BUSINESS AND FINANCIAL CONDITIONS

IN THE

THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA JANUARY 2, 1922

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GENERAL SUMMARY

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For summary of Federal Reserve Board on business conditions throughout the United States, see pink slip inserted in this report.

CONTINUING the reaction which began early in November after three weeks of marked improvement, business conditions in the Third Federal Reserve District have been exceedingly dull during the past month. All industries, with the exception of two,—and these were relatively minor in scope,—have passed through a period of declining demand and reduced operating schedules. Retail trade, however, has been good, owing to the usual Christmas buying, and advance reports indicate that the holiday trade this year will compare favorably with that of 1920. But wholesale business has been poor, and general manufacturing activity low. It must be remembered, of course, that in these fields December is normally a month of relative dulness because of the taking of inventories. But the desire to show small inventory figures on financial statements is more pronounced this year than ever before, and as a result there has been little ordering for immediate delivery. Future buying, too, has been abnormally low. There is much in underlying conditions to indicate that general business may soon resume its movement toward recovery, but it is also true that little, if any, improvement has been made during December.

The reaction in the iron and steel industry has been more severe perhaps than in any other. In the latter part of November the demand began to fall off, and today the amount of business being transacted is very small. Production has been further curtailed, and the industry is operating at a rate but little above that of the exceptionally inactive period of last summer. But even at the low rate now being maintained, production exceeds consumption, and stocks are accumulating. There is much unevenness, however, both in sales and in production schedules, for several firms, particularly those manufacturing special machinery, have reported the receipt of fair sized orders. But the industry in general has had a poor month, and the firms in this district have suffered rather more than those in other iron and steel centers.

The coal industry, too, has been adversely affected. The market for bituminous coal is practically stagnant; in fact, the demand is so small that in spite of greatly curtailed production, stocks continue to grow. Prices have declined, especially on coal from union mines, the present level being about 16 per cent below that of July. To this result the importation of British coal has been a contributing influence. Anthracite coal conditions are little better. The cooler weather of the past month slightly stimulated retail sales, but consumers have not laid in their entire winter's supply, and the result is that thus far the season's volume of sales has been discouraging both to retailers and operators; so much so, indeed, that several firms have already closed their mines, and others contemplate doing so if a substantial buying movement does not soon develop.

In several of the textile industries also, much of the gain made in the early fall has been lost. The demand for cotton goods, both for immediate and future shipment, has dropped considerably, operations have been curtailed and prices have declined. The call for cotton yarns has been much smaller and there has been little purchasing of raw cotton. The final government cotton crop estimate of 8,340,000 bales was more than 1,800,000 bales greater than that previously reported, and the prospects of a larger supply have had the usual effect on the demand. Although the raw wool market has maintained much of the activity it displayed during the last three months, sales of carpet wools being particularly good, the demand for woolen and worsted goods has declined sharply. Recent business in the men's clothing industry has been slight, and as a result, the call for woolen goods from this source has been negligible. The garment makers' strike in New York has also aided in curtailing sales of woolen and worsted cloth. The demand for broad silks, however, has improved somewhat, but that for raw and thrown silk is still small.

The hosiery industry is one of the very few that have maintained their position during the month. The demand for heather hosiery has been exceptionally good, owing to fashion's having decreed another low shoe winter, and manufacturers have had difficulty in supplying it. For silk hosiery, too, the call for immediate delivery has been large, but owing to the marked advance in raw silk quotations and the uncertainly as to their future trend, the placing of forward delivery orders has been checked. A fair volume of business has been transacted in infant's and children's cotton stockings, but orders for men's and women's cotton hosiery have been small. The underwear industry has received a few repeat orders for heavy-weight goods for immediate shipment. General showings of heavy-weight lines for next fall will not be made until January, but already some orders have been booked. Very little business has been done, however, in light-weight underwear, jobbers being disposed to wait until the raw cotton market becomes settled.

General conditions in the shoe industry have not improved. Firms manufacturing the cheaper grades have received a fair amount of business, but the demand for shoes of the better quality has fallen off. Especially is this the case with respect to women's shoes, owing to the uncertainty as to colors and styles for next spring. It is true, however, that a rather large number of orders for white shoes has already been placed. The leather markets have reacted to conditions in the shoe industry. Glazed kid manufacturers have caught up with the demand for the finer grades, and some stocks are therefore accumulating. But because of the increased call for cheap shoes there has been a larger demand for the medium and lower grade kids. This is equally true of calf leathers. Although the domestic demand for leather in general has fallen off considerably, exports have increased and have relieved the market of many distress stocks.

No betterment in conditions has been reported by the paper industry. The demand has been less than it was in November, as consumers at that time supplied their needs for the balance of the year and there has been little ordering for 1922 delivery. Paper prices have been firm, with the exception of those on newsprint and box board, which have declined. The printing and publishing industry has also reported a falling demand, and, as a result, there has been a renewal of price cutting. The cigar industry has received a fair volume of repeat orders during the month, as early buying by dealers was conservative and retail sales of Christmas goods have been larger than was anticipated. This has been true also of the confectionery demand. Wholesale grocers report a falling off in the call for all goods, with the exception of those required for the holidays.

Industrial activity in this district during the latter half of 1921 may be measured by the accompanying tables, compiled from 517 replies to a questionnaire on labor conditions. It will be seen that the number

TABULATED STATISTICS ON EMPLOYMENT CONDITIONS IN THE THIRD FEDERAL RESERVE DISTRICT

Table no. 1 As obtained from 517 questionnaires

Industry	Number of reporting firms	Number of employees June 1, 1921	Number of employees Sept. 1, 1921	Percentage of increase or decrease in number of employees September 1, 1921, compared with June 1, 1921	Number of employees December 1, 1921	Percentage of increase or decrease in number of employees December 1, 1921, compared with June 1, 1921	Percentage of increase or decrease in number of employees December 1, 1921, compared with September 1, 1921
BUILDING MATERIALS							
Brick	9	1,210	1,038	—14.2	1,136	— 6.1	+ 9.4
Cement	9	3,163	3,340	+ 5.6	2,413	—23.7	—27.8
Gas and electric fixtures	4	926	981	+ 5.9	1,242	+34.1	+26.6
Glass	4	521	422	—19.0	561	+ 7.7	+32.9
Lumber (mill work)	12	2,676	2,437	— 8.9	2,527	— 5.6	+ 3.7
Paint	6	820	791	— 3.5	789	— 3.8	— .3
Plumbing	3	122	119	— 2.5	138	+13.1	+16.0
Totals	47	9,438	9,128	— 3.3	8,806	— 6.7	— 3.5
IRON AND STEEL PRODUCTS							
Automobile parts	3	2,379	2,979	+25.2	1,886	—20.7	—36.7
Ball bearings	4	562	412	—26.7	562	.0	+36.4
Bars	6	1,310	1,105	—15.6	1,154	—11.9	+ 4.4
Bolts, nuts and rivets	3	699	664	— 5.0	740	+ 5.9	+11.4
Castings and forgings	19	1,966	1,852	— 5.8	1,816	— 7.6	— 1.9
Engines, pumps, boilers, tanks	3	1,444	1,291	—10.6	1,514	+ 4.8	+17.3
Hardware	6	409	385	— 5.9	441	+ 7.8	+14.5
Machinery and tools	35	6,263	5,498	—12.2	5,742	— 8.3	+ 4.4
Pig iron	3	1,057	1,007	— 4.7	1,021	— 3.4	+ 1.4
Pipes and tubes	3	1,384	1,325	— 4.3	1,296	— 6.4	— 2.2
Plates	13	2,691	2,051	—23.8	2,463	— 8.5	+20.1
Railway equipment	4	9,128	8,958	— 1.9	8,731	— 4.3	— 2.5
Shipbuilding	4	15,094	9,733	—35.5	7,762	—48.6	—20.3
Wire and wire products	4	159	596	+274.8	657	+313.2	+10.2
Miscellaneous	6	5,151	5,302	+ 2.9	5,808	+12.8	+ 9.5
Totals	116	49,696	43,158	—13.2	41,593	—16.3	— 3.6
LEATHER PRODUCTS							
Leather	29	4,073	4,900	+20.3	5,774	+41.8	+17.8
Leather belting	5	488	500	+ 2.5	520	+ 6.6	+ 4.0
Leather—shoes	10	1,495	1,704	+14.0	1,973	+32.0	+15.8
Totals	44	6,056	7,104	+17.3	8,267	+36.5	+16.4
MINING							
Coal—anthracite	3	941	981	+ 4.3	992	+ 5.4	+ 1.1
Coal—bituminous	5	3,901	4,250	+ 8.9	4,402	+12.8	+ 3.6
Totals	8	4,842	5,231	+ 8.0	5,394	+11.4	+ 3.1
TEXTILE AND ALLIED PRODUCTS							
Carpets and rugs	29	5,532	5,999	+ 8.4	6,379	+15.3	+ 6.3
Clothing	5	1,193	1,351	+13.2	1,386	+16.2	+ 2.6
Cotton goods	16	6,084	6,436	+ 5.8	6,936	+14.0	+ 7.8
Cotton yarns	10	423	492	+16.3	574	+35.7	+16.7
Hosiery	14	2,401	2,619	+ 9.1	2,987	+24.4	+14.1
Silk goods	22	8,050	8,239	+ 2.3	7,763	— 3.6	— 5.8
Silk yarns	13	3,581	3,225	— 9.9	2,906	—18.8	— 9.9
Underwear	13	1,070	1,186	+10.8	1,353	+26.4	+14.1
Woolen goods	23	4,616	4,100	—11.2	3,662	—20.7	—10.7
Woolen yarns	18	7,025	6,815	— 3.0	7,704	+ 9.7	+13.0
Totals	164	39,975	40,462	+ 1.2	41,650	+ 4.2	+ 2.9
MISCELLANEOUS							
Boxes—paper	23	2,080	2,247	+ 8.0	2,462	+18.4	+ 9.6
Canned goods	3	960	2,079	+116.6	2,270	+136.5	+ 9.2
Chemicals	9	1,226	1,108	— 9.6	1,248	+ 1.8	+12.6
Cigars and cigarettes	15	6,923	6,852	— 1.0	7,107	+ 2.7	+ 3.7
Confectionery	7	1,360	1,586	+16.6	1,711	+25.8	+ 7.9
Flour	6	458	506	+10.5	495	+ 8.1	— 2.2
Furniture	17	1,955	1,949	— .3	2,220	+13.6	+13.9
Paper	24	3,697	3,648	— 1.3	3,934	+ 6.4	+ 7.8
Pottery	7	919	885	— 3.7	944	+ 2.7	+ 6.7
Printing and publishing	19	1,407	1,468	+ 4.3	1,522	+ 8.2	+ 3.7
Rubber goods	6	892	853	— 4.4	917	+ 2.8	+ 7.5
Rubber tires	3	1,734	1,946	+12.2	1,728	— .3	—11.2
Totals	139	23,611	25,127	+ 6.4	26,558	+12.5	+ 5.7
Grand totals	517	133,618	130,210	— 2.6	132,268	— 1.0	+ 1.6

TABULATED STATISTICS ON EMPLOYMENT CONDITIONS IN THE THIRD FEDERAL RESERVE DISTRICT

As obtained from 517 questionnaires

Table no. 2 (Number of workers who were employed on December 1, 1921, divided according to hours of employment.)

INDUSTRY	Full time	More than half time	Less than half time	Total	Number of firms reporting
BUILDING MATERIALS					
Brick	584	469	83	1,136	9
Cement	2,021	371	21	2,413	9
Gas and electric fixtures	1,242	....	....	1,242	4
Glass	561	....	....	561	4
Lumber (mill work)	2,525	2	....	2,527	12
Paint	741	48	....	789	6
Plumbing	115	23	....	138	3
Totals	7,789	913	104	8,806	47
IRON AND STEEL PRODUCTS					
Automobile parts	914	631	341	1,886	3
Ball bearings	531	31	....	562	4
Bars	551	162	441	1,154	6
Bolts, nuts and rivets	253	397	90	740	3
Castings and forgings	581	1,134	101	1,816	19
Engines, pumps, boilers, tanks	1,387	127	....	1,514	3
Hardware	184	257	....	441	6
Machinery and tools	1,723	3,899	120	5,742	35
Pig iron	627	385	9	1,021	3
Pipes and tubes	1,082	182	32	1,296	3
Plates	1,729	503	231	2,463	13
Railway equipment	2,435	6,181	115	8,731	4
Shipbuilding	6,379	1,325	58	7,762	4
Wire and wire products	519	138	....	657	4
Miscellaneous	5,210	507	91	5,808	6
Totals	24,105	15,859	1,629	41,593	116
LEATHER PRODUCTS					
Leather	5,614	129	31	5,774	29
Leather belting	451	69	....	520	5
Leather—shoes	1,745	228	....	1,973	10
Totals	7,810	426	31	8,267	44
MINING					
Coal—anthracite	992	....	....	992	3
Coal—bituminous	245	4,113	44	4,402	5
Totals	1,237	4,113	44	5,394	8
TEXTILE AND ALLIED PRODUCTS					
Carpets and rugs	5,109	1,256	14	6,379	29
Clothing	1,386	....	....	1,386	5
Cotton goods	6,787	143	6	6,936	16
Cotton yarns	536	38	....	574	10
Hosiery	2,961	23	3	2,987	14
Silk goods	5,029	2,174	560	7,763	22
Silk yarns	2,450	456	....	2,906	13
Underwear	1,280	64	9	1,353	13
Woolen goods	2,888	743	31	3,662	23
Woolen yarns	6,023	1,419	262	7,704	18
Totals	34,449	6,316	885	41,650	163
MISCELLANEOUS					
Boxes—paper	1,747	713	2	2,462	23
Canned goods	2,268	....	2	2,270	3
Chemicals	1,219	29	....	1,248	9
Cigars and cigarettes	7,107	....	....	7,107	15
Confectionery	1,592	119	....	1,711	7
Flour	458	26	11	495	6
Furniture	1,874	346	....	2,220	17
Paper	3,019	643	272	3,934	24
Pottery	377	565	2	944	7
Printing and publishing	1,483	37	2	1,522	19
Rubber goods	522	388	7	917	6
Rubber tires	1,728	....	....	1,728	3
Totals	23,394	2,866	298	26,558	139

GRAND SUMMARY

	Full time		More than half time		Less than half time		Total	Number of firms		
	Number of employees	Percentage of total	Number of employees	Percentage of total	Number of employees	Percentage of total		Reporting	Working on full time	Percentage on full time
Building materials	7,789	88.4%	913	10.4%	104	1.2%	8,806	47	39	83.0%
Iron and steel products	24,105	58.0%	15,859	38.1%	1,629	3.9%	41,593	116	37	31.9%
Leather products	7,810	94.5%	426	5.1%	31	.4%	8,267	44	35	79.5%
Mining	1,237	22.9%	4,113	76.3%	44	.8%	5,394	8	4	50.0%
Textile and allied products	34,449	82.7%	6,316	15.2%	885	2.1%	41,650	163	118	72.4%
Miscellaneous	23,394	88.1%	2,866	10.8%	298	1.1%	26,558	139	105	75.5%
Total	98,784	74.7%	30,493	23.0%	2,991	2.3%	132,268	517	338	65.4%

of employees on the pay roll of the reporting firms on December 1,—132,268—was 1 per cent less than that on June 1, but 4.5 per cent larger than that on September 1. The figures substantiate the unemployment estimate of the Pennsylvania State Department of Labor. That bureau reported 176,155 unemployed in the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport, on June 1, 211,577 on September 1, and 197,132 on December 1. Employment information concerning individual industries and groups of industries is disclosed in the subtotals and details of the tables. Additional evidence of the fact that industrial activity has been declining in recent weeks is found in the latest report on unemployment by the Pennsylvania Department of Labor. On December 15, the number of unemployed in the cities mentioned above increased 9.4 per cent over that of December 1. The largest part of this increase is accounted for by the closing of the coal mines in the Scranton district, where unemployment increased 66.5 per cent.

Conflicting tendencies are again exhibited by statistics indicative of general conditions. The unfilled orders of the United States Steel Corporation were 4,250,542 tons on November 30,—a decrease of 36,287 tons, as compared with those on October 31, and less than one half of those on hand November 30, 1920. However, both pig iron and steel ingot production increased. In fact, pig iron production during November—14,415,481 tons—was larger than that of any month since March. Steel ingot production during November,—1,660,001 tons—was the largest since February. The estimated cost of building permits issued in the Third Federal Reserve District during November was $9,290,556, a decrease of 4.2 per cent as compared with the cost of those issued in October. It should be noted in this connection that although a large number of permits have been issued, but little actual construction is being done, owing to the approach of winter and to the uncertainty as to costs of building materials and labor. Too much attention cannot be directed to the fact that the number of commercial failures in the United States, and especially in this district, has been rapidly increasing. There were 102 failures of over $5,000 in the Third Federal Reserve District in November, 77 in October, and 63 in September, as reported by R. G. Dun & Company. In the country as a whole there were 1466 failures in September, 1713 in October, and 1988 in November.

Distinctly encouraging as measuring the volume of business transacted in the United States are the figures showing debits to individual accounts. The average debit in the country as a whole for the four weeks ending December 14, was $8,177,177,000 as compared with $7,701,789,000 for the same period ending November 16. For the Third Federal Reserve District the respective figures were $371,613,000 and $351,901,000. Then, too, the volume of new securities issued in November was more than twice the volume issued in October. The wholesale commodity price index numbers have changed but slightly. The Bradstreet number fell from 11.3514 in October to 11.3127 in November. The Dun index, however, continued its upward trend, the number for October being 163.665 and that for November 164.531. The index number of the Bureau of Labor Statistics again declined, the number for November being 149, compared with 150 for October and 152 for September.

FINANCIAL SITUATION

Changes in the monetary and banking situation were not as marked during the period from November 16 to December 14 as in the previous month, but such as they were they indicate further improvement. The only Federal Reserve Bank to lower its rate was that of Richmond, which had not previously done so. Bankers' acceptances are generally quoted at 4⅛ per cent, a decrease of from ⅛ to ¼ of one per cent from a month ago. Commercial paper is offered at a discount of from 5 to 5½ per cent, but a larger number of names are selling at the lower yields than hitherto. The issue of 6-month United States certificates of indebtedness, dated December 15, bore 4¼ per cent,—the same rate as the issue of November 1.

A further decline of $45,000,000 in the holdings of bills discounted by the Federal Reserve Banks was reported, but this decrease was smaller in amount than it has been in other recent months. In the summary presented herewith, figures are given for some of the principal items in the statements of the Federal Reserve System (000's omitted in dollar figures):

	Dec. 14, 1921	Nov. 16, 1921	Peak	Date of peak	% of decline from peak
Bills discounted..	$1,153	$1,198	$2,826	11/5/20	—59%
Total earning assets	1,483	1,482	3,422	10/15/20	—57 "
Members' reserve deposits	1,646	1,674	1,923	1/2/20	—14 "
Total deposits....	1,743	1,737	2,101	2/27/20	—17 "
Fed. Res. note circulation	2,394	2,398	3,404	12/23/20	—30 "
Total reserves...	3,002	2,969	3,002	12/14/21	

The ratio of reserves to notes and deposits increased from 71.8 to 72.6 per cent between November 16 and December 14. The Reserve banks in some of the agricultural sections, however, report more material gains than this would indicate. If we eliminate rediscounting transactions between Federal Reserve banks, we find that the reserve ratio of Richmond increased from 38.3 to 46.1 per cent; of Atlanta, from 35.6 to 41; and of Minneapolis, from 47.4 to 56.4. Borrowing between the Federal Reserve banks amounted to only $1,000,000 on December 14.

The total loans, discounts, and investments of more than 800 reporting member banks throughout the country on December 7 were $14,759,000,000, a decrease of $2,524,000,000, or 15 per cent, from the high point on October 15, 1920. These figures are inclusive of borrowings from the Federal Reserve banks.

Securities

Although the first two weeks of December have been quieter in the bond and stock markets, securities are still moving in good volume, and new issues are readily absorbed. The monthly record of bond sales maintained by the Wall Street Journal shows that sales of bonds in November were $397,945,000, and in October, $336,426,000. The November figure was the highest since December, 1920, when sales were particularly heavy because of the efforts of security owners to establish losses to be deducted in computing income taxes.

The December 15 issues of Treasury certificates of indebtedness were largely oversubscribed. Subscriptions received amounted to $1,183,102,000, and final allotments to $308,447,000. The Philadelphia Federal Reserve District subscribed to the amount of $254,263,500, but was allotted only $29,595,500.

Treasury certificates are quoted at a premium, and both stocks and bonds have increased in price during the last month. The following table gives comparative prices of certain groups of securities:

	Dec. 14, 1921	Nov. 16, 1921	Dec. 16, 1920
Averages:			
20 industrial stocks..	$81.04	$77.13	$70.26
20 railroad stocks ...	74.08	74.08	72.53
40 bonds	83.82	81.64	74.83
4 Liberty Bonds....	97.45	95.06	86.99

New security issues increased from a low point of $103,149,000 in October, to $255,938,000 in November. In November, 1920, new securities were issued to the amount of $176,700,000.

Commercial Paper

The supply of commercial paper has not increased during the month and in some respects is inadequate to meet the requirements of the market. In particular, several dealers report difficulty in securing paper of high grade. One of the reasons advanced for this is that many borrowers wish to avoid increasing their outstanding bills prior to their taking inventory.

Rates quoted vary from 5 to 5½ per cent, but the great majority of sales are at 5 and 5¼ per cent. Quality is given much more consideration by most buyers than the yield, and it is becoming increasingly difficult to sell names whose last statement—and the last statement must be of recent date—does not show quick assets of at least double the amount of payables. Brokers report that not in many years of experience have they seen buyers scrutinize the financial status of drawers so closely.

Bankers' Acceptances

Four dealers in acceptances operating in the Third Federal Reserve District report sales during November totaling $16,743,000, as compared with $9,980,000 in October, and $9,093,000 in November, 1920. Three of these, who also give country-wide figures, report an increase of only .5 per cent over October, and a decline of 15 per cent from November, 1920. Of five dealers, only one states that the supply is not sufficient to meet the demand. At present the high rates for call money and the more attractive yields on bonds have diverted a portion of the funds which are usually invested in acceptances.

Twelve banks in the Third Federal Reserve District executed $3,564,000 of acceptances during the month ending December 10, which is a marked decline from the November figure of $6,325,000. Acceptances of these banks outstanding on December 10, however, were not much lower than on November 10, the decrease being from $11,824,000 to $11,231,000.

Exports of grain, flour, cotton and meat products, imports of sugar and coffee, and the warehousing of cotton and tobacco were the principal transactions that gave rise to acceptances executed recently. Dollar exchange operations were also of importance. Two of the largest dealers give the following estimates of the relative importance of the various types of transactions in connection with acceptances of the past month:

	Dealer no. 1	Dealer no. 2
Warehousing	20%	20%
Exports and imports	50 "	60 "
Domestic shipments	20 "	19 "
Dollar exchange	10 "	1 "

Selling rates in effect in the middle of the months of December, 1921, November, 1921, and December, 1920, follow:

	Dec., 1921	Nov., 1921	Dec., 1920
Members:			
30 to 90 days	4⅛	4¼–4⅜	6 –6¼
180 days	4⅛–4⅜	4½–4¾	
Non-members:			
30 to 90 days	4¼–4⅜	4½–4¾	6¼–6½
180 days	4⅜–4⅝	4⅝–5	

Savings Deposits

Data on the deposits in Christmas Savings Funds received from 70 per cent of the banks in this district show that approximately one-half of the banks were carrying funds of that kind. Deposits increased from $14,927,000 in 1920 to $16,770,000 in 1921. The number of depositors, however, increased in greater ratio, and the average deposit decreased from $38.75 to $37.91. Figures in detail are given herewith:

CHRISTMAS SAVINGS CLUBS

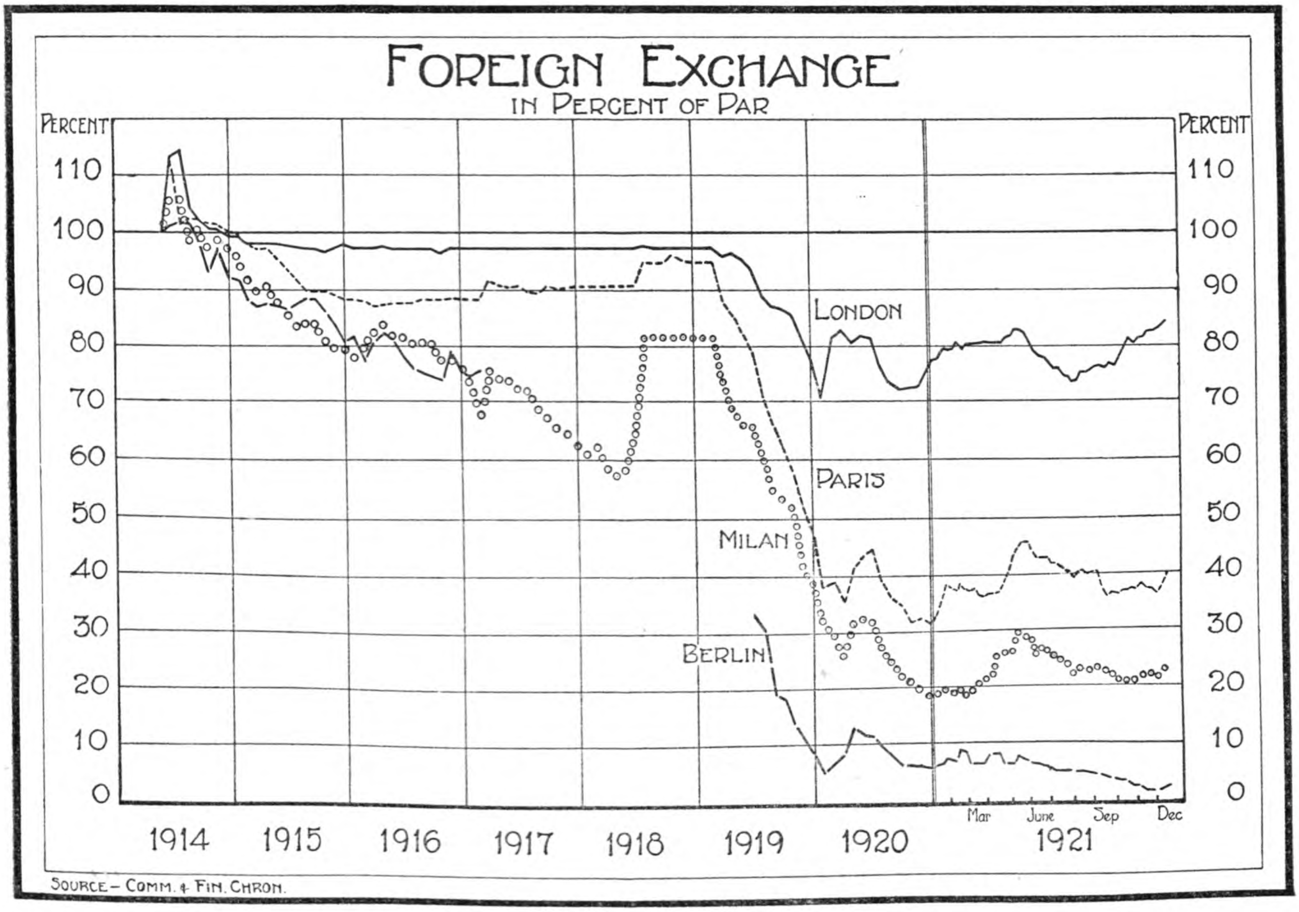
	Banks reporting no club	Banks reporting having club	Number of depositors	Amount of deposits	Average deposit
1920:					
National banks	309	227	145,411	$5,433,160	$37.36
State institutions	186	182	239,817	9,494,388	39.59
Totals	495	409	385,228	$14,927,548	$38.75
1921:					
National banks	282	254	169,913	$6,354,066	$37.40
State institutions	169	199	272,398	10,416,064	38.24
Totals	451	453	442,311	$16,770,130	$37.91

In the 1921 totals given above, the reports of 29 banks which were incorporated during the past year are not included. They report 11,780 depositors, deposits of $414,567, and an average deposit of $35.19.

Deposits in 24 savings banks again decreased during November. This decline, however, was due to the five Philadelphia banks, the 19 banks outside that city reporting a slight increase.

SAVINGS DEPOSITS

	In Philadelphia	Outside Philadelphia	Totals
1921—December 1	$247,457,000	$52,293,000	$299,750,000
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
1920—December 1	243,507,000	50,516,000	294,023,000



FOREIGN EXCHANGE

The past month has seen a further remarkable recovery in nearly all of the foreign exchanges. As seen in the accompanying table, all foreign currencies,—with the exception of those of silver standard countries, which decline in sympathy with the falling price of silver—were quoted on December 20 at levels considerably higher than those of November 20. As this display of strength is quite unusual for this period of the year, when exchanges normally decline, it is probably attributable in large measure to favorable political developments. The material progress made by the Washington conference, and the somewhat closer approximation to a settlement of the Irish difficulties, as well as the discussion by the Allies of a moratorium on reparations payments, are generally accepted by financial interests as being constructive factors in the foreign situation.

FOREIGN EXCHANGE RATES

	Dec. 19	Nov. 19	Net change	Percentage change
London	$4.1998	$4.0021	$+.1977	+ 4.9%
Paris	.0802	.0722	+.0080	+11.1 "
Antwerp	.0772	.0699	+.0073	+10.4 "
Copenhagen	.2093	.1840	+.0253	+13.8 "
Stockholm	.2493	.2337	+.0156	+ 6.7 "
Madrid	.1485	.1376	+.0109	+ 7.9 "
Amsterdam	.3656	.3522	+.0134	+ 3.8 "
Buenos Aires	.7558	.7436	+.0122	+ 1.6 "
Shanghai	.7636	.7721	—.0085	— 1.1 "
Berne	.1948	.1882	+.0066	+ 3.5 "
Milan	.0452	.0417	+.0035	+ 8.4 "
Berlin	.005361	.003693	+.001668	+45.2 "
Vienna	.000402	.000359	+.000043	+12.0 "

RETAIL TRADE

The unusually warm weather during the latter part of November was partly responsible for a decrease in retail trade which, according to reports from Philadelphia firms, was larger than any recorded in recent months, and the continuance of the same weather conditions during early December caused the holiday trade to get a later start than usual. However, during the past two weeks business has increased satisfactorily, and our advance information indicates that the December volume of sales will be approximately up to that of last year.

Heather hosiery and silk hosiery will probably prove to be the "best sellers" of this season, the demand for these having been very heavy. There is an increased call for articles that are useful, both in personal apparel and in household goods. However, jewelry is selling surprisingly well. In all departments it is noted that the highest priced articles, such as were demanded two years ago, are neglected, and that merchandise of medium price and of good value is chosen by most buyers. The departments selling phonographs and similar articles report that business is far below that of recent years, and it would seem that this is one line in which the demand was largely satisfied during the era of prosperity.

Our report of November business of firms outside of Philadelphia shows a reduction in net sales of 4.6 per cent, as compared with those of November, 1920. We feel that this figure needs some explanation, because one of the reporting firms shows an increase of 83 per cent for the same period. A year ago this firm was rebuilding and putting through important changes that have greatly increased its business. Leaving out the figures of that store, the showing for November would be 12.7 per cent. Business in those sections in which the iron and steel industries predominate continues to run further behind last year's than does the business in the other parts of this district.

RETAIL TRADE

COMPARISON OF NET SALES

	November, 1921, with November, 1920	July 1 to November 30, 1921, with July 1 to November 30, 1920
Firms in Philadelphia (14)	—10.5%	—8.9%
Firms outside Philadelphia (35)	— 4.6 "	—8.8 "
All reporting firms (49)	— 8.9 "	—8.9 "

COMPARISON OF STOCKS

	November 30, 1921, with November 30, 1920	November 30, 1921, with October 31, 1921
Firms in Philadelphia	—9.7%	+ .1%
Firms outside Philadelphia	—5.4 "	+1.8 "
All reporting firms	—8.7 "	+ .5 "

PERCENTAGE OF AVERAGE STOCKS

	July 1 to November 30, 1921, to average sales July 1 to November 30, 1921
Firms in Philadelphia	360.3%
Firms outside Philadelphia	502.9 "
All reporting firms	395.5 "

PERCENTAGE OF ORDERS OUTSTANDING

	November 30, 1921, to total purchases in 1920
Firms in Philadelphia	7.4%
Firms outside Philadelphia	4.8 "
All reporting firms	6.8 "

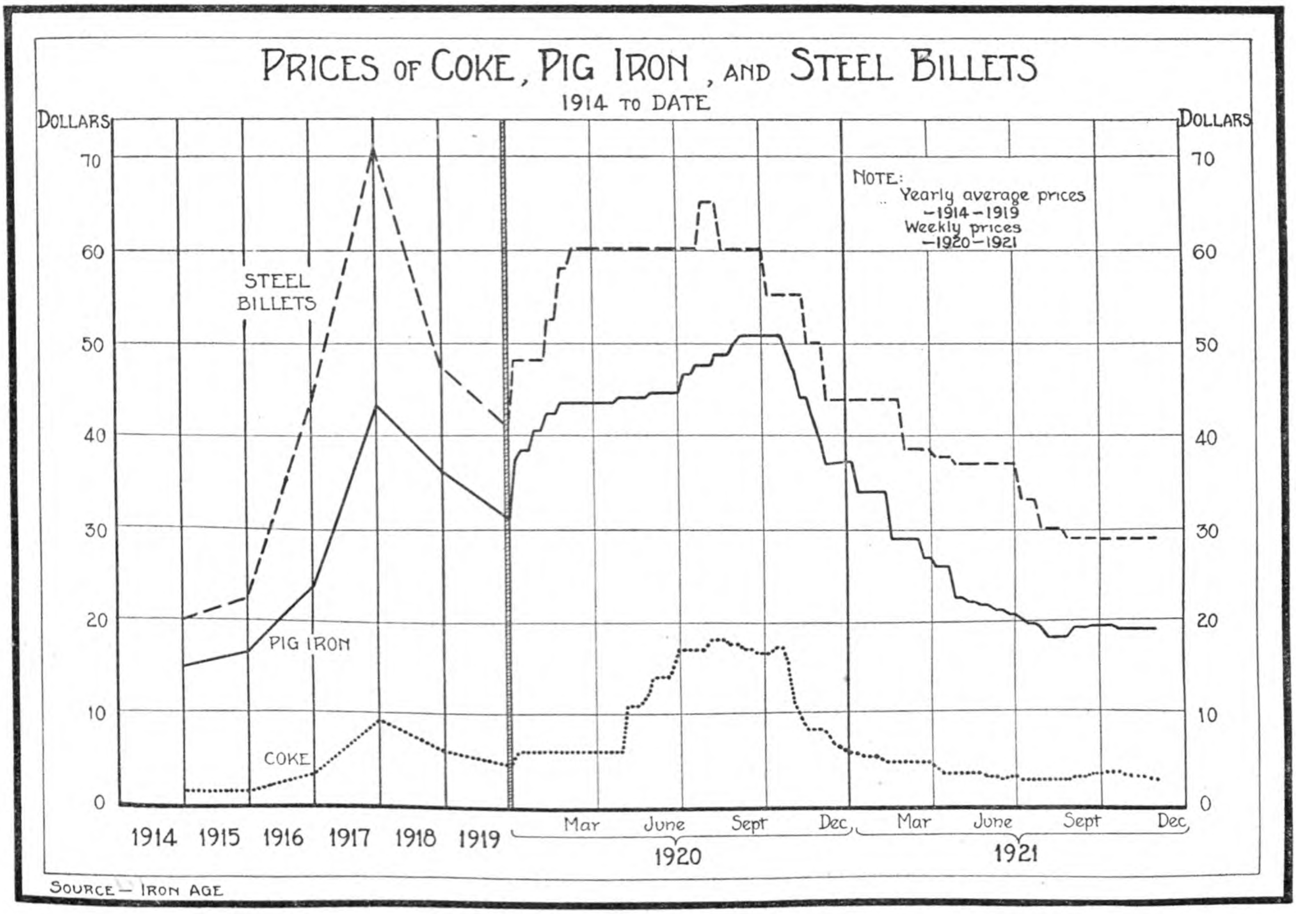
IRON AND STEEL

The iron and steel industry in this district has suffered a most decided reaction during the past thirty days from the improvement which occurred during the early fall. Indeed, many reports indicate that the present stagnation in the trade is even more pronounced than that which existed during August. One reporting firm states that "Conditions now prevailing are even worse than they have been at any time since the beginning of the present depression." Demand for pig iron is especially poor, and local sales of this product have shrunk to almost negligible proportions. Uncertainty as to future freight rates and the desire of merchants to carry only minimum stocks during the inventory period are largely responsible for the present dullness in the market for pig iron as well as in the market for finished products. In fact there is already evidence that the new year will bring at least a moderate revival in business, as many inquiries have been received for delivery during the first quarter of 1922. And, in the case of pig iron, a few actual orders have been placed.

Demand for finished products, especially castings, pipe and sheets, is somewhat more encouraging than that for pig iron, but in all cases present orders are for immediate delivery to fill imperative needs. Railroads are buying small quantities of material for car repair work, and oil interests are still buying tank plates for storage of their excess production. Anything in the nature of large additions to stocks or additions to plant equipment, however, is being withheld until after the first of the year.

Consumers' stocks, as a rule, are at a minimum, and it is quite probable that a considerable replenishment demand will develop during the early part of 1922. Producers' stocks of finished material are also, in general, quite low, and are decreasing in size, although some plants are manufacturing for stock in anticipation of expected future demand. Manufacturers' supplies of raw materials are also decreasing, for very few new purchases are being made in spite of further price reductions. Consumers of pig iron, have been offered No. 2 plain pig for spot delivery at as low as $19 f. o. b. furnace, and at from $20.50 to $21.00 on the same grade for delivery in the first quarter of 1922,—prices which compare very favorably with the lowest quotations recorded during the summer. One manufacturer reports purchase of distress furnace coke at as low as $2.65, in spite of the ruling contract price of $3.00. Iron ore, of course, is unchanged in price, although lower quotations are expected next year.

Finished products are also weakening in price in face of the declining demand. Neither the larger producers nor the small are adhering to the formally



announced quotations on standard products. Forging billets, for example, have declined from $35 per ton to $32 since the early part of November, and wire rods have, more recently, fallen from $40 to $38 per ton. Plain wire and barbed wire are also somewhat lower than they were in November. Old material, notably car wheels and steel scrap, have dropped from 50 cents to $1.50 per ton during the past month.

Present operations in this district still exhibit great unevenness. Whereas some plants have been entirely closed down for several months, others are operating at from 80 to 90 per cent of capacity, although such activity is rare. In general, firms in this district are averaging from 20 to 40 per cent of capacity. Employment has shown little change during the past month, but a few further wage reductions have been made. One large Philadelphia foundry reduced founders' wages about 15 per cent in the early part of December. Common labor in some cases is receiving as low as 20 cents per hour, and the average for this class of labor is not more than 25 cents per hour. It is evident that with lower operating costs, cheaper raw materials, and the widespread liquidation of stocks which has occurred during the past few months, manufacturers in this district will be able to meet the reviving demand on a much more profitable basis than would have been possible at any time during the past year.

Production reports for November indicate that the recent reaction has been more severe in the Third Federal Reserve district than in the country as a whole, and, especially than in the Pittsburgh district. The output of pig iron in November showed a surprisingly large increase over that of the previous month. Total production for the month amounted to 1,415,481 gross tons, or 47,183 tons a day, as compared with 1,246,676 tons, or 40,215 tons per day, in October. This is the fourth consecutive monthly increase and is the largest tonnage reported since March of the present year. No furnaces were blown out or banked during the month, and the total number of active furnaces increased from 96 on November 1 to 120 on December 1. Though this is encouraging, the rate maintained was evidently greater than the current rate of consumption, as the production of steel ingots, although larger, did not increase proportionately. According to the report of the American Iron and Steel Institute, production of ingots by 30 companies making 84.2 per cent of all the country's total, was 1,660,001 tons, as compared with 1,616,810 tons in October. Hence, pig iron is probably accumulating somewhat, in anticipation of further increases in consumption next year. Although orders received by the Steel Corporation during November were in fairly large volume, shipments were quite heavy, and the total of unfilled orders reported on November 30 amounted to only 4,250,542, as compared with 4,286,829 tons on October 31,—a net decrease of 36,287 tons during the month. This is but further evidence that the present rate of production of the basic steel products, in the country as a whole, is, perhaps, slightly in excess of the current rate of consumption. Whether operations will be curtailed to meet actual demands depends, of course, upon the extent of the purchasing expected next year.

BUILDING MATERIALS

In spite of the near approach of winter the estimated cost of construction for which permits were issued in Philadelphia during November showed a surprising increase over the estimates of the preceding month, and a most marked gain over those of November, 1920. Permits were issued for 1198 operations at an estimated cost of $5,796,695, as against permits for 1529 operations, at a cost of $5,533,225, during October, and permits for only 847 operations, at a cost of $2,303,445, during November, 1920. In the district as a whole, the estimated cost of construction for which permits were issued shows only a slight decline, although the number of operations contemplated is very much smaller. This decided increase in the average estimated cost for each operation indicates that a larger number of high-priced building projects are being contemplated. Although this showing is an exceptionally good one for November, it represents, to a large extent, not actual construction but contemplated construction. A large number of contracts have been placed tentatively, but commencement of work has been delayed until spring owing to present uncertainty as to the wages of building workers and as to prices of materials. In fact, actual building activity has declined somewhat during December, and a further decline is expected during the coming winter months.

The major portion of present building in Philadelphia and other cities of this district continues to consist in the construction of dwellings and garages and in the making of repairs, alterations and additions. The larger contracts in nearly all instances are being delayed until early spring, when it is expected that costs will be definitely known. Such a standardization of building costs, at a level satisfactory to investors, must be achieved before there can be any great increase in the volume of construction during the coming spring.

In the country as a whole a similar situation exists. A large volume of contracts have been placed and permits have been issued, but construction is being delayed. Although a building boom is predicted by many contractors and building material manufacturers, it is undoubtedly true that unless building costs are low enough in relation to rents to allow a satisfactory return on investment building, little actual construction will be commenced.

Lumber

In accord with the better feeling evident in building circles and with the increased activity during the early fall months, the lumber industry experienced a healthy revival at that time; but with the termination of the usual building season, demand has fallen off. The decline has been made greater by the uncertainty that exists as regards prospective building and as to future freight rates, and also by stocktaking, which is done in most yards at the end of the year. According to statistics compiled by the National Lumber Manufacturers Association, the volume of lumber cut by members of all associations was slightly less during November than during October, but shipments fell off about 10 per cent, and orders nearly 20 per cent. Shipments, however, still exceed production, as they have for many months; consequently stocks have been depleted. In December orders were below shipments for the first time since July, which obviously points to a further decline in the latter. The decrease in orders, shown by these statistics, substantiates the above statement that customers are curtailing purchases in order to prevent stocks from accumulating.

Under the impetus of the improved demand, lumber prices rose considerably during the autumn. Recently, however, certain grades of construction lumber have fallen in price, particularly the better quality Southern pines. For example, a standard specification of roofers, which went up to $30 a thousand during the recent increase, is now quoted at as low as $26, which corresponds to the quotations during the depression of last summer. Hardwoods and other lumber, however, have been firm, and some grades have in fact tended to rise.

Collections are not so favorable, and are reported by the various firms as being either slow or fair.

Paint

The paint industry is now in the midst of its usual period of winter inactivity, and demand is consequently light. Some firms called salesmen from the road during the month, partly for the purpose of planning next year's policy, but partly because few orders can be booked at this time. Dealers are reducing stocks in anticipation of inventory-taking at the end of the year. Purchasing therefore is only for immediate requirements, but some orders for spring delivery are expected after the first of the year. No one feels the need of ordering for the future, as prices are not expected to rise and manufacturers are now able to fill all orders promptly.

Operations are being continued upon the same basis as heretofore, and stocks are being accumulated in preparation for spring business. This is the customary policy of the industry, as ordinary production is not sufficient to meet the demand which comes every year at the opening of the painting season. This procedure also provides regular employment for workers and makes for a better feeling between employers and employees.

One New York manufacturer recently reduced quotations on certain grades of paint approximately 10 per cent, but other firms have not followed this lead, and therefore prices in general are steady. White lead has been guaranteed until February at 12¼ cents a pound in oil, and 7¼ cents dry. Pig lead has recently increased slightly but is still considered to be cheap, and some manufacturers are purchasing rather extensively. Linseed oil has fluctuated less than usual during the month, and the domestic product continues to be quoted at 67 cents a gallon. Foreign competition is keeping it down to that figure. Turpentine has recently risen in price. Wages have not been changed.

Collections are only fair.

Bricks

A few manufacturers of building bricks report a slight increase in demand, but the change in the industry as a whole has been so small as to be negligible. Business is still well below normal even for this period of the year, in spite of reports regarding activity in building construction. Production in most cases just about equals sales, and in general averages less than 60 per cent of the possible output. In other instances stocks are already beginning to accumulate, and unless manufacturers cut down operations in accordance with demand, this situation will no doubt soon exist in all yards. One manufacturer has stated that it will be his policy to reduce output, as stocks are already large enough and he does not desire to increase them.

Prices have not changed in Philadelphia, although a slight downward trend is reported from other cities in the district. Raw materials are firm, and wages, which are the chief item of cost, have not been reduced since early in the year. Collections are from slow to fair.

The situation among manufacturers of fire bricks is described as being the worst in twenty years. There is practically no demand at all, and plants either are entirely closed down or are operating at less than 25 per cent of capacity, whereas under normal conditions they would be running full at this time of the year. Efforts are being made to keep stocks down to a minimum. Prices are gradually falling.

Glass

Local glass dealers report that business has held up well since sales began to increase in October. As glass is one of the last materials used in the construction of a building, it would naturally be in demand later than most other materials. Some evidences of the beginning of winter inactivity are now becoming noticeable, but this was to be expected, and it has not prevented dealers from being generally optimistic over prospects. In addition to the better demand from builders, purchases by railroads and furniture manufacturers are said to be increasing slightly. Few orders are being received for future delivery, but in view of the large volume of building permits issued, many requests for bids on large contracts are expected after the first of the year.

Prices of plate glass have been reduced about 25 per cent within the past month, which brings current quotations down to approximately one-third of the 1920 maximum. The price of window glass has not changed further. Prices on wire glass, which has also been selling well recently, are firm. Stocks of practically all grades are low, and operations, though greater than they were last summer, are much below normal.

Collections are satisfactory.

Wholesale Hardware

Although the local hardware trade, both retail and wholesale, has been stimulated somewhat by holiday buying and by purchases of seasonable goods, the present volume of transactions is far from satisfactory. Retailers are unwilling to increase their stocks before the first of the year, and they are purchasing only those goods for which there is an immediate and active demand from consumers. Prices are unsettled, although the general trend is still downward, especially on iron and steel products. Indeed, the possibility of further reductions on January 1 is another deterrent to purchasing by retail dealers at the present time.

The accompanying table shows that sales for November were considerably less than those of the previous month, and less than those of November, 1920. This decline has continued during the past month and is a normal seasonal development. Allowing for the decrease in values, the physical volume of current business is probably just as great as it was in 1920. However, dealers state that profits have shrunk considerably, owing to the severity of present competition.

Collections, generally, are reported as being satisfactory.

WHOLESALE HARDWARE TRADE

Number of reporting firms—25	November, 1921, compared with October, 1921	November, 1921, compared with November, 1920
Net sales during November......	—11.1%	—24.1%
Accounts outstanding November 30	— 2.9 "	—28.6 "

Ratio of accounts outstanding to sales:	
November, 1921	180.2%
October, "	164.7 "
September, "	179.8 "
August, "	181.0 "
July, "	189.4 "
June, "	167.5 "

COAL

Anthracite

Domestic demand for anthracite coal has been almost as disappointing during the past two months as has industrial demand for steam coals. Through most of this period, purchasing was checked by the continued warm weather, and though the cold snap occurring before Christmas acted as a considerable stimulus to the retail market, consumers refused to purchase more than sufficient for their immediate requirements. Prices are being firmly maintained in most cases, but there have been several instances in Philadelphia lately of slight reductions. Dealers' stocks are very heavy in the majority of grades, and even the most popular sizes, stove and nut, are accumulating. Steam sizes are still a drug on the market, although buckwheat is in rather better demand because various small dyeing and textile plants have expanded operations.

In spite of sluggish consumption, mines have continued to operate on practically full time, although the total output has been somewhat reduced because of holiday shut-downs. For the week ending December 10 it was 1,703,000 tons, as compared with 1,845,000 tons in the preceding week, and 1,910,000 tons in the week ending November 19. The shipments of anthracite by the nine principal carriers, during November, amounted to only 5,314,014 tons, as compared with 5,872,783 tons during the preceding month.

A large part of the present production is being stored by the operators, and their storage capacity is now so limited that many of them contemplate a shut-down of several days over Christmas and New Year's Day. In fact, many of the independents have already closed their mines, and, in frequent instances, have liberally shaded company prices on steam sizes, and greatly reduced their premiums on domestic sizes.

Collections are considered satisfactory, and in most cases have improved since the summer months.

Bituminous

A survey of conditions in the bituminous industry shows a most discouraging reaction, during the past two months, from the activity manifested in September and October. The rapid expansion in demand, which pushed production from a daily average of less than 1,200,000 tons in July, up to a daily total of more than 1,800,000 tons in the latter part of October, has been followed by an even more rapid decline; and the daily average production for the week ending December 10 was only 1,206,000 tons, which is 35 per cent less than the peak, and nearly as small as the low total recorded during the summer.

The recent report of the Geological Survey, showing consumers' bituminous stocks as of November 1, proves conclusively that a large proportion of the increased production of September and October went into storage piles. Production of bituminous coal reached a peak of 43,733,000 tons, in October, as compared with 34,538,000, in August, and 35,127,000, in September. Thus, an excess tonnage of 9,784,000 was mined during September and October over that which would have been produced had the August rate continued during these months. But of this amount approximately 6,300,000, or nearly 65 per cent, went into the storage piles of consumers—a reflection of the fear of a railroad strike rather than of increased industrial demand. The total stocks held by all consumers, on November 1, were 47,000,000 tons, an amount sufficient for 43 days' requirements at the average rate of consumption maintained during the three months ending November 1. Hence, it is evident that practically all sections of the country, especially New England and the Northwest, are well fortified against the possibility of a shortage during the coming winter.

The effect of this accumulation of reserves is seen not only in steadily declining production and waning demand during the past month, but also in a marked shrinkage in prices. The Coal Age index was only 84, on December 8, as compared with 86 the week previous, and with 100 on July 1. Most of this decline is the result of further reduction in the product of union mines. Competition of non-union coal and, more recently, of British coal, brought over as ballast and offered at seaports at prices less than domestic quotations, has forced union operators either to sell their product at a sacrifice or to close down their mines. Indeed, many operators have chosen the latter course, and others have curtailed working time and discharged many of their forces. It is not surprising, in view of these conditions, that little optimism is evident in the trade. Increasing industrial activity is not to be expected during the winter months, and heavy stocks are a sufficient protection to consumers, even if mine activity should cease.

Collections are reported as improving, even the railroads making prompter settlements than hitherto.

Coke

The lessened activity of iron and steel manufacturers during December has been reflected in reduced purchasing of coke and in a weakening of quotations. In fact, the market has experienced little activity since the strike flurry in October, when consumers accumulated stocks of both coal and coke. At present, there is little or no future business, although contracts for spring delivery are usually placed during December. High freight rates and the possibility of freight rates being readjusted are probably preventing consumers from entering the market at this time.

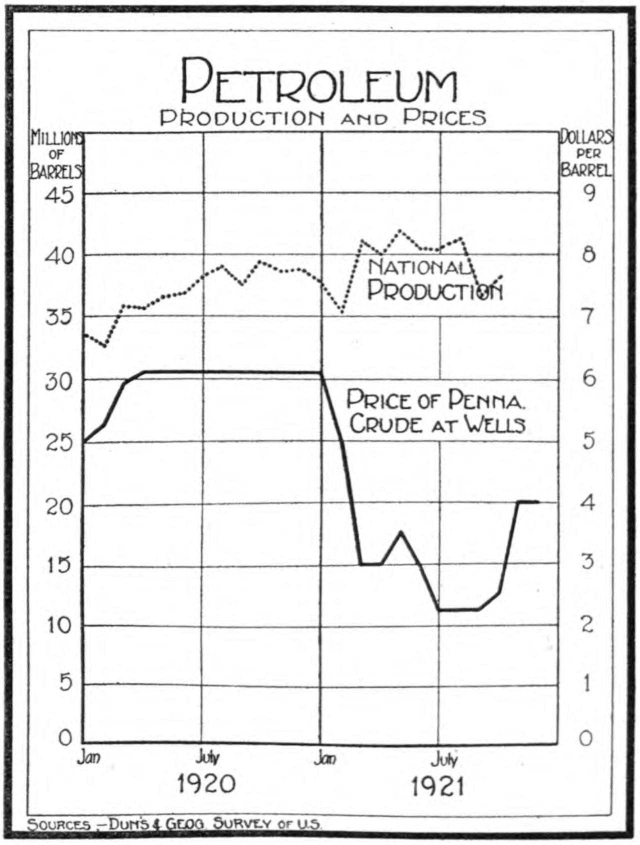
Production of coke, however, is being well maintained, at least as compared with the output during the summer. For the past two months, the weekly output has been at a rate of over 100,000 tons, whereas the low record of the year was less than 35,000 tons. Cumulative production of beehive, however, is only slightly more than 5,000,000 tons—

approximately one-fourth that of the same period of 1920. By-product ovens are also somewhat more active than they were during the summer, but the present activity in this branch is at a rate not more than 50 per cent of capacity.

Indications of over-production are seen in the weakness of spot prices. Furnace coke has been sold at as low as $3 lately, as compared with $3.15 and $3.25 last month, while foundry coke is now quoted at from $4 to $4.50 per ton.

PETROLEUM

In spite of the existence of heavy stocks of crude petroleum and the continuance of a high rate of production, the price of all grades is being maintained at a level well above the low point reached in October. Although this advance from the low quotations of the year has been uneven, practically all grades have risen from 50 to 100 per cent in the last three months. Pennsylvania crude is now quoted at $4.00 per barrel, as compared with $2.25 in September and $6.10 in January, 1921. The present price of Oklahoma crude is $2.00, which is double what it was in September; and yet, the present storage of crude oil is estimated at over 170,000,000 barrels, and the daily average gross production, as estimated by the American Petroleum Institute, was 1,327,880 barrels for the week ending November 26, as compared with 1,156,600 barrels for the week ending October 1. Imports from Mexico have also increased, and there is little evidence of any decline in the available supply in the near future.



Refinery demand for crude oil has, however, slackened considerably as a result of a decided falling off, during the past month, in the consumption of nearly all of the refined products. Prices of refined products, which advanced along with the advance in crude oil, have perceptibly weakened of late. Declining consumption of motor oils and gasoline is, of course, to be expected during the winter months, and stocks of these are again accumulating in the hands of dealers. Gasoline is now quoted at from 12 to 14 cents in tank cars at the refinery, but the service station price to the consumer is still 29 cents—5 or 6 cents above the low quotation of late summer. Further decrease in industrial activity has been reflected in a lessened demand for gas oil, fuel oil and lubricating oils, and prices of these products have also been lowered. There is little demand for wax or for steam cylinder oils, and these products are likewise being stored in large quantities. Kerosene is somewhat more active than the other refined oils, but the improvement is purely seasonal. Small quantities are being shipped into the agricultural districts, and export inquiries have also increased, although but few actual orders have been received from this source.

Refinery operations have, as a rule, been well maintained in spite of the necessity of storing large quantities of most products; but it is doubtful if the present rate of production can be continued. Many refiners feel that the price of crude oil is too high in view of the weakening prices for refined products, and hence they hesitate to continue operations on the present scale.

Collections are reported as being good in this district, but they are slow in the middle West.

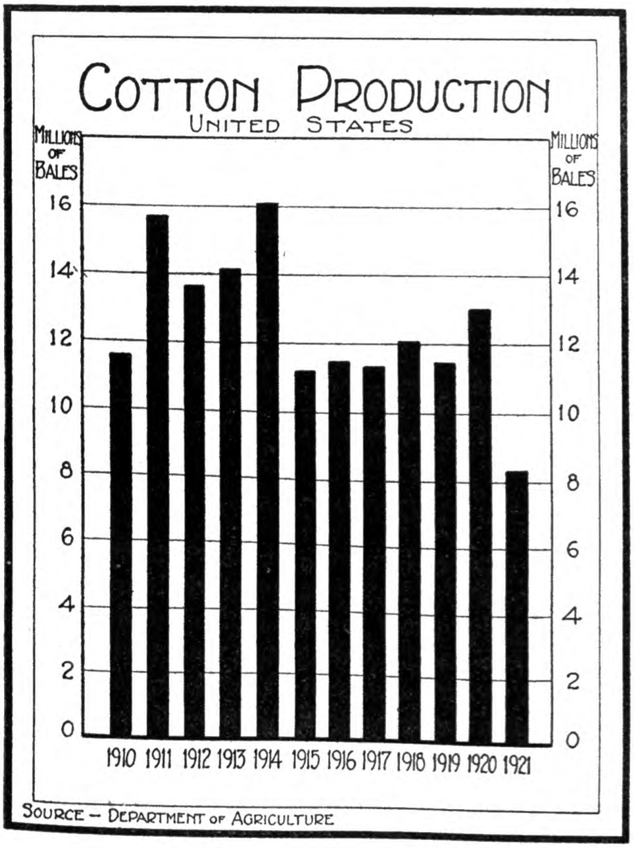
COTTON

Cotton Goods

During August and September when prices on cotton goods were advancing rapidly, buyers purchased heavily in anticipation of future needs. Recently, however, demand has fallen off to such an extent that dealers are encountering great difficulty in disposing of these stocks. Some of this decline may be attributed to the approach of the inventory season, but a large part of it is undoubtedly because the cotton crop has proved to be much larger than was estimated. Manufacturers, however, expect a revival of business after the first of the year, when spring and summer stocks are usually purchased.

Reports of operations vary widely. Manufacturers of some lines of branded goods and gray goods are able to maintain production at about the usual rate. But in no instance do any firms report a sufficient number of orders to insure operations for more than three months. Stocks are kept at a minimum, and at this time of the year, especially this year, the desirability of having a small inventory is not overlooked. The fact that the stocks of practically all firms are small should stimulate business early next year. Prices of cotton goods are stationary, no change being reported in the past month. Statistics compiled from 16 reporting firms show that on June 1, the number of employees was 6084; on September 1, 6436, and on December 1, 6936. Of this last number 6787 were working full time on December 1; 143 on half time or somewhat better, and only 6 on less than half time.

Collections are generally good, but a number of firms report them to be slow.



Raw Cotton

The outstanding feature of the ray cotton situation at present is the new government cotton report, forecasting a total crop of 8,340,000 bales. This is in marked contrast with the previous forecast of 6,537,000 bales. Before this report was released there was much uncertainty in the raw cotton market, owing to the falling off in demand and the lowering of prices on some lines of cotton goods. At present, the demand for raw cotton is not increasing, spinners showing no inclination to buy raw materials in sizeable quantities. It is thought, however, that those manufacturers who lack a sufficient stock to meet their requirements for the spring and summer trade, will resume buying after the first of the year. Stocks are generally low, and now that the estimated supply is approximately 1,800,000 bales greater than was supposed, it is unlikely that stocks will be heavy for some time.

Immediately after the crop report was issued, the price of cotton dropped from 75 to 112 points per pound, and cotton which sold at as high as 18.12 cents before the report, sold for as little as 16.95 cents. Heavy selling was in evidence in some markets. The tendency now is for prices to remain firm. But some dealers expect them to rise after the first of the year. Collections are reported as being slow and show no improvement since last month.

The pink boll worm is a very disturbing factor in determining the supply of cotton next year. In some parts of the south, particularly Texas, Oklahoma and Louisiana, the situation is so acute that the elimination of the pest is essential to future production; and since the only sure means of ridding the country affected is to plant no cotton for a period of two years, the output of cotton in those sections next year may be greatly reduced. The devastation wrought by the boll weevil this year was the greatest in history. The mild winter last year is said to be the cause of existing conditions, as the weevils survived in unprecedented numbers, and long before any effort could be made to stop them, they were spread over all the old and over much of the new territory. It is estimated that more than half of the loss of cotton was caused by the weevil.

SILK

Conditions in the silk industry are unsettled. The almost unprecedented rise of raw silk prices during the past two months has continued, and they are now at the highest point of the year. This increase has caused a falling off in demand, and buying is chiefly from hand-to-mouth. Manufacturers of broad silks especially have shown a disinclination to replenish their stock of raw material. All buyers, however, are following closely the trend of the market, and most of them are of the opinion that the rise has been entirely too rapid to be healthy. Some attribute it to speculation.

Broad and fancy ribbons are more active than they have been recently, but the narrower ribbons are still the most popular. The demand for broad silks, has improved slightly and manufacturers have raised their prices somewhat because of the advances made in raw silk. Spring business is developing steadily. Taffetas, crepe de chine, canton and messalines, are some of the most popular fabrics for spring, and bright blues, purples, lavenders and oranges are the predominating colors. Stocks of silk goods are pretty well depleted, and this, in a measure, accounts for the activity in all lines. Manufacturers are operating at about 80 per cent of normal, and practically all orders are for immediate delivery.

Silk yarns, on the other hand, are not doing so well. Practically all present orders are for immediate delivery, the volume of future orders being only sufficient to insure operations for about six weeks. The average rate of production in the plants reporting to us is 63 per cent of normal. This falling off in demand and curtailing of operations is directly attributable to uncertainty in the raw silk market.

Collections in the entire industry are only fair, there being no improvement noted during the past month.

HOSIERY

Heather hosiery of all descriptions has been one of the best selling articles, if not the very best, in the retail stores, although silk hosiery was not far behind it in the demand of holiday buyers. Stocks of both in retail stores are consumed rapidly, and rush orders are being received by jobbers and mills. As cold weather is beginning the natural demand is for heather hosiery, and mills that produce this are running at capacity. One manufacturer reports that fine yarn made from imported wool is becoming scarce and that his production of heathers has been limited by his inability to secure supplies. As orders continue to be received for the fall trade of 1922, it is clear that their popularity is well established. This fact is attracting new mills into this field, and the output for next year is expected to be larger.

Although orders for silk hosiery show a slight decrease, there is enough business in sight for spring to keep busy the mills making it. The advance of more than $1 per pound in silk parn, if maintained, is expected to be reflected in higher prices for stockings. Manufacturers of infants' and children's wear are busy and have orders that will carry them well into the spring. New orders, however, are coming in slowly, as prices made in early autumn cannot be duplicated because of the higher cost of cotton yarn at this time. Those who did not place orders early enough to secure the lower prices are holding off until the last moment, hoping that conditions may change and that they can obtain goods at the figures prevailing at the opening of the season. Other lines of cotton and mercerized hosiery show little improvement, and very few mills producing these are able to run on full time. Some of the southern mills, however, are exceptions.

OPERATIONS IN THE HOSIERY INDUSTRY

(In terms of dozens of pairs) Number of reporting firms—30	November, 1921, compared with October, 1921	November, 1921, compared with November, 1920
Firms selling to the wholesale trade:		
Product manufactured during November	— 3.5%	+222.1%
Finished product on hand November 30	+ 5.1 "	— 12.6 "
Orders booked during November	—59.4 "	+ 63.6 "
Cancellations received during November	+54.5 "	....
Shipments during November..	—10.0 "	+190.5 "
Unfilled orders on hand November 30	— 2.2 "	+528.2 "
Firms selling to the retail trade:		
Product manufactured during November	— 17.3%	+297.5%
Finished product on hand November 30	+ 14.2 "	....
Orders booked during November	— 40.0 "	....
Cancellations received during November	+421.3 "	....
Shipments during November..	— 13.6 "	....
Unfilled orders on hand November 30	— 19.2 "	....

UNDERWEAR

Colder weather has brought an increased demand for heavy-weight underwear,—which bears out the statements that have ben made from time to time that retailers' stocks were small, and that the first cold spell would necessitate the placing of orders with wholesalers and mills. Although the general opening for heavy weights for the fall of 1922 will not take place until after the New Year, and although a number of manufacturers have not named prices, there are reports that considerable business has been transacted. The break in cotton yarns, after the Government increased its estimate of the cotton crop by 1,800,000 bales, has temporarily unsettled the market, and it may be that little further business will be done until the general opening.

Comparatively few orders are coming in for lightweight underwear. Those who did not buy at the opening before the autumn advance, are holding back, hoping that by waiting they may be able to obtain their stock at the prices that prevailed before the rise. The recent decline in cotton and yarns has confirmed them in their position.

CONDITIONS IN THE UNDERWEAR INDUSTRY

(In terms of dozens) Number of reporting firms—14	November, 1921, compared with October, 1921	November, 1921, compared with November, 1920
Summer underwear:		
Product manufactured during November	— 7.6%	+355.6%
Finished product on hand November 30	+ 35.2 "	+114.8 "
Orders booked during November	— 62.1 "	+224.3 "
Cancellations received during November	....	....
Shipments during Novmber	— 18.2 "	+242.1 "
Unfilled orders on hand November 30	— 9.0 "	....
Number of reporting firms—9		
Winter underwear:		
Product manufactured during November	— 5.6%	+307.0 %
Finished product on hand November 30	— 6.2 "	....
Orders booked during November	— .5 "	+412.5 "
Cancellations received during November	+129.3 "	....
Shipments during November	— 16.7 "	+260.6 "
Unfilled orders on hand November 30	— 47.3 "	....

WOOL

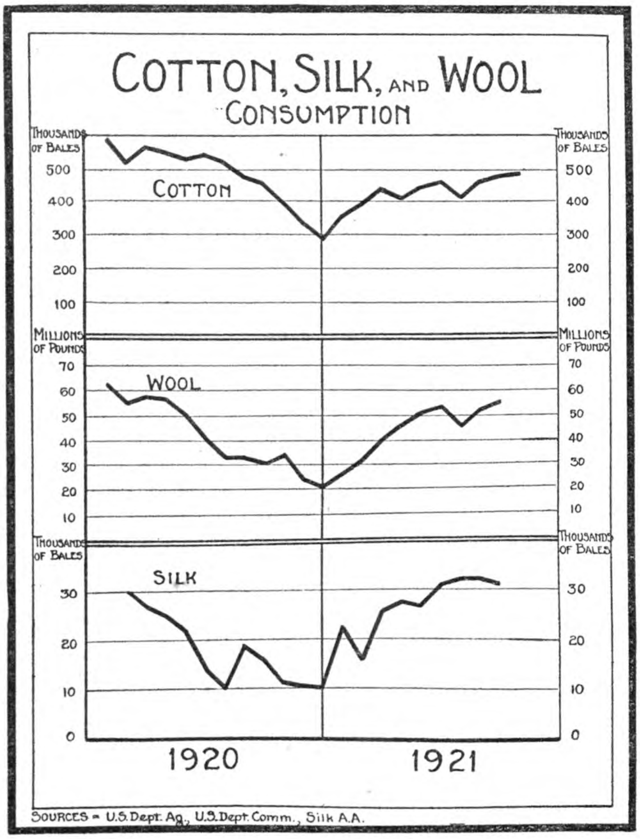
Woolen and Worsted Goods

Trading in woolen and worsted goods is in general still very inactive. A few orders are being placed for dress goods for the current season by buyers who had not purchased enough to meet the present demand, but these are simply filling-in orders and are not numerous. Most clothing manufacturers have covered their requirements adequately.

The market for piece goods, especially in men's wear, continues to be very uncertain, and this is attributed largely to the unsettled condition of the clothing industry. The demand of consumers for moderate priced clothing has had a pronounced effect upon the wool trade in general. Clothing manufacturers in attempting to meet it are calling for moderate priced fabrics for their 1922 schedules, and this in turn has led to the utilization of coarser wools. Furthermore, the labor disturbance in the clothing industry has retarded the woolen and worsted industry considerably. Thus far there has been very little call for woolen and worsted goods for the spring of 1922, and the number of current orders for immediate delivery is small. No change is expected until after the holidays, and even then it may be somewhat delayed. Several mills are now operating at only 25 per cent of normal and have only enough orders to keep them running three or four weeks. The average rate of operations of twelve plants in this district is 45 per cent.

Stocks in most plants are now accumulating, although two firms report a decrease. One manufacturer is carrying the largest stock in the history of his business, and is filling 35 per cent of his orders from stock. On the other hand, another firm, which is operating at 75 per cent of normal, has no stock on hand and has a sufficient number of orders to continue operations at that rate for at least six weeks.

Prices of finished goods have changed little, if any, during the past month. Collections are slow, extensions being frequently asked for and granted.



Woolen and Worsted Yarns

The demand for yarns has not improved, and a few firms even report a decline in the number of inquiries for their product. For weaving yarns of all grades the demand is very poor; indeed, some manufacturers say that it has never been worse in the past twenty-five years. Knitting yarns, on the other hand, are in a much stronger position, the chief trade in these being confined to manufacturers of bathing suits, sweaters, etc. Hand knitting yarns are not as active as they were during the early fall.

Notwithstanding the rather mixed state of demand, a number of the larger mills report that they are operating at capacity, and that their present operations compare favorably with the rate of production at the same time in normal years.

The prices of most yarns advanced during the month. Collections are reported as being from fair to good, some firms noting an improvement in the past month.

Raw Wool

The tone of the Philadelphia wool market is very favorable, and the market is in a healthy condition. During the war the consumption of wool was confined chiefly to the better wools of all grades, and, of course, the preference is still naturally for the better wools. But the increasing scarcity of these has helped the sale of the poorer wools. This is exemplified in the increased demand for 3/8 blood wools on account of the shortage in 1/4 blood wools. Carpet wools are in good demand, as the carpet industry is once more active. In fact, one firm reports that it cannot manufacture carpets rapidly enough to supply its customers promptly. Low grade wools are being sold readily and in sizeable quantities.

The stocks of wool in sight, excluding manufacturers' stocks, have decreased considerably in the past year. Consigned wools and the 1921 clip have been well taken up, and there is no large supply of good wool in any grade unsold. The scarcity in some grades is apparent.

In keeping with the present practice, the Government will hold the next wool auction in Ford Hall, Boston, on Thursday, January 5, 1922. Seven million pounds of wool will be offered for sale. At each of these auctions, the prices have been higher than at the previous one, and it is expected that the rise will continue in the coming auction. The present Government stock is approximately 18,000,000 pounds, which is to be disposed of at stated intervals.

Prices are advancing steadily, especially on the better wools in each grade. The lower wools are also commanding a better price.

Collections are not as good as they might be, but are improving.

FLOOR COVERINGS

Mills making rugs and carpets, of whatever description, are busy, having booked satisfactory orders at the opening of their spring lines. During the last month, orders in moderate amount have been received, and these, when added to former orders, assure operation of most factories at or near capacity production for several months. Makers of velvet and tapestry rugs are not quite so well placed as regards the amount of business booked as are the mills making Wiltons and Axminsters.

No recent changes are reported in carpet prices, but the price for carpet wools has advanced sharply. According to the accompanying table of prices, supplied by one of the largest houses in the country, carpets and rugs increased in value, between November, 1914, and the time they reached their highest point,—which in some cases was in October, 1919, and in others in November, 1920,—from 250 to 330 per cent. At present, prices are from 150 to 210 per cent above those of 1914.

Producers of linoleum and oil cloth are enjoying the same measure of success as the makers of other floor coverings, and their plants are running at capacity with orders that will keep them busy for several months. Collections throughout the trade are uniformly reported as good.

WHOLESALE PRICES OF RUGS AND CARPETS

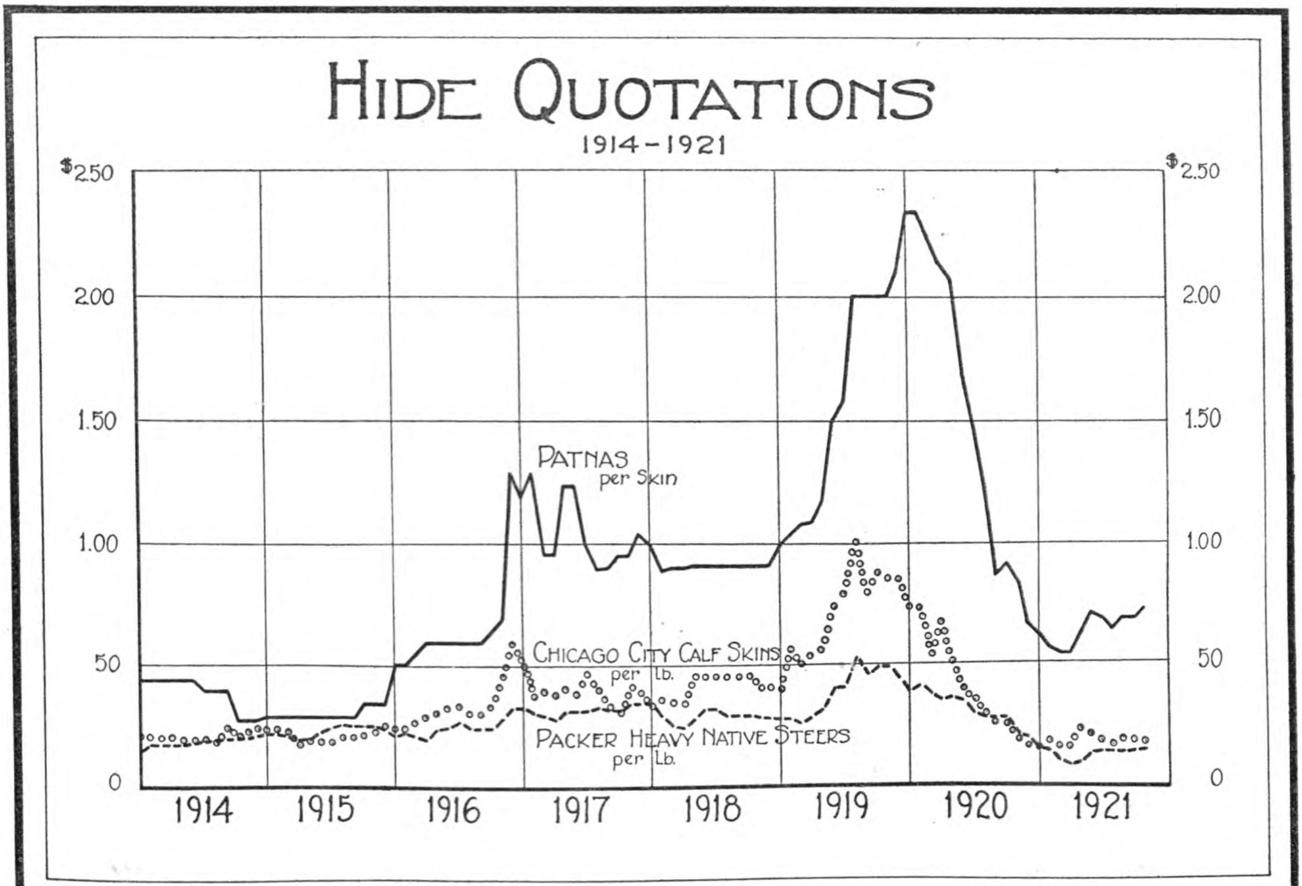
	November 1914	October 1919	November 1920	November 1921
Wilton Rugs:				
27" x 54"	$4.60	$12.10	$10.50	$8.30
6' x 9'	27.45	72.45	62.65	49.30
9' x 12'	45.50	117.00	101.00	79.50
Axminster Rugs:				
27" x 54"	1.75	4.85	5.00	3.70
6' x 9'	10.50	26.10	26.95	19.80
9' x 12'	18.00	45.00	46.25	33.50
Velvet Rugs:				
27" x 54"	Not made	3.55	3.55	2.60
6' x 9'	" "	19.50	Not made	14.25
9' x 12'	" "	37.75	37.75	27.00
Tapestry Rugs:				
27" x 54"	Not made	Not made	Not made	Not made
6' x 9'	6.25	14.80	15.80	9.60
9' x 12'	11.25	28.25	30.00	17.50
Wilton Carpet 3/4 yd.	2.45	6.45	6.70	4.80
Axminster Carpet 3/4 yd.	1.40	3.55	4.05	2.90
Velvet Carpet 3/4 yd.	.95	2.80	3.15	1.95
Tapestry Carpet 3/4 yd.	.65	1.80	2.10	1.15

LEATHER

Prices of heavy leather are firm and in some cases higher than they were last month. Tanners state that it is impossible to pay the price asked for hides and to sell the resulting leather profitably at present market figures. The demand is not so great as it was during the autumn, but it is by no means poor for this season of the year, a time when many buyers reduce their purchases to a minimum on account of taking inventory. The almost universal call for a cheap shoe has resulted in increased inquiries for cheaper grades of sole and other heavy leather. Belting leather shows very little change. A few orders have been received from railroad sources, and this is an encouraging feature, but as a whole the same dullness prevails as has existed all year. Export demand for heavy leather has increased somewhat, largely by reason of the improvement in foreign exchange.

Among the upper leathers, side leather is selling freely, owing to its suitability for a shoe of low cost, and some of the accumulated stock has been disposed of. Calf leather in No. 1 grade (the best) is selling slowly, and concessions in price are being made; but No. 2 and No. 3 grades are meeting with relatively better demand, and prices are steadier than they are for the top grade. Glazed kid, although not selling in as large a volume as in October and early November, is still active. The same conditions are present in this line as in calf leather; i. e., high grades which previously had been oversold are now of slower sale, and with some tanners top grades are beginning to accumulate. In the medium and lower grades there is a good demand, and prices are well maintained. Export orders are increasing. A large proportion of the so-called "distress" leather, held for account of banks or for insolvent tanners, has been sold for shipment abroad. Great Britain has been the largest foreign buyer, but purchases have been made also by Belgium and several other Continental countries.

Tanners of sheepskins report that business is in good volume but that prices are somewhat lower. Chamois and hat leather have sold well, and skivers



SOURCES— GOATSKIN BULLETIN, SHOE & LEATHER REPORTER also; but glove leather, although in a little better demand than it has been, is still going but slowly.

Hides and Skins

The market for hides is firm, offerings are light, and what offerings have been made have been taken quickly. The diminution in the slaughter of animals as compared with a year ago is having its effect in maintaining prices and in stimulating the demand. Calfskins, on the contrary, are slow of sale, stocks are increasing, and the tendency of prices is downward. Goatskins, after easing off in price for several weeks, have become firmer, and tanners are reported again to have entered the market for a considerable number of skins. Large lots have been sold of new season China and of all descriptions of East Indias. On goods offered for shipment the advance in exchange rates has made the cost, landed here, substantially higher. Sheepskins are weak and show little or no improvement, notwithstanding the fact that stocks in some of the large markets are decreasing.

Leather Goods

The demand for trunks, especially of the more expensive kinds, has been poor. Although manufacturers have been running their plants at less than capacity, sales have failed to keep pace with production. As a result, their stocks on hand are more than sufficient to meet immediate needs, and further curtailment of operations is anticipated. Dealers are carrying unusually small stocks, one of the largest department stores in the country having about one-third its usual supply of the product of one of our principal manufacturers. On this account it had been hoped that the holiday demand would necessitate the placing of a large number of fill-in orders. Some orders of this description have been received, but they have not been up to expectation.

Leather bags, in the larger sizes, have sold in very much reduced numbers, but smaller articles such as over-night and week-end cases have gone fairly well. Leather specialties for the Christmas trade have been in good request, and manufacturers of these report that their autumn business has been satisfactory. Now, however, orders are falling off, and those on the books are practically all for immediate delivery. Some of the novelties of the year include articles made of ostrich, codfish and sharkskins, all of which have found an active market.

Prices, as a rule, are from 25 to 30 per cent below those of a year ago; these reductions have been possible largely because of the lower prices of leather.

Shoes

The shoe factories in this district, taken as a whole, are not as busy as they were during the summer months, when they were working on orders for the autumn, for advance orders for the spring, though better than they were a year ago, are not large. The factories that make cheap shoes are busier than others and are receiving orders in increasing volume. There are some factories making special lines that are also well supplied with orders, but makers of high grade shoes generally are running their plants on part time. With these, winter orders are about over, and the styles for spring have not been sufficiently determined to encourage the placing of many orders for future delivery. The convention of the retail shoe trade to be held in Chicago early in January will, it is believed, be the pivotal point in the trade. In connection with the convention a style exhibition will be held, for which displays have been planned by nearly all the leading shoe manufacturers. As it will then be late for spring business, it is felt that orders will quickly be placed for large quantities, since otherwise it would be impossible for manufacturers to make deliveries within the season. Already considerable business has been done in white shoes for the coming year. This is because all the shelves of jobbers and retailers were bare of this stock at the close of last summer. But even here there is doubt as to style. Is it to be all white, or, as last year, white with a mixture of color? Patent leather is also to be one of the favorites, and orders for shoes made of this leather have been placed in good numbers. But when it comes to colors, the trade, from tanner to retailer, is at sea. The impression is that the styles this year will not be so varied or extreme as they were last, and that though perforations and straps will be used, perforations will not be so elaborate and straps will be single. The far-seeing shoe manufacturer and buyer are already considering what is to be worn in the autumn and winter of 1922. On the one hand, the orders already placed for heather stockings for 1922 would indicate that short skirts and low shoes will again be the vogue. On the other hand, it is argued that the Paris fashion of longer skirts is sure to be here in another year, and that that will mean the return of the high boot.

In the Philadelphia district the new wage scale, effective December 1, is in the hands of an arbitration committee. It is generally felt that there will be a reduction, but the exact amount has not been finally determined. The consensus of opinion is that it will be about 10 per cent. This would be on the average of about 10 cents per pair, and manufacturers have in many cases reduced their prices by that amount.

For the shoe wholesaler the year 1921 has been a trying one. The beginning of the year found him with unusually large stocks, composed in good part of high shoes which the mildness of the winter made unsalable; and to add to his discomfiture the market was falling rapidly. This stock it was necessary to close out when opportunity offered, very often at a heavy shrinkage in price. The losses incurred in the early part of the year have been made up in part during the late months, but there are few who can show a satisfactory profit for the year.

The supply of skilled labor in the fitting room is inadequate, but in the other departments labor is plentiful. Collections have improved and are now normally good. The following table shows the condition of the factories in this district for the month of November:

CONDITIONS IN THE BOOT AND SHOE INDUSTRY

Number of reporting firms—45 (In terms of pairs)	November, 1921, compared with October, 1921	November, 1921, compared with November, 1920
Production	— 7.0%	+ 17.8%
Shipments	—18.0 "	+ 9.1 "
Orders booked	+30.3 "	+ 99.9 "
Orders on hand	+18.0 "	+105.8 "
Stocks on hand	+ .5 "	— 12.0 "
Number of operatives on payroll	— 1.8 "	+ 23.1 "

PAPER

Manifestations of a weakening paper market, reported last month, have become more numerous, and it is now evident that the usual winter slump has begun. But as the decline is usual, the industry is not discouraged over recent developments. The customary fall spurt, held back to a certain extent by uncertain business conditions, was on the other hand made necessary by the fact that dealers and consumers had purposely allowed stocks to become low, and were forced to buy to meet seasonal requirements. When they felt that their needs had been met, they curtailed orders. This curtailment began between the first and fifteenth of November and recently has been hastened by the desire to have inventories as low as possible at the end of the year. This falling off in orders has occurred among both merchants and manufacturers. The former report that November sales were about 15 per cent below those of October. Although a few firms report better business in December, due probably to the fact that some customers had previously under-estimated their needs, the general opinion is that sales during December will be no larger than they were in November.

Coarse papers are still the most active of the market, although the demand for these grades also has fallen off. Manufacturers of towels and toilet papers report that sales have dropped noticeably during the past month. Bags and wrapping paper are also in less demand since consumers have supplied their Christmas needs, but some evidences of a recent increase in orders for the former have been reported. Statistics published by the Newsprint Service Bureau give the following information received from 44 newsprint manufacturers in the United States and Canada:

(In Tons)	September 1921	October 1921	November 1921
Production	143,474	156,844	159,855
Shipments	142,393	165,365	158,406
Stocks	40,630	31,990	32,044

It will be seen that whereas production in November was 2 per cent greater than in October, shipments were 4 per cent less. Stocks consequently increased in November. Among manufacturers of book and writing papers, orders and shipments reached a maximum about the last of October and have been slowly falling since.

Curtailment in operations in all branches of the industry has lagged slightly behind the falling off in shipments, but nevertheless some has been effected. Production of wrapping paper is down to from 65 to 70 per cent of normal, as compared to over 80 per cent in October. Certain manufacturers of towels and toilet paper in this district, who ran their plants at practically full capacity all fall, have cut operations down to about 85 per cent. Production of book and fine papers has fallen from a maximum of 75 or 80 per cent of normal to about 65 per cent. The failure of production to contract in the same ratio as shipments has caused manufacturers' stocks to increase, but only slightly; they are still much smaller than they were three or four months ago. Merchants' stocks were replenished during the fall, as in many cases some lines had been allowed to become greatly depleted, but they are now by no means excessive. In fact, most dealers report that they consider their supplies on hand to be about normal for this season.

Prices are the subject of much discussion in the industry, largely because of speculation as to the possible result of the recent rise in sulphite pulp to 5 cents a pound. This increase of three-fourths of a cent was first announced by a large producer of bleached sulphite to become effective December 1, and then other pulp manufacturers followed suit. The importers of European unbleached grades also raised their prices, keeping them, however, at a relatively lower level than domestic quotations. Paper prices have not yet been raised because of this increase, but they are firmer than they have been for some time, particularly on wrapping paper and on the book and writing grades. Some unofficial reports were received of an increase in the price of kraft, but it has evidently not been general. The waste paper market has continued to be weak, and prices have fallen slightly. Rags are also a little cheaper. Box-board quotations were raised slightly in the local market about the middle of December.

Important among developments of the past month were the counter announcements of a Canadian and of an American manufacturer regarding reductions in newsprint prices for 1922. The Canadian company first announced that its price would be $75 a ton on newsprint rolls for the first quarter of 1922. The Ameriacn firm, however, a few days later quoted $70 a ton on contracts for delivery at any time during 1922, offering the customer the alternative of contracting for six months' supply at $70 with the privilege of renewal for the last six months at a price of not over $75 a ton. The Canadian company immediately reduced its quotations to $70. This new price represents a drop of $60 a ton from the maximum of $130 which prevailed in the last quarter of 1920. The last reduction has been made in face of the fact that the market price of ground wood is up to about $40 a ton and that the supply of this commodity is relatively scarce because low water at the northern mills this summer prevented ordinary production. Lower wages and foreign competition are given as contributing factors that made possible and necessary the lower price, despite the high market quotations on one of the principal raw materials.

With some variations, collections are generally considered to be fair.

PRINTING AND PUBLISHING

Improvement noted in the printing and publishing industry early in the fall continued until some time in October, and then orders began to fall off. Since that time business has, in general, continued to decline, although some small establishments report a slight increase since November 15. Small orders for necessary job work make up the greater part of the present demand, and the larger industrial advertising still offers little business. Lithographing firms report a decline in orders.

Operations range from 50 to 75 per cent of capacity in various shops, and average about 60 per cent. This is less than the average of last year, and in some cases is less than that of last month. Other shops report that although orders have fallen off within the past 60 days, they are still operating at the same rate on business received prior to that time. In only a few instances are plants running at capacity. Because of reduced operations, the labor supply is sufficient, although the local typographical union is still nominally on strike. Only a few firms report that they are unable to secure enough compositors, but the skill of those available is not all that may be desired.

In the costs of doing business there has been little change within the past 60 days. Book paper is firmer in price than it has been for months, although price lists have not been raised. Printers are not stocking up for future needs as they do not expect any material increase in price and are always able to get orders filled promptly. Other materials have not changed to any appreciable extent recently. Wages, in the opinion of some firms, must be adjusted before normal conditions can be expected; but there are many who express doubt as to the advisability of such a step. The industry as a whole in Philadelphia is now conducted on an open shop basis, and a few shops have reduced wages of feeders and of certain unskilled workers; but there has been no concerted action in this regard by any group of firms.

Although costs are not any lower, charges are beginning to be reduced. This is not due to any common agreement among printers, but to the fact that prices are being forced down by competition. Many complaints are received regarding the severe price-cutting being done within the trade, Such price-cutting is made possible largely by the attitude of consumers who, according to one firm, "desire to buy on the basis of price rather than quality," and consequently usually give the order to the lowest bidder.

WHOLESALE GROCERIES

Considering that this is ordinarily a season of brisk demand, the wholesale grocery trade reports that business is not satisfactory. Sales during the latter part of November and early December were confined largely to holiday goods, but the demand even for these lines was not up to normal. The trade is buying conservatively and in many cases is curtailing purchases in order to avoid the risk of carrying over unsold holiday specialties. There has been no single tendency in the movement of prices, as some are rising and others falling; but most commodities are steadier than they were a few months ago. The current situation presents a striking contrast with that of a year ago when prices were uniformly falling. In regard to particular commodities, flour has fallen from 25 cents to $1 a barrel since December 1, reflecting dullness in the wheat market. Butter and eggs are also cheaper. Dried fruits are reported to be selling particularly well, owing no doubt to the holiday demand, and prices are firm. Among fresh vegetables, onions and cabbages have all fall brought much higher prices than they did last year. The demand for canned goods is light, and quotations are weaker in spite of the fact that this year's pack was unusually small and the carry-over from last year was supposed to have been well absorbed by the buying activity early in the fall. A standard grade of canned corn, for example, is selling for 85 cents a dozen, as compared with about $1.20 last December.

The sugar situation deserves special mention. All refiners reduced their quotations early in December from 5.30 cents a pound to 5.20 cents, which was the first change since October. The reduction was expected because of certain developments in the raw sugar market, and it failed to stimulate demand. Consequently, the price was later lowered to 5.10 cents, and on December 22, to 5 cents. Raw sugar of the new Cuban crop is now on the market and has been sold for January delivery at as low as two cents a pound, equivalent to 3.61 cents, duty paid. The previous sale of old crop raws effected by the Cuban Sugar Finance Committee was at 4.11 cents. Later in the month the committee reduced quotations to a basis equivalent to 3.86 cents, duty paid. On December 22, a long-expected decree was issued by the President of Cuba abolishing the Sugar Finance Committee on the first of January. This will leave the sugar market open and uncontrolled. There is a large supply of old crop sugar still in Cuba, which must be disposed of, and the new crop now entering the market serves to further complicate the situation. As the trade was expecting some such developments, the market was inactive during the month.

The following table gives the trend of sales and accounts in the wholesale grocery trade of the Third Federal Reserve District during November. It will be noted that sales were less in that month than in October. The comparison would be even more unfavorable were it not for the fact that the figures for one large firm, contrary to the general tendency, increased about 18 per cent during November. A decline of 23.7 per cent is shown to have occurred since November, 1920, whereas October sales were only 19.1 per cent below those of the previous October. This difference from last year is largely accounted for by the decline in prices, particularly of sugar, which was selling at 9 cents last November. One firm, for example, reports that in November, 1920, sugar sales made up 35 per cent of the total, whereas this year they accounted for less than 15 per cent.

The figures for accounts outstanding might well be viewed with concern, for they are decreasing less than are sales, and the proportion of accounts to sales has been increasing rapidly since August. Reflecting this situation, complaints in the trade are almost universal that collections are slower.

WHOLESALE GROCERY TRADE

Number of reporting firms—48	November, 1921, compared with October, 1921	November, 1921, compared with November, 1920
Net sales during November......	—3.7%	—23.7%
Accounts outstanding November 30	—2.7 "	—13.5 "

Ratio of accounts outstanding to sales:

November, 1921	....	112.6%
October, "	....	108.3 "
September, "	....	105.8 "
August, "	....	98.3 "
July, "	....	102.6 "
June, "	....	96.5 "

CONFECTIONERY

Confectionery manufacturers as a whole have done a rushing holiday business this year, which compares favorably with that of previous years. Because of doubt as to the extent of the prospective Christmas demand, and remembering the return of unsold goods by dealers last year, many manufacturers urged dealers not to over-estimate needs, and many of the latter of their own accord refrained from purchasing large supplies. Consequently factories were kept busy later than usual filling rush orders by mail and supplying the demands of local dealers. The volume of business will, in general, compare favorably with that of the same period last year, although this is not true in the case of all firms. One large manufacturer reports that his November sales were 22 per cent above those of November, 1920; but this is an exceptional case. All grades of candy and confections are sharing in the good demand, and to practically the same degree.

Orders placed in December, it is true, have practically all been for immediate delivery, and a variety of opinions have been expressed as to the prospects for the first few weeks of next year. A pronounced slump began in the trade last January, when, discovering that they had over-estimated their holiday needs and were left with a surplus supply of candy on their shelves, dealers stopped buying and in many cases returned unsold goods to the manufacturers. This year buying has been done more carefully, and dealers' stocks at the beginning of the holiday season were smaller than last year. Manufacturers' stocks are also small, and hence many of them have found it necessary to increase production materially by enlarging the force of employees or by working overtime. Operations during November and most of December were in most cases at capacity.

The question of prices for next year is one that in some cases still remains to be settled. Certain reductions were made early in this year in spite of the fact that most manufacturers had large stocks of sugar on hand, bought at from 17 to 22½ cents a pound, and were under contract for more, while the market price had fallen to 8 cents or lower. Other reductions were made during the year, but practically no changes have occurred for several weeks, although a little price-cutting is reported on some grades. Bulk goods are now nearly 50 per cent cheaper than last year. In package stuff, pre-war prices have again appeared, but the packages are not as large as they were formerly. The individual sizes of penny candies have also been increased. Fine confections, however, have not come down to the same extent as other lines. Raw materials are much cheaper. Sugar is down nearly to 5 cents, and the large stocks of it bought at high prices have been consumed. Cocoa beans, although firmer recently, are below their pre-war normal; and corn syrup, tin and wooden pails, and paper boxes have all come down considerably. On the other hand, wages which have not been reduced to any appreciable extent, as it is claimed that they were never before high enough, and the possibility of a sales tax, are factors which must be considered in the determination of prices for next year.

Opinions vary regarding collections. Many consider them to be slow, but most of the larger firms find them good.

TOBACCO

Cigars

The Christmas demand for cigars has held up well this year and in general has been satisfactory, at least to the manufacturers in the Third Federal Reserve District. Business has had a firmer and more substantial tone than in previous years, as jobbers have purchased more cautiously, taking care not to over-estimate requirements. Manufacturers have encouraged this policy, for they wish to avoid the cancellation of orders and the return of unsold goods which would result after the holidays, should the dealers be unable to dispose of the stocks they purchased for holiday requirements. The trade feels that such a possibility has been avoided this year. Indeed, instead of ordering in excess, many dealers failed to purchase enough cigars and at the last minute were obliged to place rush orders for additional supplies. Consequently, many manufacturers had more business than they had expected.

Later in the month, however, requests for deferred shipments began to come in, though not in large numbers. These requests came from dealers who wished to have stocks as low as possible at the close of the year when inventories are taken, and they were not unexpected by manufacturers. A slump in business is customary in the latter part of December and the first of January, but this year there will probably be less of a decline than there was last December and January, when sales of cigars fell off 30 per cent, for dealers' and manufacturers' stocks are lower and the general demand for cigars is better.

In this connection the accompanying table is given showing sales of internal revenue stamps on the different classes of cigars for certain months.

Number of Cigars Upon Which Stamps Were Sold
Collector of Internal Revenue
(000's omitted)

	Class A (under 6c.)	Class B (6c.-8c.)	Class C (9c.-15c.)	Class D (16c.-20c.)	Class E (over 20c.)	Total large cigars
1920						
September ..	145,713	206,225	307,327	13,059	6,316	678,640
October	152,258	203,664	326,143	16,727	6,007	704,799
November ..	154,274	192,539	295,793	18,147	7,307	668,060
December ..	119,334	148,355	217,745	16,653	4,040	506,127
1921						
January	127,046	147,317	176,891	9,718	1,826	462,798
July	176,746	153,840	223,123	9,136	1,753	564,598
August	201,630	170,686	236,473	11,155	2,095	622,039
September ..	201,074	168,818	231,024	11,101	2,411	614,428
October	205,161	167,235	248,419	11,888	3,104	635,808

It will be noted that the totals for September and October of this year are still well below those for the corresponding months in 1920—approximately 10 per cent in both cases. Substantial decreases occurred in the succeeding months last year, however, and sales in January, 1921, were the lowest on record. The most interesting feature of the table is its indication of the changes that have taken place in the sales of the individual classes. Comparing the class totals for September and October in 1920 and 1921, it will be seen that whereas the sales of Class A cigars were much greater this year than last, those of all other classes were very much smaller. This illustrates the manner in which the cigar industry met the demand for cheaper products without making any material reductions in existing prices. The constant increase in the sales of Class A cigars can be atttributed in part to reductions on certain brands that had risen to a Class B level during the period of high prices; but it is chiefly due to the entirely new brands of five-cent cigars that have been placed on the market to meet the popular demand for cheaper goods. Manufacturers making these sizes report that the demand seems to be insatiable. Sales of Class B cigars have fallen nearly 30 per cent within the year, and of Class C almost 25 per cent. Comparisons of figures of Class C sizes mean very little, as this class covers a wide range of popularly priced cigars among which a shift in demand has occurred. For example, ten-cent cigars are selling practically as well as they did last year, whereas the fifteen-cent sizes, in the same class, are not so popular. The expensive cigars in Classes D and E have fallen off considerably.

Collections are generally considered to be satisfactory, but few firms report that they are slow.

Leaf

The leaf tobacco situation in Philadelphia shows no change, and local dealers are consequently discouraged. Manufacturers are not yet buying to any appreciable extent, except in the cases of a few firms who are doing a big business and who consequently need tobacco and are able to pay for large quantities. Some of the local manufacturers were active purchasers of 1920 Pennsylvania leaf during the past month. Other scattered purchases are reported from the growing regions, but the new crops as a whole have not as yet been sold by the farmers. What the prices for this year's crops will be is still problematical. The import grades are meeting with better demand than the domestic, in some cases because prices have been reduced, and in other because of the scarcity of good tobacco available.

COMPILED AS OF DECEMBER 20, 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

	Dec. 14, 1921	Nov. 16, 1921	Dec. 15, 1920
Altoona	$3,108,000	$3,089,000	$3,939,000
Chester	3,686,000	4,129,000	5,355,000
Harrisburg	6,978,000	6,395,000	7,451,000
Johnstown	4,452,000*	4,392,000*	5,966,000
Lancaster	4,728,000	5,040,000	5,573,000
Philadelphia	295,669,000	305,167,000	367,788,000
Reading	7,142,000*	8,639,000*	7,736,000*
Scranton	15,414,000	14,745,000	15,586,000
Trenton	11,601,000	11,589,000	11,843,000
Wilkes-Barre	9,048,000	9,477,000	9,631,000
Williamsport	4,633,000	4,171,000	6,190,000
Wilmington	5,993,000	6,728,000	10,556,000
York	3,842,000	4,102,000	4,502,000
Totals	$371,842,000	$383,271,000	$448,414,000

*Different number of banks reporting. Not included in total.

RESOURCE AND LIABILITY ITEMS

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

	At the close of business		
	Dec. 7, 1921	Nov. 9, 1921	Jan. 7, 1921
Loans and discounts:			
Secured by U. S. securities	$53,628	$54,724	$76,385
Secured by other stocks and bonds	198,231	198,261	198,983
All other	338,880	350,830	406,702
Investments:			
United States bonds	48,581	46,367	45,283
U. S. Victory notes	9,721	10,148	11,342
U. S. Treasury notes	5,990	7,717	....
U. S. certificates of indebtedness	7,189	11,448	12,447
Other bonds, stocks and securities	159,500	158,246	154,363
Total loans, discounts and investments	$821,720	$837,741	$905,505
Demand deposits	627,831	630,800	672,893
Time deposits	44,741	44,698	36,976
Borrowings from Federal Reserve Bank	49,065	54,311	110,036

STATEMENT

Federal Reserve Bank of Philadelphia
(000's omitted)

RESOURCES	Dec. 14, 1921	Nov. 16, 1921	Dec. 17, 1920
Gold reserve	$224,563	$214,299	$199,451
Other cash	6,277	6,181	690
Total reserve	$230,840	$220,480	$200,141
Discounts—secured by U. S. securities	66,405	63,932	125,197
Discounts—all other	19,225	26,177	41,877
Purchased bills	8,665	7,846	13,620
U. S. securities	14,291	15,631	32,935
Total earning assets	$108,586	$113,586	$213,629
Uncollected items	57,431	64,076	74,076
All other resources	1,730	1,647	2,963
Total resources	$398,587	$399,789	$490,809

LIABILITIES	Dec. 14, 1921	Nov. 16, 1921	Dec. 17, 1920
Capital paid in	$8,736	$8,713	$8,485
Surplus	17,564	17,564	13,069
Government deposits	2,740	660	3,053
Members' reserve account	97,822	101,065	103,116
Other deposits	1,366	1,384	1,792
Total deposits	$101,928	$103,109	$107,961
Federal Reserve notes	203,767	200,725	278,821
Federal Reserve Bank notes	5,288	4,582	22,527
Deferred availability items	56,322	60,281	53,931
All other liabilities	4,982	4,815	6,015
Total liabilities	$398,587	$399,789	$490,809

BUSINESS INDICATORS

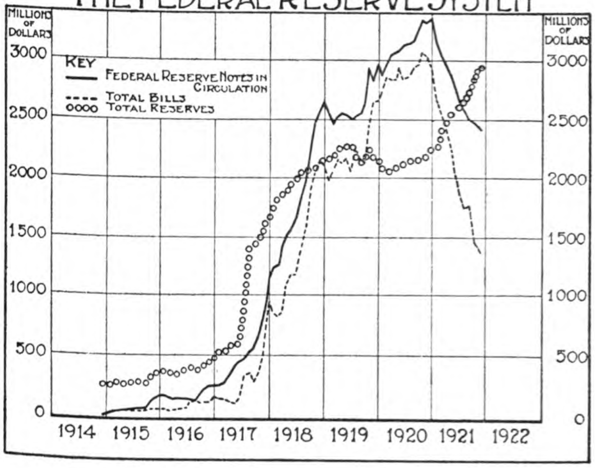
	Dec. 19, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	$639,511,000	—1.4%	—11.5%
Deposits	610,717,000	— .7%	— 9.5%
Ratio loans to deposits	105%	106%*	107%*
Federal Reserve Bank:			
Discounts and collateral loans	$89,702,733	+1.1%	—45.3%
Reserve ratio	73.0%	74.0%*	56%*
90-day discount rate	4½%	4½%*	6%*
Commercial paper	4½%	4½%*	8%*

	November, 1921	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	$1,697,000,000	—1.7%	—13.7%
Elsewhere in district	150,062,000	—5.2%	—11.1%
Total	$1,847,062,000	—2.0%	—13.5%
Building permits, Philadelphia	5,796,695	+4.8%	+151.7%
Post Office receipts, Philadelphia	1,281,584	+2.2%	— 4.4%
Commercial failures in district (per Dun's)	102	77*	47*
Latest commodity index figures:			
Annalist (food prices only)	164.246	+2.3%	—19.8%
Dun's	164.531	+ .5%	—22.3%
Bradstreet's	11.3127	— .3%	—17.0%

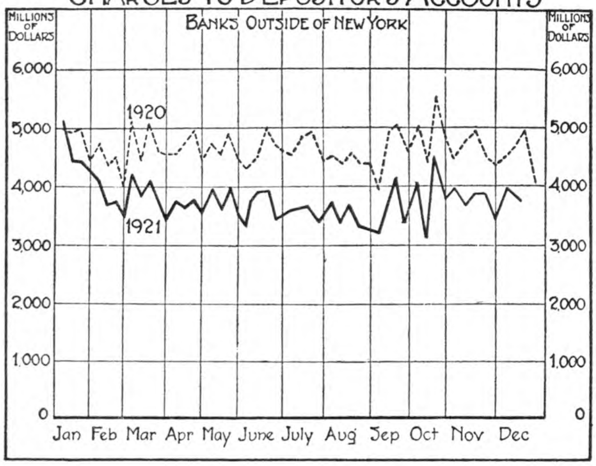
*Actual figures.

Financial and Business Indicators

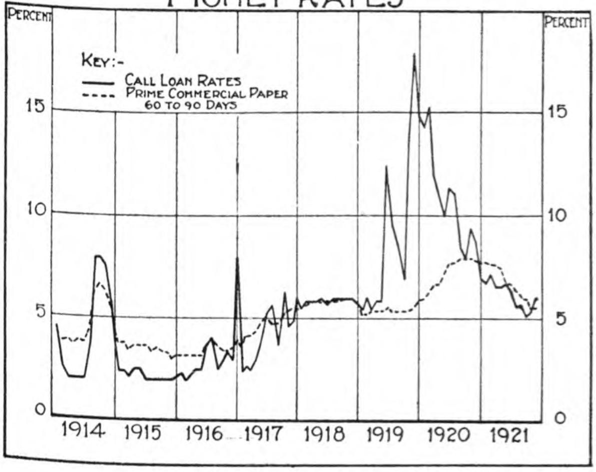
The Federal Reserve System



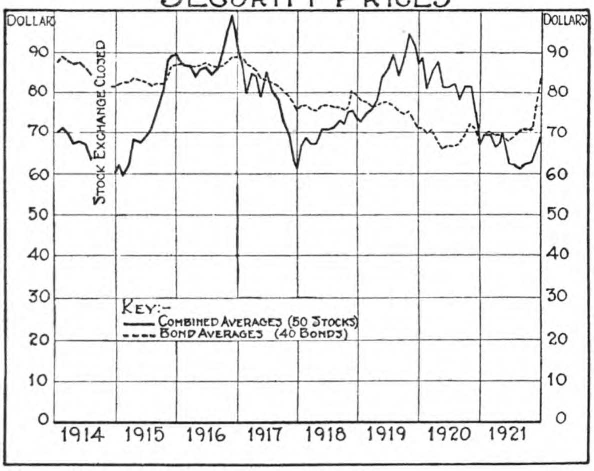
Charges to Depositor's Accounts



Money Rates



Security Prices



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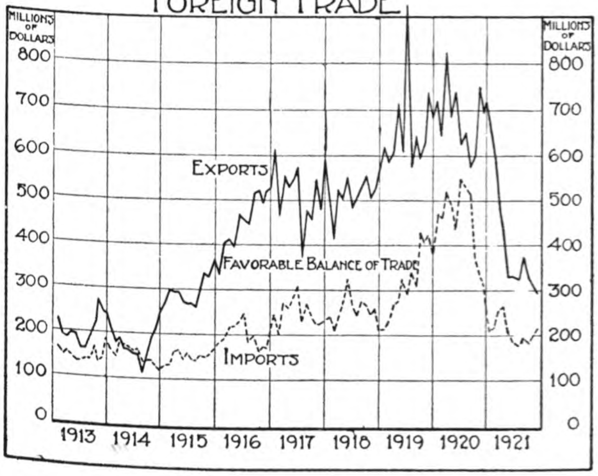
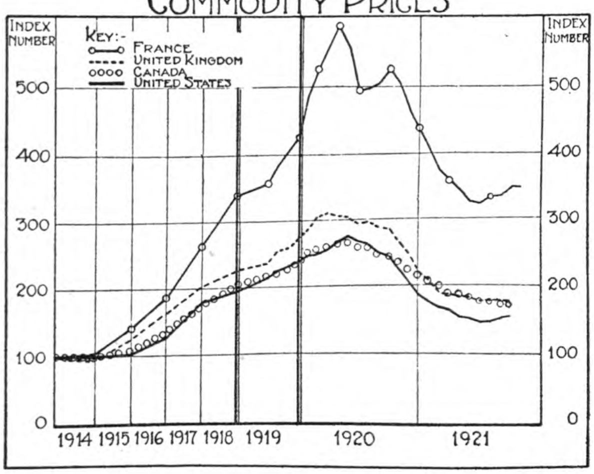
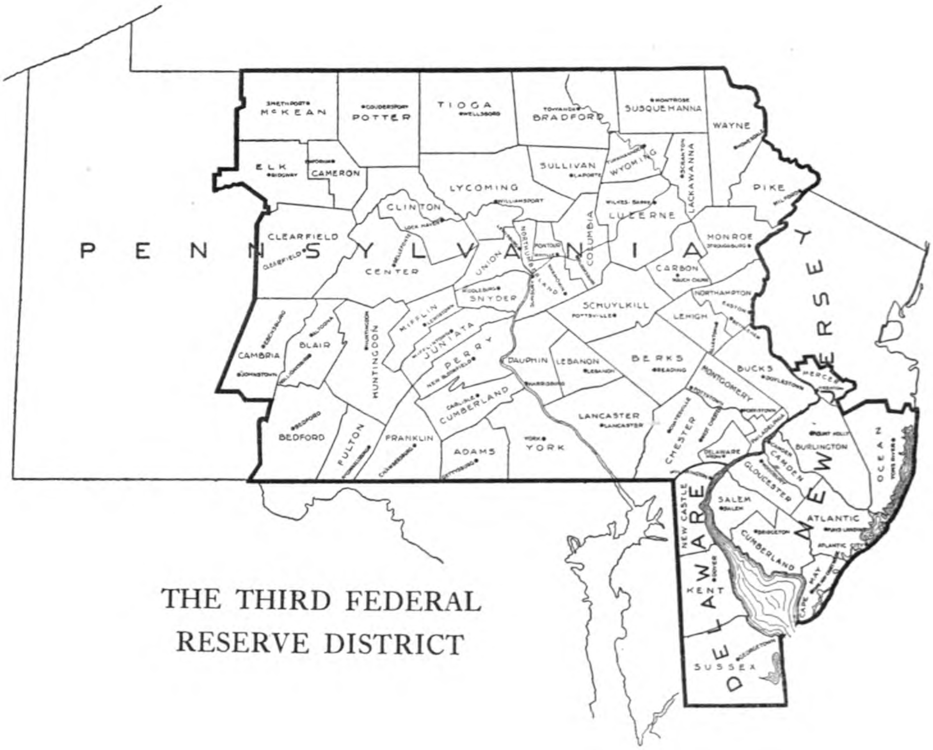


Commodity Prices





THE THIRD FEDERAL
RESERVE DISTRICT