so at lower rates. Increased efficiency is noticeable in the fact that more sales are being made with smaller forces.

Collections are reported to be slower.

RETAIL TRADE

NET SALES:	August 1921 compared to August 1920	July 1 to August 31, 1921 compared to July 1 to August 31, 1920
Firms in Philadelphia (13)	— 2.9%	— 8.5%
Firms outside Philadelphia (36)	— 6.7"	— 7.8"
All reporting firms (49)	— 4.0"	— 8.3"

STOCKS OF GOODS	August 31, 1921 compared to August 31, 1920	August 31, 1921 compared to July 31, 1921
Firms in Philadelphia	—19.1%	— 2.5%
Firms outside Philadelphia	—12.0"	+ 4.6"
All reporting firms	—17.3"	— .7"

STOCKS COMPARED TO SALES:	Average stocks July 1 to August 31, 1921 compared to Average sales July 1 to August 31 1921
Firms in Philadelphia	442.2%
Firms outside Philadelphia	525.5"
All reporting firms	462.8"

ORDERS COMPARED TO PURCHASES:	Orders outstanding August 31, 1921 compared to total purchases in 1920
Firms in Philadelphia	8.9%
Firms outside Philadelphia	8.1"
All reporting firms	8.7"

IRON AND STEEL

A GENERALLY stronger tone has pervaded the iron and steel industry during the past month. Although the trade is hardly enthusiastic over the present outlook, it feels that the industry definitely "turned the corner" during August and that the future holds prospects of gradual betterment. Concrete evidence in support of this view is not lacking. Production of pig iron during August showed an increase of 89,638 tons, or 10.4 per cent over the total for July—the first increase after nine months of continuous decline. Furthermore, several blast furnaces have been blown in since the first of September, and should the present rate continue, this month's production will exceed that of August.

Recent price movements have also demonstrated the improved demand for pig iron. During early August, quotations dropped to the lowest levels since pre-war days, but prices hardened considerably during the latter part of the month even in the face of continued weakness of finished steel products, and the present level is from $1 to $1.50 above the lowest quotations. Even during the past week some prices have advanced further. It is evident from this urgent buying that stocks of pig iron, which were rather heavy in some localities, have in many cases been depleted. Pig iron producers in this district report a somewhat better demand, which has come principally from foundries that supply castings to pipe, stove and radiator manufacturers and to manufacturers of textile machinery. Inasmuch as pig iron has, in the past, been a valuable indicator of the general trend of iron and steel products, its recent movements would seem to presage a general betterment in the industry.

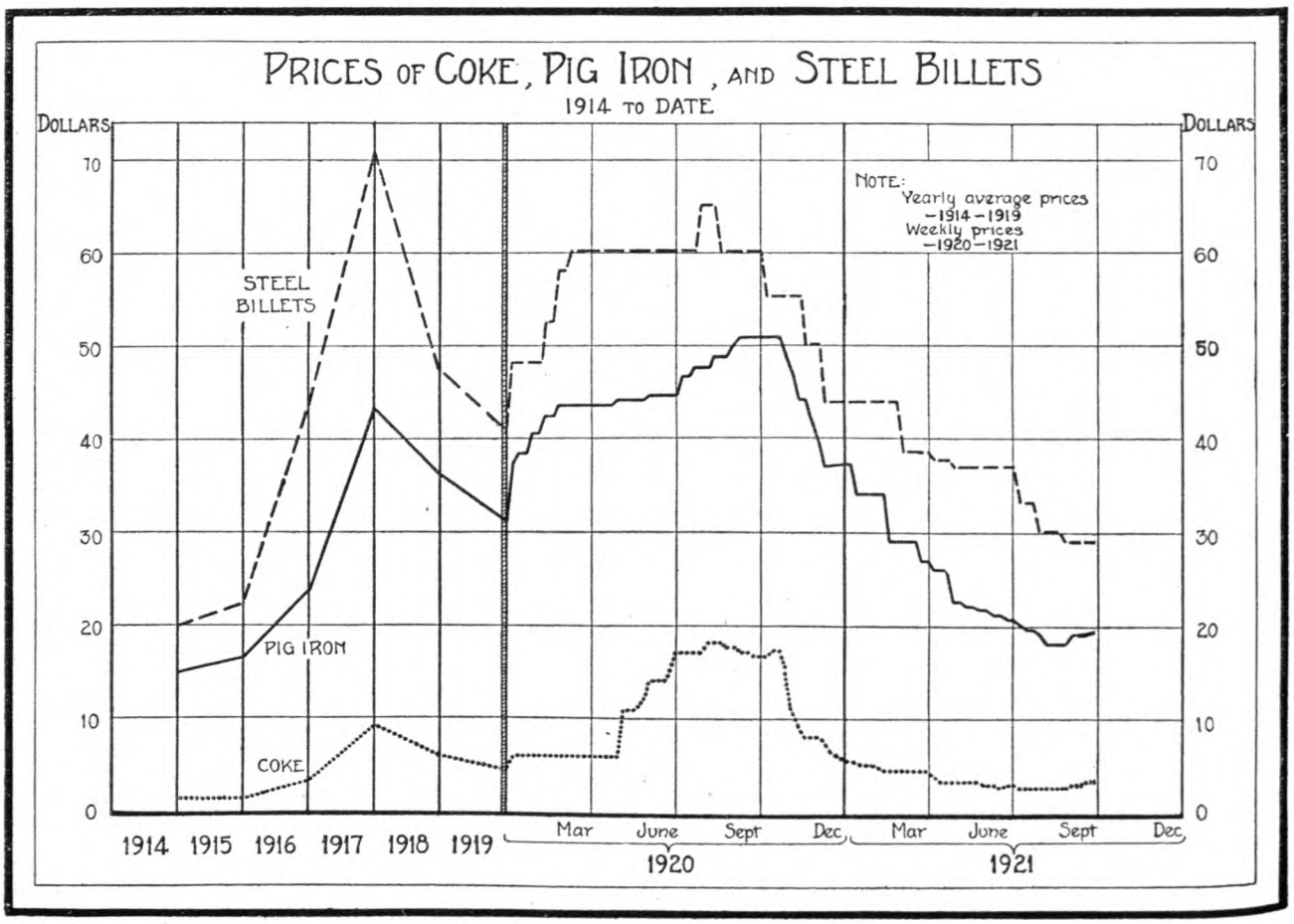
Some encouragement is also to be gained from the record of steel ingot production during August. The American Iron and Steel Institute reported a production of 1,138,071 tons in August as compared with 803,376 tons in July. This increase of nearly 42 per cent is the first improvement, with the exception of a slight upturn in May, 1921, since the present decline commenced in

November, 1920. It is evident from this that finished steel products have also shared in the increased demand of the past month. Improvement has been especially noticeable in the case of sheets, plates, and wire products. Indeed, in the case of wire an advance of from $2 to $3 per ton, effective September 10, was announced by the leading producers.

Prices of finished steel in general, however, have displayed little strength for several months past. Competition has been severe since the Steel Corporation announced its first cut in April, and recessions have been almost continuous since that time. An idea of the extent of the decline during the past year may be gained by a glance at the accompanying chart showing the prices of steel billets, pig iron and coke from 1914 to date. That even present prices are far from satisfactory to buyers, is evident from their unwillingness to place contracts for future delivery. Prices, they believe, are bound to recede further in spite of the claims of manufacturers that the present level does not allow a fair profit. It is true that, though present quotations are from 50 to 75 per cent below their war level, they are yet 30 or 40 per cent above the pre-war schedule.

On the other hand, the unfilled orders of the United States Steel Corporation showed an even greater decline than had been expected by the trade. The total orders on the books of the corporation on August 31 were only 4,531,926 tons, a decline of 298,398 tons, or 6.2 per cent from the total for the previous month. The following table gives the decreases which have occurred during the past year in pig iron production, steel ingot production, and unfilled orders of the Steel Corporation.

Although recent improvement has been more noticeable in the Pittsburgh district and in the



IRON AND STEEL STATISTICS

	Pig iron production	Steel ingot Production *	Unfilled orders U. S. Steel Corporation
	Tons	Tons	Tons
1920—August	3,147,402	3,000,432	10,805,038
September	3,129,323	2,999,551	10,374,804
October	3,292,597	3,015,982	9,836,852
November	2,934,908	2,638,670	9,021,481
December	2,703,855	2,340,365	8,148,122
1921—January	2,416,292	2,203,186	7,573,164
February	1,937,257	1,749,477	6,933,867
March	1,595,522	1,570,978	6,284,765
April	1,193,041	1,213,958	5,845,224
May	1,221,221	1,265,850	5,482,487
June	1,064,833	1,003,406	5,117,868
July	864,555	803,376	4,830,324
August	954,193	1,138,071	4,531,926

*Production of 30 companies manufacturing approximately 85 per cent of total production in the United States

primary iron and steel products, reporting firms in the Philadelphia district are more optimistic than they have been. Foundries are becoming more active and are engaged in filling the needs of pipe and oil tank manufacturers. Renewed textile activity is bringing about increased production of textile machinery. Railroads, as well, are entering the market to some extent, but the volume of their demands is, as yet, disappointing to the trade. Many firms, however, report either no improvement or an actual decline in activity, and it must not be understood that a pronounced and definite upturn has been indicated as yet.

Operations in general are somewhat more extensive, being closer to 25 per cent than to 20 per cent of capacity, as they have been for two months past. Employment is low, however,—only about 50 per cent of normal; and wages have been still further reduced in some cases. With the general wage average of common labor between 25 and 30 cents per hour, as compared with 19 and 20 cents before the war, it would seem that wages in the steel industry have been fairly well liquidated.

COAL

Anthracite

THE cooler weather of the past few weeks and the approach of winter have evidently stimulated the interest of the retail consumer in the purchase of his winter supply of coal. Demand for the most popular size, stove coal, has increased to such an extent that dealers are having difficulty in filling orders promptly. And the market has broadened considerably, so that there is a revival of orders for egg and chestnut, and even for pea. Nor are the steam coals being entirely neglected, for, although the market for these sizes is still far from satisfactory, dealers report a slight but unexpected improvement in demand, during the past few weeks, from apartment houses, hotels and industrial firms.

The larger companies made the usual 10 cents per ton advance on mine prices on September 1, and retailers have in most cases made similar or larger increases, so that present prices are practically the same as they were in early spring. Independent operators, many of whom underbid the companies during the slack midsummer period, have again advanced their quotations, with the result that their prices for prepared sizes are now from 10 to 40 cents per ton higher than the company quotations. Continued sluggishness in the small sizes, however, and their lack of storage facilities have forced the smaller operators to sacrifice these grades at prices considerably lower than those of the companies.

Some of the independent mines, which were closed on account of the slack demand of the early part of August, have lately resumed operations, but several collieries in the Scranton district, which were affected by the passage of the Kohler and Fowler Acts, suspended work on August 27. These acts provide for taxing the output of the mines two per cent in order that a fund may be created for repairing damages resulting from possible mine caves, and the operators affected by them state that profitable working of the mines will henceforth be impossible. With these exceptions, however, operations have continued practically on a full time basis, and the present rate of production is approximately equal to that of the same period of last year. Total shipments for the first four months of the present coal year are nearly the same as those of the same period in 1920, but shipments during August, 1921, were only 5,575,115 tons, as compared with 6,207,653 tons during August, 1920,—a reflection of the sluggish market of last month. The fol-

lowing table shows production in net tons, and shipments in cars, for each week of the four weeks ending September 10, as compared with weekly production during the same period of 1920:

ANTHRACITE COAL PRODUCTION AND SHIPMENTS

	1921		1920
	Shipments (cars)	Production (net tons)	Production (net tons)
September 10	28,830	1,508,000	562,000
September 3	34,413	1,800,000	1,114,000
August 27	36,189	1,893,000	1,868,000
August 20	29,243	1,529,000	1,640,000

It is impossible to determine accurately what proportion of the present output is being stored by consumers, dealers, and operators, but it is probable that retailers' and producers' stocks are larger, and consumers' stocks are somewhat smaller, than they were a year ago. Steam coals, of course, are being stored principally by the larger producers, but most of the domestic sizes are probably being stored by dealers in anticipation of the expected increase in demand this fall.

Bituminous

Although the bituminous industry has not shared to any great extent in the betterment which has been evident in the hard coal trade, production still continues at the rate maintained during the last two weeks of August, and purchasing has increased somewhat over that of August. Domestic buying continues to be almost entirely for spot coal, although a few jobbing firms have placed future contracts in the hope of disposing of their deliveries later at higher prices. Railroads and coke ovens, in some cases, have recently placed fair sized orders, but steamships, public utilities, and industrial consumers, especially the latter, are making only very small purchases.

Spot prices of certain grades have fluctuated considerably, but the average quotation—as reported by the Coal Age index—remains practically unchanged at 90, as compared with an average of 100 during May and June. Future quotations are much higher, but consumers are evincing little interest in the contract market as they apparently do not fear any great increase during the fall. Export demand also is practically neglible, as the British mines are again operating on a normal basis and Welsh coals are being offered in Europe at prices equal to our own seaboard quotations. Even the British product, however, is in poor demand on the Continent, as German mines are operating at a rate sufficient to supply the needs not only of Germany but of France as well. In consequence of the closing of the European market, very few overseas shipments are being made, and stocks at Hampton Roads are accumulating, in spite of the fact that dumpings there during August were 20 per cent less than those during July.

The gains in production made during the latter part of August have been maintained, but even the present output is at a rate less than two-thirds of normal. Mines in the various fields are not uniformly active, as the severe competition of the past few months has favored the low cost coals produced in Somerset and Westmoreland counties. The mines in this region are not unionized, and operators have been able to lower wages to the 1917 scale. This means a saving in labor cost of from 50 cents to $1 per ton, as the miners in these fields are being paid from $3.50 to $4 per day, as compared with $6.50 and $7.50 in the unionized districts.

The railroads are still slow in meeting their obligations, but collections from other purchasers are somewhat more satisfactory.

Coke

One cause of the present slackness in bituminous mining is seen in the fact that the coke industry,—which normally consumes from six to seven million tons of soft coal each month, or about 15 per cent of the total output,—is at present consuming less than one-third of that amount. The beehive industry has been more seriously affected than has the by-product branch, and the present beehive production—60,000 tons for the week ending September 10—though showing an appreciable increase over the low rate maintained during the summer months, is still less than 15 per cent of normal. The total output for the corresponding week of 1920, for example, was 438,000 tons.

The output of by-product coke, on the other hand, though only 40 to 50 per cent of normal, is nearly five times as large as that of beehive. It is interesting to note that, as a result of the present industrial depression, the by-product oven has gained a position of predominance in the field of coke manufacture which, but a few years ago, was occupied by the beehive oven. Since metallurgical coke is the sole product of the beehive ovens, the prosperity of this industry is dependent entirely upon the condition of the iron and steel industry. On the other hand, the more constant demand for gas, coal tar and other materials produced by the by-product ovens permits their economical operation even when, as at present, the demand for coke is almost neglible. Hence it is doubtful whether beehive coke will ever again regain its old supremacy over by-product coke as a metallurgical fuel.

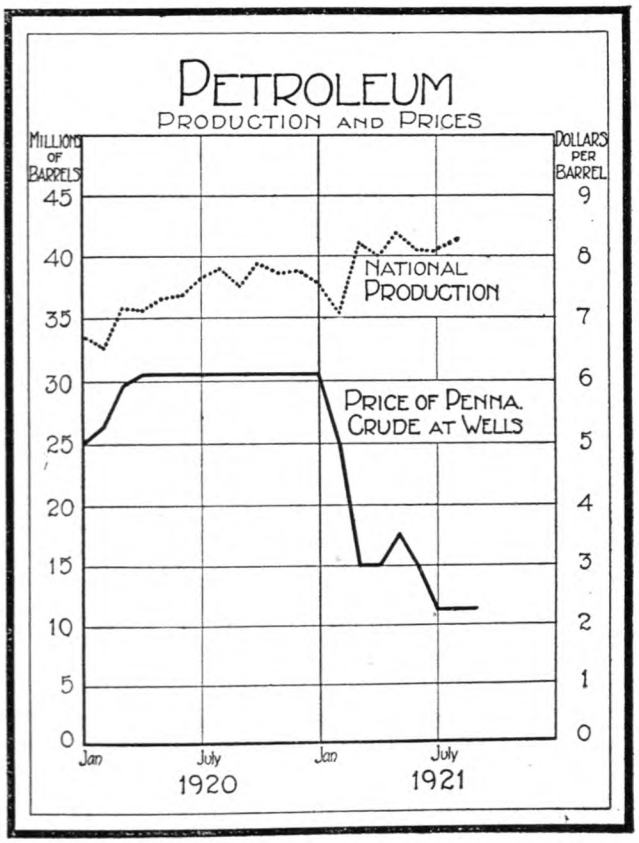
Renewed demands from iron and steel manufacturers have nearly depleted producers' stocks, and spot prices have stiffened materially. Furnace coke, which, only a few weeks ago, sold as low as $2.75 per ton, is now quoted at from $3 to $3.25 per ton, and foundry coke is selling at from $4.25 to $4.50. Contracts for the next few months are being offered at 25 cents per ton above spot prices, but some producers are unwilling to accept future business even at this price.

Wage reductions made a few weeks ago by one of the largest independent companies were not accepted by the employees, and a strike resulted. Recently, however, practically all of the independents have raised their wage scale to the same level as that of the Steel Corporation subsidiary. Hence, the advance in prices is, in part, a reflection of increased labor cost.

PETROLEUM

DEMAND for both crude and refined oils has strengthened materially during the past month. This improvement has been especially gratifying to producers of crude oil, as the difficulty of curtailing output has necessitated the storage of increasingly large quantities. In spite of the sluggishness of the crude oil market since January, production has continued at a rate far in excess of the demand from refiners. According to estimates of the United States Geological Survey, the national supply—including imports from Mexico—for the first six months of 1921 amounted to 303,000,000 barrels. Consumption during the same period, however, was only 207,000,000 barrels, leaving an excess of nearly one-third of the total supply. The necessity of storing this amount in addition to the rather heavy stocks held on January 1 has severely taxed the facilities of producers and of pipe lines.

The effect upon prices of this combination of slackened demand and increasing stocks is seen in the accompanying chart, which shows the national production of crude oil by months for the years 1920 and 1921, and the price trend of Pennsylvania crude oil during the same period. It will be seen that whereas production has been well maintained during the present year, Pennsylvania crude oil has dropped precipitously in price from $6.10 per barrel in January to $2.25 per barrel at the present time. Other crude oils have fallen



proportionately. Recent reports, however, indicate that prices have shown but little tendency to continue the downward trend and are well stabilized at present levels.

Since production of refined oils is easily controlled, the refining industry has not been confronted with the same difficulty in storing accumulated stocks.

Gasoline continues to be the mainstay of the refining industry, and the consumption of this product during the first six months of 1921 set a new record of 2,300,115,900 gallons,—over 150,000,000 gallons more than the amount consumed in the same period of 1920. Demand was exceptionally good in the summer months, but has slackened somewhat during September. Retail prices have remained practically stationary at 23 or 24 cents per gallon, but there has recently been some shading of these quotations.

The other refined products, with the exception of fuel oil, have been in poorer demand in the past few months than previously, and stocks of lubricating oils and kerosene are comparatively heavy at the present time. Some refineries, however, report a slightly improved market for these products, especially for lubricating oils during the present month. The decline in price which took place in the first half of 1921 has apparently been halted, and some advances have been made in the last four weeks. The general average of the prices of refined products is about 40 per cent below the peak of 1920.

BUILDING MATERIALS

THE nature of building activities in this district has changed but little during the past month. There has been a slight increase in both the number and the value of permits issued in most of the cities of this district, although the vast majority of them are for repairs, garages, and small dwellings. It is evident that, except in the case of garages, practically all contracts being undertaken are for work that is absolutely necessary. The increased number of houses under construction come under this category.

The accompanying table shows the number of permits issued and their estimated cost, for August and July, 1921, and for August, 1920, in the principal cities of the Third Federal Reserve District:

BUILDING PERMITS ISSUED AND THEIR ESTIMATED COST
(14 Cities—Third Federal Reserve District)

Cities	August, 1921		July, 1921		August, 1920	
	Number	Estimated cost	Number	Estimated cost	Number	Estimated cost
Allentown...	64	$ 134,250	46	$ 64,475	51	$ 266,500
Altoona.....	174	168,100	144	149,043	81	736,621
AtlanticCity.	220	486,261	200	170,887	69	4,103,020
Camden	106	209,907	82	148,509	70	120,704
Harrisburg..	50	249,575	62	290,170	38	87,460
Lancaster...	41	215,025	92	222,360	24	168,950
Philadelphia.	1,322	3,644,260	1,277	3,824,565	960	3,014,405
Reading.....	236	166,125	224	177,950	238	379,275
Scranton....	49	59,585	54	136,070	45	55,105
Trenton....	163	209,229	127	250,360	94	1,537,860
WilkesBarre.	84	111,122	66	153,225	49	73,875
Williamsport.	47	66,354	50	78,420	14	41,350
Wilmington..	96	503,696	86	77,200	80	137,447
York	97	156,368	89	132,437	66	41,398
Totals....	2,749	$6,379,850	2,599	$5,875,671	1,879	$10,763,970

The hesitancy displayed by investors in undertaking investment operations, and the unwillingness of banks to lend money on mortgages without a large initial payment, can easily be understood in view of the uncertainty of the present situation. Profitable investment in buildings is dependent not only upon the initial cost of construction but upon the future trend of costs, and the latter is at present a more uncertain factor than usual. Furthermore, the possibility of rents and interest rates declining adds seriously to the hazards of investments made under present conditions. Undoubtedly there is an actual shortage of buildings and hence a potential demand, but the cost of construction is still out of proportion to the rents obtainable.

Lumber

The better feeling noted in the lumber business last month seems to have been justified, for the trade as a whole reports that August sales exceeded those of July, which was an exceedingly dull month, and that September to date has been as favorable as August. Orders received by lumber manufacturers, however, come chiefly from the yards and not from industrial firms, railroads, or box-makers, and the dealers in turn

are still selling lumber only in small lots for use in minor construction work, such as the building of garages and the alteration of houses and stores. In the suburbs, particularly in the New Jersey towns, building activity seems to be relatively greater than in Philadelphia.

Mill operations are still on a reduced basis, nor have they been increased to any appreciable extent since the rise of a better demand, as supplies on hand were generally sufficient to care for the new business. As reported in previous months, there is a scarcity of high grade lumber both in soft and hard woods, and many mills have found it necessary to continue operations in order to fill orders for the higher grades, although in doing so they added to their already large stocks of cheaper stuff. These lower grades are used chiefly in making packing boxes, which, because of general industrial depression have for some time been in little demand.

Prices on the good grades of yellow pine and on hard woods of better quality have increased slightly within the month. Cypress fell off somewhat, but the market as a whole has been firmer than for some months; at least, the now long-continued decline has apparently been checked. Greater confidence is evident in the stability of prices, for quotations on some lines compare favorably with pre-war prices, when one takes into consideration the difference in freight rates.

Collections have not changed in the past sixty days and are reported as being slow.

Paint

Seasonal improvement in demand during September is quite generally reported by paint manufacturers, after a rather dull period in July and August. The increase in orders comes largely from the retail trade, but one manufacturer, who supplies only industries and railroads, reports a larger number of industrial orders and somewhat better demand from the railroads. The general improvement, however, is slight and amounts to only the minimum ordinarily expected at this time of the year. Orders are small, and no long-time contracts can be secured, for dealers wish to avoid any accumulation of stocks. Finished stocks held by manufacturers increased during the summer, as operations were not correspondingly reduced when sales fell off; but they are not thought to be too large, for in the autumn sales usually exceed production.

Prices on finished paints have not changed since the general reduction was made on August 1, and prices of raw materials have been quite firm recently. Pigments and lead are steady, and linseed oil is stronger, domestic crushers having recently raised their prices two cents a gallon. There have been only a few slight wage reductions by paint manufacturers, who as a rule agree that anything below the present level is not as yet called for.

Collections are fair, although they were a little slower during August than in July.

Building Brick

A few manufacturers report a slight increase recently in the demand for brick, such as was to be expected about this time of the year; but many others express the opinion that, although there is a distinctly better feeling in the trade, the number of actual orders being received is no greater than it has been for some time. All sales are small in size and call for immediate delivery, as present construction work is largely on small operations. Stocks on hand are generally considered sufficient for present requirements, but many firms which were closed down during the summer have deemed it expedient to operate again. It is the policy of most of the manufacturers to produce on a large scale for a time and then to close down entirely until stocks are nearly depleted, which is a more economical procedure than continuous production on a reduced scale. The purpose of the recent revival of operations is no doubt to prepare for any seasonal demand that may arise at this time.

Prices have been reduced by many manufacturers since last month and are now from 25 to 35 per cent below last year's maximum, but are still almost double pre-war quotations. Wages have been lowered in many cases, and unskilled labor is now being paid from 40 to 45 cents an hour in Philadelphia and from 25 to 35 cents outside of the city. Freight rates furnish the most important item of cost in the building-brick trade. In

the first place, rates on coal and on any clay which must be purchased are far in excess of what they were a few years ago. Furthermore, high rates practically keep from the market those manufacturers who are located at a distance from their ordinary customers, as the price at that market is frequently very little more than the freight rate alone.

Collections are still generally reported as being slow.

Refractories

The demand for fire brick is still retarded by comparative dulness in the iron and steel trade, and manufacturers report that they are making practically no sales at all and see no tangible evidences of improvement in the near future. Operations have either been stopped entirely or are upon a very reduced scale. In the latter cases, stocks are accumulating. Prices and wages correspond with those in the building-brick trade. Collections are slow.

Gas and Electric Fixtures

The present demand for gas and electric fixtures is still clearly for current needs and not for anticipated future requirements. Some firms, however, report an increase in orders. These, though small, are more frequent and are partly to replenish stocks that dealers have permitted to become depleted during the dull summer months and partly to meet the demand which ordinarily arises with autumn building activity. Manufacturers have reduced operations, as a rule, to less than 50 per cent of capacity and are endeavoring to keep production so regulated as to prevent the accumulation of finished goods. In fact, some firms are decreasing their stocks on hand despite the small demand.

In a few cases, prices have been reduced further within the last month, but most of the firms report no change in this regard. The present level of prices will average only from 10 to 20 per cent below that of this time last year, and the greater part of this decline has taken place since January 1. Wages are lower in some instances, but a few manufacturers still pay the same rates as they did last year.

Collections have changed but little in the last few months and are generally considered to be slow.

Hardware

Although the volume of hardware sales, as recorded by our reporting firms and as given in the accompanying table, shows a slight increase for the month of August over that of the previous month, it is not only far below the volume of sales made in August, 1920, but is less than the business done during June of the present year. The latter is apparent from the fact that whereas August sales exceeded July sales by 3.1 per cent, July sales were nearly 18 per cent less than those of June. Thus there occurred a loss in business of nearly 15 per cent during these two months, a loss which is not accounted for by the comparatively slight price reductions since June. However, it must be remembered that July and August are normally dull months in the hardware trade. Moreover, there is already some evidence of a further improvement during the present month. Measured in dollars, the present volume of sales is less than two-thirds that of the same period of 1920:

WHOLESALE HARDWARE TRADE

Number of reporting firms—25	August 1921 compared to July 1921	August 1921 compared to August 1920
Net sales during August	+ 3.1%	—37.2%
Accounts outstanding at end of August	— 1.3 "	—34.1 "

Ratio of accounts outstanding to sales:

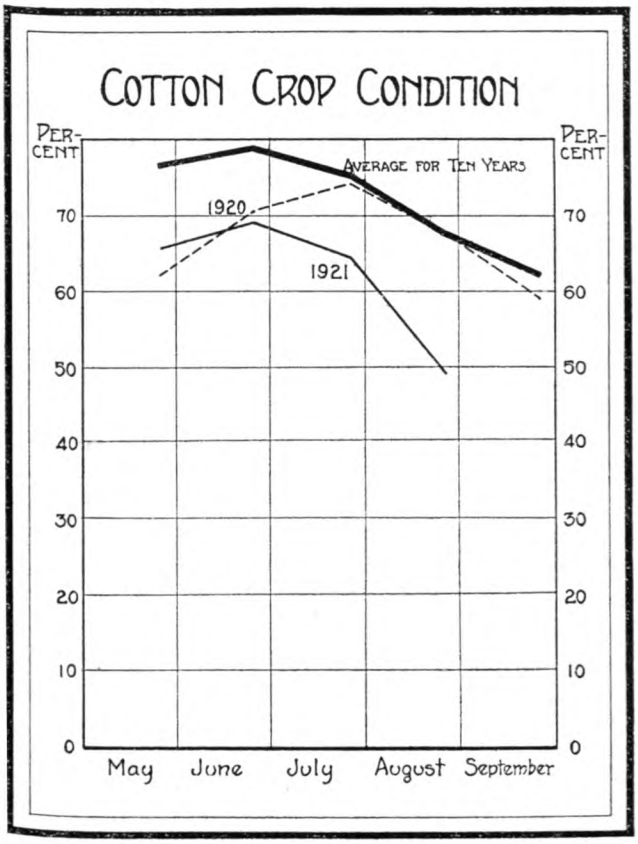
August, 1921	181.0%
July, "	189.4 "
June, "	167.5 "
May, "	169.4 "
April, "	155.2 "
March, "	172.2 "

Prices, especially of iron and steel products, are continuing their downward trend, and dealers report that competition has become severe. Buyers have little confidence in present prices, in view of declines in basic materials, and are filling only their immediate needs. Stocks of retail hardware stores are very low indeed. Buying by the ultimate consumer continues to be largely for necessities, and luxuries are in poor demand.

COTTON

Raw Cotton

THE Government crop report of September 1 gave the cotton condition as 49.3 per cent of normal and estimated the yield at 7,037,000 bales, the smallest since 1892-93, when the total crop amounted to 6,664,000 bales. The following chart shows that the condition of the crop on August 25 of this year, was 18.2 per cent below that for the similar period of 1920, and 18.4 per cent below the ten year average:



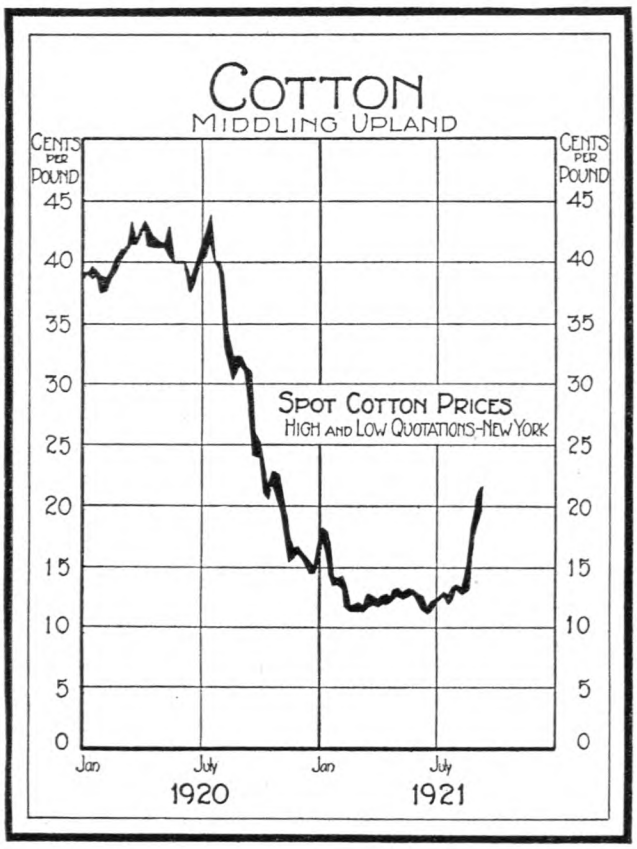
The announcement of the report on the New York Cotton Exchange was the beginning of sensational trading, which, in a few days, carried the price of cotton upward almost $50 per bale. On September 6, the rule of the Exchange which prohibits a fluctuation of over 200 points in one day stopped the sensational advance in price. The next day, after the quotations had exceeded 21 cents per pound on all months for future delivery, the market broke and the maximum fluctuation rule was again applied, this time, however, to stop the decline.

During the next week unfavorable weather reports emanating from cotton centers, especially Texas, caused a renewed advance following the drop in the market which had been the inevitable reaction from the speculative fever of the week before. It was feared that the storms in the Southern districts had lowered the grade of cotton rather than reduced the quantity. For this reason the activity was greater in October contracts, as seen in the following price table, than in contracts for distant months. The relatively firm position of the former, however, was later lost, and present prices tend to fluctuate between 18 and 19 cents for October delivery:

QUOTATIONS ON COTTON FUTURES—NEW YORK

	October		May		July	
	High	Low	High	Low	High	Low
Aug. 31	16.60	15.70	17.06	16.20	17.07	16.37
Sept. 1	17.65	15.97	18.05	16.55	18.08	16.52
2	18.00	17.40	18.55	17.91	18.60	18.23
6	19.88	18.75	20.50	19.40	20.58	19.62
7	21.50	19.50	22.38	20.38	22.30	20.30
8	19.10	18.00	19.60	18.55	19.40	18.40
9	19.73	18.45	19.74	18.65	19.60	18.40
10	21.45	19.75	20.50	19.80	20.15	19.50
12	21.50	19.50	20.20	18.90	19.18	18.55
13	20.00	18.90	19.65	18.64	19.30	18.50
14	20.25	19.70	20.00	19.45	19.50	19.08
15	19.75	19.30	19.45	19.02	18.95	18.77
16	19.20	18.67	19.05	18.57	18.75	18.25
17	18.70	18.55	18.65	18.18	18.30	17.95
19	19.45	18.38	19.60	18.30	19.22	17.95
20	20.15	19.30	20.30	19.48	19.90	19.30
21	19.98	19.15	20.00	19.20	19.52	18.85
22	19.97	19.60	19.95	19.58	19.68	19.30
23	19.71	19.35	19.68	19.25	19.35	19.00

During the first part of the month much of the buying was done by mills that had very little cotton on hand when the Government report was issued. In some cases, it has been doubted by mill owners that cotton would advance, even moderately, within the next few months. Others had thought it possible that an advancing market might be expected, but the experience of the past year cautioned them to proceed slowly in purchasing cotton for their future needs. Consequently the rising market was further accelerated by both English and American transactions in the



spot market. The appended chart denotes the high and low quotations since January, 1920, for spot cotton on the New York Exchange.

The domestic consumption of cotton for August, 1921, was 467,103 bales, as compared with 483,193 bales for the similar period of 1920. Exports from all ports were 495,130 bales in August of this year, as compared with 146,668 bales during August of 1920.

Cotton Goods

The return to normal conditions in the textile trade is undoubtedly being led by cotton and cotton goods. Following the unfavorable Government crop report of September 1 there were wild fluctuations in raw cotton during the first two weeks of September, and these were immediately reflected in the cotton goods market. Indeed, many manufacturers and selling agents found it desirable to withdraw lines from the market entirely, as it was impossible to establish a price basis with such rapid changes of value in the raw material. However, where goods were offered for sale at the old prices or at moderate advances, sales were closed with surprising alacrity. In other instances, orders were accepted by jobbers subject to mill confirmation or to the price in effect on the date of shipment.

The situation is not entirely pleasing to manufacturers, in spite of the consequent appreciation of cotton goods. For some time there has been nothing to lead them to believe that they should stock up on raw cotton against either future cloth contracts or contracts already accepted. Consequently the rise in raw material means that in many cases their profit on the manufactured product will be reduced, and therefore will probably be smaller even than that made during July and August, when cotton was purchased relatively cheaper, as compared with the selling price of the goods.

It is still too early to determine to what extent buyers will operate on a basis of approximately 20 cents for raw cotton. Where moderate advances on grey goods and print cloths were made, sales continued in reasonable volume. On the other hand, no desire was manifested to anticipate needs, even for a short period, when the price was based upon the present replacement cost of raw cotton. Although it is but natural that buyers should hesitate to place orders immediately after such a rapid advance, yet in view of the decreased supply, buying will inevitably be resumed when prices are stabilized. Indeed, sentiment throughout the trade is very materially improved, a fact which is not surprising when it is realized that, according to some estimates, this recent advance has added over two hundred million dollars to the value of the crop held in the South.

During the past few months manufacturers have shown a tendency to reduce production when there was no demand for goods, rather than accumulate stocks of finished products. Tire fabrics and industrial supplies were inactive for some time, but recently inquiries have developed, and it is found that supplies in the hands of jobbers are relatively small. In the case of summer fabrics production has been carried on at virtually full capacity, and as yet no diminution in demand has been noticed. In fact a large part of the cotton consumed this year has entered into the pro-

duction of light-weight material. Hence the total yardage is greater than the amount of cotton used would indicate.

Yarn prices on all grades have advanced, but the greatest increase has occurred in the case of long staple yarns. The amount of long staple cotton is limited and the amount that is available can be determined with a fair degree of certainty. As with cotton goods, however, no desire is evinced to place future contracts, as it is believed that eventually the speculative element in the raw cotton market will disappear and prices will resume a more stable level.

UNDERWEAR

THE sensational advance in cotton yarns has been a topic of absorbing interest in the underwear trade, and one that has caused no little disturbance. In the early stages of the advance, the increased orders received by manufacturers at the old prices were in most cases accepted, especially by those having stock on hand or yarn bought for their future requirements. But as from day to day, almost from hour to hour, the market continued to rise, mills either withdrew entirely or raised their prices. Each day it became more and more difficult for manufacturers to name a price for their products. Those who based quotations upon the fall advance in yarns found it impossible to sell. Others, who based their selling price upon cotton at considerably less than the market quotations, were able to do a moderate business, but were, of course, speculating upon a decline. The advances in yarns have stimulated the demand for underwear. All weights, and especially light weights, have been in greater request during the past month than for some time previous.

CONDITIONS IN THE UNDERWEAR INDUSTRY

Number of firms reporting—21	August, 1921, compared to July, 1921	August, 1921, compared to August, 1920
Product manufactured during Aug.	— 12.5%	— 41.1%
Finished product on hand Aug. 31	+ .2 "	— 2.6 "
Raw materials on hand August 31.	+ 20.1 "	— 62.2 "
Orders booked during August.....	+122.9 "	+2166.8 "
Unfilled orders on hand August 31.	+ 33.7 "	+ 29.7 "

HOSIERY

CONDITIONS in the two main branches of the hosiery business today present a most curious and extraordinary contrast. As a result of the sudden rise in the price of cotton and of cotton yarns, the business in cotton and mercerized hosiery has come almost to a standstill. Business in silk hosiery, on the contrary, including that in full-fashioned, mock-fashioned, and seamless stockings, of both silk and artificial silk, continues to be good.

The trade in cotton and, to a lesser extent, in mercerized stockings was showing signs of improvement, and as more business had been done during August than in the preceding months, manufacturers were satisfied with the improvement, although the margin of profit appeared to be small. Then came the Government report on cotton and, following it, the continuous advance of yarns. The demand for stockings increased tremendously, but buyers wished to place orders at the old price. Of course it was impossible to accept many such orders, although before the advance in yarns had gone very far, some mills, especially in the South, did sell a considerable quantity. For the last three weeks cotton yarns have advanced all along the line. Those made of long staple cotton, owing to the alarming shortage of this grade, advanced most, in some cases an increase of as much as 35 cents per pound being asked. Cheap stockings selling for 85 cents per dozen have been marked up to $1, but not even this advance is believed to be sufficient to compensate for the increase in yarns. At the new price the actual business reported is small. All other grades have been increased proportionately, or the mills have entirely withdrawn their quotations. Thus one branch of the business is in a state of almost complete stagnation.

On the other hand, the mills making full-fashioned silk hosiery are running at full capacity, and one well-known manufacturer is booking orders in spite of the fact that he has advanced his prices $1. There are about 320 new full-fashioned machines either already installed or ready to be installed in mills in this district, and the factories in which the strike has been opera-

tive are now able to produce, through the training of new hands, a much larger proportion of their normal output. Recently, new efforts have been made to settle the strike, but without results.

This increased output of the full-fashioned mills has had some effect in slackening the demand for other kinds of silk hosiery. Nevertheless most of the mills making mock-fashioned and seamless stockings continue to receive enough orders to keep them busy. Though manufacturers of various kinds of silk hosiery are to some extent affected by the rise of cotton yarn,—since in most cases the tops and toes and heels are made of mercerized cotton,—the quantity of cotton yarn going into silk stockings is so small that the advance has not necessitated an increase in the price of silk hosiery.

Very little business has been accepted for shipment beyond 60 days. As the manufacturers in many cases have to adjust prices to those at the time of delivery, they do not care to take chances on the fluctuations of the market for a longer period.

CONDITIONS IN THE HOSIERY INDUSTRY

Number of reporting firms—30	August, 1921, compared to July, 1921	August, 1921, compared to August, 1920
Firms selling to the wholesale trade:		
Product manufactured during August	+14.2%	+31.7%
Finished product on hand August 31	— 6.3 "	—76.1 "
Raw materials on hand August 31	+ 4.0 "	—36.5 "
Orders booked during August	—31.9 "	+56.1 "
Unfilled orders on hand August 31	—17.1 "	+24.4 "
Firms selling to the retail trade:		
Product manufactured during August	— .4 "	—32.4 "
Finished product on hand August 31	+29.0 "	—57.8 "
Raw materials on hand August 31	—13.5 "	—55.2 "
Orders booked during August	—38.4 "	.....
Unfilled orders on hand August 31	—28.9 "	—26.1 "

SILK

THE past four weeks have witnessed a still further falling off in the demand for broad silks and silk ribbons. Retailers have evinced little interest in fall buying, and the orders they have placed are unusually small and for immediate delivery. Canton crepe, crepe de chine, crepe meteor and satin crepe are still selling better than other silk fabrics, and it is believed that their popularity will continue. Some ribbon is being used for millinery and dressmaking, but there is not the usual demand, and this branch of the industry is particularly quiet.

A price reduction of 10 per cent from last month's quotation has been made by one broad silk manufacturer. Prices in general average 50 per cent below those of 1920. Production is still curtailed, and mills are operating at from 70 to 85 per cent of capacity. Even this is sufficient to maintain stocks. Indeed, some firms report that stocks are gradually accumulating.

The conditions prevailing in the silk goods trade are reflected in the thrown silk market. Operations have been reduced by many throwsters to only 50 per cent of capacity. Prices remain at about the same level as last month, but they are considerably lower than were those of 1920.

Although demand for raw silk is extremely light at present, statistics indicate that both consumption and imports have advanced materially over those of 1920. In August of last year 16,106 bales of raw silk were imported and 17,241 bales were consumed. In August of this year imports totaled 33,823 bales, and consumption, 32,790 bales. In both imports and consumption the increase in 1921 has amounted to about 100 per cent. How favorable the increase in the past six months has been, in comparison with the same period of 1920, is seen in the following table:

SILK CONSUMPTION AND IMPORTS

	Consumption		Imports	
	1921	1920	1921	1920
	Bales	Bales	Bales	Bales
March	25,535	27,511	14,043	15,270
April	28,900	25,336	32,552	17,008
May	37,209	22,325	27,712	20,275
June	31,192	14,869	26,172	18,301
July	32,325	10,836	34,670	17,272
August	32,790	17,241	33,823	16,106
Total	177,951	118,118	168,972	104,232

Prices have held firm in the primary raw silk markets in spite of limited buying by American firms. The Canton market is unchanged, and reports still indicate that it is sold ahead for some time.

WOOL

Wool Cloth and Yarns

DURING the latter part of August and the first three weeks of September a slight decrease occurred in the demand for woolen goods, and duplicate orders for heavy-weight materials for the fall season of 1921 declined materially. Buying for the spring of 1922 has also slowed down, following the brisk sales which characterized the earlier part of the season. It was not expected that the exceptional activity of buyers would continue indefinitely, but the present dulness has been even greater than was anticipated by the trade.

The cutting-up trade is complaining of belated deliveries of cloth from the weavers, which are causing delay in the production of garments, and in some cases making it impossible for clothing manufacturers to deliver goods on time. This has afforded certain retailers an excuse to cancel their contracts. However, September cancellations are fewer in number than those of August, and it is believed that this formidable reminder of 1920 will entirely disappear as the season advances.

Until recently dress goods have been in a much weaker position than men's wear. Present buying, however, shows an improvement, and one firm reports that sales of dress goods correspond closely with those of men's wear. Without doubt a great deal of the dulness in dress goods was the result of the increased use of cotton fabrics during the summer months, and this seasonal condition has been prolonged somewhat by the continuation of warm weather.

The bulk of the recent business in yarns has been placed by the knitting industry. Although the weavers have continued in the market in a small way, they have displayed no desire to do more than a hand-to-mouth business in placing yarn orders. Hosiery manufacturers using heather mixture yarns are buying moderately large lots, and usually for delivery in from two to three months. Hand-knitting yarns are popular, and in many cases rush shipment is specified in the order, which indicates that stocks of these yarns in the hands of retailers are small.

Raw Wool

The general tone of the Philadelphia wool market continues favorable, although higher prices, except in a few cases, have not been recorded. The wools of finer grade still lead in the number of inquiries, but other grades have not been neglected. Carpet wools, which were inactive during the prolonged strike of carpet and rug weavers, have been in demand recently. Low grade wools suitable for use in the production of sport cloth are being sold in good sized lots. Ordinarily, this grade of wool would be comparatively undesirable, but the popularity of coarse, open-weave fabrics has created a market that displays increasing strength.

Wool consumption for the month of July was 6,033,000 pounds less than the amount used during June, a decrease of 11 per cent. However, as compared with July of 1920, the amount consumed during July of 1921 represented an increase of 40 per cent.

Wool sales held in England during the early part of September were satisfactory from the viewpoint of both the volume sold and the prices received. At the auction sale of Government wool held in Boston on September 8, over 80 per cent of the 5,000,000 pounds listed was disposed of. Prices as compared with the last sale in August denoted an increase of from 5 to 10 per cent in grease wools, and slightly smaller appreciation in scoured wool.

CLOTHING

WITH the single exception of the business done in extremely light-weight clothing, the summer season in the clothing trade has been uneventful and dull. Buying by retailers for the spring season of 1921 was not heavy, but even so they still have comparatively large stocks on hand. Recent efforts to liquidate these by means of

price reductions and clearance sales have met with little success, and inventories show that heavy stocks of summer-weight woolens and worsteds are still undisposed of.

The reduced purchasing power of the public is, no doubt, the primary reason for this inactivity. Unemployment has been slightly reduced, but this improvement has to a certain extent been offset by further wage reductions. Realizing this, clothing manufacturers are making every effort to meet the call for desirable ready-made garments at low prices. In a measure they have been successful, as prices on the fall merchandise have been reduced from $15 to $30 per suit, as compared with those of a year ago. Manufacturers are agreed that the cost of production must be reduced before clothing can be any cheaper than it is at present. Woolen goods, it is true, are reasonably low, but wages, the principal element of cost, have been reduced but little from the war-time level. In other words, it will be mpossible to make the reductions in clothing that are demanded by the public until further reductions are made in wages. An interesting comparison has recently been drawn by one company between the payrolls for August of 1920 and of 1921. In a few instances it was noticed that slight reductions had been made, but workers under the piece rate system were, in many cases, receiving higher wages in August of this year than they did in 1920.

In contrast to the lack of interest in wool and worsted clothing, the activity of extremely light-weight garments during the current season has been very gratifying to retailers and manufacturers. The exceptionally warm summer and the economical qualitites of the lighter garments are given as the chief reasons for the largest volume of business ever done in these goods by Philadelphia dealers. Prices on this type of clothing were lower than last year, and patterns were available in greater numbers.

FLOOR COVERINGS

THE floor covering trade has reported an increase in activity during the past month both in sales by retailers and jobbers and in production by mills. Again the greatest call has been for Wilton and Brussels rugs, which of course is due to the scarcity caused by the prolonged strike of weavers producing these types. With the re-entry of these rugs into the market, dealers have been able to replenish stocks, and all Wilton and Brussels mills are operating close to capacity in order to satisfy the demand. Price reductions, made earlier in the year, of from 35 to 45 per cent on rugs of the better grade, were effective in stimulating the demand when production was resumed.

That the public is desirous of buying good quality rugs, if they are priced fairly, was proved at the recent auction sale of Axminsters, tapestries and velvets held in New York. Axminsters closed at values on a par with those of the opening day of the sale, but tapestries and velvets dropped, at the close, from 15 to 20 per cent below the opening prices. Another feature of this event was the large number of small retailers who were buying during the early part of the sale. Moreover, these dealers were from many districts, and this fact has led to the general opinion that rug stocks are low throughout the country.

The current year has been the biggest on record in the sales of linoleum and similar products. The number and variety of patterns in which it is made, and its low cost, are two of the desirable features of linoleum that have increased its popularity. A large part of the present sales is due to the fact that it is being used extensively to replace worn-out carpets in commercial buildings.

The increased production of carpets and rugs is shown in the following table of figures published by the Department of Commerce.

OPERATIONS IN CARPET AND RUG INDUSTRY

	1920			1921		
	Total looms	Active looms	Per cent of active looms to total	Total looms	Active looms	Per cent of active looms to total
Jan. 1...	8644	6032	69	8686	4714	54
Feb. 1...	8726	6226	71	8574	4312	50
Mar. 1..	8617	6231	72	8617	3406	40
April 1..	8510	6109	71	8562	3663	43
May 1..	8621	6167	71	8535	3963	46
June 1..	8594	6090	70	8568	4027	47
July 1..	8610	5847	67	8577	4230	49
Aug. 1..	8146	5516	67	8618	4273	49
Sept. 1..	8535	5487	64	8625	5198	60

LEATHER

UPPER leathers, though selling in fair volume, are not so active as they were during August, the shoe manufacturer having in most cases covered his needs for the fall orders on his books. In glazed kid, some export business is reported, and this, although small, has been of assistance to the tanner, as the grades taken have been those not in demand by the domestic trade. Production is somewhat greater and prices are well maintained. Sole leather, especially in the higher grades, is in good request, a substantial increase in orders coming from the repair trade.

In belting leather a slight improvement in sales has occurred, which is due to increased activity in many manufacturing lines. But the buying is only to meet actual requirements, and no price change is reported.

Trunks and leather goods are moving in conformity with general business conditions; that is to say, sales are in small units, in fair number, and for prompt shipment. The demand for trunks is almost entirely for the cheaper grades, the more expensive lines, which were so sought after in 1919 and 1920, being neglected. Prices on an average are about 33⅓ per cent lower than a year ago. Bags, owing to the decline in leather prices, are about 50 per cent lower, but even this heavy reduction has failed to stimulate sales. In fancy leather goods there is some buying for the Christmas trade, but the volume is small as compared with that of recent years. Prices of these goods are about one-third lower than they were last fall.

Raw Hides and Skins

Only slight changes have taken place in the prices of hides and skins during the past month. American tanners have covered their immediate wants and therefore are not buying as largely as they did during the summer. Argentine hides are firm and are selling in fairly large quantity, but Europe is the principal buyer. The offerings of desirable lots of goat skins by dealers are fewer and prices are well maintained. Though tanners of these are doing a satisfactory business at present, they are disposed to be cautious and do not care to make purchases of raw stock that will not be available for several months owing to the time needed for preparation before shipment and that consumed in the actual transportation.

Shoes

Salesmen are now visiting the trade with samples of shoes for next spring, and prices for these are as a rule a little lower than those that have been prevailing, the reduction, however, not being over 5 per cent. So far orders received are small and give little indication of what may be expected. The warm weather has prevented the retailer from disposing of many fall shoes, and he is therefore unwilling to make further commitments.

The shoe manufacturers of this district are still working on orders for fall, but unless duplicate orders are received they will be through in about a month. Buying, however, has on the whole been far below the average, so considerable business may yet be booked.

The following statement made by the Bureau of Census, showing stocks of various leathers in the hands of shoe manufacturers, gives an indication of the improvement in the shoe trade during the last few months. As leather has been bought only against sales of shoes, the increased stocks as a total indicate that the output of the factories has steadily risen.

LEATHER STOCKS HELD BY SHOE MANUFACTURERS

1921	Sole leather	Cattle side leather		
	Number of backs, bends and sides	Number of sides	Number of calf skins	Number of goat and kid skins
April 30	647,866	1,575,745	1,374,379	5,793,759
May 31	885,228	1,746,586	1,498,835	5,751,176
June 30	892,428	1,815,782	1,847,606	6,041,276
July 31	847,458	2,090,574	1,638,304	6,566,474

The table at the top of the following page shows conditions in the boot and shoe industry in this district during August, as compared with the previous month and with the same month of last year.

CONDITIONS IN THE BOOT AND SHOE INDUSTRY

Number of reporting firms—44	August, 1921, compared to July, 1921	August, 1921, compared to August, 1920
In terms of pairs		
Production	+26.7%	+16.1%
Shipments	+81.4 "	— .1 "
Orders booked	+31.0 "	— .7 "
Orders on hand	—12.2 "	+83.5 "
Stocks on hand	+ 1.0 "	—32.4 "
Number of operatives on payroll	+ 1.5 "	+20.3 "

Collections remain slow, which may be accounted for by the sluggishness of retail trade at this time of the year.

PAPER

EVIDENCES of improvement in the paper industry within the past few weeks are numerous. Not only is the general feeling distinctly more optimistic, but material reasons for this optimism are found in increased inquiries, more orders, a larger volume of sales, and a better confidence in prices. This does not mean that business is again on a normal basis, but simply that the inactivity which has depressed the trade this summer no longer exists.

The better demand was first noticed in August, and, except for a slight falling off about the first of the month because of price changes and holiday inactivity, has steadily improved during the month of September. A few firms, however, are not so optimistic and think that this improvement is only psychological and is without any material foundation. Orders as a rule still call for immediate delivery and on the average are small, but jobbers report the receipt of more "mill orders" than they have had for some time; i. e., orders too large to be filled from stock and that must therefore be transmitted directly from customer to mill. Purchasers still do much shopping around before buying; hence there are a number of inquiries to every order placed. But the proportion of inquiries to orders is becoming smaller as confidence in the price level grows.

Many price changes were announced during the latter part of August. Bleached sulphite pulp was reduced to 4¼ cents per pound, which was about the average for 1916. This reduction was immediately followed by announcements from the leading fine-paper manufacturers of lower prices on sulphite bond grades and later, on other fine and book papers. The decreases on the various grades ranged from five to fifteen per cent. After a slight hesitation, jobbers began to take advantage of these lower prices to replenish their depleted stocks and are now purchasing more freely.

Some coarse papers were also reduced, but no. 1 Kraft was advanced $10 a ton by the leading mills, and this increase stimulated business. The opinion has been expressed that conditions did not warrant such an advance, but it is contended by the manufacturers, in justification of their action, that under the previous scale of prices they were operating at a loss. A reduction of $15 a ton on the price of newsprint has been announced by American manufacturers, following earlier action by the Canadian mills. This brings the quotation on spot rolls down to four cents a pound, which is about one-third of the price prevailing at this time last year, but is still more than double the pre-war average. Boxboard is now strong at from $30 to $35 per ton, having risen from the August quotation of $25 to $28. This product has been thoroughly deflated, and the present prices compare favorably with those prevailing in 1913.

Stocks of finished paper on hand, which reached a high point about midsummer, have been declining since that time and are now smaller than at any period since early in the year. This reduction of stocks was brought about by curtailing operations during the summer, but with the rise of a substantial spot demand, mills are now able to resume production on a larger scale. In fact, many manufacturers in this district report that they are now operating at capacity. But this is by no means true of the industry as a whole.

One evidence of increased activity at the mills was seen in the better demand for paper stock which arose during the latter part of August. As a result, the rag and waste-paper markets became more active, and prices for these products were steadied. The supply of waste paper is limited, as present prices do not make collections profitable. Recent reports, however, indicate that this demand has fallen off in the local market

and that business is again dull. The ground wood market has also been firmer recently, owing to the small supply available. The reduction in the price of sulphite pulp has been mentioned. Other costs are practically unchanged. Only one wage reduction was reported within the month, but the general wage scale is from 20 to 30 per cent below that of July, 1920. Unskilled labor can be secured outside of Philadelphia at about 30 cents an hour, but more is paid within the city.

Foreign competition is causing more discussion in the paper trade. Statistics have been compiled showing how, by reason of lower wages and high exchange rates, paper can be made in European countries much cheaper than here. Pulp manufacturers have appealed to the Government to limit the importation of pulp under authority granted by the anti-dumping section of the Emergency Tariff Act, the contention in this case being that Scandinavian manufacturers are selling their product cheaper here than in their own country. The Government has acted in the case and now requires that all importers of pulp give a bond equal to the price of the pulp received. In addition, a Government investigation is being made of the price of pulp in exporting countries. Meanwhile, paper manufacturers are hesitant about buying, as all foreign pulp purchased is subject to any additional duty that may be assessed in case it is found to have been "dumped" here by foreign companies.

Collections have improved since August, which is ordinarily a bad month for the payment of bills, and they are now considered by many firms to be good.

PRINTING AND PUBLISHING

CONDITIONS in the printing and publishing trade have not been favorable for some months, but now they seem to be more encouraging. At least, a somewhat better tone prevails as a result of the more frequent inquiries being received. It is generally reported that the number of jobs of the larger sort, such as the printing of books and catalogues, is increasing, and that many business houses which have postponed the publication of catalogues because of rapidly changing prices are now finding it expedient to have the work done, as prices in some lines become more stabilized or as necesssity demands that it be done despite the possibility of future changes. There is still, however, a very large volume of such work that is being held back because of this uncertainty and because of high printing charges. Magazine publishers report that more subscriptions are being received, but that advertising, although showing a slight seasonal increase, is from 30 to 40 per cent below what it was a year ago.

Printing charges furnish a subject for much discussion among customers, printers, and paper dealers. These charges in many cases have been reduced but little more than to the extent to which they have been affected by reductions in the price of paper, and are considered to be rather high as compared with the level of prices in general. A few printers, as well as customers and paper dealers, contend that these charges are responsible for the holding back of many orders which would otherwise be placed. It is admitted by all that present printing costs are such as to make further reductions in prices impossible, but it is claimed that additional efforts might be made to reduce these costs. As previously stated, paper has come down, and the cut of 10 per cent made in August is generally considered to have placed this product upon a basis which will inspire confidence. Other costs, however, have undergone little change. Printing ink is down about 10 per cent, but rollers, type and other pressroom supplies have been advancing for four years and, despite lower prices in the metal market, have not been reduced at all. Wages, however, are the element of cost that is most widely discussed. Wages in the printing industry have not been reduced, and, with some exceptions, employers do not desire to reduce them.

Labor is plentiful and printers have no trouble in filling positions, except possibly in the composing room, where a very skilled type of workman is employed, and where the union compositors are still nominally on strike. All shops, however, are able to fill orders promptly and satisfactorily. In fact, the master printers could secure enough workmen to handle much more business than they are now receiving. Some

shops are running at less than 30 per cent of capacity, although a few are producing their normal output. On the whole, operations average about 65 per cent of capacity.

There is no uniformity of opinion as to collections, reports ranging from "very poor" to "very good." In some cases, past-due accounts have increased during the last 60 days; in others, they have decreased. The larger number seem to consider that the situation is not so favorable as it was two months ago.

WHOLESALE GROCERIES

ACCORDING to our statistical reports, August sales in the wholesale grocery trade increased 10.4 per cent over those of July and were larger than those of any month this year. They were only 16.1 per cent smaller than in August, 1920, whereas the July total was 45 per cent below that of the corresponding month of last year. In explanation of the more favorable comparison in August, it will be remembered that in 1920 sales fell off 30 per cent during that month, whereas in the same period of this year they were increasing. Another favorable factor in the comparison between the figures for August, 1921, and August, 1920, is that the difference in sales, as expressed in dollars, is more than accounted for by the decline in prices that has taken place during the year. Sales fell off 10 per cent, whereas prices are 30 per cent lower, which would indicate that the physical volume of goods sold was greater this August than last.

Sales in September have continued to improve, in part because retailers who allowed their stocks to become depleted during the summer are now replenishing them. Also, some retailers are preparing for fall and winter demands, although as yet there is comparatively little tendency to buy for the future. Increased confidence in buying is noticed as the price level becomes more stabilized.

The sugar market has been weak since the middle of August, and refiners' prices were reduced from 6.15 cents per pound to 5.60. The demand for sugar to be used in canning, which is ordinarily strong at this time of the year, has been very slight because of the failure of the fruit crop. Flour also dropped in August, but following the improvement in the wheat market it has risen since the first of September. Canned goods are strong, although some varieties, such as tomatoes and salmon, have declined from the high points they reached last month. Dried fruits have risen slightly, and rice, peas, and beans are stronger. Butter remained fairly steady until September 12, and then it jumped four cents in as many days. White potatoes continue to be a strong feature in the market and are selling at prices higher than those obtained at this time last year. Fresh vegetables are plentiful and fairly cheap, but fresh fruits are scarce and high.

WHOLESALE GROCERY TRADE

Number of firms reporting—48	August, 1921 compared to July, 1921	August, 1921 compared to August, 1920
Net sales during August	+10.4%	—16.1%
Accounts outstanding at end of August	+ 3.6"	—21.5"

Ratio of accounts outstanding to sales:

August, 1921	98.3%
July, "	102.6"
June, "	96.5"
May, "	103.7"
April, "	102.3"
March, "	90.8"

CONFECTIONERY

CONFECTIONERY manufacturers without exception report that the demand for their products has increased in September. This is largely a seasonal development, as autumn is ordinarily a busy period for this trade. Some Christmas orders are coming in, but as a rule purchases are still being made only in small lots to fill immediate needs. The demand is smaller than that experienced last year, but it compares favorably with the business done a few years ago. The greater activity is confined to no particular grade of candy, but all lines—bulk goods, package goods, penny candies and high-grade confections—seem to be sharing in it proportionately.

During the summer months production was continued to a greater extent in most cases than sales warranted, and consequently stocks were

accumulated. Stocks are now decreasing and in a number of instances are considered to be insufficient for requirements. Practically all the factories have recently found it necessary to increase operations. A few are not yet on a full-time basis, but one large manufacturer has started a night shift in order to meet the demand.

Few changes in manufacturers' prices have been made in several months, but the present level is from 25 to 50 per cent below that of last year. Some complaint is received from manufacturers regarding the failure of retailers to reduce their prices accordingly, on the score that this has served to check sales. Prices of raw materials used in making candy are down to pre-war levels. Cocoa beans can be bought at about eight or nine cents, which, though a higher figure that that quoted a few weeks ago, is well below what is considered to be the normal price of 12 cents. Sugar is now quoted at 5.60 cents by the refiners, as compared with 14 cents last September. Labor costs have been reduced in only a few cases. Workers are plentiful, except in some localities where female help is said to be scarce.

Practically no change has occurred within the last two months as regards collections, and they are generally considered to be not so good as they were last year.

TOBACCO

Cigars and Cigarettes

THE retail tobacco trade in Philadelphia has for some time been disturbed by extensive price-cutting wars, which as yet are unsettled. Certain stores had offered standard brands of cigars and cigarettes for sale at prices below those authorized by the manufacturers, with the result that dealers who kept to the regular prices naturally suffered. The large chain stores entered the contest about the middle of July and announced cuts on smoking tobacco, and reductions in cigarettes which varied from 2 cents to 5½ cents per package, thus bringing the prices of these products down to figures that the smaller stores could not afford to meet. It is claimed that lower retail prices on cigarettes are not justifiable, as manufacturers have not yet reduced prices to the dealers. To date the outcome of the contest is still in doubt and the cut-price announcements remain in the windows of the chain stores. Cuts on cigars have not been so drastic, but they have been sufficient to bring forth a request from the manufacturer of one well-known brand, that all dealers sell his cigars at the authorized prices.

Whether or not it is due to lower retail prices, the fact is that the demand for cigarettes and cigars seems to be improving. Cigar manufacturers, almost as a unit, report that sales have been increasing since June, although some experienced a seasonal dulness in July. August sales of one large firm substantially exceeded those of June and July, and were greater than in August, 1920, which was the third largest month of last year. The opinion is general that the volume of sales has increased further during September. One indication of improvement in this trade is that skilled cigar makers are more difficult to obtain than they were two months ago.

With a few notable exceptions, the higher priced cigars have not been in good demand recently, but orders for the Christmas trade, which are now being received, call for a greater number of these grades. Eight and ten cent cigars continue to be the best sellers. Companies that make five-cent brands report that these are selling remarkably well, and the number of such brands on the market is daily increasing. The opinion has been expressed that these cheap brands are merely temporary adjuncts to the market and that as soon as leaf prices, wages, and other costs return to previous low levels, the old five-cent brands, which are now selling for eight cents, will revert to their former price. It will be some time, however, before such a return to normal will be possible, for leaf prices have as yet come down very little, and other costs are still high.

In fact, the statement is made quite generally throughout the industry, that the costs of doing business are so great that profits are small. Competition is so keen that extensive advertising and extra efforts in selling are necessary to keep sales up to a normal level or to secure new

business. Some firms have opened up new territory, which involves additional expense. Other factors in the situation are the losses suffered from depreciated inventories of a few grades of leaf tobacco, such as Porto Rico, the cost of idle machines and plants, the comparatively high wages still being paid, and the increased government taxes on cigars and higher import duties on tobacco. However, as production increases, costs are gradually being reduced.

Finished stocks which manufacturers may have had some months ago have been largely disposed of, and there is a determination in the industry to adjust operations in such manner as to prevent any accumulation in the future. Consequently, a manufacturer will frequently report that though he is oversold, his factories are not running at full capacity. In general, operations are still less than at this time last year, but they are steadily increasing. The country factories especially are being reopened; but because of the higher wage scale prevailing in Philadelphia, the city plants are not operated unless necessary, and then only to produce the higher-priced cigars. Practically all of the five-cent brands are manufactured in the country.

Collections in the cigar trade are on the whole up to standard, as accounts are largely handled on a "bill to bill" basis; that is, payment must be made for the previous bill before a new order is shipped to the dealer. Even where this method is not followed, collections are better than fair.

Leaf

The improvement in the cigar business has been reflected only slightly in the leaf market, which continues its now long-drawn-out period of inactivity. Manufacturers either have sufficient supplies to meet their requirements, or are buying in small lots only when new stocks are needed or a bargain is offered. Few of them are as yet contracting for their year's supply, for they quite generally consider that the prices demanded are too high to allow for any future reductions which may eventually be necessary in the price of cigars.

In Lancaster County, a fairly active demand developed during the first part of August for the 1920 crop, and, although this activity has fallen off to some extent, the market continues to be firm. Manufacturers bought very little of this crop directly from the growers, and as a result the only demand for it came from the packers, who were able to secure a good supply from the farmers at comparatively low prices, averaging from 15 to 17 cents. The manufacturers are now buying at figures ranging from 25 to 30 cents, which are below last year's range of prices. The packing is generally considered to be of fair quality.

Americans purchased only about 17,000 bales at this year's Sumatra sales, whereas the normal demands of this market are for about 30,000 bales. It is felt that the carry-over from last year will be sufficient to supply any deficiency. The doubtful quality of the new crop, the higher prices paid, and the increased tariff, in addition to the limited volume of purchases, stimulated interest in the old tobacco carried over, and some of it was sold at fair prices. Of other imported tobacco, the new Porto Rico crop is now on the market, and the prevailing prices are once more on a normal basis of 85 cents or less, as compared with last year's price of $1.50. At the recent Java sale high prices were received, and indications are that the available supply for use in this country will be only 2,700 bales, although 5,500 bales were used last year.

The following information from the recent government report shows the comparative status of the tobacco crop in the states producing leaf used in cigars.

CONDITION OF CIGAR LEAF TOBACCO CROP
(Department of Agriculture Report)

	Condition			Estimated production	
	Sept. 1	Aug. 1	10-year average	Sept. 1,'21	Dec., 1920
Pennsylvania....	89%	76%	85%	55,023	60,400
Connecticut.....	86 "	84 "	89 "	36,302	36,112
Massachusetts...	88 "	78 "	86 "	15,708	15,810
Ohio.....	72 "	57 "	78 "	35,245	60,480
Wisconsin.....	85 "	79 "	85 "	56,525	62,400
United States....	71 "	67 "	79 "	948,324	1,508,064

The new crop suffered a material set-back in July, because of cut worms and dry weather,

but the very favorable weather in August changed the situation, and prospects for a bumper crop are now encouraging. The crop developed fast, and harvesting was in full swing by September 10. It was estimated that nearly 75 per cent of the crop had been cut by September 15 and that all would be saved unless frosts came before October 1.

AGRICULTURE

THE condition of most of the principal crops of the country as a whole declined during July and August, according to data given in Government crop reports. High temperature and shortage of rain in July were the chief causes of this reduction in crop estimates, and although August weather was more favorable and deterioration was not so great, corn was the only important crop to improve during that month. It will be noted that, according to the accompanying table, "Table A," the states in this district were not so adversely affected as was the country as a whole. The yield of corn, winter wheat, oats, and hay will be better here than in other sections.

Corn and wheat in this district are giving promise of particularly good yields. Estimates from some counties place the condition of these crops at very nearly 100 per cent of normal, and in a few cases at even above that figure. According to government estimates their production in the district will probably exceed both last year's crop and the average yield for the past ten years. White potatoes seem to have suffered most from drought, as their condition, which was much poorer on August 1 than on July 1, declined still further during August and the estimated production is now the smallest in years. The Pennsylvania sweet potato crop was affected seriously by the dry weather, its condition having fallen from 88 per cent of normal on July 1 to 70 per cent on August 1; but in the September report it had risen to 75

CROP CONDITION REPORT—SEPTEMBER 1, 1921
(United States Department of Agriculture)

Table A

	Condition—Percent of normal			Estimated production—bushels (000's omitted)			
	September 1		August 1				
	1921	10-year average	1921	Sept. 1, 1921	August 1, 1921	Dec., 1920	Dec., 1919
CORN							
Pennsylvania	92	86	90	67,403	65,664	67,050	72,192
New Jersey	95	85	91	11,743	11,009	11,440	10,400
Delaware	92	84	92	6,905	6,642	7,125	5,850
United States	85.1	75.0	84.3	3,185,876	3,032,170	3,232,367	2,858,509
OATS							
Pennsylvania	71	88	76	32,322	34,143	45,825	36,859
New Jersey	66	88	67	2,020	1,933	2,720	2,640
Delaware	76	83	80	166	173	198	138
United States	61.1	81.2	64.5	1,090,282	1,137,202	1,526,055	1,231,754
POTATOES							
Pennsylvania	62	77	65	22,388	22,043	36,455	30,800
New Jersey	52	76	52	7,263	7,062	14,820	8,832
Delaware	62	76	62	805	777	1,166	996
United States	63.7	75.4	65.8	322,985	315,918	428,368	355,773
SWEET POTATOES							
Pennsylvania	75	85	70	206	192	280	276
New Jersey	85	87	85	1,874	1,862	2,002	1,750
Delaware	84	88	90	968	1,037	1,024	1,242
United States	80.7	83.0	84.5	110,164	114,086	112,368	105,405
APPLES							
Pennsylvania	16	62	18	3,853	4,895	23,937	7,972
New Jersey	28	67	30	1,096	1,152	4,134	2,113
Delaware	10	62	10	124	122	1,017	750
United States	34.5	58.4	34.0	109,166	109,000	244,022	153,238

Table B

FARM VALUE OF CROPS IN PENNSYLVANIA

	August 15, 1921	July 15, 1921	August 15, 1920	August 15, 1919
Wheat.....bu.	$1.11	$1.13	$2.33	$2.21
Corn.....bu.	.76	.73	1.76	2.01
Oats.....bu.	.46	.54	.95	.80
Potatoes.....bu.	1.87	1.39	1.74	2.01
Sweet Potatoes.....bu.	2.12	1.50	2.02*	1.55*
Hay, loose.....ton	16.20	16.90	24.60	26.80
Butter.....lb.	.44	.41	.60	.56
Eggs.....doz.	.38	.34	.52	.50
Chickens.....lb.	.257	.264	.315	.321
Apples.....bu.	2.10	2.00	1.10	1.80
Peaches.....bu.	3.40	2.85	2.60	2.50
Tomatoes.....bu.	1.80	3.70	1.80	2.50
Beef cattle.....100 lbs.	7.40	7.10	11.40	12.10

* Price in New Jersey.

per cent. The New Jersey and Delaware sweet potato crops on the other hand improved during July, but the latter fell off considerably in August. Fruits were largely killed by early frosts and are of little importance this year. The New Jersey cranberry crop is 78 per cent of normal, compared with 68 per cent on September 1, 1920, and the estimated production is 180,000 barrels, which exceeds last year's yield by 50,000 barrels. In other states, however, the yields will be smaller this year.

As shown by "Table B," the prices being received by farmers for certain staple commodities are materially lower than in previous years. Yet it must be borne in mind that the costs of farming are less this year than they have been for some time. In this connection attention is called to "Table C," which shows that farm wages have been reduced 25 per cent since last year and are 10 per cent lower than in 1919. Futhermore, prices received for truck crops have in most cases been considered fairly good and compare favorably with those of last year. The potato market, which, declined from July to September, 1920, improved during that period this year, and New Jersey farmers are receiving acceptable prices on shipments. Sweet potatoes are also comparatively high. Peaches and apples are bringing good prices, but the crops are too small to be of any particular consequence to the grower.

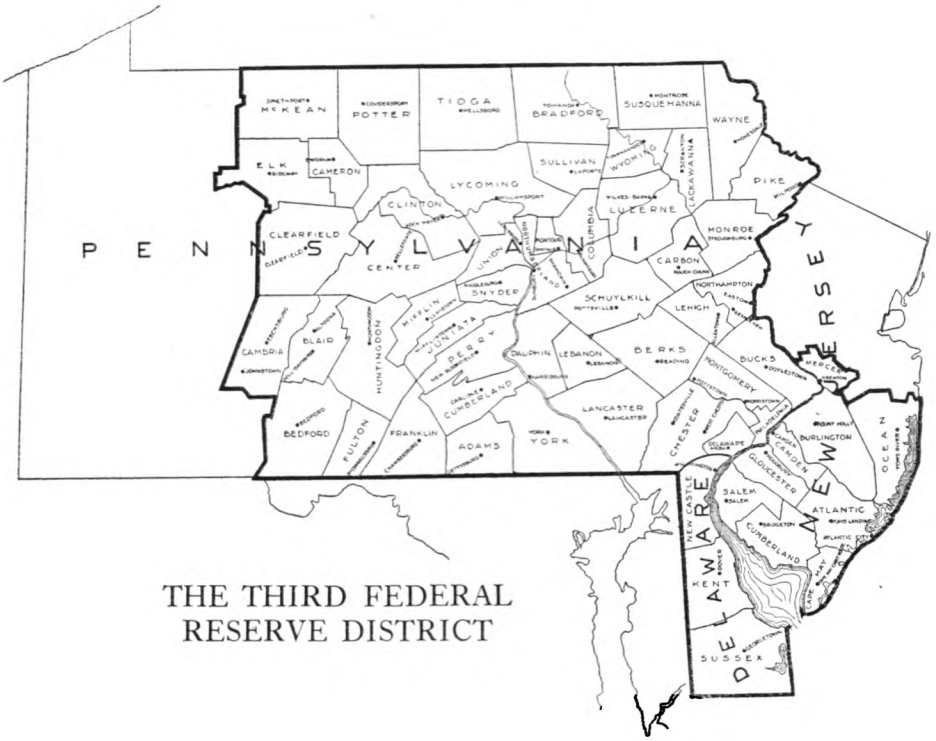
The financial status of farmers is variously described as "somewhat alarming," "not extremely serious," and "fairly good." In sections near the large cities and the mining towns, ready markets, offering fair prices, have been provided for farm products, and the farmer is less pessimistic in regard to finances. Distri-

Table C

AVERAGE WAGES OF MALE FARM LABOR—NORTH ATLANTIC STATES

	1921	1920	1919	1913
By month				
With board.....	$38.82	$51.92	$42.18	$23.45
Without board.....	55.86	75.54	63.39	35.29
By day, harvest				
With board.....	2.70	3.78	3.09	1.67
Without board.....	3.70	4.68	3.86	2.12
By day, not harvest				
With board.....	2.15	3.20	2.57	1.30
Without board.....	2.95	4.01	3.30	1.71

bution and transportation of crops have been generally satisfactory this year, and co-operative marketing associations have been attempted in only a few instances. Standardization and grading of products are considered by experts to be necessary for the greatest success in selling products, but they have not as yet been extensively adopted in this district.



THE THIRD FEDERAL RESERVE DISTRICT

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

	Sept. 14, 1921	Aug. 17, 1921	Sep. 15, 1920
Altoona	$3,365,000	$2,872,000	$3,800,000
Chester	3,304,000	4,060,000	6,372,000
Harrisburg	6,070,000*	6,700,000*	2,644,000
Johnstown	4,697,000*	4,267,000*	5,206,000
Lancaster	4,491,000	4,173,000	5,890,000
Philadelphia	281,363,000	273,046,000	337,552,000
Reading	7,689,000*	7,150,000*	5,088,000
Scranton	16,964,000	12,598,000	15,206,000
Trenton	13,298,000	9,975,000	14,134,000
Wilkes-Barre	9,284,000	7,991,000	9,929,000
Williamsport	3,895,000	3,737,000	5,078,000
Wilmington	6,036,000	6,653,000	7,286,000
York	3,825,000	3,323,000	4,682,000
Totals	$364,281,000	$346,545,000	$422,867,000

*Larger number of banks reporting than in 1920.

RESOURCE AND LIABILITY ITEMS

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

	At the close of business		
	Sept. 14, 1921	Aug. 10, 1921	Jan. 7, 1921
Loans and discounts (including rediscounts):			
Secured by U. S. securities	$68,360	$71,059	$76,385
Secured by other stocks and bonds	184,233	180,597	198,983
All other	355,786	365,383	406,702
Investments:			
United States bonds	46,295	46,212	45,283
U. S. Victory notes	5,355	6,208	11,342
U. S. Treasury notes	6,509	8,964	.....
U. S. certificates of indebtedness	10,379	29,307	12,447
Other bonds, stocks and securities	152,907	155,509	154,363
Total loans, discounts and investments	$829,824	$863,239	$905,505
Demand deposits	615,212	611,082	672,893
Time deposits	42,526	41,470	36,976
Borrowings from Federal Reserve Bank	67,550	74,022	110,036

STATEMENT

Federal Reserve Bank of Philadelphia
(000's omitted)

RESOURCES	Sept. 14, 1921	Aug 17, 1921	Sept. 17, 1920
Gold reserves	$215,688	$204,829	$185,509
Other cash	6,521	3,010	360
Total reserves	$222,209	$207,839	$185,869
Discounts—secured by U. S. securities	74,745	85,949	127,248
Discounts—all other	29,001	29,371	39,258
Purchased bills	1,440	1,887	14,521
U. S. securities	24,844	27,377	33,522
Total earning assets	$130,030	$144,584	$214,549
Uncollected items	57,144	49,263	92,351
All other resources	1,675	1,612	2,515
TOTAL RESOURCES	$411,058	$403,298	$495,284

LIABILITIES	Sept. 14, 1921	Aug. 17, 1921	Sept. 17, 1920
Capital paid in	$8,683	$8,656	$8,408
Surplus	17,564	17,564	13,069
Government deposits	5,163	847	3,589
Members' reserve account	99,364	103,337	106,623
Other deposits	1,309	1,320	2,328
Total deposits	$105,836	$105,504	$112,540
Federal Reserve notes	213,815	216,543	276,039
Federal Reserve Bank notes	7,476	7,320	20,705
Deferred availability items	53,501	43,762	61,175
All other liabilities	4,183	3,949	3,348
TOTAL LIABILITIES	$411,058	$403,298	$495,284

BUSINESS INDICATORS

	Sept. 19, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	$654,774,000	—1.6%	—13.2%
Deposits	592,549,000	+2.3%	—15.6%
Ratio loans to deposits	111%	115%*	107%*
Federal Reserve Bank:			
Discounts and collateral loans	$103,813,000	—9.7%	—43.3%
Reserve ratio	68.3%	64.9%*	49.2%*
90-day discount rate	5½%	5½%*	6.%*
Commercial paper	6-6¼%	6-6¼%*	8.%*

	August, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	$1,563,000,000	—6.1%	—21.6%
Elsewhere in district	143,368,000	—5.3%	—19.0%
Total	$1,706,368,000	—6.1%	—21.4%
Building permits, Philadelphia	3,644,260	—4.7%	+20.9%
Post office receipts, Philadelphia	1,149,610	+7.6%	—6.6%
Commercial failures in district (per Dun's)	68	72*	33*
Latest commodity index numbers:			
Annalist (food prices only)	175.454	—.5%	—34.6%
Dun's	162.619	—.6%	—34.5%
Bradstreet's	11.0868	+.3%	—38.3%

*Actual figures