BUSINESS AND FINANCIAL CONDITIONS

IN THE

THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA DECEMBER 1, 1921

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GENERAL SUMMARY

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AFTER three months of consistent improvement business in general during the past four weeks has failed to make further progress toward recovery. In fact, not only has there been no betterment in conditions, but many industries and trades have lost considerable of the gains they had previously made. The buying movements that began early in August and gained momentum during September and October have been checked, only temporarily it is hoped, but nevertheless to such degree that at the present time an air of doubt and hesitancy pervades most markets. This setback may be attributed, in part, to seasonal conditions. But to a larger extent its cause may be found in the expectation of lower freight rates and in the speculation as to the outcome of the Conference on the Limitation of Armament now sitting at Washington. The conference is being followed closely by business interests, for it is felt that if the powers now assembled are able to reach a satisfactory agreement, the effect on general conditions will be most salutary.

From this reaction during November the iron and steel industry has perhaps suffered most. The demand, especially for the heavy products, fell off markedly early in the month, and this was followed by sharp competition in an effort to obtain the small volume of business offered. Prices of the heavy products were cut, and the formally announced advances on the lighter products were not adhered to. Some encouragement is to be found, however, in the rather frequent inquiries for 1922 delivery. Few contracts have been placed, because of the expected freight rate reductions, but the inquiries at least indicate a potential need for iron and steel products. In spite of the slack demand, production schedules have not been curtailed, and the industry continues to operate at between 30 and 40 per cent of capacity. For coal, too, few orders have been received in recent weeks. During October, because of the threatened railroad strike, there was spirited buying of bituminous coal by public utilities, industrial firms, and, to a more limited extent, by the railroads; and reserve supplies were accumulated. Since the strike has been abandoned these stores are being consumed, with the result that the spot market has been very inactive. The contract market has also been dull, and production has fallen off. In the case of anthracite there has been some demand for egg and stove, and the supply of these sizes has proved inadequate. For other sizes, however, there has been little call, because of the extremely mild weather, and stocks of these are heavy. As a result of the poor demand, retailers have cut prices—a most surprising occurrence in the coal business for this time of the year.

In the textile markets trade has been restricted to immediate requirements and prices in many cases have sagged. Raw cotton quotations have fallen, owing in large part to the fact that because of speculation the market was overbought, and that those who were "long" have sought to dispose of their holdings. In the cotton goods markets there has been a fair demand for grey goods and wide sheetings, but the business transacted in general has been small. A few purchases of cotton yarns have been made by hosiery and underwear manufacturers, and to these the demand has in the main been limited. Although the demand for raw wools has not improved, it has not decreased since last month. Medium and lower grades are selling well, and prices have been increased. The market for knitting yarns has continued fairly active at advanced quotations, but that for weaving yarns has not broadened. The garment makers' strike in New York, which threatens to extend to this district, has had a most disconcerting effect upon the woolen cloth market. For dress goods, the demand was of fair size until the strike talk developed. Then it was cut off abruptly and the only sales now being made are for sample purposes. Sales of the medium grade goods for men's wear have been of fair size, but the finer grades have been almost totally neglected.

Conditions in the raw silk market have been extremely quiet, but prices have none the less risen steadily since late October. This increase is considered by buyers to be the result of artificial stimulation, and therefore they are still refraining from purchasing except for actual immediate needs. The silk industry as a whole suffered a reaction during October, when most industries were enjoying their best business since early spring. This month it has not reacted further, but neither has it made any appreciable gain. Broad silks have been in fair request, taffetas being the most popular. Silk yarns have continued in good demand, especially among hosiery manufacturers. The market for silk hosiery has remained very active, and as has been the case for many months, the mills are unable to supply the demand. The volume of orders for cotton hosiery, however, has been extremely small, and manufacturers of this type are feeling keenly the competition of German goods. Heather hosiery, in combination with both silk and wool, has been popular. Sales have been increasing steadily and good sized orders have been placed for delivery as late as February, 1922. The demand for heavy-weight underwear has been very dull during November. Owing to the mild weather retailers have found it impossible to move these goods, and as a result repeat orders have been few. Orders for light-weight underwear for spring delivery have been few in number and small in size.

In the leather industry the brisk business of October has continued, but the industry has not bettered its position since then. The larger glazed kid manufacturers of this district report that they have received a good volume of business, and in some instances that they have been unable to satisfy the demand. In the case of calf, however, a fair market has existed for the medium and lower grades, but the demand for the finer qualities has fallen off considerably. Heavy sole leather has been sold in large quantities. Although the demand for leather has been good, it has come mainly from shoe manufacturers outside of this district, particularly from the Middle West. The shoe industry here reports no improvement in conditions. Style, weather, and prices have all combined to restrict retail sales, with the result that manufacturers have received few duplicate orders for fall goods. Salesmen have been on the road with spring samples, but the response has been so poor that it may be necessary to revisit much of the territory already covered.

Paper dealers and jobbers have had slightly better business than during October, but they have filled sales mainly from stock, and therefore the orders received by manufacturers in this district have fallen off slightly. Paper box manufacturers report a continuation of the good business of October, but it has not broadened. Improvement is noted, however, by the chemical, rubber, furniture and tobacco industries, and by the retail trade. In the case of tobacco and retail trade the change may be attributed almost entirely to the approach of the Christmas season.

In spite of the fact that business has fallen off in most of the major industries, operations have not been decreased. Evidence of this fact is found in the employment report of the Pennsylvania State Department of Labor. In the six cities of this district regularly covered by that bureau's report—Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport—the unemployment on November 15 was estimated at 198,635, a decrease of 1.4 per cent as compared with that of October 31, which in turn was .3 per cent less than the unemployment of October 15. Reports from other sections of the district also indicate an improvement in employment conditions.

Statistics indicative of general underlying conditions are conflicting. During October there were 77 failures in the Third Federal Reserve District, with liabilities of $7,890,928, as compared with 63 in September, with liabilities of only $978,713. R. G. Dun & Company reported 1,713 failures (over $5,000), with liabilities of $53,058,659, for the entire country during October, as against 1,466, with liabilities of $37,020,837, in September. In the week of November 10, however, the number of failures decreased 17.5 per cent, as compared with the previous week. New securities issued during October amounted to $103,149,000, as against $205,791,000, in September. The unfilled orders of the United States Steel Corporation on October 31 declined 6.0 per cent from those on hand September 30. Car loadings, too, have fallen off in recent weeks.

In contrast with these figures, others point to more favorable conditions. The volume of business transacted in the United States, as measured by debits to individual accounts, has been steadily increasing. For the country as a whole the average debits for the four weeks' period ending November 9 was $8,054,800,000, as compared with $7,651,244,000 for the four weeks' period ending October 11. For the Philadelphia district the respective figures were $369,369,000 and $351,328,000. In addition to this, the number and volume of building permits issued in this district have increased. Their value for October was $9,700,800, for September, $7,820,694. The wholesale commodity price index numbers for October exhibited conflicting tendencies. The Bradstreet number increased from 11.1879 on October 1 to 11.3514 on November 1, its fifth successive gain. The Dun number too was higher, the figure for November 1 being 163.665, and that for October 1 being, 161.839. On the other hand, the index number of the Bureau of Labor Statistics, which covers a wider range of commodities than either of the other two, declined from 152 to 150. The fall was due to reactions in prices of the following commodity groups: farm products, food, building materials, house furnishings, and the miscellaneous group. Cloths and clothing, fuel and lighting, and metals and metal products were higher, but the chemicals and drugs group was unchanged.

FINANCIAL CONDITIONS

The further lowering of money rates bears testimony to the continued improvement in financial conditions. In the period from October 19 to November 16, the Federal Reserve banks of Boston, Philadelphia and New York lowered their discount rates from 5 to 4½ per cent; the selling rate on prime bankers' acceptances was lowered from 4½ to 4¼ per cent; and the current commercial paper rate, from 5¾ to 5¼ per cent. In the field of Government finance, we find a five-month issue of United States certificates of indebtedness, dated November 1, bearing only 4¼ per cent, as against 5 per cent on a six-month issue of September 15.

This improvement is to be found not only in the rates for money, but also in the eagerness with which new issues of bonds by the Government, by municipalities, and by responsible corporations are absorbed. The demand for capital, however, is comparatively small, if we are to judge by the amount of new securities issued. A tabulation by the *Journal of Commerce* shows that new securities issued in October totaled only $103,149,000, the smallest monthly sum since April, 1919. It thus appears that the increase in capital funds is being absorbed within a smaller field, and that this is resulting in lower interest rates on new securities and in higher prices for those already issued. The latter tendency is illustrated by the following comparative price averages of stocks and bonds:

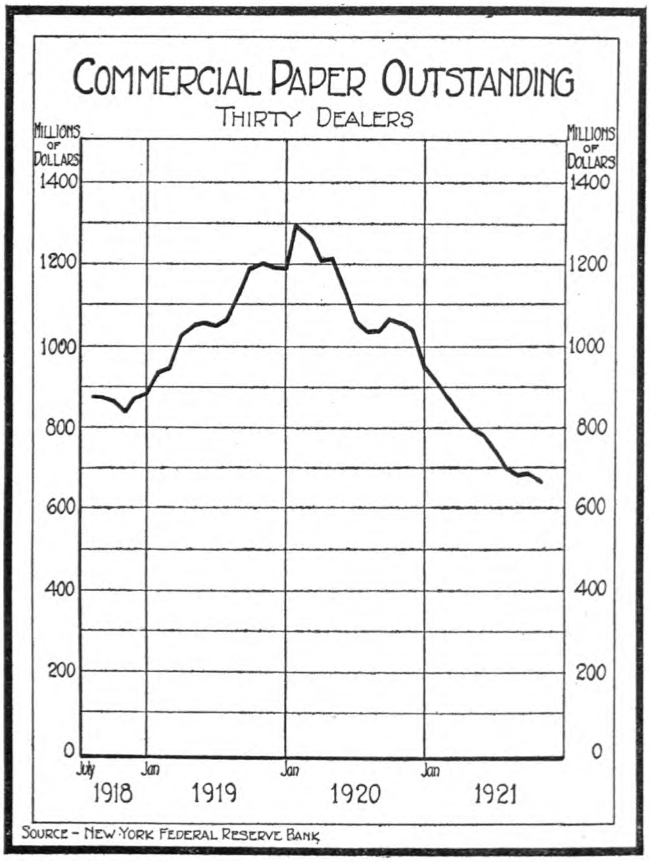
Average of	November 16	October 19
20 industrial stocks	$77.13	$70.21
20 railroad stocks	74.08	71.14
40 bonds	81.64	78.83
4 Liberty Bonds	95.18	92.77

The report of the condition of the Federal Reserve System as of November 16, as compared with October 19, shows a decrease of $132,000,000, or 10 per cent, in bills discounted, and an increase in the reserve ratio from 70.3 per cent to 71.8 per cent. The Minneapolis and Dallas districts have made the greatest improvement in the reserve ratio. The holdings of bills discounted are now 57 per cent below the high record of November 5, 1920, and of Federal Reserve notes, 28 per cent from the peak of December 30, 1920. Federal Reserve note circulation has not yet shown any tendency to increase as a result of the coming holiday trade.

Of 28 reporting banks scattered throughout the district, 11 report that some liquidation of loans has taken place during the past month, 14 state that the extension of maturing loans has been the rule, and 3 fail to indicate clearly which tendency predominated. The majority say that the supply of funds is ample for the needs of their communities.

Commercial Paper

The volume of commercial paper in the local market has increased noticeably during the past month. With the greater supply, there has also been a quickening in demand. An outstanding feature of the month has been the increase of purchases by city banks, although country banks are still buying the bulk of the paper. Rates now range from 5 to 5¾ per cent. Offering sheets of the brokers list a large number of names at 5½ and 5¾ per cent, and a few at 5¼; but only the best names are moving at the latter rate. Rates as low as 5 per cent are very exceptional.



Savings Deposits

For the eighth consecutive month, there was a decline in the deposits held by 24 savings institutions in this district. The total on November 1—$300,568,000, represents a decline of $9,432,000 from the peak on March 1. However, it is still $7,486,000 above the deposits on November 1, 1920.

Reports on postal savings deposits throughout the country decreased from $151,150,000 on October 1 to $149,400,000 on November 1.

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

	In Philadelphia	Outside Philadelphia	Total
1921—November 1....	$248,286,000	$52,282,000	$300,568,000
October 1......	249,117,000	52,435,000	301,552,000
September 1....	250,088,000	52,670,000	302,758,000
August 1.......	251,646,000	52,927,000	304,573,000
1920—November 1....	242,988,000	50,094,000	293,082,000

Bankers' Acceptances

An increase in the supply of bankers' acceptances has served to make the supply more nearly equal to the demand. Sales of four dealers during October to banks in the Third Federal Reserve district increased 45 per cent over those of September, but sales of three dealers throughout the country declined slightly.

Sugar importations, the export of cotton and foodstuffs, and the warehousing of sugar, cotton and tobacco were the transactions which gave rise to a large proportion of the bills executed lately. The totals for 12 banks located in this district show an increase in the amount of accepted bills and in bills outstanding. The amounts executed are larger than they have been at any time since our reports were started last March.

BANKERS' ACCEPTANCES EXECUTED

	Executed during preceding month	Outstanding on date given
1921—November 10............	$6,325,000	$11,824,000
October 10...............	4,507,000	9,902,000
September 10............	5,312,000	9,009,000
August 10................	4,852,000	8,756,000
July 10..................	3,121,000	9,286,000
June 10..................	2,795,000	10,798,000

The lowering in the discount rates of the Federal Reserve banks and the lower yield of recent issues of Government certificates have been leading factors in bringing down the rates for acceptances. The selling rate on eligible members' bills is now 4¼ per cent, as compared with 4½ per cent last month; and for non-members, 4⅜ per cent, as against 4⅝ at that time.

FOREIGN EXCHANGE

The most surprising feature of the past month in the foreign exchange market has been the continued strength displayed by sterling and most of the Continental exchanges. Although the normal trend of European rates at this period of the year is downward, sterling gained over 5 cents during the month, touching $3.999 on November 18. France lost only slightly and lire gained somewhat, as shown in the accompanying table. Argentine exchange made further recovery, rising from 72.5 cents to 74.3 cents. European neutral exchanges showed conflicting tendencies, guilders and pesetas and Swiss francs gaining slightly, while Danish exchange declined. German and Austrian currencies continued their precipitous descent, reaching the lowest levels ever recorded. The accompanying table shows the changes that have occurred during the past month in the principal exchanges.

FOREIGN EXCHANGE RATES

	Oct. 21	Nov. 21	Net change	Percentage change
London	3.9451	3.9998	+.0547	+ 1.39%
Paris	.0728	.0716	—.0012	— 1.65 "
Antwerp	.0716	.0694	—.0022	— 3.07 "
Copenhagen	.1914	.1848	—.0066	— 3.45 "
Stockholm	.2323	.2336	+.0013	+ .56 "
Madrid	.1326	.1376	+.0050	+ 3.77 "
Amsterdam	.3406	.3521	+.0115	+ 3.38 "
Buenos Aires	.7256	.7433	+.0177	+ 2.44 "
Shanghai	.7825	.7725	—.0100	— 1.28 "
Berne	.1845	.1878	+.0033	+ 1.79 "
Milan	.0395	.0414	+.0019	+ 4.81 "
Berlin	.006045	.003628	—.002417	—39.98 "
Vienna	.000591	.000359	—.000232	—39.26 "

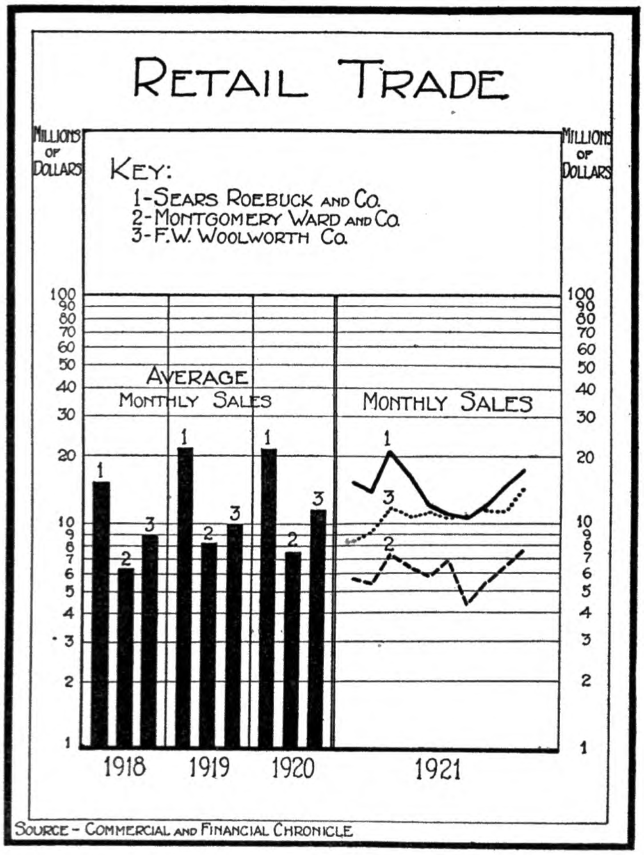
RETAIL TRADE

The approach of Christmas and the prospect of cooler weather have produced a marked improvement in retail trade in November. A number of stores reported a decided increase in sales over those of October, 1920, but the price reductions made since last year have caused the composite figures for the trade to show a decrease in sales of 3.2 per cent. These percentages are computed in dollars, however, and it may safely be said that the volume of sales at present is equal to, if not greater than, that of a year ago.

The public are buying conservatively as a general rule. They are inclined to buy less often and to demand dependable goods at lower prices. Cheap merchandise is not sought for. Ready-to-wear clothing and haberdashery continue to sell well, and one firm reports that only with difficulty can it supply the demand for overcoats. Silverware and jewelry are moving better, owing, no doubt, to preparations for the holidays. After the August furniture sales, activity in the furniture and house furnishing lines was somewhat reduced, but the opening of new homes in October caused a slight acceleration in the demand.

Reports are equally varied as to wholesale prices. Some firms state that further reductions are being made by wholesalers, while others assert that owing to the expected holiday demand, prices are becoming firmer. Certain cotton goods, and carpets and rugs in some grades, are difficult to obtain, but with these exceptions the supply of merchandise is plentiful.

The appended chart shows that sales of merchandise over a large section of the country by mail-order houses and five and ten cent stores have been increasing since August of this year. The heavy black bars indicate the average monthly sales for the years specified, and the curves, the monthly trend during the current year. Comparsion must be made between



the lines of the same firm for the four years and not between the three firms for any one year. It will be noticed that October sales of firm No. 1 (Sears, Roebuck & Company) are 81 per cent of their monthly sales in 1919, and 82 per cent of those in 1920. Firm No. 2 (Montgomery, Ward & Company) is even closer to the average monthly sales of the two preceding years, being 92.3 per cent of 1919 and 89 per cent of 1920. In the case of firm No. 3 (F. W. Woolworth Company) sales in October were 44 per cent above the monthly average in 1919, and 23 per cent above the figure for 1920.

RETAIL TRADE

	COMPARISON OF NET SALES	
	October, 1921, with October, 1920	July 1 to October 31, 1921, with July 1 to October 31, 1920
Firms in Philadelphia (14).......	—1.5%	—8.7%
Firms outside Philadelphia (35)..	—8.0 "	—9.5 "
All reporting firms (49)..........	—3.2 "	—8.9 "

	COMPARISON OF STOCKS	
	October 31, 1921, with October 31, 1920	October 31, 1921, with September 30, 1921
Firms in Philadelphia..........	—18.5%	+2.3%
Firms outside Philadelphia.....	— 9.4 "	+3.7 "
All reporting firms.............	—16.2 "	+2.6 "

	Percentage of average stocks July 1 to October 31, 1921, to average sales July 1 to October 31, 1921
Firms in Philadelphia...........	388.4%
Firms outside Philadelphia......	514.5 "
All reporting firms..............	419.5 "

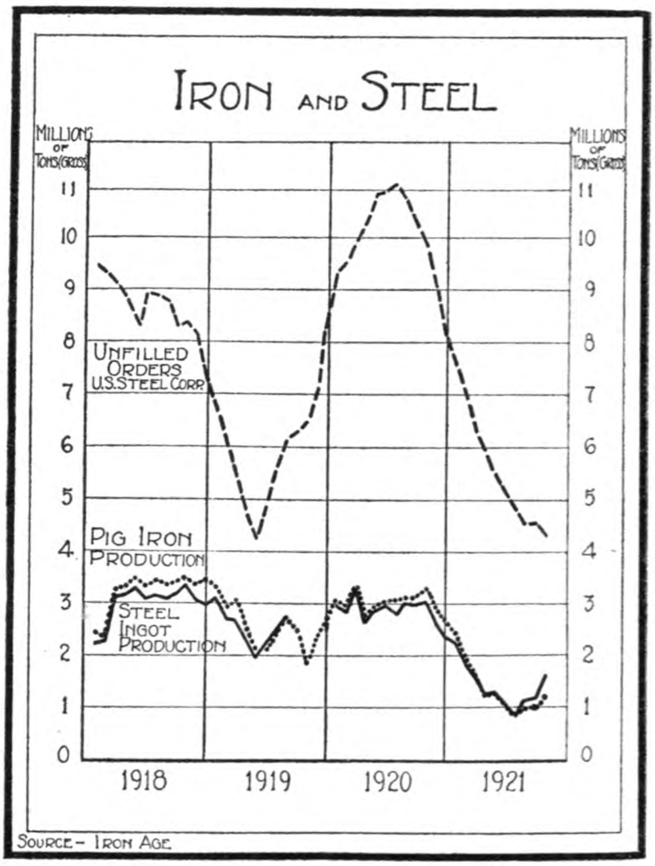
	Percentage of orders outstanding October 31, 1921, to total purchases in 1920
Firms in Philadelphia...........	7.5%
Firms outside Philadelphia......	6.2 "
All reporting firms..............	7.2 "

IRON AND STEEL

November has witnessed a distinct, though slight, reaction in the iron and steel industry from the steadily increasing activity which occurred during September and October. The stronger demand during the latter period enabled manufacturers to clean out long-standing accumulations of finished stocks, and, in most cases, to materially expand their operations. During the past month, however, demand has lessened for nearly all products, and production is somewhat in excess of current deliveries. Further evidence of this slackening activity is seen in recent movements of prices, which, after a spirited advance during September and October, have again weakened on practically all products.

This relapse, although quite unwelcome to the trade, was not wholly unexpected, as the low prices of August induced many buyers to purchase sufficient spot material to meet their requirements for the remainder of the present year. Now, however, their policy is to carry over as little material as possible into next year, as lower freight rates and lower production costs would again necessitate the writing off of inventories. Prospects for the future are, however, not entirely discouraging, as many inquiries for 1922 delivery are being received. The railroads in particular are inquiring for both rails and car repair materials, but uncertainty as to prices still prevents the placing of any large volume of contracts. Tank plates continue in fair demand in this district, and the lighter products such as sheets, wire products and tin plate are moving in considerable quantities, but in most instances at slightly lower prices.

Production reports for October furnish good evidence of the strength of the market during that month. Pig iron output rose sharply, showing a net gain of 14 furnaces in blast and a larger tonnage increase than in any month of the present year. The October production of 1,240,162 tons contrasts



favorably with 985,529 tons in September, 954,193 in August, and 864,555 in July—the lowest output in years. The total furnaces in blast on November 1, 96, compares with 69 on August 1, and 201 on January 1.

Production of steel ingots by thirty companies that make over 84 per cent of the nation's total, according to the report of the American Iron and Steel Institute, also showed a large increase. Their output—1,616,810 gross tons—was greater by 442,070 tons than the September total, and more than twice the low output of 803,376 tons in July. This is the largest production since that of February—1,749,477 tons—and is at 41 per cent of the rated capacity. The report of the Bridge Builders and Structural Society also shows improvement for October. Orders for 27,627 tons, or 41 per cent of capacity, were received, and shipments of 26,182 tons, or 38½ per cent of capacity, were made during the month.

The statement of the United States Steel Corporation showing unfilled orders of only 4,286,829 tons on October 31 was a distinct disappointment, as the decline from September's total of 4,560,670 tons was large enough to cancel the slight increase recorded in that month over the preceding month. In fact, the present total is the lowest recorded since May 31, 1919, when a total of 4,282,310 tons was reported. The accompanying chart shows the trend of unfilled orders, pig iron production, and steel ingot production, during the past four years.

A considerable unevenness of activity continues to characterize most of the plants in this district. Whereas many firms can discover little or no improvement since summer, others report very good demand and capacity operation. One of the largest steel plants in this vicinity, however, is operating at only 10 per cent of capacity and is contemplating even further contraction on January 1, 1922. But it is quite evident that the various branches of the industry are reaching a firmer basis, as finished stocks are decreasing in nearly all cases, and therefore inventory losses will be reduced to a minimum. Wages have also been lowered materially, one of the largest independent companies paying only 20 cents per hour for unskilled labor, as against 15 and 16 cents before the war. These changes will undoubtedly enable the industry to care for any increased demand on a much more efficient basis.

Collections, in the case of new accounts, are considered fairly satisfactory, but many firms report continued difficulty in settling accounts of long standing.

SHIPBUILDING

During the past year the domestic shipbuilding industry has been suffering from a complete reversal of the conditions that brought about the extraordinary prosperity of the war period. Then, the increased demand for cargo tonnage, the destruction of Allied ships by submarines, and the inability of European shipyards to meet this increased demand, led to a phenomenal expansion of activity in this country. This was accompanied by an unprecedented rise in ship values and freight rates and by general prosperity in both shipping and shipbuilding. From a comparatively unimportant position, both as a shipping and a shipbuilding nation, in 1914, the United States rose during the ensuing five years to a position of dominance, surpassing even the United Kingdom in the year 1919. Whereas, on March 31, 1914, the shipyards of this country had on the ways only 149,796 gross tonnage of vessels, five years later they had increased this to a total of over four million tons—a figure far in excess of England's total.

With the termination of the war, however, it became evident that there was a surplus—at least a temporary surplus—of ocean tonnage. The volume of post-war trade failed to meet the expectations of shippers, and a large amount of idle tonnage began to accumulate. Freight rates declined precipitously, but this failed to stimulate trade, and ship values shrank as rapidly as they expanded during the war. The depression in ship values was the result, in part at least, of the sale of German ships delivered to England under the reparations agreement. Under present conditions only the most modern and most efficiently operated ships are able to compete successfully for the limited volume of trade being offered, and the older vessels that were operated profitably during the war are idle.

This stagnation in shipping is reflected in the deplorable inactivity now prevailing in the shipbuilding industry. The volume of new contracts being placed is almost negligible, and many of the old contracts have been cancelled. Although this condition is world-wide, the United States has suffered especially. Only 434,000 gross tons, or less than 8 per cent of the world total, were under construction in the shipyards of this country on October 1, as compared with 1,310,000 tons on January 1 and over four million tons in 1919.

Delaware River shipyards have only a few vessels under construction at the present time—not more than 10 per cent of their capacity. Practically no new business is being offered or is in prospect, and some companies are doing repair work or general engineering construction in order to keep their organization together and their plants occupied. Employment has been curtailed drastically since the war days, and the present total is not more than 20 or 30 per cent of the total employed during the war. Wages have been reduced several times throughout the local yards, and ordinary labor is now receiving from 30 to 38 cents per hour, and mechanics from 60 to 64 cents.

In view of the present dearth of contracts for commercial tonnage the industry is awaiting with interest the outcome of the Conference on the Limitation of Armament. The adoption of such an agreement as that proposed by the Secretary of State would have a most profound effect upon the shipbuilding industry in this country and abroad. Many of the yards in this country either received their initial stimulus or were expanded to their present size as a result of the demand for naval vessels for this government or from abroad.

Although the outlook for the industry at present is rather dubious, some encouragement may be gained from the fact that the present apparent surplus of tonnage is a surplus only in view of the subnormal volume of international trade.

BUILDING MATERIALS

Building permits issued in October exceeded those recorded during September and during October, 1920, both in the Third Federal Reserve District and in the country as a whole. Figures for this district are presented in the accompanying table. It will be noticed that the total value of all permits issued last month was double that of October, 1920, whereas their number increased only 37 per cent. This indicates that operations are larger, particularly since prices have fallen to some extent within the period. The corresponding increases for the whole country since last October were 87 per cent in value and 16 per cent in number. As compared with September, the valuation of permits issued in the district increased 24 per cent during October, although the number issued was less than 2 per cent greater.

BUILDING PERMITS ISSUED AND THEIR ESTIMATED COST

(14 Cities—Third Federal Reserve District)

Cities	October, 1921 Number	October, 1921 Estimated cost	September, 1921 Number	September, 1921 Estimated cost	October, 1920 Number	October, 1920 Estimated cost
Allentown	83	$ 491,675	89	$ 250,250	59	$ 311,300
Altoona	131	152,477	163	408,406	101	72,744
Atlantic City	364	1,287,275	238	511,815	256	170,906
Camden	91	256,061	103	114,979	58	85,125
Harrisburg	58	283,245	77	169,053	34	98,000
Lancaster	46	151,438	40	221,350	42	156,350
Philadelphia	1,529	5,533,225	1,554	4,304,570	1,082	2,590,865
Reading	236	602,575	273	206,835	210	337,950
Scranton	68	66,329	29	278,500	46	81,114
Trenton	130	260,863	145	305,110	97	613,787
Wilkes-Barre	78	240,548	72	277,332	76	123,525
Williamsport	43	160,807	49	71,245	23	65,310
Wilmington	113	157,011	76	640,089	82	73,910
York	72	57,271	82	61,160	56	23,819
Totals	3,042	$9,700,800	2,990	$7,820,694	2,222	$4,804,735

Actual building, however, is not being carried on to as great an extent as the number of permits would indicate, and the volume of contracts let has not increased correspondingly. For instance, in the Middle Atlantic States, contracts awarded in October were 10 per cent less than those placed in September. Many who have received permits are refraining from letting contracts because of the uncertainty that still exists in building circles. This is due in the first place to the expiration of wage agreements on January 1, at which time the question of a new scale will have to be threshed out between contractors and employees. Conferences for the purpose of making new agreements have already started. Furthermore, although building materials either have been firm or have risen in price lately, decreases before next spring are not improbable, especially if railroad rates are reduced. Then, too, the lateness of the season is holding up some contemplated building, although the open weather to date has been favorable. Alterations, repairs and the building of garages make up a large part of the present construction work. The shortage of houses in Philadelphia is apparently being partly met by the conversion of many old residences into apartments.

Building materials were in good demand during October, but have not been selling so easily in November. This, however, is a seasonal condition. Prices in general are holding steady at the levels attained during September and October.

Bricks

The demand for building bricks improved in general during September and October, more so in Philadelphia than outside the city; but in November the volume of sales has been falling off. Such a development is to be expected at this time of the year, as the building season is drawing to a close. Practically all sales are for immediate use, although one manufacturer reports that he is booking orders for spring delivery. Operations in the yards making common bricks are about 75 per cent of capacity, but the manufacturers of face brick are running upon a more reduced basis. Although on the lower grades prices show a tendency to decline, no material reductions have been reported. The higher grades are firm. Labor is plentiful, but wages have not been lowered recently. Collections have not improved and are still slow.

Refractories also are in less demand than in September and October, which were the best months for the trade this year. Finished stocks were reduced during these months, but are now accumulating in some cases, although plants are operating at less than 25 per cent of capacity. Prices of both finished stocks and raw materials are firm, and wages are not being cut further. Collections, contrary to conditions among manufacturers of building bricks, have improved and are considered good.

Lumber

The revival which began in the lumber industry during September continued well into October, but in November came the beginning of the seasonal decline that had been expected earlier in the year. The volume of lumber cut during October was greater than that cut in September, and shipments and orders in the later month increased to an even greater extent. A characteristic of the October trading was a better demand for the lower grades, which enabled manufacturers to get rid of much of the cheap lumber that had been filling all available space. At least one mill has disposed of some of its supply by selling it to be used for purposes for which scraps were formerly used. Box-makers are also using more lumber. The demand for the higher grades is still better than the supply.

Orders continue to be largely for immediate delivery, as it is too late in the season to anticipate needs, and there seems to be no desire to make contracts for spring business. The yards, as a rule, have reduced stocks to a relatively low point, but they still have enough to supply needs. Mills increased operations during October, and where weather permits, some of them intend to run through the winter. Production of lumber is still less than 75 per cent of normal.

The prices of lumber advanced during September and October. It is estimated that the better grades have risen about $20 a thousand, the medium grades $10 and the poorer grades less than $5. This rise came to an end before November 1, and since that time prices have been relatively firm. Increased demand from building sources and the inability to make profits at the previous level are given as reasons for the advance.

Firms report that collections are improving, and in general consider that payments are being made fairly well.

Paint

Although the season has arrived when sales of paint ordinarily fall off, the fairly good demand noted during October continued, without any marked change, well into November; and except for a few manufacturers, who expected better business in October than actually developed, the industry is generally optimistic over the present situation. Buying is still only for immediate needs, and retailers have not yet begun to place orders for spring delivery. But manufacturers are expecting a large volume of business with the beginning of the spring buying season.

No appreciable change in plant operations has taken place for many months, and therefore they still average from 75 to 80 per cent of normal. Production and sales practically offset each other, so finished stocks on hand are about the same. Operations will be continued on virtually the same basis during the winter, and stocks will be accumulated in preparation for spring business.

The prices for paint are firmer, as a result to some extent of the action of the large sellers of lead in guaranteeing their prices until February. Linseed oil, which was down to as low as 65 cents during the month, has also stiffened and is now quoted at 69 cents per gallon in carload lots. The presence, however, of so much foreign oil of good quality on the market, at much lower quotations than domestic producers can meet, is an influence still tending to depress the price of this commodity. Pigments have remained fairly steady except for slight adjustments —reductions on some of those grades that have not yet materially declined, and increases in the case of a few on which prices fell radically several months ago.

Collections have improved recently and are now considered to be fair.

Glass

The window and plate glass trade has recently enjoyed quite a burst of activity, although it was generally thought that business would be dull this fall. Since builders are doing most of the buying, the betterment is attributed to the increase in construction during September and October. Railroads and furniture manufacturers are still purchasing very little. The latter are said to have bought too heavily last year. Wire-glass manufacturers also experienced an improved demand, which is indicative of increased industrial construction.

This improvement in the glass industry came rather suddenly, and at a time when the stocks held by both jobbers and mills were practically negligible. Consequently the former found it necessary to place orders immediately, and the latter to commence operations, as most of the plants were closed down. The present output averages at least 50 per cent of maximum capacity and is nearer than that of normal production.

Prices, which according to the trade are below the cost of production, have stiffened under this better demand, but no increase of any importance was reported.

Collections are better than they were and are now generally reported as good.

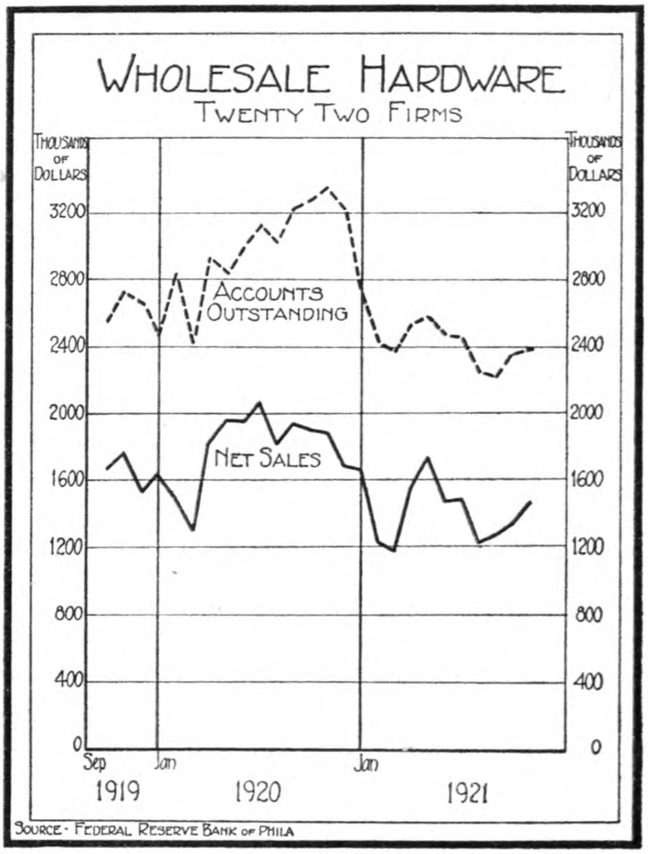
Plumbing Supplies

In line with the greater building activity, the demand for plumbing supplies has increased within the past month. In some cases the improvement has been material, in others, slight. The season of the year in which plumbing supplies and fixtures are usually in best demand has passed, so an increase in business at this time is encouraging. Orders are only for immediate delivery. Prices on finished goods are steady, although some advances on raw materials are reported.

Collections on the whole are considered to be fair or good.

Hardware

As in the case of all other building materials, the demand for hardware during October was excellent and was in fact beyond the expectations of some of the wholesalers. This was not true of builders' hardware, however, so much as of other lines, particularly those affected by a seasonal demand, such as heating supplies and sporting goods. Automobile accessories and electrical supplies have also been selling well. In one instance a slackening demand was noticed in November, but other firms indicate that business is still good. Customers are inclined to buy



in larger quantities, but as yet are not placing orders for future delivery, although usually at this time of the year many orders for spring delivery are booked, particularly for wire fencing, nails, etc.

There have been few price changes of importance within the last 30 days. Slight advances on a few particular articles have been reported, and some lines are still subject to occasional small reductions. The average price on general lines of hardware is still about 75 per cent above pre-war levels.

The table presented herewith shows statistically

WHOLESALE HARDWARE TRADE

Number of reporting firms—25	October, 1921, compared with September, 1921	October, 1921, compared with October, 1920
Net sales during October.........	+11.6%	—27.1%
Accounts outstanding October 31.	+ 1.4 "	—31.5 "

Ratio of accounts outstanding to sales:

October,	1921	164.7%
September,	"	179.8 "
August,	"	181.0 "
July,	"	189.4 "
June,	"	167.5 "
May,	"	169.4 "

the increase in sales reported during October. It will be noted that total sales for October of this year were 27.1 per cent below those of 1920. A large part of this difference can be attributed to the fall in prices which has taken place since that time. A chart is also published this month giving the trend of sales and accounts outstanding in the wholesale hardware trade since September, 1919. Attention is called to the relatively large volume of sales during the fall of 1920, as compared with those of the same period in 1919. It will be seen that the figures for current months do not compare so unfavorably with those of the previous years as with the abnormally large business of 1920. Accounts outstanding have fallen off to about the same extent as have sales.

COAL

Anthracite

Demand for anthracite has subsided somewhat during the last few weeks following the flurry in the domestic market that occurred during the latter part of October as a result of the threatened railroad strike. It is again quite evident that consumers are unwilling to purchase their winter's supplies or even a large portion of them at the present time. Although the arrival of a few days of cold weather is always sufficient to stimulate demand, the majority of the orders are for one or two tons. This is attributed not only to confidence in the adequacy of dealers' stocks, but, frequently, to financial inability to make extensive purchases and to an expectation of lower prices. Hence the prepared sizes, especially egg and pea, are moving rather sluggishly in spite of the lateness of the season.

The demand for steam coals is greater than it was in the summer, that for buckwheat being strongest. But in other respects the market is much the same as for prepared sizes. Not only are purchasers placing small orders, but in many hotels and office buildings coal heating plants are being displaced by oil burning plants. Hence the market for steam coals, which comprise 30 per cent of the total output of anthracite, is being permanently narrowed.

In view of this unsatisfactory demand from consumers dealers are reducing their future purchasing from operators, as there is some expectation of lower freight rates in the next few months. Furthermore, dealers' yards are in nearly all cases stocked to the limit, in spite of strenuous efforts to unload. Competition is severe, and in some cases the usual prices have been shaded. For example, though $14.50 is the standard price in Philadelphia for stove and nut, some dealers are selling these sizes at $13.75 per ton. Egg coal has been obtainable at as low as $13.25 and $13.50, and pea coal has been quoted at $10.75.

However, the rather sluggish market of the last few weeks has not, apparently, affected production. Although the output of anthracite during the week ending October 29—1,780,000 tons—and the week ending November 5—1,716,000 tons—was considerably less than that of either the preceding or the following week, the decline is attributable to the observance of holidays during those two weeks. Production for the week ending November 12—1,373,000 tons—was considerably less than that of the same week of last year but this loss was due to the occurrence of Election Day on November 8. It is evident that operators prefer to produce the maximum of tonnage and store the rather heavy surplus than to curtail their production to equal existing demands.

Shipments of anthracite by nine carriers, as reported to the Anthracite Bureau of Information, amounted to 5,872,753 tons in October, as compared with 5,519,412 tons in September. Although this is a considerable increase over the shipments of the previous month, it is 368,118 tons less than the total of 6,240,901 tons shipped during October, 1920.

Collections are still reported as being only fair, but they are better than they were last summer.

Bituminous

A marked diminution of activity and a weakening of quotations have occurred in the bituminous industry since the threat of a railroad strike has passed. The steady improvement in the trade that was evident during September and October was materially accelerated during the last ten days of October, when, under the threat of the strike, railroads, public utilities and manufacturers entered the market with urgent demands for spot deliveries. When the strike call was rescinded, however, interest in the market abruptly ceased, and since the first of the month, with the exception of a slight flurry following the fear of a coal strike in the Indiana fields, the market has been quiet and uneventful.

Consumers, especially railroads and public utilities, considerably increased their reserves during October, and they now have from four to eight weeks' supply on hand. In view of this fact and owing to the expectation of lower freight rates it is not surprising that consumers are showing no interest in future deliveries. Furthermore, uncertainty as to the business future prevents manufacturers from predicting their own needs.

A reflection of this recent shrinkage of orders is seen in the marked decline in production that occurred during the first part of November. Production of soft coal increased, almost uninterruptedly, from a daily average of only 1,200,000 tons for the week ending August 6 to an average of 1,843,000 tons for the week ending October 22. For the following week the output was almost identical, but the daily average production for the week ending November 5 was only 1,552,000 tons and that for November 12 only 1,590,000 tons, a loss of nearly 14 per cent from the high record of October 22.

Though prices rose somewhat when the strike was threatened, they have since then gradually reacted and are now at the levels prevailing during early October. The Coal Age index of spot prices, which rose from 90 on October 17 to 93 on October 24, has fallen and now stands at 91,—as of November 7.

Collections have shown little change during the month of November, but definite though slight improvement occurred during September and October. They are generally characterized as being fair.

Coke

The beehive coke industry continues to make progress toward recovery, for, as reported by the Geological Survey, production has shown further improvement during November. The total output for the week ending November 12 was 103,000 tons, as against 115,000 tons in the previous week and 102,000 tons for each of the weeks ending October 22 and October 29. Athough the present rate of production is less than one-third that for the same period of last year, the betterment during the past few months has been rapid. The present weekly output is treble that of the low weekly record of 35,000 tons during July. During the month the largest operator in the Connellsville district put in operation several hundred ovens that have been idle since early spring.

This improvement in the coke industry has in general, paralleled a similar increase in operations in the iron and steel industry. But during the past few weeks it is quite possible that a slight overproduction has taken place. Coke output did not slacken in accordance with a slight decline in iron and steel production following the abandonment of the proposed strike. Furthermore, some difficulty in disposing of the product has been encountered of late, and prices have weakened on furnace coke, the present quotation being $3, as compared with $3.10 on November 1.

COTTON

Cotton Goods

The weakness of the raw material market is largely responsible for the present lack of business in cotton goods. The average rate of operations in the Philadelphia mills is reported to be between 60 and 65 per cent. Orders on hand are relatively small,—in most cases sufficient to insure operations for only six weeks even at the present reduced rate of operations.

The recent report of the Bureau of the Census shows that Government estimates of the cotton crop were too low. The volume of cotton ginned, according to the latest figures, is already larger than the estimated total production as given out in the crop report of October 3. Naturally this information leads the buyer of cotton goods to believe that lower prices are coming and therefore to delay purchases as long as possible. The desirability of having a small inventory on December 30 is another factor that tends to limit the trading in goods for future delivery.

During the period of advancing prices in August and September buyers covered their estimated needs for the remainder of the year. This buying, which was rather free, seemed at that time to be justified by the sentiment throughout the trade. But the usual reaction to advancing prices occurred, and the buyer is now finding it difficult to move stocks that seemed certain of sale two months ago. Stocks in the hands of mill owners are accumulating slowly at the present rate of operations, but the volume of orders being filled from stock is increasing slightly.

Although the general market for cotton goods is slower at present, the spring business on ginghams and fancy wash fabrics is considered to be excellent. Indeed, one manufacturer of high quality ginghams reports his entire production sold out until the middle of 1922. Finishers are sold up, but at a reduced rate of operations, until the first of the year.

Collections are reported by some to be much slower; by others, to be good.

Cotton Yarns

The reaction to the September and October rise in yarn values is definitely shown by the quietness of the market at the present time. Inquires are almost as scarce as actual orders, and unless the purchaser is in immediate need of yarn, price concessions are often required to close a sale. In some cases, if spinners do attempt to meet the buyer's idea of price, the effort is regarded by the purchaser as an indication that even lower prices are inevitable, and a prospective sale is delayed.

During the short period of increasing prices in September, both weavers and knitters purchased sufficient yarn to run their mills through December. This, together with the certainty that the Government report had underestimated the cotton crop, caused a strong resistance to the higher prices. As a result, sales at this time are either for filling in on unexpected business or for 1922 delivery. Mercerizers report that the hosiery trade is buying yarns in limited amounts for delivery during the first quarter of next year, but that sales to virtually all other firms are for spot delivery.

The price trend is downward, and on some yarns a reduction is quoted of 10 per cent from the high point reached in September. The present price, however, is still about 40 per cent above the low level for the year. The latest ginning report, which showed a larger ginning than was expected, has undoubtedly had some effect in creating an unfavorable sentiment in the yarn market.

Operations are being conducted in the mills at about 65 per cent of capacity. This is only a slight reduction from the high point reached six weeks ago, and at the present rate the bulk of the orders booked will be filled within the next six weeks. Indeed, except among the mercerizers, preparations for a reduction of operations beginning January 1 are being seriously considered. It is the general opinion of spinners that present conditions will continue until, at least, the end of the year.

SILK

Silk Goods

Reports from sixteen broad silk manufacturers in this district are decidedly at variance. Eight firms state that business is poor and demand is decreasing, whereas the others find conditions just the reverse. The difference is to be explained, no doubt, by the fact that some fabrics are more popular this season than others. An unexpectedly brisk demand has developed for taffetas for the spring. Crepes, too, are proving popular, and indications are that they will be among the leading silk fabrics next season. For the most part the trend is running to low and medium priced goods, and the majority of orders are for future delivery, from two weeks to three months distant. Reports from various centers indicate that retailers are in the market more often and with larger orders than they have been for some time, but buying is for small quantities and is intended to replenish stocks.

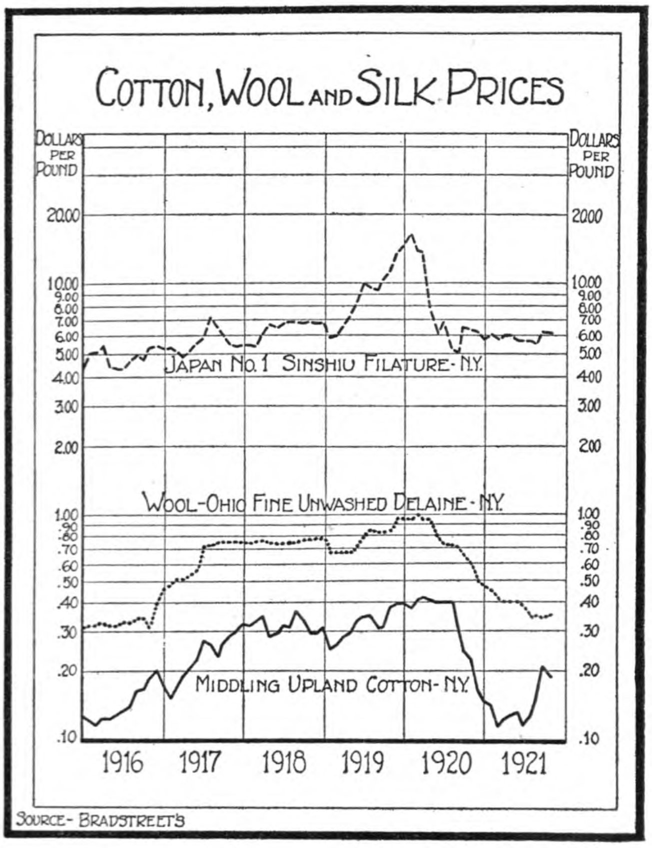
Price reports also are conflicting, some indicating that prices are advancing, others that they are stationary or decreasing. The fact remains, however, that raw silk has advanced considerably.

The eight firms reporting that business is poor are operating at an average of 56 per cent; the others at an average of 67 per cent.

The strike in the coat and suit trade, which went into effect on November 14, may become a real handicap to the broad silk industry, for there are some manufacturers who ordinarily do a very satisfactory business in linings. On the other hand, if the labor difficulties continue for any length of time, the supply of cloaks and suits will be depleted and the normal demand be turned toward dresses, many of which are products of silk manufacture.

Silk Yarns

Recovering in part from its lethargy of the past month, thrown silk has displayed more activity as the result of the appearance of broad silk manu-



facturers in the market. Taffeta makers particularly are buying, though in small quantities. The demand for hosiery yarn continues to be fair.

The comparison of prices for cotton, wool and silk, on the accompanying chart, gives a comprehensive idea as to how the markets for these commodities have varied over a period of six years. It is a fact that textiles came down much more rapidly than did other commodities; and that of the textiles, silk and cotton dropped faster than wool. It will be seen that in the case of cotton and silk the decline in prices from the highest points reached to approximately the 1916 levels, was consummated in six and seven months respectively; in the case of wool, in 17 months.

Silk recovered slightly, and has held a much firmer course than cotton. Wool has been fairly steady for the last four months, at a level somewhat above the 1916 price. Cotton had a rapid recovery from March to June, 1921, fell back in July, and then in the course of four months made gains that took it half way to the peak of 1920.

WOOL

Raw Wool

At the government auction held on November 6 a much better feeling existed than at previous sales. A keen interest was evident on the part of the merchants, and reports from dealers who attended the sales stated that the number of bidders was considerably larger and that the majority dropped out only when prices reached a seemingly prohibitive height. This activity, of course, tended to increase values, and offerings went at figures from 10 to 20 per cent higher than at the previous sale. Practically the entire offering of 7,000,000 pounds was disposed of. The success of the sale may be attributed to two factors. The approach of the heavyweight season, coupled with the feeling that the public is demanding lower priced clothing, which of necessity must be made of coarser wools, created some of the demand. Furthermore, dealers had absolute knowledge that government wool stocks could be purchased considerably cheaper than imported stocks.

Demand for all grades of wool has increased during the month. Dealers report that prices are firmer and stocks are decreasing. However, as manufacturers are nearing their inventory period and do not wish to carry over large supplies of wool into next year, it is anticipated that the demand will slacken.

Woolen and Worsted Yarns

Manufacturers of yarns report good business, many having orders on their books that will carry them well into 1922, running at capacity production. The demand, however, is confined mostly to knitting yarns. The fact that the weaving trade has not been in the market to any great extent has been a keen disappointment to spinners of weaving yarns. September and October were good months for the yarn trade and orders were booked then which make offerings at present rather scarce. Although wool prices are firmer, there has been no noticeable stiffening in yarn prices. However, a few orders taken recently were accepted at a slight advance because of the amount of business already on the books. The sweater, fancy goods, and hand-knitting trades have continued to furnish the largest demand.

Woolen and Worsted Goods

Demand for men's wear piece-goods has been very uncertain, owing in large part to the fact that the public is seeking cheaper clothing. Retailers have been perplexed as to just how to order stocks, and this, of course, has reacted on the cutting-up trade. The public wants not only lower prices, but the same quality of material for which it has been paying more money. With raw wool prices advancing, as they did in the government auction, from 10 to 20 per cent, and with wages stationary, there seems to be little hope of meeting the consumers' requests. Therefore, mills that make a cheaper grade of cloth are getting the business, and it would seem that others must content themselves with inquiries rather than orders, until such time as manufacturing costs come down. Mills in this division of the piece-goods trade are operating at an average of 70 per cent of capacity.

Dress goods manufacturers were enjoying a good business until the cloak and suit makers' strike took place on November 14. The cutting-up trade had been ordering in a very careful manner, pending a settlement of the labor difficulties, but when the walkout actually occurred, orders to the mills stopped short. No cloak or suit manufacturer intends to stock up with cloth as long as it is uncertain when he will again be able to operate his machines. Notwithstanding this fact, however, dress goods mills are running at an average of 80 per cent of capacity.

Manufacturers of knitted outer wear recently opened their lines of 1922 spring and fall goods. Prices for the most part are stationary, although in some grades advances have been made and in others, slight reductions.

FLOOR COVERINGS

Leading manufacturers of floor coverings opened their 1922 spring lines during the first week in November, and returns show that they were unanimously well pleased with the reception accorded their offerings. The success of the openings was in part due to their being held a month later than customary, and to the unusually large number of manufacturers who displayed their products at the one time and were thus able to serve the retail and jobbing trade simultaneously. Moreover, the formal opening was substituted for the customary auction sale, which had met with opposition from the dealers. In addition to this, conditions at the time of the openings were such as to encourage active buying. Manufacturers' stocks were not large, and jobbers' and retailers' holdings were depleted and in many instances even exhausted.

Purchasers found the prices to be satisfactory. Wiltons held firm at the same rates as have prevailed for the past four months. This was due, no doubt, to the fact that good merchandise can now be obtained at prices formerly demanded for cheaper goods, and also that Wiltons were practically off the market during the eight months' strike. Axminsters dropped about 5 per cent, and tapestries and velvets fell off from 15 to 20 per cent, a result of the latter being less popular than Wiltons and Axminsters and therefore harder to move.

The demand for all grades was decidedly greater than was anticipated. Orders taken were sufficient to enable the mills to operate at capacity production for from three to six months. The number of buyers present at the showing and the value of orders placed far exceeded the best figures for 1920 and were nearer to those of 1914 than in any year since. Buying was general and represented almost all parts of the country equally. All grades of carpets and rugs were in demand, the call being for Wiltons, Axminsters, velvets and tapestries in the order of their importance. The majority of buyers desired immediate delivery, but as manufacturers' stocks are light and are decreasing, they were forced to be content with future consignments. One large factory guaranteed prices until March 31.

Linoleum and oil-cloth producers are continuing to enjoy very good business, several firms reporting capacity production and even night and Sunday shifts in order to handle the business on their books. One company is sold up until the end of February. Prices are firm in this branch of the trade.

HOSIERY

November has been a busy month for knitters of full-fashioned, mock-fashioned and seamless silk hosiery. It was thought by members of the trade that the settlement of the Philadelphia strike in the full-fashioned mills would tend to relieve the scarcity of this hosiery, but reporting firms indicate that such is not the case, and that in fact practically all mills are sold ahead for two or three months. Retail stores find that sales are greater in medium and better grades of silk hosiery than in cheaper grades.

Heather mixtures are quickly sold by mills that are able to produce them in time for the holiday trade. But sales are not confined exclusively to immediate delivery. Some business has already been placed for next fall, with deliveries to begin in the first quarter of 1922. The demand for novelties in hosiery is given as one reason for the popularity of heather mixtures, for they are easy to produce with the novelty effect.

OPERATIONS IN THE HOSIERY INDUSTRY

(In terms of dozens of pairs) Number of reporting firms—31	October, 1921, compared with September, 1921	October, 1921, compared with October, 1920
Firms selling to the wholesale trade:		
Product manufactured during October	+16.8%	+ 210.0%
Finished product on hand October 31	+ 6.8 "	— 19.5 "
Orders booked during October	+63.1 "	+1516.1 "
Cancellations received during October	....	....
Shipments during October	+14.7 "	+ 184.4 "
Unfilled orders on hand October 31	+27.1 "	+ 403.8 "
Firms selling to the retail trade:		
Product manufactured during October	— 4.0%	+ 145.4%
Finished product on hand October 31	+12.4 "	....
Orders booked during October	+22.0 "	....
Cancellations received during October	....	....
Shipments during October	—12.1 "	....
Unfilled orders on hand October 31	— 2.8 "	....

Imported hosiery is appearing in American markets at prices that are very low as compared with those of the domestic product. For example, a combed half-hose is imported at \$1.15 per dozen as against \$1.65 per dozen quoted by mill owners for a similar domestic product. It is true that it would take some time to get an imported order into this country, but the possibilities of foreign competition are nevertheless present.

Mercerized hosiery dealers are more confident of the future than they have been, in spite of the fact that advances in the price of finished hosiery have reduced the number of inquiries. Manufacturers who are still operating on low priced yarns and have not increased prices are doing the bulk of the business. The general situation in low-end hosiery is unsettled, as some manufacturers report an increasing demand while others are shading prices in order to move accumulated stocks.

Attention is called to the fact that reporting firms in both the hosiery and underwear industries are now submitting their returns on a dozens basis rather than in dollars as heretofore. This change in the reporting unit was deemed advisable in order to secure a constant basis of comparison instead of one that must of necessity change with each fluctuation in the prices.

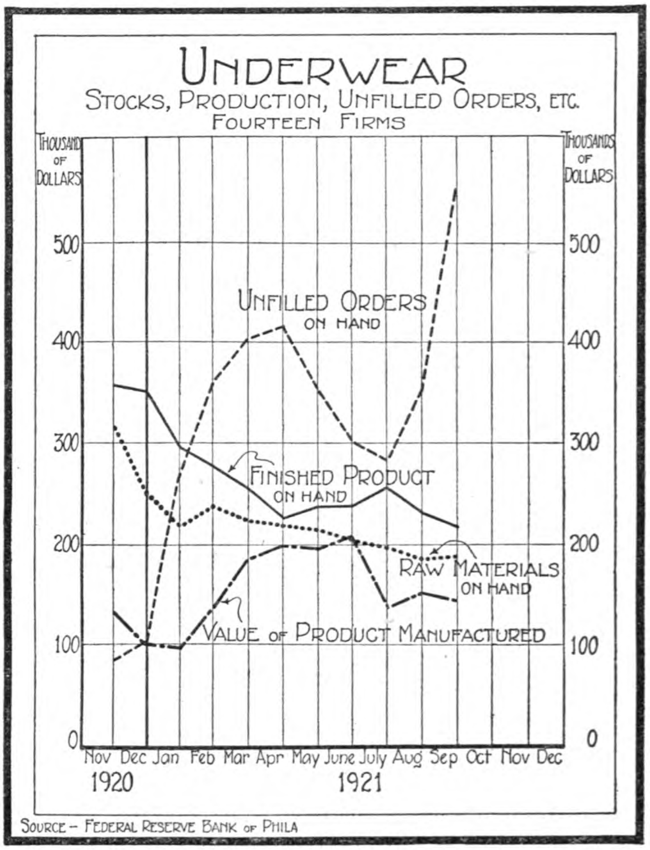
UNDERWEAR

Cautious buying still prevails in the underwear market, although conditions are slightly better than they were a month ago. Heavy garments are less active than spring underwear, even price concessions offered by jobbers on large lots of winter garments having failed to tempt buyers. As stated by one manufacturer a reason for this dullness is the desire of dealers to maintain the smallest possible stock of goods until after the December 30 inventory. Moreover, the continued warm weather has been a disappointment to those who expected that a brisk business in winter underwear would follow the advent of cooler weather. Mills that sell direct to the retailers report a number of small orders being received. As these are for immediate delivery, it is clear that stocks in the stores are low.

CONDITIONS IN THE UNDERWEAR INDUSTRY

Number of reporting firms—19 (In terms of dozens)	October, 1921 compared with September, 1921	October, 1921 compared with October, 1920
Product manufactured during October	+14.7%	+ 86.4%
Finished product on hand October 31	+15.9 "	+ 34.5 "
Orders booked during October	—57.4 "	+579.6 "
Cancellations received during October	....	....
Shipments during October	+ 3.6 "	+ 90.2 "
Unfilled orders on hand October 31	+ 9.4 "	....

About two months ago, and before the advance in cotton, spring underwear for next season was placed on the market, and sales were good until the increasing price of cotton checked the demand. Recently this line has been returned to the market, and though the volume of business reported is not large, it is considered by manufacturers to be satisfactory. Operations in mills that make light weight underwear



average about 80 per cent, but most of the orders they are working on were booked before the rising cost of raw material had brought about the advance in price.

The accompanying chart shows graphically the changes that took place in the underwear market from November 1, 1920 to the end of September, 1921, and its increase in strength since August 1 of this year. During the early months of 1921 the decrease in the amount of raw materials on hand is accounted for by the rise in the value of the product manufactured. The liquidation of both raw materials and finished products, it will be seen, has been gradual. The wave of buying following the unfavorable government cotton crop report of August carried the total of unfilled orders from $351,000 in August to $554,000 in September, an increase of 57.8 per cent. These figures, of course, are closely followed by those for orders booked during the month (not shown on the chart), which increased from $224,000 in August to $452,000 in September, 101.8 per cent.

LEATHER

Heavy leather continues to lead the sole leather market, and as a result of the shortage of heavy stock the lighter and poorer grades have improved considerably. Prices for heavy leather are firm and show a tendency to increase. This, however, has not retarded buying. The upper leather market is more active than it has been, the business done being chiefly in medium and lower grades. Buying is in small lots, and most purchases are for stock. The outstanding feature of the upper leather market is the wide range of prices, and the slight increase in price on some grades. In glazed kid, business is very good. One manufacturer reports that he is operating at full capacity and is producing more goods than at any time in the history of his business. Finished stocks are large and are constantly moving. Exports are steadily increasing. Prices of raw materials are higher and prices of the finished product are tending to follow them. Mid-Western manufacturers are the largest purchasers in the local markets, the demand being, for the most part, for the better grades.

The leather belting industry has made a very slight improvement in the past month. Small operators continue to be the principal buyers. Stocks are heavy and are maintained at pretty close to the maximum. With the resumption of industrial activity, manufacturers expect a large volume of business, and therefore a feeling of optimism prevails. Prices on raw materials are firm, and no change in the price of finished goods is reported.

The calfskin market is more quiet and is characterized by a very uncertain and erratic demand. Manufacturers are experiencing no little difficulty in supplying the needs of buyers, especially as to quality. The principal sale is for medium and lower grades.

Generally speaking, most leather manufacturers have noted a real improvement during September and October, and it is believed that this improvement will continue during the winter and spring.

Shoes

Although a few large plants have booked orders for spring delivery, shoe manufacturers are for the most part working on orders for immediate consignment. The demand for shoes is very uncertain, and some plants are forced to continue operations on a much reduced scale. In the opinion of certain manufacturers little change can be expected between now and January 1, for dealers are pretty well supplied and do not care to have a large stock on hand for the inventory season. The number of unfilled orders remains about the same, depending of course, upon the grade of shoe manufactured. Some factories making a low grade shoe are very busy and have a large number of unfilled orders on hand, which proves that the public is demanding cheaper shoes. Mid-Western plants are very busy, but most of those in the East are operating at only about 60 or 70 per cent normal. Some plants in this district, however, are running at full capacity. Prices of raw materials remain firm, and for the finished product, 1922 prices are lower.

So far, no reduction has been made in wages in this district, and shoe workers are still receiving war wages. The wage problem is one of interest to both manufacturer and worker, for it is expected that at the expiration of the present agreements, a reduction in wages will take place. Plenty of unskilled labor is available. Collections are only fair, and the probability is that they will continue so for some time.

CONDITIONS IN THE BOOT AND SHOE INDUSTRY

Number of firms reporting—45 **(In terms of pairs)**	October, 1921, compared with September, 1921	October, 1921, compared with October, 1920
Production	— 2.7%	+21.8%
Shipments	— 1.6 "	+ 5.4 "
Orders booked	+28.7 "	+60.5 "
Orders on hand	+ 5.5 "	+67.8 "
Stocks on hand	+19.5 "	+ 1.6 "
Number of operatives on payroll	— 1.4 "	+21.0 "

PAPER

Last month this report stated that September had been the best month of the year in the paper industry, and government statistics, subsequently published, have proved the truth of that statement. October has even surpassed September, according to returns from paper manufacturers and dealers. But there are now signs that the market is weakening, as several firms state that business has fallen off slightly since November 1. Most of the reports of slackening demand come from manufacturers outside of the city, Philadelphia jobbers being generally agreed that the volume of sales is holding up. All orders call for immediate delivery; in fact many are rush orders, and individual sales, though more numerous, are still relatively small in size.

The demand for coarse paper is better than that for other grades, and as a result of the demand, the large manufacturers of kraft paper have raised their price on that grade from 6½ to 7 cents. Other wrapping papers are being adjusted accordingly. The market for book papers, though better than it was, is not so active, and some producers have announced lower quotations on these grades. Fine papers are stiffening in price, largely because of the increase in bleached sulphite pulp. Domestic producers have announced a new price of 5 cents a pound on this product, an increase of ¾ of a cent, effective December 1. This move was, in a way, unexpected by paper manufacturers, but several explanations of the rise have been given— that the former price was below the cost of production because high-priced wood is still being used; that it was an attempt to establish a higher price to govern next year's contracts, which are usually negotiated at this season; and that the better demand, resulting from increased activity in the paper market, called for a rise. On the other hand it has been stated that the higher price for pulp has further stimulated the demand for paper, as it has helped to remove any tendency on the part of purchasers to wait for lower prices. Importers of foreign pulp have also raised their prices ¾ of a cent, but as these are still well below the domestic quotations, importers are securing a good share of the business. Box board is weaker, and those producers that were asking $40.00 a ton have lowered their price to $35.00. Waste paper has risen rapidly within the past ten weeks, but the higher prices have restricted buying and the market is now weaker. Rags are steady at the recently attained higher levels.

Operations have been increased in accordance with the better demand, and many mills are running on full time. Naturally the manufacturers of coarse grades have extended production more than have the producers of other grades. It is estimated that wrapping paper mills are operating at from 80 to 85 per cent of normal, whereas the fine paper mills are upon a two-thirds basis. The situation varies widely with the different mills, and although some are unable to fill all orders with maximum production, others are accumulating stocks on half-time operations. In general, mill stocks are decreasing, but Federal Trade Commission statistics show that they are still larger than in previous years. Most manufacturers report that their unfilled orders are small as compared with finished goods on hand. Dealers' stocks, which became exceedingly low during the summer dulness, are now being built up again, as most of the dealers feel that the demand is now steady enough and prices are sufficiently firm to permit of carrying fair-sized stocks with safety.

Collections have shown considerable improvement in the last two months, and in most cases are reported to be good.

PAPER BOXES

The betterment which began to be felt in the paper box business during August has continued with increased force through October and November, and manufacturers, particularly in Philadelphia, are receiving a relatively large volume of rush orders, some for boxes to be used in Christmas lines, but others from trades not so much affected by holiday demand. The industry as a whole is optimistic and feels that the period of depression is over. Many firms, however, expect a certain amount of dulness after the holiday demand falls off, but as this would be only the usual seasonal development, it should not be discouraging.

Operations naturally have increased with the enhanced demand for boxes, and a few plants are working at capacity and are still unable to fill orders promptly. This is not true of the industry in general, however, as some up-state mills are running at only 40 per cent of normal or even less. The present production of paper boxes is not over 75 per cent of the 1919 output; but it is more than that of last fall, which was a period of deep depression for the industry. The present volume of production is partly necessary because at the time the greater demand arose, the supply of finished boxes held by consumers and manufacturers had become very small. Users of boxes had overstocked last year, and in anticipating a continuance of rush orders from customers, the mills also had accumulated stocks. For the last year the demand for boxes has been largely supplied from these reserves, and now, profiting by past experience, most of those manufacturers who formerly carried made-up stocks for regular customers refuse to make boxes until orders are booked. Customers, however, feeling more confidence in prices, are inclined to place larger orders than they have for some months.

Prices are steadier, but price-cutting is still being indulged in by some of the smaller firms. All the manufacturers claim that returns are too small to allow for any profit, and particularly since the price of box board rose from the low levels reached last summer. But the market for this has recently weakened, largely because most mills, being well stocked with the low-priced stuff, refused to buy at the higher figures. Chipboard, which at one time in October was quoted at as high as $40 a ton, is now about $35, and can be bought on contract for less than that.

RUBBER

Although the rubber industry is in a stronger position than it was during the summer, much improvement must take place before it can be said to have reached a position thoroughly satisfactory to the trade. Tire manufacturers in this district are operating at about 50 per cent of normal capacity, but as the active motoring season is about over, a large part of their output is going into stock rooms. Recently some of the larger companies have lowered quotations on tires from 10 to 20 per cent. This action reduces prices, especially on smaller sizes, almost to pre-war levels.

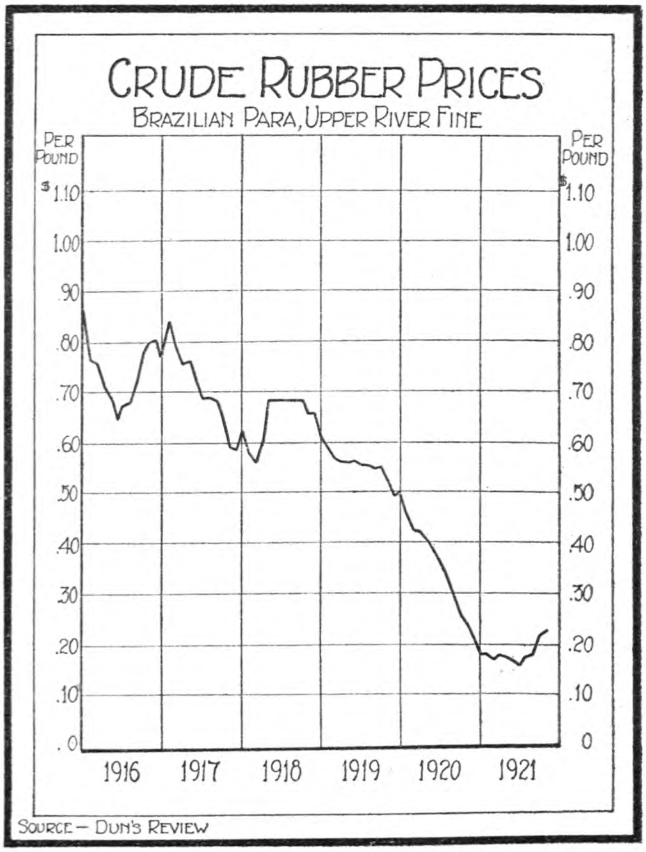
The largest buyers of mechanical rubber goods are reëntering the market after a prolonged period of inactivity. So far, however, the improvement consists in the better sentiment that prevails throughout the trade rather than in any great increase in actual orders. Railroads and shipbuilding firms, two of the largest users of mechanical rubber goods, give evidence that their large surplus stocks are practically exhausted, but as the general situation at present does not warrant their making extensive purchases, current business is entirely of a hand-to-mouth nature.

Footwear, clothing and sundries of the rubber trade are all in better demand than they have been for some time. Hunting clothing has sold unusually well, according to one firm that specializes in this line. Manufacturers of garden hose report increasing orders for their product, with specifications for future delivery rather than immediate shipment.

Imports of raw rubber for the first nine months of 1921 totaled 257,314,996 pounds, with a value of $50,983,364, as compared with 488,913,269 pounds, valued at $216,274,187, in 1920. The following table gives imports, their total value, and the change in the price per pound, for the first nine months of each year since 1916.

	Imports—pounds (000's omitted)	Value	Average price per pound
1916...............	199,944	$124,591	$0.62
1917...............	313,948	183,728	.58
1918...............	281,039	129,817	.46
1919...............	380,966	148,447	.38
1920...............	488,913	216,274	.44
1921...............	257,314	50,983	.19

The following chart shows the recent upward trend in the price of raw rubber. The lowest price ever recorded for crude rubber occurred during June and July. Since that time the market has strengthened, and present quotations of 20 cents are about six cents per pound above those of June.



CHEMICALS

During the period of the war, the chemical industry in this country attained a very strong position, but it has found it difficult to maintain this position because of the competition of low-cost chemicals from abroad. The volume of exports is considerably smaller than it was during the years 1915 to 1920, for in the foreign markets manufacturers have met exceedingly strong competition from European producers. The influence of foreign competition is likewise great in the domestic market, especially in fine chemicals and dyes. But as the consumption of chemicals is greater than it was at this time last year, the volume of business being done by American manufacturers has increased. Moreover, American producers are determined to meet this foreign competition by making superior products.

Prices of chemicals are approaching the pre-war level, having declined gradually for the past year. In some drugs and chemicals the cuts made have been drastic, and some instances are noted in which the product is actually selling for less than it did in 1914. Further reductions in some products have occurred during the past few months. In the last ten days, however, prices on finished stocks have remained stationary, and it is believed that when they change again, they will increase rather than decrease. Prices of raw materials are substantially the same as they were a month ago. The foreign exchange situation, especially in Germany, is still responsible for the great difference in price between foreign chemicals and domestic.

The feeling of doubt which has prevailed among manufacturers of chemicals on account of the tax question and the tariff situation, has subsided to some extent and operations have been extended. The renewed activity in other industries has produced a certain amount of optimism, with the result that some factories have been reopened. More men are being employed, but at lower wages than they received some months ago. Labor, skilled and unskilled, is plentiful.

The demand for heavy chemicals in this district has been stimulated by the greater activity of tanners, leather manufacturers, textile manufacturers, and paper manufacturers. The market for dyes is much stronger, and sales of drugs and pharmaceuticals are decidedly better than they were last year. One large firm reports this to be true of both the volume of its sales and their value. The demand for drugs is keen, and retailers are doing a good business.

Collections are fair, and, if anything, better than they have been for the past few months.

FURNITURE

A steady improvement in the furniture industry is reported by manufacturers, and business is about normal for this season of the year. The quickening of demand which occurred in late summer can be attributed, no doubt, to the August furniture sales; but since that time there has been a perceptible though very gradual increase. With the approach of Christmas, orders are coming in with greater regularity, and though they are still for the most part for immediate shipment, an increasing number are for future delivery. Several firms in this district have profited by the display of their goods at the New York Furniture Exposition, which came to a close November 5. One firm reports that it has experienced a very heavy demand for its product throughout the year.

At present, some plants are operating with their full complement of employees and on a full-time basis, though others are operating at from 70 to 90 per cent of capacity. One plant reports that it is producing as much now as it has at any time during the past few years. This resumption of operations can be attributed to the greater amount of building being done, to firmer prices, to the demand for the Christmas trade, and to the small but noteworthy increase in orders for future shipment. The very marked increase in unfilled orders has created a more optimistic spirit among manufacturers.

Prices are considerably lower than at any time since the peak of 1920, and in the opinion of some manufacturers, they have reached bottom. Prices of raw materials are showing a tendency to rise.

Unskilled labor is plentiful and wages are lower than they were last year. Skilled labor, however, which includes a majority of the workers in the industry, is not so plentiful, and very little reduction in its wages has taken place.

Collections are still rather slow, but they have improved within the past two months.

OFFICE APPLIANCES

A marked decrease in sales of office equipment and supplies is reported by manufacturers and distributors in this district. The temporary increase in sales which occurred in late summer was short lived, and now the situation is reversed. Demand has fluctuated considerably, but on the whole, it can be said that it has averaged about 60 per cent of normal for the past few weeks. Some firms are reporting a fairly good business and are satisfied that they could not expect any more under existing circumstances. One or two can actually show a very perceptible increase in business for each successive month since August, and one firm expects its November business to be greater than that of either of the preceding months. This is the exception, however, rather than the rule. Indeed, a number of firms complain that business is very poor and that they are transacting less than ever before. Orders are for small quantities of goods and come chiefly from the smaller houses. Retail stores, banks and big business houses are buying less office equipment than they have for some time, the tendency being to put off purchasing until after the first of the year. The threatened railroad strike caused all distributors to stock heavily and it is from their stocks that most orders are being filled. The reserves of both manufacturers and distributors are decreasing, but not to such an extent as to make any great increase of manufacturing operations likely.

The general trend of prices is downward, and the keen competition in the trade tends to keep them down. Some are from 35 to 45 per cent lower than they were last year. Desks, chairs, filing cabinets, etc., are lower, as are also certain typewriters and accounting machines. One firm, however, which maintained its prices at the pre-war level all through the war, has made no reductions on any of its standard equipment.

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

WHOLESALE GROCERIES

Sales by wholesale grocers in this district have shown a slight upward trend since the first of October, although there were some few cases in which a decrease was noted. The value of sales in October was 19.1 per cent less than that of the corresponding month of last year, but this is attributable largely to difference in prices. Ordinarily, the month of September marks the beginning of the fall buying season, but this year no buying in sizeable quantities took place until the early part of October. Uncertainty as to the future is such that this year goods are not bought until they are needed and no orders are being placed for future delivery. Although the total physical volume of sales compares favorably with that of last November, many firms report that trading is still lifeless. For many goods the demand is only fair, the principal items sold being dried fruits, syrup, sugar, rice, apple butter, baked beans, salt, canned milk, high grades of coffee, cereals, and the usual seasonable goods. Nuts in particular are selling well, as are also other commodities for which there is a considerable demand around Thanksgiving and Christmas.

Notwithstanding the fact that sugar is none too plentiful and some refiners in Philadelphia are oversold, certain houses have been selling it at cost and even less. The refiner's price on this commodity, which averaged 9.39 cents last November, at present ranges from 5.20 to 5.30 cents. The selling of sugar that cost 5.30 cents for 5 cents per pound has caused no little trouble. Prices of flour, prunes, canned goods, etc., have decreased, but coffee has advanced slightly. During the past few weeks the prices of different commodities have changed in a varied manner, but the general level of wholesale grocery prices has fluctuated but little. Any increase would tend to check sales.

Canned Goods

For a time trading in canned goods was comparatively active, especially during September and October, but at present the demand has fallen off considerably. The leading staples, tomatoes, corn and peas, are not selling so well, notwithstanding the fact that this year's pack of each was small as compared with that of former years. Stocks are continually decreasing, little canning is being done, and there is very little or no buying for future delivery. Prices on canned goods are rising, but it is only natural that a recovery should take place at this time, for some months ago the bottom dropped out of the market. Prices are lower than they were in 1920, but the disposal of last year's pack, and the fact that only the comparatively small pack of this year is now available, have caused the market to rise to a point where the general level of quotations is above what it was a month ago. A number of canners are convinced that a gradual but marked improvement is bound to occur in the near future.

Collections, in some instances, have improved slightly, but on the whole it may safely be said that they are still only fair.

WHOLESALE GROCERY TRADE

Number of firms reporting—48	October, 1921, compared with September, 1921	October, 1921, compared with October, 1920
Net sales during October.........	+2.9%	—19.1%
Accounts outstanding October 31..	+3.9 "	— 9.5 "

Ratio of accounts outstanding to sales:

October,	1921	108.3%
September,	"	105.8 "
August,	"	98.3 "
July,	"	102.6 "
June,	"	96.5 "
May,	"	103.7 "

AGRICULTURE

The weather during the past month has been favorable to the farmers, and they have consequently made considerable progress in their work. Practically all the crops have been harvested, except in some sections a little corn, and less of that remains to be gotten in than is usual at this time of the year. Winter grains are all planted, and their condition is good. Fall plowing is further advanced this year than normally.

According to the government crop report for November 1, which is in agreement with the opinions of the county agents, the corn crop in this district is the best of many seasons. It will be noted in Table A, given herewith, that the yield per acre, the total estimated production, and the quality of this crop, for the states in the Third Federal Reserve District, are better than they have been in previous years. The wheat crop varied in different sections, but in general, the yield per acre was a little above that of last year, though the quality was not as good. White potatoes, which are an important cash crop in some sections, were below normal this year. In fact, according to government figures, the estimated total production is only about 50 per cent of last year's estimate.

Crops were produced this year at costs lower than those of 1920 and of 1919, but only a little lower; and it must be remembered that prices for farm products were in most cases falling during the year. Wages paid to farm labor are down not over 25 per cent, seeds were bought last spring when they were higher than they are now, fertilizer at that time was only about 10 per cent less than it was a year before, and farmers complain that hardware and farm implements are but very little cheaper. Leaving out of consideration for the present any economies which may have been adopted by the farmers, which, however, are none the less important, it is instructive to compare the above meager reductions in items of cost with the changes in the prices received by farmers for their products within the same time. Wheat, for example, which sold for $2.27 per bushel in April, 1920, now brings 98 cents; and corn has dropped from $1.62 to 56 cents. Potatoes are higher than they were last November, but are less than in April, 1920.

In spite of this situation, it is reported that most of the farmers of this district will be able to finance themselves without an unusual amount of assistance this year, although some, particularly those who started operations during the period of high prices and incurred debts at the standards then prevailing, have been embarrassed.

TOBACCO

Cigars

The cigar industry has reached the height of its pre-holiday business and perhaps has even passed it, as there are some evidences of diminishing demand. The trade purchased heavily in October, and that month was the best experienced by the industry this year. But some manufacturers report that since November 1 sales have been falling off slightly, although the majority are still receiving orders faster than they can fill them. The large manufacturers are as a rule particularly busy and are making every effort to meet the Christmas demand.

Price-cutting is still a disturbing factor among retailers. The chain stores have again reduced certain cigarettes to 15 cents a package, after raising them to 18 cents last month, and are also offering bargains on other brands of cigarettes and on cigars. But the most radical reductions from listed prices have been made by certain individual establishments. Most of the cigars thus sold are "seconds," placed on the market at a sacrifice by manufacturers who had large supplies left on their hands earlier in the year. It is reported that the better part of these have now been disposed of. They have served a

Table A CONDITION OF PRINCIPAL CROPS—NOVEMBER 1, 1921

(United States Department of Agriculture)

	Quality—Percent of normal November 1		Yield per acre, bushels		Estimated production, bushels (000's omitted)		
	1921	10-year average	1921	10-year average	Nov. 1, 1921	Oct. 1, 1921	Dec. 1, 1920
Corn							
Pennsylvania	89	82	48	41.7	72,960	69,011	67,050
New Jersey	90	87	47	39.8	12,361	11,743	11,440
Delaware	86	86	37	33.4	7,030	6,980	7,125
United States	84	80.1	28.9	26.4	3,151,698	3,163,063	3,232,367
Potatoes							
Pennsylvania	85	87	83	89	26,062	24,662	36,455
New Jersey	83	89	93	109	9,021	8,861	14,820
Delaware	76	88	50	88	550	620	1,166
United States	84.9	88	89.6	96.8	356,076	345,844	428,368
Sweet Potatoes							
Pennsylvania	94	92	124	117	248	233	280
New Jersey	90	92	110	125	1,650	1,865	2,002
Delaware	85	91	100	127	800	818	1,024
United States	86	89.5	89.2	95.8	105,841	106,569	112,368
Apples							
Pennsylvania	67	83	...	...	2,844	4,029	23,937
New Jersey	65	82	...	...	912	1,096	4,134
Delaware	71	84	...	...	84	85	1,017
United States	79.4	79.9	...	...	102,290	109,710	240,022

purpose in meeting the popular demand for cheaper cigars, and as the supply becomes exhausted their places are being taken by the new five-cent brands, which are selling faster than they can be made. But a five-cent cigar of pre-war quality cannot be produced at the present level of leaf prices, wages, and government taxes, and the popular brands which formerly sold at that price now bring eight and ten cents. These sizes are also selling well—almost as well as last year,—but demand for the higher-priced goods, except on a few brands, has fallen considerably within the past twelve months.

Operations are almost normal again and some of the large firms have been running mills at night. But this practice has been stopped in at least one instance since November 1. In this case the curtailment was made in order to prevent a possible accumulation of stocks, as demand at this time is likely to fall off very suddenly. Cigars are being shipped, in practically all cases, as soon as they are made; so stocks at present are low. In spite of a general increase in operations, the supply of labor is reported to be adequate. Wages have not been changed in some months, but the efficiency of the workers is improving.

Collections have become better within the past three months, although they were generally satisfactory before.

Leaf

The leaf tobacco market has had the dullest fall it has experienced for years, and the chief factor, though not the only one, that is preventing its recovery is still the question of price. Manufacturers, as a rule, have enough tobacco on hand to meet their needs for some time, and as they are unwilling to pay the prices now asked, they are not buying except when they can pick up a bargain. Dealers report that they are making practically no sales for future delivery. There has been some little demand, however, for the cheaper grades used in the many new five-cent cigars now being produced. Prices on practically all grades are lower than they were last year. From all growing regions come the same reports, that growers are holding tobacco for prices higher than buyers are willing to pay, and that therefore the local markets are at a standstill. Except in Ohio, most of the cigar-leaf crops are practically normal as to size and good in quality. In Ohio the total yield is less than 50 per cent of that of last year.

The following statistics show the stocks of cigar leaf held by manufacturers and dealers on the dates given. It will be seen that the figures do not differ radically from those of previous years. The total supply now on hand is about 10 per cent more than that held in 1919.

LEAF TOBACCO HELD BY MANUFACTURERS AND DEALERS

(Reported by the Commissioner of Internal Revenue)

(In thousands of pounds)

	Oct., 1921	July, 1921	Oct., 1920	Oct., 1919
New England	63,678	68,141	61,008	53,631
New York	3,547	4,022	2,479	2,344
Pennsylvania	83,072	93,622	87,750	91,696
Ohio	78,303	76,225	79,763	69,305
Wisconsin	93,475	103,535	85,344	68,713
Georgia and Florida	8,312	5,544	6,569	6,010
Porto Rico	7,698	7,866	8,746	11,115
All other domestic	117	140	190	158
Total cigar types	338,202	359,095	331,849	302,972

COMPILED AS OF NOVEMBER 23, 1921

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

	Nov. 9, 1921	Oct. 12, 1921	Nov. 10, 1920
Altoona	$2,629,000	$2,535,000	$3,160,000
Chester	3,448,000	3,499,000	5,816,000
Harrisburg	5,312,000*	5,363,000*	2,760,000
Johnstown	3,788,000*	4,005,000*	5,490,000
Lancaster	4,058,000	4,286,000	6,005,000
Philadelphia	260,974,000	242,202,000	365,736,000
Reading	6,618,000*	7,750,000*	4,627,000
Scranton	13,792,000	14,855,000	19,133,000
Trenton	10,470,000	9,192,000	13,618,000
Wilkes-Barre	7,527,000	7,664,000	10,233,000
Williamsport	3,478,000	4,151,000	4,568,000
Wilmington	6,241,000	5,475,000	7,364,000
York	3,346,000	2,773,000	4,449,000
Totals	$331,681,000	$313,750,000	$452,959,000

*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		
	Nov. 9, 1921	Oct. 12, 1921	Jan. 7, 1921
Loans and discounts:			
Secured by U. S. securities	$54,724	$58,504	$76,385
Secured by other stocks and bonds	198,261	194,832	198,983
All other	350,830	360,753	406,702
Investments:			
United States bonds	46,367	46,093	45,283
U. S. Victory notes	10,148	5,535	11,342
U. S. Treasury notes	7,717	13,334	....
U. S. certificates of indebtedness	11,448	12,088	12,447
Other bonds, stocks and securities	158,246	155,669	154,363
Total loans, discounts and investments	$837,741	$846,808	$905,505
Demand deposits	630,800	616,681	672,893
Time deposits	44,698	43,354	36,976
Borrowings from Federal Reserve Bank	54,311	58,551	110,036

STATEMENT

Federal Reserve Bank of Philadelphia
(000's omitted)

RESOURCES	Nov. 16, 1921	Oct. 19, 1921	Nov. 19, 1920
Gold reserve	$214,299	$202,072	$184,574
Other cash	6,181	6,727	501
Total reserve	$220,480	$208,799	$185,075
Discounts—secured by U. S. securities	63,932	71,654	118,967
Discounts—all other	26,177	30,003	49,071
Purchased bills	7,846	6,255	21,043
U. S. securities	15,631	18,747	45,984
Total earning assets	$113,586	$126,659	$235,065
Uncollected items	64,076	53,847	65,058
All other resources	1,647	1,686	2,776
Total resources	$399,789	$390,991	$487,974

LIABILITIES	Nov. 16, 1921	Oct. 19, 1921	Nov. 19, 1920
Capital paid in	$8,713	$8,684	$8,469
Surplus	17,564	17,564	13,069
Government deposits	660	483	947
Members' reserve account	101,065	102,223	113,466
Other deposits	1,384	1,336	885
Total deposits	$103,109	$104,042	$115,298
Federal Reserve notes	200,725	201,154	271,054
Federal Reserve Bank notes	4,582	5,043	21,673
Deferred availability items	60,281	49,906	53,036
All other liabilities	4,815	4,598	5,375
Total liabilities	$399,789	$390,991	$487,974

BUSINESS INDICATORS

	Nov. 14, 1921	Percentage increase or decrease compared wit	
		Previous month	Year ago
Philadelphia banks:			
Loans	$648,812,000	—1.3%	—11.6%
Deposits	614,734,000	+1.3%	—11.1%
Ratio loans to deposits	106%	108%*	106%*
Federal Reserve Bank:			
Discounts and collateral loans	$88,684,547	—18.2%	—47.7%
Reserve ratio	74.0%	65.6%*	49.9%*
90-day discount rate	4½%	5%*	6%*
Commercial paper	4½%	5%*	8%*

	October, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	$1,726,000,000	+ 4.9%	—19.4%
Elsewhere in district	161,746,000	+21.4%	— 8.6%
Total	$1,887,746,000	+ 6.1%	—18.6%
Building permits, Philadelphia	5,533,225	+28.5%	+113.6%
Post Office receipts, Philadelphia	1,253,473	+ 4.6%	— 8.5%
Commercial failures in district (per Dun's)	77	63*	27*
Latest commodity index figures:			
Annalist (food prices only)	160.581	— 4.7%	—32.7%
Dun's	163.665	+ 1.1%	—28.0%
Bradstreet's	11.3514	+ 1.5%	—27.6%

*Actual figures.