

Business and Financial Conditions

WITH SPECIAL REFERENCE TO THE
THIRD FEDERAL RESERVE
DISTRICT



ISSUED

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Business and Financial Conditions

GENERAL SUMMARY

FURTHER progress toward business recovery was made during the past four weeks by all save a very few industries and trades, but the improvement was not relatively so great as that of September or that of August; nor did all industries share in it to a like degree. Especially encouraging, however, is the fact that the basic industries bettered their positions to a far greater extent than did the industries producing consumers' goods, and this is encouraging because the basic industries, particularly iron and steel, building materials, and coal, are the great source of revenue for the railroads, the source of income for the vast armies of workers, and the industries which must operate at very close to capacity before it may truly be said that business has returned to normal.

The demand for iron and steel products has increased materially since July, when the industry was suffering from almost complete stagnation. This is attested by the fact that the unfilled orders of the United States Steel Corporation on September 30 were larger by almost 30,000 tons than those on hand at the end of August, and that this was the first monthly gain in over a year. The increase in demand, however, was much greater than this figure indicates, for shipments were heavy during the month. The improvement continued during October, but at a lesser rate, and spread to all types of iron and steel, though the lighter products were more active than others. The demand, however, has been mainly for immediate delivery. The reason for this is that though the underlying trend of prices has been higher during the past six or eight weeks, quota-

tions on some lines have eased off recently, with the result that stability is lacking and buyers are unwilling to purchase for distant delivery. Directly reflecting the larger sales, the production of pig iron and steel ingots continued to increase during September, and reports received since October 1 indicate a quickening of productive activity in the iron and steel plants of this district. Although the improvement has been material and widespread, one must not lose sight of the fact that the industry still has a great distance to go before it has fully recovered.

Building activity continued to expand during the month, and as a result sales of building materials were larger. The situation in the coal industry too was greatly strengthened. The production of bituminous coal advanced each week, and the present rate is higher than that at any time since January. Consumption of bituminous coal has increased, the demand coming mainly from public utilities and industrial firms, and to a more limited extent from the railroads, since financial difficulties still prevent the latter from making extensive purchases. As a result of cooler weather, sales of both domestic and steam sizes of anthracite were better.

Most of the textile industries received a fair volume of business during the month, but there was scant improvement over that of September. The effect of the Government cotton crop condition report on October 1 was largely discounted by the industry, and as a result the feverish buying which followed the publication of the September 1 report was avoided. Prices of cotton goods have been fairly well maintained at the recently

SYNOPSIS OF BUSINESS CONDITIONS

THIRD FEDERAL RESERVE DISTRICT

BUSINESS	DEMAND	PRICES	RAW MATERIAL OR MERCHANDISE SITUATION	COLLECTIONS	FINISHED STOCKS
Automobiles	Fair	Lower	Sufficient	Fair	Heavy
Cement	Good	Lower	Sufficient	Good	Light
Cigars	Good	Firm	Sufficient	Good	Light
Coal, anthracite	Good	Firm		Fair	Heavy
Coal, bituminous	Fair	Firm		Fair	Light
Coke	Poor	Slightly higher	Sufficient	Fair	Light
Cotton goods	Good	Firm	Sufficient	Good	Medium
Cotton yarns	Fair	Slightly lower	Sufficient	Good	Medium
Cotton, raw	Fair	Slightly lower	Sufficient		
Floor coverings	Good	Firm	Sufficient	Good	Light
Groceries	Fair	Variable	Sufficient	Poor	Light
Hardware	Fair	Firm	Sufficient	Good	Medium
Hosiery, cotton	Poor	Firm	Sufficient	Good	Sufficient
Hosiery, full-fashioned silk	Good	Firm to higher	Sufficient	Good	Light
Hosiery, seamless silk	Good	Firm	Sufficient	Good	Light
Iron and steel	Fair	Higher	Sufficient	Fair	Light
Leather	Good	Firm	Sufficient	Fair	Sufficient
Lumber	Good	Higher	Sufficient	Fair	Light
Paint	Fair	Firm	Sufficient	Fair	Medium
Paper	Fair	Firm	Sufficient	Fair	Light
Paper boxes	Fair	Firm	Sufficient	Fair	Light
Pottery	Fair	Lower	Sufficient	Fair	Light
Shoes	Fair	Firm	Sufficient	Fair	Light
Silk	Fair	Variable	Sufficient	Good	Sufficient
Tobacco, leaf	Poor	Firm	Sufficient	Fair	Heavy
Underwear, heavy weight	Fair	Firm	Sufficient	Fair	Sufficient
Underwear, light weight	Poor	Firm	Sufficient	Fair	Sufficient
Wool cloth	Fair	Firm	Sufficient	Good	Sufficient
Wool yarns	Fair	Firm	Sufficient	Good	Sufficient
Wool, raw	Good	Slightly higher	Sufficient	Good	

increased levels, but owing to the slight recession of raw cotton quotations early in October future buying has been largely checked. Immediate delivery orders, however, have been of good size. The cotton yarn industry has also been adversely affected from the standpoint of future selling by the change in price, as have also the cotton hosiery and underwear industries. But these industries too have received satisfactory orders for current shipment.

The wool industry has extended its activity considerably in recent weeks. The demand for raw wools has broadened and a greater proportion of the orders booked has been for future delivery than has been the case for several months. An indication of the public's demand for lower priced clothes is found in the fact that sales of the medium wools are the largest. Demand for the cheaper wools has increased too, and this has stiffened prices; but quotations on the higher and medium bloods have not changed. Sales of woolen and worsted yarns, especially those of knitting yarns, have been exceptionally good, so good in fact that many mills in this district have been operating at capacity and several have added night shifts. The main source of this demand is the sweater industry, which has received large orders during the past month. As a result of only moderate activity in the woolen cloth industry the call for weaving yarns is not so great.

The silk industry has suffered a reaction during the past month as the result of the great mill activity of early spring. Believing that the enormous demand at that time would continue throughout the year, manufacturers accumulated stocks, and when sales fell off cut prices in order to dispose of them. The result was the usual one—buyers refrained from purchasing in the expectation of still lower quotations. As a result, there is little activity in the broad silk market, and even the demand for seasonable silks which the cooler weather was expected to create has failed to materialize, although retail sales have been somewhat better. Sales of silk yarns to the full-fashioned silk hosiery and the silk sweater industries have been fairly large, owing to the exceptionally good orders which these industries have received. But with this exception, there has been little ac-

tivity in silk or silk products during the past month.

Shoe manufacturers and wholesalers also report but little betterment during October, and the current demand is only fair. The consumption of leather has increased, and owing to the depletion of stocks of most descriptions, tanners expect a continuation of brisk business. The market for raw hides and skins has strengthened and sales have gained in size. The carpet and rug, paper, and tobacco industries have also found business better. After several months of dulness retail trade too has increased, but this is owing, in larger part, to seasonal conditions.

Evidence of the fact that the rate of improvement in industrial conditions in this district was not as rapid during October as during September, is found in the employment report of the Pennsylvania State Department of Labor. That bureau estimated unemployment in the cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton, and Williamsport, on September 15, as 203,500, a decrease of 3.8 per cent from the total of August 31. On September 30 the estimate was 201,485, a decrease of 1 per cent as compared with the figure for September 15. On October 15, however, unemployment was estimated at 202,185, an increase of .3 per cent as compared with that of September 30, but a decrease of .7 per cent from that of September 15.

Statistics in general, however, indicate that the underlying trend of business is toward recovery. Debits to individual accounts in the country as a whole increased more than \$1,300,000,000 for the four-week period ending October 12, over the four-week period ending September 14. In the Third District the increase was more than \$40,000,000. Failures in the Third Federal Reserve District in September, as reported by R. G. Dun & Company, numbered 63, with total liabilities of \$978,713, as compared with 68 in August, with liabilities of \$2,090,756. In the entire country there were 1562 failures, with liabilities of \$42,904,409, in August, and 1466, with liabilities of \$37,020,837, in September. For the week ending October 6, the number of failures decreased 4.3 per cent, as compared with the preceding week, but during the week of October 13 they increased 6.2 per cent. The value of new securities issued

jumped from \$138,929,000 in August to \$205,791,000 in September. Car loadings, too, have been steadily increasing since the week of August 6, the figure for October 1, as reported by the Car Service Division of the American Railway Association, being 901,078 cars, as against 784,781 on August 6, and 830,601 on September 1. The wholesale commodity price index numbers augur well for business in that they give evidence of at least a checking of the downward movement, if not of a sustained rise. The R. G. Dun & Company index number of September showed a very slight decline as compared with that of August, but the Bradstreet number for the same period made its fourth successive gain, small though it was. The index of the Bureau of Labor Statistics showed no change, the number being 152 for both August and September. In this index the groups of commodities that increased during September were chemicals and drugs, foreign products, and cloths and clothing, the advances in the last two being largely the result of the sharp rise in raw cotton quotations. All of the other groups declined, with the exception of the metal and metal products group, and this showed no change.

All things considered, it may safely be said that business is definitely on the road to recovery. Its progress may be slow, but there is little on the horizon that is likely to turn it from its course, except perhaps the unsettled economic conditions in Europe or the threatened railroad strike. The strike talk has had but little effect on conditions in this district up to the present writing.

FINANCIAL SITUATION

IMPROVEMENT in the condition of the Federal Reserve banks and lower money rates have been features of the past month. In the period from September 21 to October 19, bills discounted for member banks declined \$57,469,000, Federal Reserve notes decreased \$33,814,000, and total reserves increased \$58,664,000. The reserve ratio rose from 68.7 per cent to 70.3 per cent. It is interesting to note the varied tendencies in the different Federal Reserve districts as measured by their reserve ratios, so adjusted as to eliminate the effect of interdistrict borrowing.

These changes are given below:

Boston.....	+2.5%	Chicago.....	+ 3.7%
New York.....	-2.0"	St. Louis.....	+ 6.1"
Philadelphia.....	+1.2"	Minneapolis.....	+ .6"
Cleveland.....	-1.3"	Kansas City.....	+ 1.8"
Richmond.....	+9.6"	Dallas.....	+12.1"
Atlanta.....	+ .2"	San Francisco.....	+ 3.3"

The Boston, New York, and Philadelphia Federal Reserve banks lowered their rates from 5½ to 5 per cent, and Minneapolis lowered its rates on trade acceptances and on commercial and agricultural paper to 6 per cent. The Bank of Sweden was the only foreign central bank to reduce its rate, and the rates of discount at Boston, New York, and Philadelphia are now lower than the official rates of the banks of England, France, Italy, Spain, Norway, and Denmark. The market rates for bankers' acceptances and commercial paper in this country, and in London for prime paper and Treasury bills, are all a little lower than they were on September 21.

September was the most active month of the year in bond trading, and in the course of this trading bonds of both governments and corporations advanced in price. The advance of Government bonds was particularly striking. Investment bankers report that, on the whole, the security market is good and that investors are absorbing readily the bonds that are being offered at the present high rates. The volume of new securities issued during September was \$205,791,000, an increase of \$66,862,000 over that of August. Railroad equipment issues accounted for almost \$100,000,000 of this total, and the majority of these were purchased by bankers from the Federal railroad administration.

Reports from banks in this district indicate that the liquidation of accounts receivable by business men and the liquidation of bank loans proceed but slowly. In some cases, extension of loans even exceeded payments, and in not a few others, extension of loans was at least as much the rule as their payment. The supply of funds was reported by most banks to be adequate, although there were some instances in which the supply was actually insufficient, or in which only the most meritorious borrowers could be accommodated.

BANKERS' ACCEPTANCES

A further easing in the selling rates of bankers' acceptances has been noted during the past month, and rates now average $\frac{1}{4}$ per cent lower. Rates on prime bills of member banks are $4\frac{1}{2}$ per cent for maturities up to 90 days, and $4\frac{5}{8}$ per cent for 180 days. Non-members' bills as a rule are $\frac{1}{4}$ per cent above these rates. The general improvement in monetary conditions is said to be mainly responsible for this change. One dealer makes the following comment: "The lowering of the discount rate by several of the Federal Reserve banks has confirmed the tendency toward lower rates for acceptances in the open market rather than served as a factor in causing such a decline. The decline in rates has been brought about primarily by the easing money situation and the decreased supply in bills." Other letters lend support to this view, and it is further stated that the security market has not been sufficiently active to absorb the large amounts of money that have been loanable on call.

The issues of United States certificates of indebtedness, which combine a somewhat higher yield with the unquestionable security of Government paper, have tended to restrict sales of acceptances, but have evidently not absorbed the entire available supply of short-term investment funds, if one may judge by the enormous oversubscriptions to such issues. Bankers' acceptances are finding a ready market; in fact, dealers state that they are not available in sufficient amounts to satisfy the demand. Sales by four dealers in this district during September were 16 per cent below those of August, but sales for the country as a whole, as given by three dealers, show a gain of 1 per cent. The national figures were 21 per cent below those for September, 1920. City banks are the principal purchasers. A large amount of buying for foreign account is also reported, and this is being handled through private banking houses and the Federal Reserve Bank of New York.

The financing of foreign trade is responsible for the bulk of the acceptances executed lately, but no authoritative data are yet available regarding the distribution of these instruments over the

various classes of transactions—foreign trade, dollar exchange, warehousing, and domestic shipments. It is stated, however, that warehousing bills have remained practically unchanged in volume. Cotton, grain, tobacco and sugar bills have formed a large part of recent transactions covered by acceptances.

Reports from twelve member banks in this Federal Reserve district show a decrease in the volume of acceptances executed during the month ending October 10, but a considerable gain in the amount outstanding over that of the preceding month:

	Executed during preceding month	Outstanding on date given
1921—March 10.....	\$5,325,000	\$14,127,000
April 10.....	4,558,000	13,234,000
May 10.....	5,611,000	12,892,000
June 10.....	2,795,000	10,798,000
July 10.....	3,121,000	9,286,000
August 10.....	4,852,000	8,756,000
September 10.....	5,312,000	9,009,000
October 10.....	4,507,000	9,902,000

COMMERCIAL PAPER

Commercial paper has been moving more freely in the Philadelphia market since October 1, and some houses report a marked increase in the volume of sales. Only a few large city banks, however, are purchasing any paper, and those that are, are very particular as to the names and maturities of the paper they buy. Sales to country banks have been relatively more active, but these buyers usually insist strongly on a 6 per cent rate. The rate recently has been from $5\frac{1}{2}$ to 6 per cent, with by far the larger volume of sales made at the higher figure. Much paper has been sold at $5\frac{3}{4}$, but only paper with the very best names and satisfactory maturities can be disposed of at $5\frac{1}{2}$ per cent.

SAVINGS DEPOSITS

Postal Savings deposits in the United States and in this Federal Reserve District, and deposits in the twenty-four savings banks in this district that have been reporting regularly, decreased during September. The following tables show

the extent to which past savings were eaten into to meet the demands of the present situation.

DECREASE IN SAVINGS DEPOSITS DURING SEPTEMBER—THIRD FEDERAL RESERVE DISTRICT AND UNITED STATES

	Sept. 1, 1921	Oct. 1, 1921	Amount drawn out
Savings banks outside Philadelphia.	\$52,670,089	\$52,434,863	\$235,226
Savings banks in Philadelphia.	250,087,955	249,117,384	970,571
Postal savings in Third Federal Reserve District.	3,970,499	3,877,686	92,813
Postal savings total for U. S.	152,400,000	151,150,000	1,250,000

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

	In Philadelphia	Outside Philadelphia	Totals
1921—October 1 . . .	\$249,117,384	\$52,434,863	\$301,552,247
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 foreign exchanges have moved violently during the past month. Led by sterling, which reached the highest level recorded during the past six months, most foreign currencies have moved steadily upward. But marks and Austrian kronen dropped on October 17 to the lowest quotations ever recorded, and lire declined nearly six per cent. The accompanying table shows rates on the principal foreign centers on October 20 and September 20, and the net percentage change during that period.

The rise in sterling and other currencies at this time is particularly encouraging, since the normal seasonal movement during the fall months is downward. Among the factors that are probably responsible for this tendency are the declining favorable balance of trade of the United States, the continuance of heavy imports of gold and silver into this country, and the flotation, during the past few months, of large issues of foreign bonds.

FOREIGN EXCHANGE RATES

	Sept. 20	Oct. 20	Net change	Percentage change
London.	3.7139	3.9512	+ .2373	+ 6.39%
Paris. . . . .	.0701	.0731	+ .0030	+ 4.28 "
Antwerp. . . . .	.0696	.0717	+ .0021	+ 3.02 "
Copenhagen. . . . .	.1771	.1919	+ .0148	+ 8.35 "
Stockholm. . . . .	.2164	.2324	+ .0160	+ 7.39 "
Madrid. . . . .	.1301	.1329	+ .0028	+ 2.15 "
Amsterdam. . . . .	.3149	.3400	+ .0251	+ 7.97 "
Buenos Aires. . . . .	.6820	.7240	+ .0420	+ 6.16 "
Shanghai. . . . .	.7275	.8025	+ .0750	+10.31 "
Berne. . . . .	.1722	.1816	+ .0094	+ 5.46 "
Milan. . . . .	.0419	.0394	— .0025	— 5.97 "
Berlin. . . . .	.00929	.0067	— .00259	—27.87 "
Vienna. . . . .	.000925	.000625	— .0003	—32.43 "

The decline in marks, on the other hand, is not surprising in view of the unrestrained inflation of the currency in Germany and the corresponding decline in the internal purchasing power of the mark. During the four weeks preceding the October 15 report of the Reichsbank, its notes increased by nearly seven billion marks. Furthermore, it is evident that Germany is preparing for the next reparations payment by building up heavy balances abroad, a policy which necessitates large purchases of foreign exchange and a consequent depreciation of the mark.

RETAIL TRADE

THE unusually warm weather of September prolonged the dulness in retail trade to such an extent that sales for that month, computed in dollars, were 15.3 per cent below those of September, 1920. However, the first cool days of October brought an influx of customers to the stores, and practically all merchants agree that business has improved during the past month. The greatest improvement is noticed in the sales of outer wearing apparel, especially in ready-to-wear clothing. Men's haberdashery is also going better, and one Philadelphia store reports that sales of neckwear have exceeded all expectations. In the department stores the demand is improving for carpets and rugs and for articles of household use. Sales of yard goods are likewise numerous. The general unemployment is retarding any decided gain in retail trade, but this situation is slightly better, and some improvement in the volume of business may be expected.

Intensive advertising now seems to be advisable in order to encourage sales, but the prices for this are so high that some merchants have been compelled to reduce their space in the newspapers. Advertising rates are still at their highest point, and contracts offered by newspapers for 1922 contain no price concessions. Since 1914 there has been an increase in rates of approximately 100 per cent. The cost of paper is now much less than it was, but high wages are still being paid to printers, and, generally speaking, newspapers are disinclined to make any reduction on rates for advertising.

Retail prices are now fairly well stabilized and if anything are still lower. A single exception is the higher prices of cotton goods. Stocks of all merchandise are maintained at a low point in order that a quick turnover may be effected. September reports, however, showed an increase in stocks of 7.4 per cent over those of August, as is evinced by the following table.

The following table reflects conditions in retail trade during the month of September, 1921, as compared with August, 1921, and September, 1920:

RETAIL TRADE		
NET SALES:	September 1921 compared with September 1920	July 1 to Sept. 30, 1921 compared with July 1 to Sept. 30, 1920
Firms in Philadelphia (14).....	-16.5%	-12.0%
Firms outside Philadelphia (35)...	-12.3"	-9.4"
All reporting firms (49).....	-15.3"	-11.3"
STOCKS OF GOODS	Sept. 30, 1921 compared with Sept. 30, 1920	Sept. 30, 1921 compared with August 31, 1921
Firms in Philadelphia.....	-17.7%	+6.4%
Firms outside Philadelphia.....	-12.6"	+10.6"
All reporting firms.....	-16.4"	+7.4"
STOCKS COMPARED TO SALES:	Average stocks July 1 to September 30, 1921 compared with Average sales July to September 30, 1921	
Firms in Philadelphia.....	440.7%	
Firms outside Philadelphia.....	546.4"	
All reporting firms.....	466.8"	
ORDERS COMPARED TO PURCHASES:	Orders outstanding September 30, 1921 compared with total purchases in 1920	
Firms in Philadelphia.....	7.0%	
Firms outside Philadelphia.....	7.4"	
All reporting firms.....	7.1"	

ADVERTISING

BEFORE the war advertising came largely from the modern industries and from new firms in old industries, but during the past seven years there has been a most remarkable growth in advertising by both old and new firms in old and new industries. The accompanying chart illustrates the rise in the volume of advertising in the 25 largest classes of merchandise, from 1914 to 1920 inclusive. Figures for 1921 are not yet available.

There is a possibility that this unprecedented growth was stimulated by the abnormal conditions due to the War, but a study of some of the leading publications points to the conclusion that it has been quite natural. In one of the biggest publications, all but one of the 50 largest advertisers in 1919 renewed their advertising in 1920; and of the 50 largest advertisers in 1920, 49 spent as much as or more than they did in 1919. The one who did not spend as much spent 66 per cent of his 1919 appropriation.

Expenditure of 10 largest advertisers in 36 leading publications	
1918.....	\$6,731,544
1919.....	8,726,588
1920.....	11,300,606
Volume of advertising in dollars carried by 72 publications	
1915.....	\$38,737,336
1916.....	51,837,806
1917.....	57,793,628
1918.....	\$61,318,888
1919.....	97,208,791
1920.....	132,414,799
Volume of advertising in dollars carried by 10 largest publications of the 72 above	
1915.....	\$20,554,690
1916.....	28,941,041
1917.....	35,125,322
1918.....	\$41,220,535
1919.....	67,144,136
1920.....	91,255,161

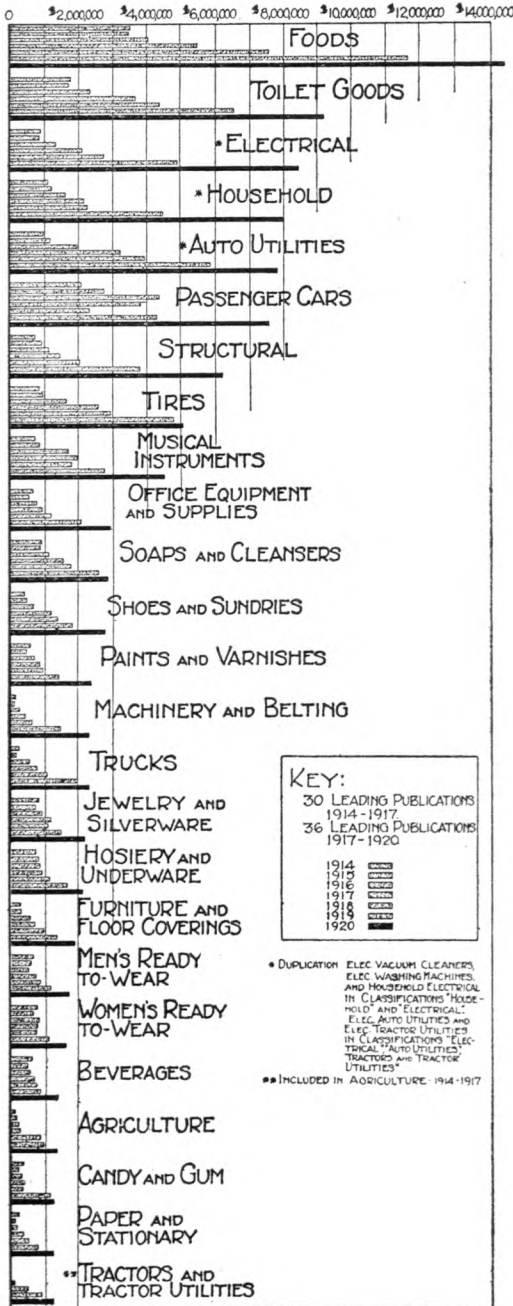
Source Curtis Publishing Co.

Advertising rates have, of course, increased along with other things. Not only has there been a considerable advance in the cost of production, but a growth in circulation that has enabled the advertiser to reach a greater number of prospective buyers, and therefore has warranted the publisher in making higher charges.

During the past two years, the majority of rates have increased rapidly, and business con-

MERCHANDISE ADVERTISING

25 LARGEST CLASSES



"Source, Curtis Publishing Company"

ditions have not been favorable. Nevertheless, some of the larger national advertisers have kept their publicity up to standard and in some cases have actually increased their appropriations. Indeed, with certain firms the increase for 1921 ranged from 10 to 43 per cent, and one firm announced an appropriation 300 per cent greater than that of 1920.

Total advertising dropped suddenly last June and July, and until but recently few contracts were being placed, except by the larger firms who advertise the year round. One of the largest agencies in the city reports that though the volume of business placed with it thus far in 1921, as measured in dollars, is 10 per cent greater than that of the same period of 1920, the number of contracts is only 60 per cent of the number placed in the same period of 1920. Another agency states that the volume of advertising placed thus far in 1921 is 50 per cent less than that placed during the same period of 1920.

It is interesting to note the amount spent annually for advertising, and the manner in which it is distributed. According to estimates made from advertising statistics, \$1,284,000,000 is spent annually as follows:

Newspapers.....	\$600,000,000
Direct mail.....	300,000,000
Magazines.....	150,000,000
Business papers.....	70,000,000
Novelties.....	30,000,000
Electric and painted signs.....	30,000,000
Farm papers.....	27,000,000
Demonstration and sampling.....	24,000,000
Window and store display.....	20,000,000
Bill posting.....	12,000,000
Street car cards.....	11,000,000
Programs.....	5,000,000
Motion pictures.....	5,000,000

IRON AND STEEL

EVIDENCE of widespread but moderate improvement in the iron and steel industry is seen in reports received from firms in this district. Both the primary products, such as pig iron and castings, and finished goods such as machine tools and machinery are now in better demand than **they have** been for some months past. Buy-

ing is not confined to any one source, but is fairly well distributed. Increased manufacturing activity is reflected in a better foundry demand for pig iron. Oil refiners are purchasing larger quantities of tank plates, and even the railroads have placed a few orders for bars, plates, and shapes for car-repair work. Pipes, nails, wire and wire products are also selling in better quantities. Structural shapes, however, are still in poor demand in this district, and orders from automobile manufacturers have fallen off. The market is spotty and uneven, and great caution is being exercised in placing future orders, as there is little confidence in the stability of present prices.

The reduction in the railroad freight rate on Lake ore, of 28 per cent, effective October 20, has been welcomed by the industry as a constructive development, but its immediate effect has been to restrict purchases of pig iron. Buyers feel that this reduction in costs will not only result in lower prices on pig iron, but also that lower rates on finished materials may be expected in the near future. Manufacturers, on the other hand, state that they still have large stocks of high-priced ore on hand, and that production costs will continue to be considerably above the current market price until these stocks are exhausted. Pig iron prices have changed but little during the month, but prices on finished materials, notably sheets, have stiffened somewhat. Prices are not firmly established, and on some products the independents have frequently shaded the Corporation's quotations.

Inasmuch as this increase in purchasing found the industry, in most cases, with greatly depleted stocks of finished material, operations have pretty generally been extended. Many plants that were closed during the summer have been reopened, and production in general has increased from the 20 to 25 per cent basis maintained during the summer to 35 or 40 per cent of capacity. Operations vary, however, and though some plants are on a 70 to 90 per cent schedule, many are running at as low as 10 per cent of capacity or are entirely closed down.

Production of both pig iron and steel ingots during September showed another increase as compared with that of the preceding month, but these increases were disappointingly small. The

pig iron output, as reported by the *Iron Age*, was 985,529 tons for the month—a daily average of 32,850 tons—as compared with a daily rate during August of 30,780 tons. A net gain of twelve was made in the number of furnaces blown in, so that the daily capacity of the active furnaces^{of} the country on October 1st was estimated at more than 35,000 tons. Hence a further increase in output may be expected.

The American Iron and Steel Institute reports production of steel ingots in September, by 30 firms representing nearly 85 per cent of the nation's total capacity, as 1,174,740 tons, as against 1,138,071 tons in August. Although this rate is the lowest since 1908, and is only 30 per cent of the theoretical capacity, it is a material improvement over the July total, which reached the low figure of 803,376 tons, or only 20 per cent of capacity. Furthermore, this is hardly a criterion of steel-making activity during September, as most of the output was of the lighter products, such as wire and sheets, and mills frequently had sufficient stocks of raw material on hand.

Another encouraging feature is seen in the September 30 report of the unfilled tonnage of the United States Steel Corporation, which showed a total of 4,560,670 tons, as compared with 4,531,926 tons on August 31. Although this is an increase of only 28,744 tons, it is the first since July, 1920, when unfilled orders amounted to 11,118,468 tons. But as new orders are now coming in in slightly smaller volume and as operations have been much increased, it would not be surprising if the unfilled tonnage should make a less favorable showing this month.

Unevenness is also noticeable in the matter of collections. Many firms report a material reduction in the number of past due accounts, but this frequently is a reflection of smaller shipments rather than of greater promptness in payment. In general, however, collections have perceptibly improved.

AUTOMOBILES

THE recently announced reductions in the prices of many standard makes of cars and trucks furnish ample evidence that the competition which has been encountered by practically

all dealers in making sales during the past few months has been severe. Indeed, price reductions alone have frequently proved quite ineffectual in stimulating sales. The public is exercising the greatest discrimination not only as to price but as regards quality. Hence the majority of orders have been for a few standard, well-established makes of proven worth. In these instances the volume of purchases during 1921 has exceeded that of last year, even when—as in the case of one high-grade car—the price has not been reduced. In general, however, the business done has not been more than half that of the same period of 1920. The demand for trucks has been especially poor, and it is said that sales do not total more than 35 or 40 per cent of those of last year. Fall business in the industry, however, compares favorably with the fall business of 1920, but it must be remembered that at that time the industry was suffering from severe stagnation.

Many dealers have incurred losses in disposing of used cars accepted in partial payment for new ones. The vast majority of current orders are for replacement purposes and are partly financed by the acceptance of the old car in exchange. Furthermore, unemployment and the depletion of savings accounts have compelled many owners, especially of inexpensive cars, to sacrifice them at absurdly low prices. Hence the market is glutted with used cars. Prices have broken severely, and profits on sales of new cars have been much reduced or entirely wiped out by the necessity of selling the used car accepted in part payment at a much smaller sum than that with which the purchaser was credited.

Operating conditions in the industry vary greatly. A few of the most favored models are still being produced to the full capacity of the plants, but the majority of companies have run on a greatly curtailed schedule during the entire year, and the output of trucks, in particular, has been at a low rate. Evidence of an expected slackening in demand is seen in the recent further restriction of output in many plants. Production of Ford cars, for example, has fallen off some 15 or 20 per cent from the record summer output.

On the other hand it may be said that manufacturers are in a much better position than they were when the present readjustment commenced.

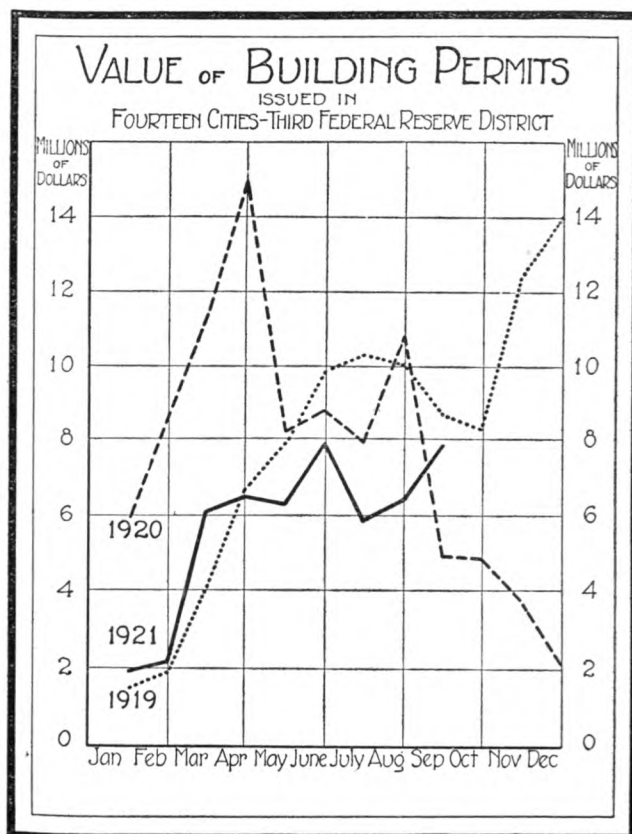
Their stocks and dealers' stocks of finished cars are not large. Some manufacturers are still carrying heavy supplies of raw materials, but losses on these have in general been accepted, and inventories are now at present prices. Labor costs have also been fairly well reduced, and the wages of unskilled labor are now between 30-35 cents per hour.

Collections are becoming somewhat slower. Many sales of pleasure cars are being financed on a partial payment plan, and purchasers are requiring full time to make payments. Industrial firms are also reported as being slow in meeting obligations.

BUILDING MATERIALS

ALTHOUGH building is still sluggish in Philadelphia and the other principal cities of this district, the total of contracts issued during September compared favorably with that of last month and that of the same month of last year. Instead of a decline in building, in September, such as occurred in 1920, there has been a material increase in both the number of permits issued and in the estimated cost of the construction contemplated. Whereas the estimated cost of buildings for which permits were issued, in the fourteen principal cities of this district, in August, 1920, was nearly \$11,000,000 as compared with less than \$5,000,000 in the following month, this year the cost of September contracts is \$1,500,000 greater than the total for August. The accompanying chart shows the trend of construction in this district during 1920 and 1921.

Little change, however, has occurred in the character of the new construction. A few theatres, office buildings and apartments are being erected, but most of the work continues to be for dwellings and other small buildings and for repairs and alterations. A recent survey of vacant office space in Philadelphia, conducted by the Building Owners and Managers Association, showed that less than 2 per cent of the total available space was unoccupied. Hence, there is undoubtedly a need for new office buildings as well as for additional dwellings, but the uncertainty as to what the future developments in the



industry may be prevented the placing of large contracts at the present time. Building materials have been practically stationary in price for several months past, and the wage scale agreements with the unions terminate January 1, 1922. These things, together with the approach of winter, are causing the postponement of many contemplated operations.

LUMBER

Throughout the country as a whole, and to a smaller degree in the Third Federal Reserve District, the demand for lumber has materially improved within the past few weeks, and it is evident that the trade is slowly reviving. Statistics of lumber movements show that orders and shipments increased considerably during September, and recent reports indicate that this growth has continued in October. Production, as shown by the volume of lumber cut, has also increased, but not so rapidly as sales; hence mill stocks are decreasing. Firms in this district report that al-

though the total volume of sales is larger, orders are still small and for immediate shipment, except on a few items for which there has been an actual scramble to secure stock. One manufacturer was able to stimulate some interest in the lower grades by making price reductions, but as a whole the demand continues to be largely for the better quality stuff.

Prices of lumber have turned upward within the past few weeks, practically all listings of yellow pine and Douglas fir flooring and ceiling having risen about 10 per cent. Freight rates are an important item in the local market, as lumber is ordinarily sold freight paid, and were the difference between present and pre-war freight charges deducted from the price, many grades of lumber would sell at very near their 1914 levels. Labor costs have been fairly well reduced throughout the lumber industry, particularly in the Southern mills, where drastic cuts have been made in wages.

Several firms report that collections have improved, but others notice little change. They are generally considered to be from poor to fair.

PAINT

The seasonal increase in the demand for paint which began in September has continued into October. But the extent of this improvement was not so great as was expected, and as a result manufacturers have not been able materially to diminish the stocks accumulated during the summer. Practically all orders call for immediate shipment and are for supplies to meet only the demands of the fall painting season, as few customers are buying for stock. In addition to the improvement in retail trade, more business is being received from industrial firms, which have been practically out of the market for several months. Railroads are also beginning to purchase again, though not extensively.

Finished stocks are considered to be more than ample for present requirements, and have been lessened in but few cases, as production has continued on a large scale. In fact many of the plants are operating at capacity, although one large manufacturer is on only a 40 per cent basis. The output of the industry as a whole averages about 80 per cent of normal.

No price changes have occurred since the general reduction on August 1, and no further cuts are expected until the end of the present season at least. Linseed oil has been exceedingly weak during the last month, and fell from a quotation of 78 cents a gallon in carload lots to 67 cents; it then rose to 70 cents, but only to drop back to 69 cents about the middle of the month. Large imports of English oil are given as the reason for this weakness. The market for other paint materials has been steady.

Collections have improved slightly but are only fair at the best.

CEMENT

The cement business has experienced a real boom this summer. The improvement began last February and has continued until the present, except for slight reductions in shipments noted during July and September; in the latter month, however, the daily average was larger than in August. Total shipments for the first nine months of the year exceeded all previous records for that period. The inability to secure sufficient cement in previous years, the extensive road construction carried on during the summer, and the increase in building which began in August and has continued to date, are the factors largely accountable for the activity in this industry during a period of comparative depression in other lines of business. The demand for cement, however, is seasonal, and October ordinarily marks the beginning of a decline. As yet there are few indications that the decline has definitely begun, but shipments are no longer increasing. All orders are for immediate delivery, which is attributable to the present character of buying in general, to the approaching end of the season, and to the possibility of a reduction in freight rates such as will allow lower prices on cement.

In April shipments of cement exceeded production, and this difference has been growing each month, with the result that finished stocks held at factories have been rapidly becoming smaller. They are now comparatively light, but they are considered by manufacturers to be ample to meet any prospective demand. Stocks will begin to increase very soon if production is continued dur-

ing the winter, as it usually is in order to accumulate supplies to meet the large spring and summer demand. Most of the plants are now running on full time, and, allowing for those few firms that are not producing at capacity, operations in the industry may be said to average over 80 per cent of normal. This is better than the condition of a year ago, when coal was scarce and it was difficult to secure sufficient transportation.

A reduction of 12½ per cent in the price of cement was made during September, and the mill price to dealers is now from \$1.60 to \$1.75 per barrel, as against the 1920 maximum of from \$2.50 to \$2.75. These 1920 quotations, however, were nominal, as the demand could not be supplied at that time and allocations were made to customers at higher figures. Wages have been reduced about 33 per cent since last year, the hourly rate for unskilled labor having dropped from about 45 cents to 30 cents, although some are paying as low as 25 cents. Workers are easy to secure, and more are being employed by the trade than in 1920.

Two firms report that collections are slow, but the general opinion is that they are good.

POTTERY

The demand for pottery at present shows two distinct tendencies. Manufacturers of porcelain supplies, including electrical equipment and certain specialties, write that business is exceedingly dull and report no recent improvement. Makers of china and sanitary ware on the other hand are experiencing a good demand, which has increased considerably since September 1. Orders, although larger in size, are still for immediate use.

Finished stocks in both branches of the trade are light and are decreasing further. In fact, some of the manufacturers of sanitary ware consider that their stocks are entirely too small. Operations show the same variations as demand, and mills producing porcelain products are running at only from 15 to 25 per cent of capacity. On the other hand, production in the sanitary ware plants is about normal and is in no case less than 75 per cent of the possible output.

Prices in this industry as a whole have not been reduced in accordance with the decline in the

general price level. They still average about 75 per cent of last year's quotations, although on some particular commodities there have been cuts as great as 50 per cent. The most recent reductions were made about the middle of September, but not by all manufacturers. Wages also have not been lowered to any appreciable extent in this industry. In fact, the sanitary ware plants are strongly unionized, and an increase of seven per cent under a one-year agreement went into effect last November. Conferences are now being arranged with employees for the purpose of agreeing upon a lower wage scale for the next year. Porcelain manufacturers, however, have reduced wages within the last twelve-month from 20 to 30 per cent.

No recent change has occurred in collections, which are generally considered to be rather poor.

HARDWARE

Both the manufacturers and wholesalers of hardware in this district report an appreciable increase in demand as compared with that of the previous month. The present transactions, however, consist almost entirely of orders for rush shipments for the replenishment of stocks. Wholesalers are neither buying nor selling spring goods to any extent, and manufacturers are not enlarging their stock of finished materials. Operations, however, have increased steadily during September and October, many firms reporting an improvement ranging from 10 to 50 per cent during this period, as compared with the summer months. As compared with the same period of last year, however, production makes a poor showing. Practically the entire industry is on a curtailed schedule, many firms operating only at a rate of from 40 to 60 per cent of capacity.

Production costs have declined considerably since last year, both in the price of raw materials and in wages. Raw materials, especially iron and steel, have declined steadily during the past year, but have stiffened in price in the last month. Wages have been reduced from 20 to 30 per cent, and unskilled labor is being paid between 30 and 35 cents per hour.

The accompanying table shows a slight increase both in sales and in accounts outstanding

during September, as compared with August, but both of these items are about one-third less than those of September, 1920. In view of the large decrease in price, it is evident that the physical volume of business is nearly, if not quite, as large as it was one year ago. An encouraging indication is seen in the fact that the ratio of outstanding accounts to sales shows a further, though slight, decrease in September.

The following table reflects conditions in the wholesale hardware trade during the month of September, 1921, as compared with August, 1921, and September, 1920:

WHOLESALE HARDWARE TRADE		
Number of reporting firms—24	Sept. 1921 compared with August 1921	Sept. 1921 compared with Sept. 1920
Net sales during September	+ 5.5%	—34.4%
Accounts outstanding September 30	+ 4.2%	—32.7%
Ratio of accounts outstanding to sales:		
September, 1921		179.8%
August, "		181.0%
July, "		189.4%
June, "		167.5%
May, "		169.4%
April, "		155.2%

COAL

ANTHRACITE

THE cooler weather of the past month has materially stimulated the demand for prepared sizes of hard coal, the first few days of cold weather having brought to the offices of retailers a flood of orders. But as these were mostly one and two-ton orders, it is clear that the business being done, though increasing, is still largely for immediate needs only. This is a reflection, no doubt, of the diminished purchasing power of many consumers, and probably also of the feeling among buyers that the large stocks in the yards of retailers practically eliminate the danger of a serious shortage during the coming winter.

In the market for steam sizes also dealers report improvement, which is more striking in view of the extreme dulness that existed during the summer. The change is the result chiefly of the starting of heating plants in hotels and apartments rather than of increased industrial con-

sumption; and as in the case of prepared sizes, orders are for only a portion of the winter's requirements, and dealers' stocks have diminished but slightly. Although this recent improvement is encouraging, the problem of the disposal of the steam coals, which comprise 30 per cent of the total production of anthracite, is becoming an increasingly serious one to both operators and dealers. Competition from bituminous coal has always been severe, and of late fuel oil has been displacing coal as a heating agent in many office buildings.

Company prices of both steam and prepared sizes have not been changed since the September increase and are at about the same level as they were last spring. Some of the independents, however, have advanced their quotations not only on stove and chestnut, but on some of the fine sizes as well, notably, rice and buckwheat. Retail quotations in this district are practically identical with those of last month and are at about the same level as that maintained during the previous year.

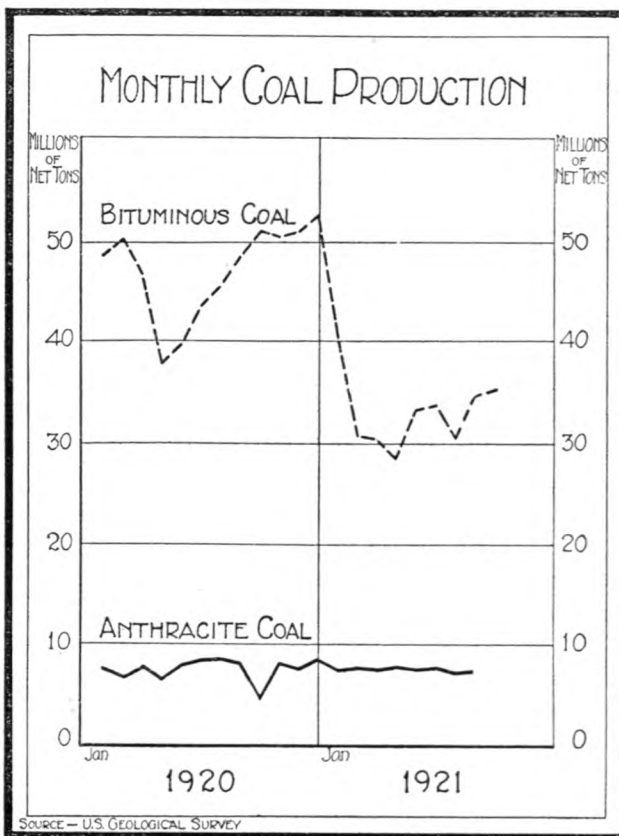
Operations and production have shown little change, the weekly output still being about 1,700,000 tons, or approximately 90 per cent of the highest rate recorded in 1920. Output during September was much greater than that of September, 1920, as the two-weeks "vacation" of the miners occurred at that time. Production for the calendar year, to date, is still ahead of that of last year,—67,531,000 tons as compared with 65,893,000 tons in 1920.

BITUMINOUS

Expansion in general industrial activity is being clearly reflected in a steadily increasing market for soft coal. The improvement, though slight, is continuous and may be attributed not only to the approach of cooler weather, but to a greater inclination on the part of manufacturers to purchase for future needs. Public utilities and railroads are also buying ahead, in spite of the fact that the carriers are embarrassed by lack of funds. Export demand, however, is still very low, and the few shipments being made are going to Mediterranean and South American markets, as the output of British and Continental mines

is sufficient for the needs of northern Europe.

Production of soft coal for the week ending October 15 was 9,696,000 tons, according to the report of the Geological Survey. This is a marked improvement over the output of the previous week, and compares favorably with an average daily production during July of slightly more than 1,200,000 tons. Undoubtedly a portion of this increased tonnage is being stocked, but it is a safe assumption that it reflects an actual and not inconsiderable resumption of industrial activity. The gain is especially encouraging when it is realized that domestic and Canadian markets are consuming not only this greater amount but also the equivalent of some 250,000 tons per week that represents the loss in weekly exports since July. The accompanying chart gives the production of bituminous and anthracite coal by months for 1920 and for 1921 to date.



This betterment in demand has not, however, been reflected in higher prices. In fact the strenuous competition engendered by the resumption

of purchasing for future delivery has tended rather to depress contract prices. Quotations on many grades are from 15 to 30 cents per ton lower than they were a month ago, and the Coal Age index of spot prices has fluctuated but slightly, being 90 on October 17, as compared with 91 on September 19.

Non-union operators continue to be especially favored in this competition, as lower wages prevail in these mines than in the union mines, where no wage readjustments have been made. In fact, a few non-union mines have increased their production to capacity and have encountered no difficulty in disposing of their output. Collections are still slow, although some industrial consumers are making **payments** more promptly than they did a month ago.

COKE

The bee-hive coke industry has shared in the advance made by the iron and steel industry during the past month. Production has increased steadily since the week ending July 9, when the output fell to 3500 tons, or less than 8 per cent of capacity. The output for the week ending October 15, as reported by the Geological Survey, was 94,000 tons,—an increase of 59,000 tons, or 170 per cent, over the low point. This amount is the greatest reported since the last week in March. The market for by-product coke has also strengthened, but to a less extent, as the demand for coke is not the sole determinant of activity in this industry. One large operator in this district, however, reports that present demand is far in excess of his current production.

The Connellsville region has been much more active of late, and the largest producer, the H. C. Frick Company, has recently resumed operation of a number of ovens in order to supply the renewed demands of the Steel Corporation units in the Pittsburgh field.

COTTON

COTTON GOODS

As a result of the drop in raw cotton prices buyers are not operating in the cotton goods market as freely as they were at this time in Sep-

tember. Commitments made now are with but few exceptions for immediate, or, at most, sixty-day delivery. Wholesalers who have a reasonably adequate supply of goods for current use are deciding against placing further orders at this time. Of course they admit the possibility of having to pay even higher prices than those in effect now, but they feel that present market conditions warrant them in taking this risk.

The grey goods market is quiet and is practically free from the speculative element. Present inquiries are few in number, but the market is well sold up for a month or six weeks. This condition is almost entirely the result of domestic demand, as the export business which was in evidence six weeks ago proved to be largely speculative. Buyers are widely distributed, but their orders are for small quantities and for immediate shipment. This indicates, perhaps more clearly than does anything else, that stocks held throughout the country are at a minimum.

For some time most gingham mills have been sold ahead, in some cases until April and May of 1922, on their prospective output. A few mills that are not sold up have advanced prices on an average of 10 per cent over July quotations.

As a result of the demand for gingham, that for percales has stiffened considerably, and this in turn has stimulated grey goods, which are used as the basis of percales.

Price revisions have been made in virtually all cotton goods lines, and the extent of the change has depended largely upon the size of stocks held by manufacturers and jobbers. An illustration of this is seen in the new price on denims and heavy ducks. Heavy stocks of these fabrics were in the hands of jobbers, who, in an effort to move them, offered them at prices that were very low in comparison with quotations on other cotton goods. Therefore, when the general rise in cotton goods values occurred, the increase in denims and ducks was relatively larger than that on other lines. On lines that were in reasonably constant demand the increase in value has been much smaller, some having advanced as little as 10 per cent.

Collections are better, as practically no extensions of time are being asked and some purchasers are even anticipating their payments.

COTTON YARNS

The easier prices in raw cotton, which followed the erratic fluctuations of the latter part of September and the first of October, have had some effect in shaking the confidence of dealers in the future of the cotton yarn market. Spinners are not inclined to make price concessions, however, and buying, though fairly steady, is in limited volume.

Some manufacturers report that their production is sold ahead well up to the first of the year. Others, however, will soon need new orders if their mills are to continue operations at the present rate. The mills that are well sold up received their orders mainly after the first unfavorable Government crop report of September 1. After the October 1 report there was no exceptional rush of buyers to cover their yarn needs. In fact the effects of this report were largely discounted, and buyers are now speculating upon the probable trend of the market rather than placing actual orders.

An interesting situation in the yarn market is the movement into trade channels of large yarn stocks which were purchased at last year's high prices. These yarns, many of which have been held by commission houses and were marked down in the inventory, are being sold at prices lower than would be given by a spinner for the same count or number today. This is a part of the general liquidation program that must be carried out before conditions can become satisfactory to the trade, for as long as these stocks exist, uncertain price levels will hamper trading.

Business is about evenly divided between weaving and knitting yarns, but owing to the broadening scope of inquiries from knitting mills, recent sales of weaving yarns appear smaller in comparison. Automobile tire yarns, though not active by any means, are much stronger than they were two months ago. Long staple yarns of all kinds are scarce and high priced as a result of the shortage of extra-length cotton staple.

RAW COTTON

The large supply of available cotton in the South and the lack of speculative buying are

given as the reasons for the October decline in the price of raw cotton. The Census Bureau reports that 484,647 bales of lint cotton were consumed in the United States in September, 1921, as compared with 467,103 in August and 457,647 in September, 1920.

Stocks of cotton, exclusive of linters, and active cotton spindles, were as follows:

	Sept. 30, 1921	Aug. 31, 1921	Sept. 30, 1920
In manufacturing establishments . . .	1,016,032	1,002,981	907,288
In warehouses	4,309,893	3,480,783	2,792,152
Active spindles	33,898,415	33,059,211	34,040,806

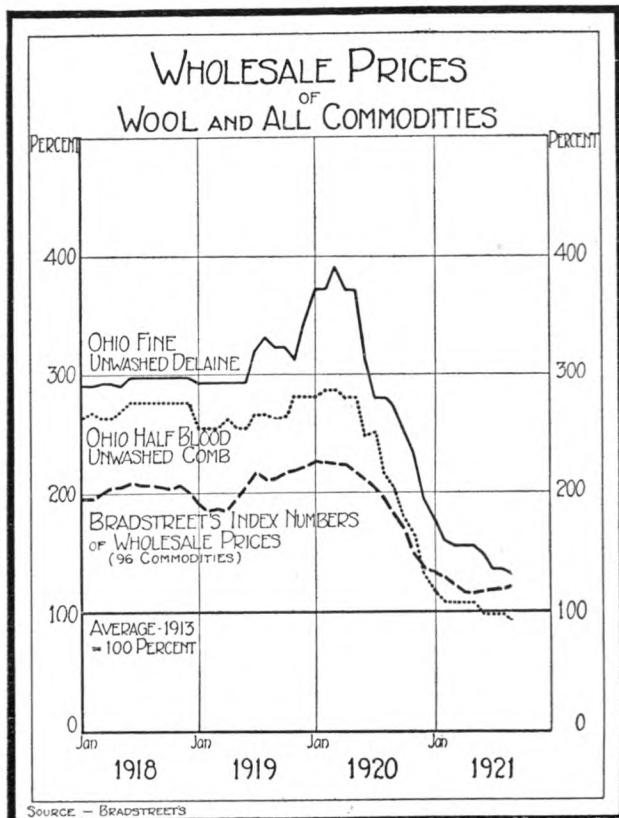
WOOL

RAW WOOL

RAW wool has continued steady this month, the market has broadened, and merchants are decidedly optimistic over the future outlook. Not only are manufacturers showing keen interest in wools, but prices have held firm. The result is that buyers and sellers can now get together in a more satisfactory manner, for values are known to each. There is a demand for wools of all grades, but medium wools are strongest.

The Government auction which was held on October 6 was very successful and indicated that there is an increasing interest in low-grade wools. In addition, the attitude of purchasers showed an improved market and demonstrated the readiness with which the trade could absorb wool. Five and a half million pounds were sold, and only six lots of the entire offering were withdrawn.

The chart herewith shows the disparity existing between Ohio unwashed delaine and Ohio half-blood unwashed combing wool, and the comparison of these wools with Bradstreet's index number. Ohio fine delaine rose to a higher point in 1920 than did the half-blood wool, a result of more intensive speculation and also of greater scarcity. The present difference in the price of the two wools is almost entirely a result of the relative scarcity of fine-blood delaine, as contrasted with the supply of half-blood combing wool, and to the fact that the former is in demand by a finer class of business.



WOOLEN AND WORSTED YARNS

The market for yarns continues to be good. Knitting yarns are attracting more attention than weaving yarns. The majority of spinners have so many contracts running ahead that they can take very few for immediate delivery. Additional orders are arriving, and the big demand is causing much weaving-yarn machinery to be diverted to the making of knitting yarns. Sweater manufacturers are making a Herculean effort to force production of six months into three, and jobbers are offering premiums for prompt shipments of finished articles.

Weavers of yarns for men's wear report that some inquiries are being received, but not sufficient to divert their attention from taking care of business already placed and filling duplicate orders. There is little buying for the future.

WOOLEN AND WORSTED GOODS

There have been additional openings of dress goods for the spring of 1922, and it would seem

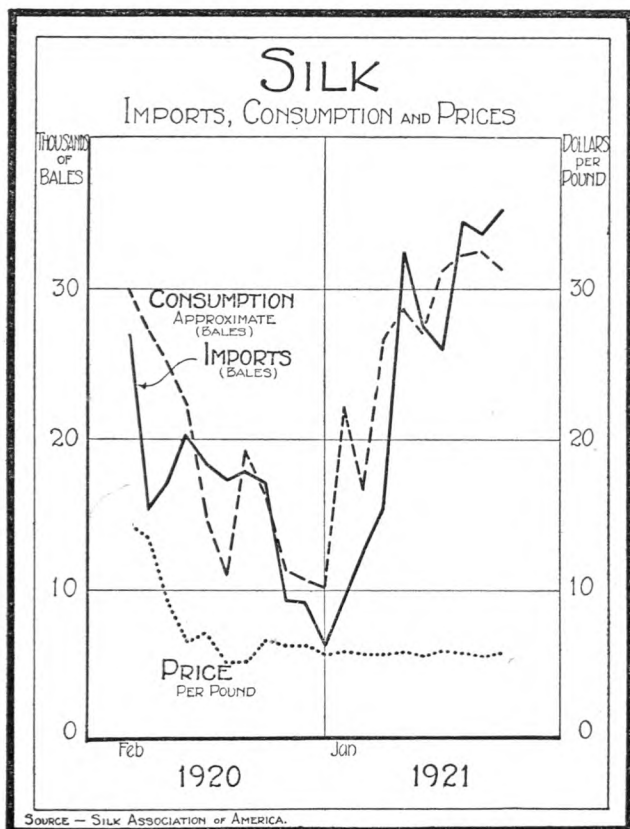
that the season is at its height. Prices are from 5 to 15 per cent lower, and this reduction represents the manufacturer's part in attempting to reduce prices to a stable basis. Manufacturers hold with practical unanimity that prices are now at rock-bottom.

The increased number of inquiries shows that a stronger interest has developed in men's wear piece goods. There is no really enthusiastic buying, because the market is still in a rather uncertain condition. The call has been mostly for spot goods. Some clothing houses have launched their spring lines, and returns from representatives have thus far been very satisfactory.

SILK

A NEW record for the importation of raw silk was made during the month of September and for the six months' period ending September 30. In September, imports of raw silk aggregated 35,366 bales, making a total of 190,295 bales from April 1 to September 30, or an average of 31,716 bales per month. For any similar period, this is the greatest amount of raw silk ever brought into the United States. By a glance at the accompanying chart it will be seen that beginning with January, 1921, imports have steadily increased, except for the slight falling off from April to June, and reached the highest point in September.

Comparative figures of the approximate consumption of silk during the same period are interesting. In September, 31,229 bales were used and the total consumption for the six months was 183,645 bales, or an average of 30,607 per month. This rate, if continued for the remainder of 1921, would make the consumption of silk for the year greater than it was in the record year of 1919, when the monthly average amounted to 28,000 bales. It may be noticed that the consumption line follows the import line closely until August and September, when imports increased and consumption decreased. The amount of raw silk being used, though less than it has been, continues to be high, and this is somewhat remarkable in view of the fact that the broad silk industry has curtailed operations. Indications are



that most of the silk is going into hosiery and knitted sweaters.

Prices for Japan Filature No. 1 Sinshiu silk at New York, for 1920 and 1921, show that the market was very unsteady in 1920. They rose rapidly in January of that year and then entered upon a decline which continued until July. In 1921 the price level changed very little until primary prices began to rise at the end of September. During October rates have fluctuated considerably. The month opened with the primary market still going up, as a result of which there was a stiffening of prices and an additional withdrawal of sellers. To this movement, however, the New York market failed to respond, except in the matter of future deliveries; and quite appreciable quantities of raw silk were obtainable from local warehouses at as much as 10 cents a pound under the primary quotations. An upward trend in prices continued, however, until about the tenth of the month, and as manufacturers were very conservative in their purchases and reluctant to meet the higher figures asked, this

further advance served to restrict trading. Such opposition then caused the primary market to ease off; Yokohama quotations wavered and began to wane. But as a general policy of buying for immediate needs only was maintained, the primary markets continued to weaken, though not sufficiently to interest local buyers to any extent.

Prices of thrown silk have risen and fallen during the month with the price of raw silk. Even at the lower prices now existing, it is a question whether the silk yarn market can be maintained at current levels while the demand is dead and buying is restricted to immediate and urgent needs.

Silk piece-goods mills are suffering at present from the over confidence of some manufacturers that the keen activity, evident at the beginning of the year, would be permanent. Piece goods were turned out faster than they could be absorbed, with the result that in place of the shortage which had existed, good sized stocks were accumulated. In addition, styles changed unaccountably, and the guesses which manufacturers made were frequently unfortunate. The result is that stocks are accumulating further. Prices have been firm since last month.

With the advent of cooler weather, the retail trade reported an excellent demand for broad silks and a general increase in sales over the counter. Although the market has been less active recently, manufacturers believe it will be only a question of time before retailers' stocks are depleted and they will be forced to reenter the market. The silk ribbon situation reflects the slow movement of broad silks.

HOSIERY

THE demand for full-fashioned silk hosiery is still far greater than the supply, and efforts to increase production in mills affected by the strike have met with only fair success. The training of new employees is proceeding steadily, but as yet it has not reached such proportions as to make capacity production possible. The increase in the value of mercerized and cotton yarns used in **making** the heels, toes and **tops** of silk

hosiery has made it necessary for some mills to advance prices. Other manufacturers, however, who were fortunate in obtaining raw materials at the quotations prevailing two months ago, have not raised their prices and do not contemplate doing so as long as they can avoid it.

In the case of seamless and mock-fashioned silk hosiery the demand is but little in excess of current production. These types of hosiery are produced more quickly, and therefore, with but few exceptions, the supply is ample. As with full-fashioned goods, prices have been increased by some mills, though others maintain quotations at their former levels.

In cotton and mercerized hosiery the demand is slightly better, following the lull in buying that was caused by the rise in cotton yarns. However, this should not be interpreted to mean that jobbers are to any extent providing for their future needs, as sales are for small lots and for immediate delivery. Jobbers are of the opinion that concessions can be obtained on the new prices demanded by manufacturers if the placing of orders is delayed long enough. But in view of the increase in the price of yarns, amounting to 50 per cent in some cases, manufacturers do not feel that lower quotations will be possible.

The advance in prices that has been made by some hosiery manufacturers is not due to the rising cost of raw materials alone. Wages too are showing a tendency to rise. Not all mills report

increases, but it is almost generally admitted that wages were never higher than they are at present.

The preceding table reflects conditions in the hosiery industry during the month of September, 1921, as compared with August, 1921 and September, 1920.

UNDERWEAR

ALTHOUGH the underwear market is slightly stronger than it was in September, practically all reports indicate that sales are for small lots to be delivered immediately. It is the opinion of jobbers that sufficient stocks are in the retail stores to start the fall season and that future buying will depend entirely upon the amount of interest evinced by the public within the next month.

Spring underwear is in a relatively better position than heavy winter underwear, as most wholesalers ordered a large part of their estimated spring requirements early in September. The majority of the mills that accepted those orders fortunately bought their raw material as soon as the contracts were placed. Since that time the rapid rise in cotton has necessitated higher quotations on underwear, with the result that now even inquiries are few. In view of the present state of the market jobbers do not feel justified in purchasing the remainder of their spring goods, although they are quite aware that higher prices may eventually be asked by the manufacturers. On the other hand mill owners cannot safely give quotations, under existing conditions, since they are not sure that buyers will pay the advances made necessary by the rise in the price of yarns. Indeed, as a result of the uncertainty in the raw cotton market, some manufacturers have withdrawn their lines entirely.

Cooler weather would undoubtedly be conducive to more substantial buying of winter underwear by both the jobbing and retail trade. Jobbers' stocks are heavier than usual because of the large carry-over from the mild season of last winter. Deliveries are being made from these stocks now, and therefore manufacturers have little prospect of being able to increase mill operations. The price of heavyweight underwear

OPERATIONS IN THE HOSIERY INDUSTRY		
Number of reporting firms—31	September, 1921, compared with August, 1921	September, 1921, compared with September, 1920
<i>Firms selling to the wholesale trade:</i>		
Product manufactured during September.....	— .8%	+131.9%
Finished product on hand September 30.....	— 4.9“	— 74.5“
Raw materials on hand Sept. 30	+ 16.7“	— 20.1“
Orders booked during September	+126.3“	+344.9“
Unfilled orders on hand Sept. 30	+ 4.7“	+ 57.9“
<i>Firms selling to the retail trade:</i>		
Product manufactured during September.....	+67.9“	+ 7.1“
Finished product on hand September 30.....	+10.5“	— 54.5“
Raw materials on hand Sept. 30	— 8.6“	— 62.5“
Orders booked during September	+ 9.8“	+261.6“
Unfilled orders on hand Sept. 30	—13.4“	+ 4.3“

has been raised in accord with the higher cotton and wool-yarn prices, and to some extent this also has retarded buying.

The following table reflects conditions in the underwear industry during the month of September, 1921, as compared with August, 1921 and September, 1920:

CONDITIONS IN THE UNDERWEAR INDUSTRY		
Number of reporting firms—21	September, 1921 compared with August, 1921,	September, 1921 compared with September, 1920
Product manufactured during Sept.	+ 2.7%	— 7.7%
Finished product on hand Sept. 30	+ 4.3 "	— 25.8 "
Raw materials on hand Sept. 30..	+ 18.6 "	— 53.4 "
Orders booked during September..	+ 37.5 "	+ 531.8 "
Unfilled orders on hand Sept. 30..	+ 55.1 "	+ 417.2 "

FLOOR COVERINGS

THE demand for Wilton rugs has increased slightly during the month and now exceeds the supply. During the long-drawn-out strike of weavers which was settled in August, numerous orders piled up, which the manufacturer was unable to fill, and long before he could catch up on these, new orders were received as a result of the public's response to announcements of the settlement of the strike and advertisements of reductions in price. The demand is such at present that even if the manufacturers of Wilton rugs were operating at 100 per cent of capacity, they would still fall short of being able to meet it. Thus, the efforts of mill owners are focused upon the problem of speeding up production. That they are unable to operate at capacity is due chiefly to the scarcity of technically trained labor. For a long time the number of weavers has been inadequate for the requirements of the industry. The result is that only part of the available looms are in operation—according to latest reports, from 65 to 90 per cent. Prices have been firm during the past month.

Axminsters and the other less expensive rugs also continue to be in great favor. Linoleum and trade-mark composition floor-coverings have enjoyed exceptional demand recently. One firm reports that for the six months' period ending Sept. 30, its sales, based on gross yardage, were 15 per cent higher than they had been in any

similar period in the history of the company. This it attributed chiefly to the greater appeal of inexpensive floor-coverings, such as linoleum, in a period of general business depression, and to a nation-wide advertising campaign, which has distributed sales over a wider territory. Many manufacturers in this branch of the industry are operating day and night, and stocks are moved immediately.

LEATHER

SOLE leather is the feature of the leather market, particularly heavy weights, although there is a considerable demand for medium and light weight stock also. The continued demand for heavy weight leather has caused prices to stiffen, and tanners are firmly adhering to price quotations. The upper leather market is more quiet, and the tendency has been to confine the buying to small lots. In glazed kid, very little export business is reported, but the grades taken have been those not in demand by the domestic trade. Sales in this country, however, have been of fair size. Production is somewhat greater, and prices remain steady.

In belting leather only a slight improvement in sales has occurred. Purchases are mostly from small operators, a condition that is largely attributable to the reduced operations in saw mills, automobile plants and other large industries. Buying is only to meet actual requirements, and no price change is reported.

Shoe manufacturers are very conservative in their buying and are demanding a cheaper grade of leather. In some cases, tanners are confronted on one hand with increased hide prices, and on the other with requests from shoe manufacturers for leather at lower prices, and thus find it practically impossible to produce leather at buyers' figures. Buyers are quite content with purchasing a little here and there, but on the whole the turnover is increasing and sellers are more optimistic for the immediate future.

SHOES

Shoe manufacturers are for the most part working on orders for immediate delivery. Al-

though a few of the large plants are operating on full time and are booking large orders for January and April delivery, the business booked ahead is in general far from sufficient to insure a steady run. Many salesmen who have been on the road report that retailers are not yet ready to buy for spring, and that so far the orders received are small. Plants in the middle West, however, report a large volume of orders for the spring trade. In the East, the continued warm weather has helped to keep down the volume of fall orders, and low cuts are still the leading sellers. In the smaller cities and rural districts, however, boots are beginning to sell better than was expected, and the shoe industry, as a whole, may be said to be fairly busy. It has increased production from about 40 per cent of capacity in early summer to over 70 per cent at present.

The question of price is bothering shoe dealers as it is bothering retailers of men's clothing. The public is asking for five-dollar shoes and twenty-five-dollar suits. Manufacturers declare that it is practically impossible to retail shoes of the same quality as sold at five dollars before the war, at a price even approaching that figure. It is true that leather prices are reasonable, but it is claimed that they are not down to the pre-war level and that labor is still paid more than it was in 1914.

Collections are still rather slow.

The following table reflects conditions in the boot and shoe industry during the month of September, 1921, as compared with August, 1921 and September, 1920:

CONDITIONS IN THE BOOT AND SHOE INDUSTRY		
Number of firms reporting—45	September 1921, compared with August, 1921	September 1921, compared with September, 1920
<i>In terms of pairs</i>		
Production.....	+ 2.4%	+39.4%
Shipments.....	-11.4"	+25.4"
Orders booked.....	+48.0"	-11.4"
Orders on hand.....	- 6.8"	+43.8"
Stocks on hand.....	+16.5"	-17.0"
Number of operatives on payroll.	- .7"	+25.3"

PAPER

SEPTEMBER is said to have been the best month of the year for the paper industry, and substantial increases that have occurred in sales

are proof of this statement. Department of Commerce statistics show that there was a marked improvement throughout the industry in August, for in that month production and shipments of all grades of paper were greater than in May, June and July of this year, though still about 30 per cent less than in August, 1920. The figures for each of the chief grades showed an improvement over those for July, but the greatest increase, 25 per cent, was noted in box board and wrapping paper. Both of these lines strengthened during September, and sales of wrapping paper were nearly 50 per cent greater in that month than in August. Manufacturers of bags, wall paper, paper towels and toilet papers all report that business is picking up considerably. The fine paper lines have not gained as much as coarse papers, but they are selling better than they did during the summer, and the demand is gradually improving. Local distributors report that October sales in all lines will equal if not excel those of September.

Along with the betterment in demand for paper, finished stocks are dwindling and operations are being extended. Government statistics show that at the end of August stocks were slightly smaller than at the beginning of the month and considerably larger than on the same date last year, when there was a scarcity of paper. Consumers' supplies are low, and therefore purchases are more frequent. Buying is still in comparatively small lots, but the size of the average sale is becoming larger. Manufacturers have been gradually increasing plant operations during the last two months. Coarse-paper mills are running at about 70 per cent of capacity now as compared with 55 per cent early in September, and operations of the fine-paper plants average over 60 per cent, having increased about one-fourth since the end of August.

Since Labor Day prices in the paper trade have been firmer than in several months. Certain changes were made about September 1,—such as the decreases in fine and book papers and the increases in kraft—that gave the trade more confidence in the stability of prices. The new quotation for newsprint, of \$80 a ton, announced early in September, went into effect on October 1, the beginning of the new quarter. The most radical

price change has been on box board; chip board sold for as low as \$26 a ton during the summer, but it now ranges from \$35 to \$40, and a few mills are quoting it at as high as \$45. Some increases have occurred in the raw material markets. Waste paper has been rising rapidly, and old rags are also higher. Some grades of chemical pulp have gone up, and ground wood is higher because of a scarcity at the mills resulting from the lack of water.

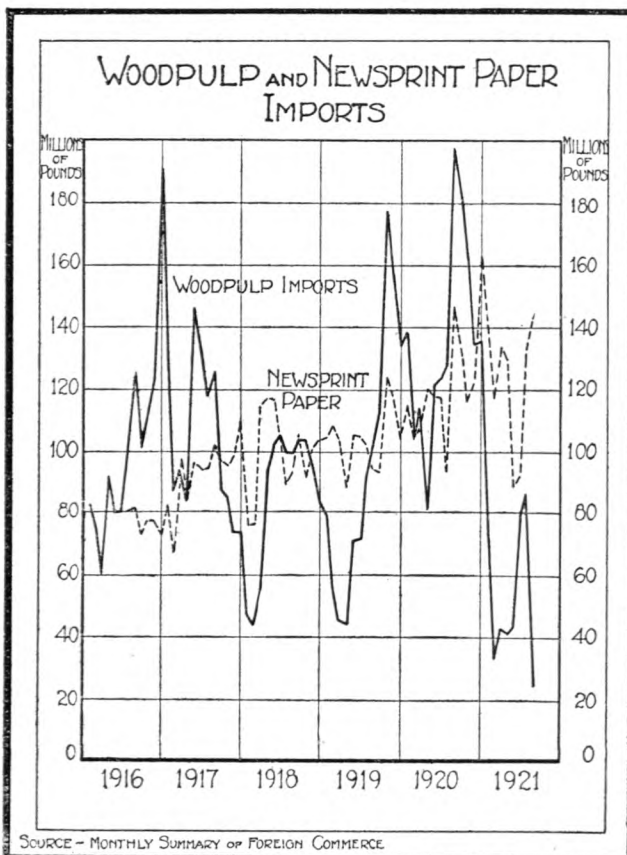
Less is being heard concerning foreign competition in the trade, and the recent tendency is to belittle its importance, especially that of German newsprint. Investigation is now under way by the government to determine to what extent foreign companies are selling paper and wood pulp here cheaper than in their own lands, but as yet no report has been made of the findings. The accompanying chart shows the trend of imports of newsprint and of wood pulp since 1916. Attention is called to the general upward movement of the former, the falling off earlier this year, and

the substantial increases in the months of July and August. On the other hand, imports of wood pulp fell off materially in August after an increase in July, but it is noted that during at least one month every fall there is an extremely large influx of this commodity. The question therefore arises, will the July imports be sufficient for this year, or will there be another large shipment later on? Or will the element of uncertainty projected into the situation by the government investigation discourage shipments for the rest of the year?

Collections are improving and are now considered by firms in all branches of the trade as being either fair or good.

PAPER BOXES

REFLECTING greater activity in other lines of business, the demand for paper boxes has improved within the past sixty days. Increased sales are indeed encouraging to the box-makers after the constantly diminishing business of the past year or more, but some of the more thoughtful—or perhaps more pessimistic—are wondering whether this increase means a definite turn upward or is merely a result of the holiday demand usually felt at this season. Though consumers were over-supplied with boxes last fall, by stopping purchases or by buying only from hand to mouth they have disposed of excess stocks and are now forced to enter the market for whatever goods they need. They are not buying in large lots, to be sure, and practically no orders for future delivery are being booked; in fact, most of the recent orders received are marked "Rush." But there are other encouraging features in the situation. Most manufacturers have effected drastic inside economies; and in contrast with the rapidly falling prices of last fall, which at that time injected an element of uncertainty into the business, the market for raw material is rising. On the other hand, it is to be noted that the greatest part of the increase in sales is due to a better demand from the confectionery and Christmas novelty trades, which are now in the midst of their best season and which ordinarily curtail purchases at the end of that season. How-



ever, demand for more boxes is also coming from other more stable sources, though the improvement here is not so great as it is in the seasonal lines.

It must not be inferred from the above statement that the paper-box trade is doing a normal business, for plant operations are still only from 60 to 70 per cent of capacity. This is an increase of over 10 per cent in the last month and is equal to, if not greater than, operations during October, 1920. In the fall of 1919, the mills were running night and day and by extra efforts raised production to at least 20 per cent above what is considered normal. Thus, as compared with the boom period of 1919 and 1920, the paper-box business is dull.

The keen competition that has been felt in the trade for several months is still noticeable, but it is slackening to some extent as increasing orders give more business all around, and as rising prices of raw material lead some manufacturers to advance quotations on boxes. These say that their books have shown a loss each month, and that now that board is rising, higher prices are necessary. Chip board is quoted at from \$35 to \$40 a ton, whereas at one time during the summer it was obtainable at \$26. Some mills are quoting higher figures, but it can still be bought for \$35.

Most of the paper-box manufacturers secured fairly large stocks of board at the low prices and are not now purchasing any more than is absolutely necessary. Hence buying has fallen off under the rising prices. A fair volume of purchases, however, will have to be made in order to care for the holiday demand.

In accordance with the rising price of board, quotations on paper stock are rapidly increasing. Waste paper is the principal ingredient of box-board, and as its price during the summer was too low to make collection profitable, stocks dwindled. With the rise of a better demand for board, the prices of mixed and common grades of waste paper began to soar, and quotations on other listings have followed.

Collections have improved slightly within the past sixty days, but as yet they are not up to standard and are characterized as being only fair.

WHOLESALE GROCERIES

WHOLESALE grocery firms in this district report that sales were smaller in September than in August, and that the percentage of decrease since the corresponding month of last year was greater. Both in 1919 and in 1920 sales increased during September, a month that ordinarily marks the beginning of the fall buying season. The difference this year is attributed to the fact that whereas in September of previous years shelves were stocked with merchandise in preparation for the fall trade, this year goods are not bought until needed and no orders are being placed for future delivery. Business is fairly good so far as the physical volume of sales goes, but trading is comparatively lifeless. The shrinkage in the volume of sales since last September, as expressed in dollars, can be almost entirely attributed to the decline in prices during the year; in fact one dealer reports that in his case it is entirely covered by the difference in receipts on the item of sugar alone. The refiners' price on this commodity was 14 cents last September, whereas this year it averaged about 5.60.

Varied changes have occurred in the prices of different commodities within the last several weeks, but the general level of wholesale grocery prices has fluctuated little. It is reported that any revision upward tends to check sales. Sugar continues to be the weakest commodity in the trade. The Cuban commission lowered its prices on raws during the month to a basis of 4.10 cents, duty paid, and at about the same time refiners reduced their quotations from 5.50 to 5.20 cents per pound for fine granulated. Declines have also occurred in flour, reflecting lower wheat prices, and in lard. There is an anomalous situation in the canned vegetable market in that prices on some lines are falling, although this year's packs are much smaller than last year's. In spite of this fact, grocers are not attempting to stock up on these goods. The recent trend, however, in the canned goods market as a whole, has been firmer. Coffee and tea have risen in price, and the butter and egg markets have been par-

ticularly good, especially in the higher grades. Fresh creamery butter, 92 score, rose as high as 48 cents a pound on the Philadelphia market during October, the highest price since the middle of April; and eggs cost ten cents a dozen more than they did a month ago.

Collections are reported as being slower than they were last month.

The following table reflects conditions in the wholesale grocery trade during the month of September, 1921, as compared with August, 1921 and September, 1920:

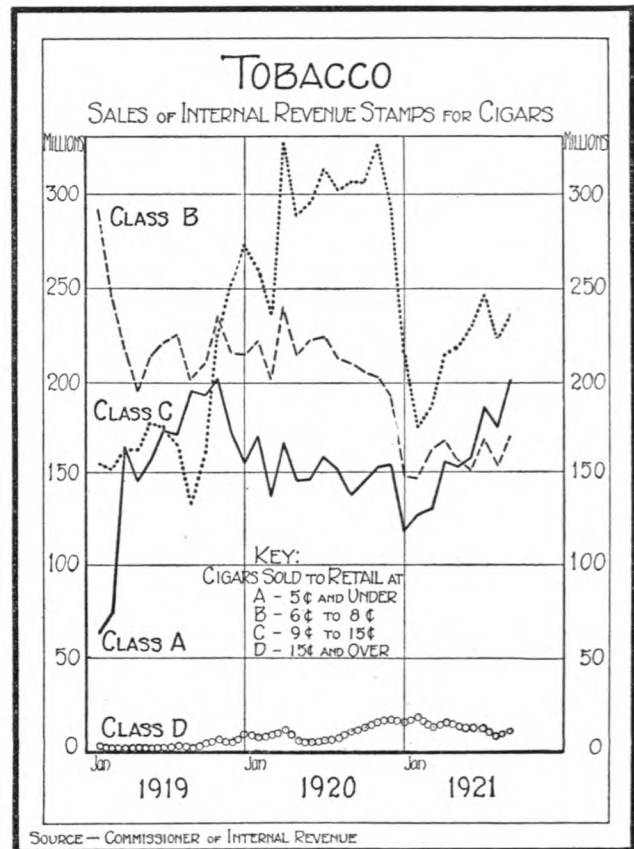
WHOLESALE GROCERY TRADE		
Number of firms reporting—48	Sept. 1921 compared with August 1921	Sept. 1921 compared with Sept. 1920
Net sales during September	-6.1%	-30.3%
Accounts outstanding September 30.	+1.6%	-21.1%
Ratio of accounts outstanding to sales:		
September 1921	105.8%	
August "	98.3%	
July "	102.6%	
June "	96.5%	
May "	103.7%	
April "	102.3%	

TOBACCO

CIGARS

CIGAR manufacturers report that demand in general has shown no improvement in the last three or four weeks. However, certain nationally distributed cigars are selling well, and several factories making these brands have found it necessary to increase production to capacity, whereas the small firms are operating at from 60 to 75 per cent. Christmas orders are beginning to be received, although not in as great volume as in normal years, and extra sales efforts have been necessary to get them this early in the season. These orders are partly responsible for the present favorable character of business.

Internal Revenue reports of stamps sold on cigars furnish reliable data regarding manufacturers' sales, and the trend of these figures is shown on the chart presented herewith. It may be seen that the highest point in cigar sales was attained in March, 1920, after which there were fluctuations until November, when a sharp de-



cline occurred. December, January, and February are ordinarily inactive months for the trade, but in no month since these statistics have been kept have sales been as low as in January, 1921. There has been, however, spasmodic improvement since that month, and total sales for August were better than for any month since last November. They were only 7.4 per cent below those for August, 1920, whereas there was a difference of 14 per cent between the figures for July of this year and July of last year. An examination of the sales of the different classes of cigars shows that production of class A fell off in 1920 but has been increasing this year, and that materially fewer class B cigars are now being sold than were sold a year ago. This is accounted for by the return to the lower class of many cigars that were raised in price during the period of great prosperity; and the placing upon the market of many new brands of five-cent cigars is responsible for the recent further increase in the figures for class A. There has also been a decrease

in sales of medium-priced cigars, as shown by the 23 per cent decline during the year in the totals for class C. On the other hand, the brands in class D sold as well as they did during last August, and in previous months their sales exceeded those of corresponding months in 1920. The declining popularity of the higher priced cigars is shown in the diminishing sales of this class since last March, in which month they reached their peak. Sales of class E products, not shown in the chart, further emphasize this point, as they decreased over 50 per cent during the year.

Although a few of the smaller firms are having difficulty in making collections, in general they are good.

LEAF

This is ordinarily a season of great activity in the leaf tobacco market, but packers report that their business is still dull. Manufacturers seem to have sufficient tobacco in stock to meet their present needs, for they are not buying new supplies to any appreciable extent. Packers, however, are not reducing quotations in order to encourage purchases, inasmuch as they bought their present supplies at figures that make it impossible to do so without incurring losses. Also, they claim that manufacturers must buy eventually and that prices will be settled when this buying begins. There is some activity in Porto Rico tobacco, which is selling at pre-war prices, but other grades remain inactive.

The following figures from the report of the Department of Agriculture show general improvement in the tobacco crop during September:

	Condition			Estimated production		
	Oct. 1	Sept. 1	10-year average	Oct. 1, 1921	December, 1920	Average 1915-19
Pennsylvania.	93%	89%	87%	57,139	60,400	53,692
Connecticut..	95 "	86 "	90 "	39,406	36,112	35,251
Ohio	84 "	72 "	84 "	38,993	60,480	88,352
Wisconsin. . .	92 "	85 "	86 "	61,180	62,400	52,657
United States.	76 "	71 "	82 "	991,564	1,508,064	1,271,717

The new crop of Pennsylvania leaf was practically all harvested and safe from frost by October 1. It is said to be of excellent quality and of good weight, although weather early in the season was unfavorable. No sales of importance have as yet been made, and the prospective price is still uncertain. Future reductions in the price of cigars will depend upon the growers receiving less for their crops than they did last year.

AGRICULTURE

ACCORDING to the government crop report for October 1, (see Table A) the conditions of the principal crops in the states of this district improved during September, but for the country as a whole the figures were not so favorable. The total production of corn in Pennsylvania and New Jersey will be slightly larger than it was last year and materially larger than the average for the last ten years. Oats, white potatoes, and sweet potatoes, however, have fallen off since last year and are also below the ten-year average. The apple crop will be less than 20 per cent of normal, and other fruits are not much better. Both acreage and yield per acre of cabbages and tomatoes in New Jersey and Pennsylvania have been so reduced as to bring production down to less than 80 per cent of last year's estimate. Conditions in Delaware this year have been particularly unfavorable, owing to an unusually dry season. According to the Secretary of the Board of Agriculture of that State, wheat production is two-thirds of that of last year, apples are one tenth, tomatoes one-fourth, and potatoes about one-half. The crops of corn and sweet potatoes are good.

The weather of the past month has been satisfactory to the farmers and they have made much progress. All crops are harvested except most of the corn and about one-fourth of the potatoes. Sowing of winter grains is well under way in Delaware and New Jersey and is practically finished in Pennsylvania. September rains put the ground in good condition for fall plowing, which, however, in most counties is being held up until the corn and potatoes are harvested.

The costs of producing this year's crops are

CONDITION OF PRINCIPAL CROPS—OCTOBER 1, 1921
(United States Department of Agriculture)

Table A

	Condition—percent of normal			Yield per acre, bushels	Estimated production, bushels (000's omitted)		
	October 1		Sept. 1 1921		Oct. 1, 1921	Sept. 1, 1921	Dec. 1, 1920
	1921	10-year average					
CORN							
Pennsylvania.....	94	86	92	45.4	69,011	67,403	67,050
New Jersey.....	95	85	95	44.7	11,743	11,743	11,440
Delaware.....	93	84	92	....	6,980	6,905	7,125
United States.....	84.8	75.7	85.1	29	3,163,063	3,185,876	3,232,367
SPRING WHEAT							
Pennsylvania.....	*86	*89	....	15	345	345	384
United States.....	*82.2	*84.3	....	10.9	196,776	209,979	209,365
OATS							
Pennsylvania.....	*81	*90	71	28	33,544	32,322	45,825
New Jersey.....	*74	*88	66	24	2,040	2,020	2,720
Delaware.....	*85	*88	76	28	168	166	198
United States.....	*74.7	*89.4	61.1	24	1,078,519	1,090,282	1,526,055
POTATOES							
Pennsylvania.....	66	74	62	78.5	24,662	22,388	36,455
New Jersey.....	63	76	52	91.4	8,861	7,263	14,820
Delaware.....	47	76	62	....	620	805	1,166
United States.....	66.5	73.4	63.7	75.5	345,587	322,985	428,368
APPLES							
Pennsylvania.....	17	63	16	....	4,029	3,853	23,937
New Jersey.....	28	67	28	....	1,096	1,096	4,134
Delaware.....	7	63	10	....	85	124	1,017
United States.....	35.0	59.6	34.5	....	109,710	109,166	244,022
CRANBERRIES							
New Jersey.....	78	70	....	18.1	**190	**180	**122
United States.....	52.4	69.1	....	15.1	**388	**422	**431

*Quality.
**Bbls.

AVERAGE NEW YORK WHOLESALE PRICE OF STANDARD FERTILIZER MATERIALS*

Table B

Product	Price—cents per lb.			
	Sept., 1921	April, 1921	Sept., 1920	April, 1920
Nitrogen from				
Nitrate of soda.....	13.66	16.67	22.72	24.89
Sulphate ammonia.....	10.12	12.17	26.54	23.17
Dried blood.....	17.67	18.91	45.54	51.61
Phosphoric acid from				
Acid phosphate 16%.....	3.90	4.53	6.56	5.89
Potash from				
Sulphate potash.....	6.00	8.75	14.75	20.00

*Oil, paint and drug reporter.

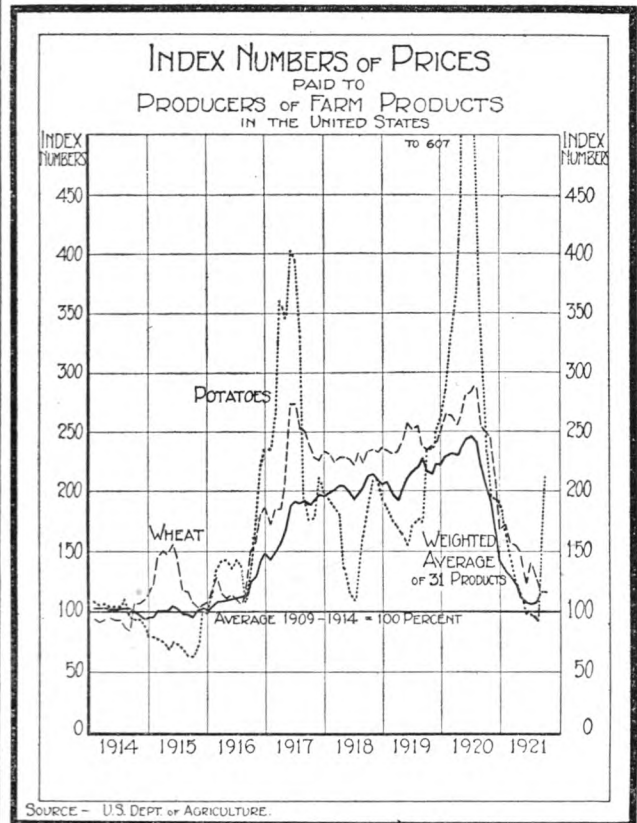
FARM VALUE OF CROPS IN PENNSYLVANIA

Table C

	Oct. 1, 1921	Sept. 1, 1921	Aug. 1, 1921	Oct. 1, 1920	Oct. 1, 1919	Oct. 1, 1918	Oct. 1, 1914
Wheat.....bu.	1.08	1.11	1.13	2.17	2.18	2.13	1.04
Corn.....bu.	.70	.76	.73	1.42	1.74	1.79	.89
Oats.....bu.	.42	.46	.54	.78	.79	.81	.52
Potatoes.....bu.	1.41	1.87	1.39	1.23	1.75	1.77	.75
Sweet potatoes.....bu.	2.00	2.12	1.50	1.51	2.00	1.80	1.00
Hay, loose.....ton	16.90	16.20	16.90	24.00	26.00	21.70	14.00
Butter.....lb.	.47	.44	.41	.63	.60	.50	.30
Eggs.....doz.	.44	.38	.34	.59	.55	.48	.28
Chickens.....lb.	.261	.257	.264	.338	.313	.279	.149

much less than they were last year and promise to be still less next year. A comparison of the prices of fertilizers, farm machinery, seeds and farm wages now and a year ago will show an appreciable decrease, which, however, was not all felt in producing this year's crops, as much of the decline has occurred since last spring. Wages paid this year average about 25 per cent less than the 1920 rates. Table B gives changes in the price of fertilizer materials within the last eighteen months:

As shown by Table C, which gives data from the Monthly Crop Reporter of the Department of Agriculture, prices paid to Pennsylvania farmers for crops declined further during September, except in the case of hay, butter, eggs and chickens. The grains have been particularly weak in October, and recent reports indicate that in some sections wheat is selling at around a dollar a bushel. Corn prices are following the same downward course, because of the large production. The accompanying chart shows fluctuations in the prices received by farmers, since 1914 for wheat, and potatoes, and a weighted average of 31 commodities. The base line, 100, is the average of all prices from 1909 to 1914. It will be noted that the present average is only a little over 10 per cent above this base, a clear indication that prices paid to farmers have been reduced almost to pre-war levels. Farmers in this district, however, receive more than do those in the coun-



try as a whole. Consequently, although much is heard about financial distress among the agricultural class, it is generally reported that farmers in this district will not need any unusual financial assistance this year.

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

	Oct. 12, 1921	Sept. 14, 1921	Oct. 13, 1920
Altoona.....	\$2,535,000	\$3,365,000	\$3,900,000
Chester.....	3,499,000	3,304,000	5,785,000
Harrisburg.....	5,363,000*	6,070,000*	1,042,000
Johnstown.....	4,005,000*	4,697,000*	5,110,000
Lancaster.....	4,286,000	4,491,000	5,465,000
Philadelphia.....	242,202,000	281,363,000	306,136,000
Reading.....	7,750,000*	7,689,000*	3,385,000
Scranton.....	14,855,000	16,964,000	17,795,000
Trenton.....	9,192,000	13,298,000	11,078,000
Wilkes-Barre.....	7,664,000	9,284,000	10,531,000
Williamsport.....	4,151,000	3,895,000	4,176,000
Wilmington.....	5,475,000	6,036,000	7,651,000
York.....	2,773,000	3,825,000	4,308,000
Totals.....	\$313,750,000	\$364,281,000	\$386,362,000

*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		
	Oct. 12, 1921	Sept. 14, 1921	Jan. 7, 1921
Loans and discounts (including rediscounts):			
Secured by U. S. securities	\$58,504	\$68,360	\$76,385
Secured by other stocks and bonds.....	194,832	184,233	198,983
All other.....	360,753	355,786	406,702
Investments:			
United States bonds....	46,093	46,295	45,283
U. S. Victory notes....	5,535	5,355	11,342
U. S. Treasury notes....	13,334	6,509	.....
U. S. certificates of indebtedness.....	12,088	10,379	12,447
Other bonds, stocks and securities.....	155,669	152,907	154,363
Total loans, discounts and investments....	\$846,808	\$829,824	\$905,505
Demand deposits.....	616,681	615,212	672,893
Time deposits.....	43,354	42,526	36,976
Borrowings from Federal Reserve Bank.....	58,551	67,550	110,036

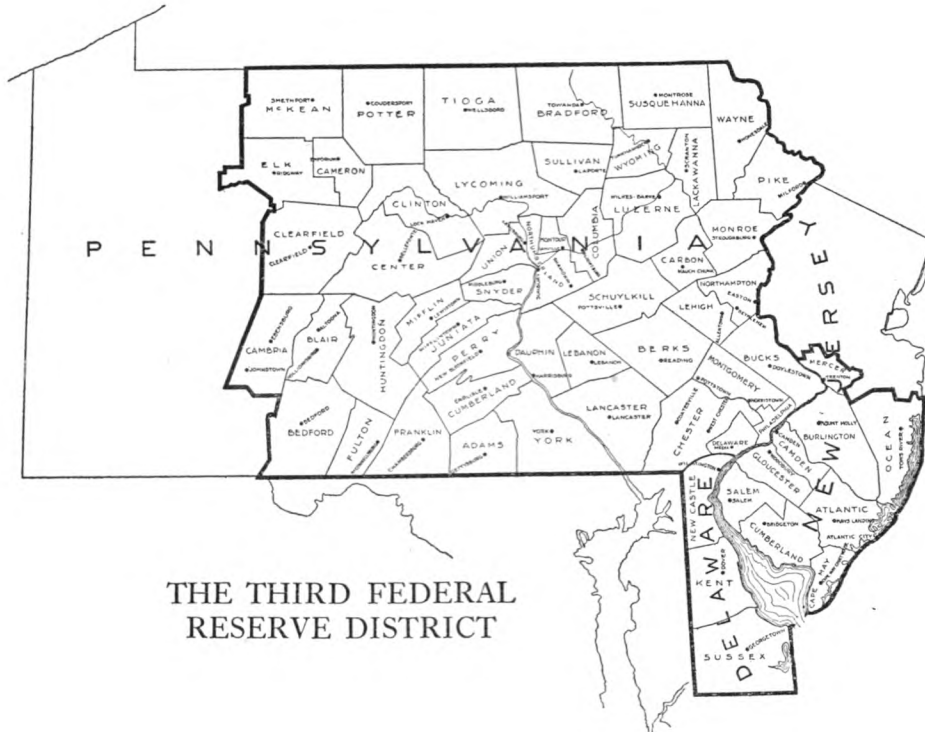
STATEMENT
Federal Reserve Bank of Philadelphia
(000's omitted)

RESOURCES	Oct. 19, 1921	Sept. 21, 1921	Oct. 20, 1920
Gold reserve.....	\$202,072	\$202,590	\$194,539
Other cash.....	6,727	6,158	735
Total reserves.....	\$208,799	\$208,748	\$195,274
Discounts—secured by U. S. securities.....	71,654	74,318	116,581
Discounts—all other....	30,003	28,806	54,392
Purchased bills.....	6,255	2,372	18,803
U. S. securities.....	18,747	26,925	33,394
Total earning assets..	\$126,659	\$132,421	\$223,170
Uncollected items.....	53,847	50,254	70,958
All other resources.....	1,686	1,693	2,601
Total resources.....	\$390,991	\$393,116	\$492,003
LIABILITIES	Oct. 19, 1921	Sept. 21, 1921	Oct. 20, 1920
Capital paid in.....	\$8,684	\$8,683	\$8,426
Surplus.....	17,564	17,564	13,069
Government deposits....	483	670	1,153
Members' reserve account	102,223	98,309	111,057
Other deposits.....	1,336	1,653	1,032
Total deposits.....	\$104,042	\$100,632	\$113,242
Federal Reserve notes....	201,154	210,130	273,103
Federal Reserve Bank notes.....	5,043	7,620	21,625
Deferred availability items	49,906	44,160	57,869
All other liabilities.....	4,598	4,327	4,669
Total liabilities.....	\$390,991	\$393,116	\$492,003

BUSINESS INDICATORS

	October 17, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans.....	\$657,064,000	+ .3%	-11.8%
Deposits.....	606,887,000	+2.4%	-15.4%
Ratio loans to deposits.....	108%	111%*	104%*
Federal Reserve Bank:			
Discounts and collateral loans.....	\$108,384,436	+4.4%	-37.0%
Reserve ratio.....	65.6%	68.3%*	51.0%*
90-day discount rate....	5%	5½%*	6%*
Commercial paper.....	5%	6-6¼%*	8%*
	September, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia.....	\$1,646,000,000	+5.3%	-19.8%
Elsewhere in district..	143,235,000	-.1%	-21.5%
Total.....	\$1,789,235,000	+4.9%	-16.2%
Building permits, Philadelphia.....	4,304,570	+18.1%	+60.2%
Post Office receipts, Philadelphia.....	1,198,763	+4.3%	-10.0%
Commercial failures in district (per Bradstreet's).....	63	68*	25*
Latest commodity index figures:			
Annalist (food prices only).....	168.470	-4.0%	-31.8%
Dun's.....	161.839	-.5%	-31.8%
Bradstreet's.....	11.1879	+ .9%	-33.8%

*Actual figures.



THE THIRD FEDERAL RESERVE DISTRICT