

# BUSINESS AND FINANCIAL CONDITIONS

IN THE  
THIRD FEDERAL RESERVE DISTRICT  
PHILADELPHIA FEBRUARY 1, 1922



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## GENERAL SUMMARY

### CONTENTS

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

	PAGE
Agriculture .....	21
Automobiles .....	9
Bankers' acceptances .....	5
Building materials .....	10
Cement .....	10
Christmas savings clubs .....	7
Coal, anthracite .....	12
Coal, bituminous .....	13
Coke .....	14
Commercial paper .....	5
Cotton .....	14
Cotton yarns .....	14
Financial situation .....	4
Floor coverings .....	17
Foreign exchange .....	6
General summary .....	1
Groceries, wholesale .....	20
Hardware, wholesale .....	12
Hides and skins .....	18
Hosiery .....	16
Iron and steel .....	7
Leather .....	18
Lumber .....	11
Paint .....	11
Paper .....	19
Paper boxes .....	20
Pottery .....	11
Retail trade .....	7
Savings deposits .....	6
Shoes .....	18
Silk .....	14
Tobacco, cigars .....	23
Underwear .....	17
Wool, raw .....	16
Woolen and worsted goods .....	15
Woolen and worsted yarns .....	16

**T**HAT liquidation is steadily progressing and that necessary readjustments are still being made, preparatory to a return to normal conditions, is disclosed by a survey of industrial development during the past month. Although individual firms in all branches of industry and trade have received considerable new business, and although a few industries have slightly bettered their positions,

little if any improvement in the situation as a whole has been made. Much was looked for immediately after the first of January, but it was an error of course to expect any widespread change in the status with the mere passing of a date. The end of the year reports from the iron and steel industry were almost unanimous in their forecast of considerably better business with the advent of the new year. But thus far the markets have displayed only slight activity, although it is true that more business has been transacted than in the corresponding period of December—one of the dullest months of the year in the iron and steel industry. Some firms report fair sized orders from automobile manufacturers and the railroads. But these have been in a distinct minority, and the few orders received have been confined entirely to immediate shipment. The industry as a whole has been operating at a rate less than 40 per cent of capacity, but stocks have accumulated nevertheless, and prices in many cases have sagged.

Conditions in the coal industry have not improved to any extent. Retail sales of domestic sizes of anthracite have increased slightly owing to the recent cold weather, but dealers' stocks have been so heavy that not only has there been no increase in shipments from the mines, but shipments have actually fallen off. Production has been curtailed and unemployment in the industry is very prevalent. Railroads and public utilities have made small spot purchases of bituminous coal, but these sales have not resulted in any decided improvement in the market, for the call from industrial firms has been exceedingly small. Production of bituminous coal, too, has been de-

creased, and many mines have been closed, especially in union fields. In non-union mines wage reductions have been made and operations have been more generally continued. The importation of British coal, although only slight in amount has had a disconcerting effect upon the market.

Nor, on the whole has business during January been any better in the textile industries. Sales of cotton goods, which were fairly large at the close of 1921, have declined, and the market has been very quiet. The orders received have been small in size and few in number, and prices in some cases have receded. Cotton yarns have been in scant demand, and sales of raw cotton have been small. The raw wool market, however, has been exceptionally active and is in better position, perhaps, than that of any other raw material. The finer grades have been well bought, and since many of these have been in meagre supply, prices have risen rapidly. The lower and medium grades, too, have been sold in large quantities, and this is also true of carpet wools. Raw wool prices in general have advanced considerably, and this increase has been reflected in the price of wool yarns. In spite of the advanced quotations, knitting yarns have been in active demand, and fairly large sales have been made. The woolen and worsted cloth market, however, has been marking time, and there have been few purchases of cloth either for men's or women's wear. The carpet and rug industry continues active. Wiltons and Axminsters have been sold far ahead, and manufacturers have refused to accept further orders because of advancing raw wool prices. Velvets and tapestries have also been bought in large volume.

Although the raw silk market reacted slightly during the third week of January, quotations in general have been fairly well maintained at the high level reached early in the month after a spectacular advance. But buyers of all silk products, in the expectation of a further reaction, have refrained from making commitments. As a result, purchases of raw silk have been made only when it was needed for immediate use. The demand for broad silks and ribbons has been small, owing to the price increase and to the fact that retail sales have not been large. The demand for silk and heather hosiery, which was very good for many months, has been adversely affected by the high prices of raw wool and raw silk. Jobbers and retailers have refused to pay the increased prices quoted for hosiery, and the demand, therefore, has fallen, although retail sales have been good. Hosiery production, however, has been maintained at very close to capacity, since orders still on the books are

sufficient to assure operations for some months to come. The underwear demand has created an anomalous situation. Very little business in light weight goods for spring has been booked since the rise in the raw cotton market in September, for jobbers who failed to make commitments before that time have refused to pay higher prices for goods which other dealers succeeded in ordering before the advance. Not only have but few orders been placed, but several cancellations have been reported. For heavy weight underwear, on the other hand, there has been a good call for spot shipment, and in addition a large number of orders for next fall have been received.

A slight change for the better has occurred in the shoe industry. Shoes of lower and medium grades were fairly active at the close of 1921 and have continued so. Sales of the finer quality of shoes, which were small during November and December, have recently increased. Considerable business has been placed for prompt shipment, and many retailers and jobbers have ordered shoes for spring delivery. As a result, the leather markets have also continued fairly active. The call for the medium and lower grades of upper leather has been good, and the demand for the finer grades of calf and kid has increased. Sole leather, too, has sold well, and prices have remained firm. Since the export demand is essential to the prosperity of the leather industry, it is encouraging to note an increase in the number of orders from abroad. Although these orders have not been large, they have been received with greater regularity. The principal recent shipments have been made to England, Spain, Belgium and Scandinavia. Excess stocks of raw hides and skins have been disposed of, prices have remained firm, and the tone of the market is good.

Conditions in the paper industry are exceedingly dull, the demand for all grades being small. Production is proceeding at about 60 per cent of capacity, but even at this reduced rate stocks are accumulating. In spite of this fact, slight increases in book paper prices have been announced by several firms. Paper-box manufacturers report slight improvement in the demand for their products.

The cigar industry has suffered a relapse, attributable mainly to seasonal conditions. Many of the smaller factories, which were closed for inventory taking, have not been reopened and will not be, according to manufacturers, until the demand improves.

There has been no improvement in the call for building materials, for although a large number of building permits has been issued during the last

four months, only comparatively few contracts have been let, and on but a small percentage of these has work been started. This, of course, is owing mainly to seasonal conditions; and since the volume of permits issued has been large, it is probable that considerable building activity will be witnessed during the spring and summer months.

Retail trade during December was exceptionally good, the sales for the month as reported by 47 stores in the Third Federal Reserve District being 1.2 per cent above those of the same month of 1920. Since retail prices had declined considerably during the year, the volume of goods disposed of was really much larger than this percentage indicates. Trade during January, however, has fallen off markedly, and advance reports indicate that sales for this month will be much less than those made during January, 1921.

Reports on unemployment, issued by the Pennsylvania State Department of Labor, reflect well the industrial situation in this district during the last six months of 1921. Unemployment figures declined steadily during the business revival of the fall months, but with the reaction that began in November and became more pronounced in December, unemployment increased rapidly. At the end of the year, the department estimated the number of unemployed in the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport, to be 243,293, the largest estimate of the year. Some of this increase was attributable to the closing of plants for inventory taking. But to a greater extent it was due to the curtailment of production because of the absence of demand. This is shown by the fact that the figure for January 15—a time when the taking of inventories was practically completed—was 234,910, a decrease of only 3.4 per cent. The latter total indicates that little improvement in the general situation occurred during the first two weeks of the new year.

#### COMMERCIAL FAILURES

1921	United States Number	States Liabilities	Third District Number	District Liabilities
January .....	1,895	\$52,136,631	96	\$2,183,908
February .....	1,641	60,852,449	71	3,701,526
March .....	1,336	67,408,909	63	1,082,419
April .....	1,487	38,567,769	65	1,575,775
May .....	1,356	57,066,471	69	1,516,894
June .....	1,320	34,639,375	71	1,939,408
July .....	1,444	42,774,153	72	1,254,361
August .....	1,562	42,904,409	68	2,090,756
September .....	1,466	37,020,837	63	978,713
October .....	1,713	53,058,659	77	7,890,928
November .....	1,988	53,469,839	102	2,944,372
December .....	2,444	87,502,382	124	4,176,377
Total .....	19,652	\$627,401,883	941	\$31,335,437

The number of commercial failures in this district and in the United States as a whole, as reported by R. G. Dun & Company, increased rapidly during the closing months of 1921, as is shown by the preceding table.

During January the number of failures has risen even more sharply. There were 471 failures in the United States during the week ending December 29; 540 in the week ending January 5; 719 in the week ending January 12, and 639 in the week ending January 19. Considerable emphasis has recently been placed on this increase as pointing to a prolongation of the present inactive state of business. But this does not necessarily follow. With the exception of a few large failures in December, the average liabilities of the recent failures have been decreasing, and a study of failure statistics discloses, first, that in former periods of business depression the largest number of failures occurred at the end of the period or, indeed, when improvement had actually begun; and secondly, that the average liabilities of these late failures were less than those of the failures occurring in the earlier stages of the period. Furthermore, for many years, the number of failures has tended to increase sharply shortly after the first of the year. Since, in the past, the issuance of new securities has usually increased as the end of a period of depression approached, it is interesting to note that in recent months the volume of new securities issued has been growing. The figure for October was \$103,148,500, for November \$255,937,800, and for December \$318,335,100.

One of the most favorable factors in the present situation is the apparent stability of wholesale commodity prices. The following table gives the index numbers of the Bureau of Labor Statistics for the years 1919-20-21.

#### ALL-COMMODITY INDEX NUMBER (Bureau of Labor Statistics)

	1919	1920	1921
January .....	203	248	177
February .....	197	249	167
March .....	201	253	162
April .....	203	265	154
May .....	207	272	151
June .....	207	269	148
July .....	218	262	148
August .....	226	250	152
September .....	220	242	152
October .....	223	225	150
November .....	230	207	149
December .....	238	189	149

It will be seen that the peak of prices was reached in May, 1920, and that thereafter there ensued a steady decline until June, 1921. Since then the index

number has fluctuated but four points, and during the last three months of the year prices have changed very little. There have been wide changes in some of the commodity groups, it is true, but the general price level seems to have become fairly well stabilized. It is also encouraging to note the firm tone of the foreign exchange markets, in spite of recent political developments in Europe.

### FINANCIAL CONDITIONS

The period from December 14, 1921, to January 18, 1922, was marked by a rather unusual improvement in the condition of the Federal Reserve banks. The holdings of discounted bills decreased 239 millions of dollars; Federal Reserve notes in circulation declined 164 millions; total deposits increased 42 millions; and total reserves increased 50 millions. The reserve ratio reflected this gain by an advance from 72.6 to 76.0 per cent. Figures from the latest report, and percentages of increase or decrease, as compared with a month ago and a year ago, follow:

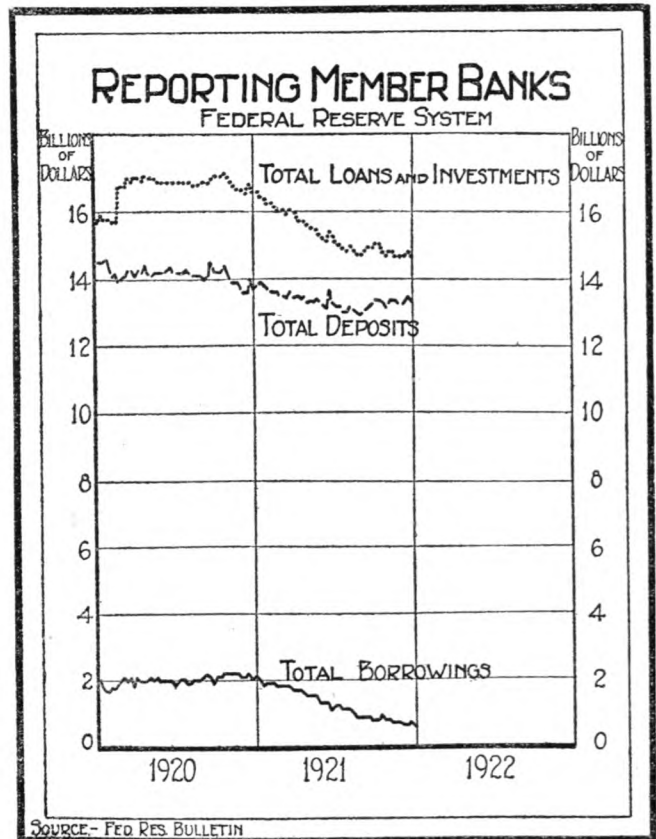
	Jan. 18, 1922	Per cent of increase or decrease compared with	
		Month ago	Year ago
Bills discounted .....	\$ 914,000,000	-20.7%	-63.2%
Purchased paper.....	95,000,000	- 5.0 "	-43.5 "
Federal Reserve notes in circulation .....	2,230,000,000	- 6.9 "	-28.4 "
Total deposits .....	1,785,000,000	+ 2.4 "	- 2.1 "
Total reserves .....	3,052,000,000	+ 1.7 "	+32.6 "

In order to get an adequate idea of the changes that have occurred in the various Federal Reserve districts, one cannot do better than compare the adjusted reserve ratio of the Reserve banks. This adjusted ratio is computed by eliminating rediscounting transactions between the banks, and is therefore more indicative of actual financial conditions in the districts than is the ratio which is usually published. The comparison given below shows that the improvement since a year ago has been quite general. Since last month noteworthy gains were made by the New York, Atlanta, St. Louis, Minneapolis, Kansas City and Dallas banks.

	Jan. 18, 1922	Dec. 14, 1921	Jan. 21, 1921
Boston .....	77.7%	80.3%	68.4%
New York .....	87.6 "	79.8 "	37.3 "
Philadelphia .....	75.6 "	75.5 "	63.0 "
Cleveland .....	74.6 "	71.9 "	76.7 "
Richmond .....	45.9 "	46.1 "	44.5 "
Atlanta .....	48.7 "	41.0 "	30.4 "
Chicago .....	72.8 "	76.7 "	47.0 "
St. Louis .....	73.3 "	68.0 "	47.5 "
Minneapolis .....	64.2 "	56.4 "	34.6 "
Kansas City .....	59.2 "	48.1 "	37.7 "
Dallas .....	47.3 "	40.6 "	19.0 "
San Francisco .....	81.6 "	79.3 "	57.0 "
System .....	76.0 "	72.6 "	48.5 "

The reports of a group of more than 800 member banks located in the principal cities of the country show a decrease of \$1,716,000,000, or 10.5 per cent, in the total loans, discounts and investments of those banks during the past year. That figure, however, is inclusive of rediscounts with the Federal Reserve banks, and, as the reduction of their borrowing from the Reserve banks was \$1,364,000,000, it appears that the total of their outstanding loans is still large. Deposits only decreased \$255,000,000 in the year, or 1.8 per cent. The course of the loans, discounts and investments, total deposits, and borrowings from the Federal Reserve banks during the past two years is shown on the accompanying chart.

No changes were made recently in the discount rates of the Federal Reserve banks in the eastern section of the country, but the market rates on commercial paper and bankers' acceptances continued their downward trend. Sales of commercial paper have been made in this district at as low as 4½ per cent, although 4¾ and 5 per cent are the prevailing rates. A month ago the lowest rate reported was 5 per cent. Bankers' acceptances are freely offered at 3⅞ and 4 per cent, as compared with 4⅛ per cent in the middle of December. In the second week of the month of-

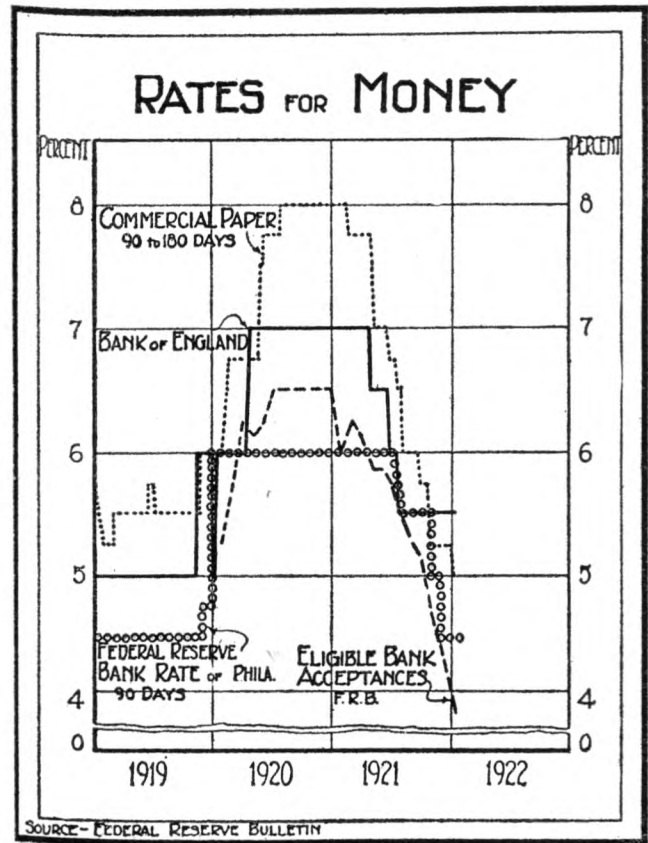


ferings of acceptances were made at  $3\frac{3}{4}$  per cent. Our reports indicate that bankers generally are making loans to customers at a 6 per cent rate.

The chart on money rates shows the course of the Federal Reserve bank rate, the Bank of England rate, and the market rate for commercial paper, over the last three years, and of bankers' acceptances over the past two years. The extent of the decline since early in 1921 is worthy of notice. Commercial paper has dropped from 8 to  $4\frac{3}{4}$  per cent, bankers' acceptances from  $6\frac{1}{2}$  to  $3\frac{7}{8}$  per cent, the Federal Reserve bank rate from 6 to  $4\frac{1}{2}$  per cent, and the Bank of England rate from 7 to  $5\frac{1}{2}$  per cent.

The security markets, though quiet at the end of the year, became more active during the first weeks of January. A comparison of quotations on stocks and bonds follows:

Averages:	Jan. 18, 1922	Dec. 14, 1921	Jan. 17, 1921
10 first grade railroad bonds .....	\$87.14	\$84.67	\$79.20
10 second grade railroad bonds .....	82.79	81.17	75.59
10 public utility bonds .....	82.30	80.32	71.01
10 industrial bonds ...	92.35	89.14	86.20
40 bonds .....	\$86.14	\$83.82	\$78.00
4 Liberty Bonds .....	97.87	97.46	88.34
20 industrial stocks ...	82.33	81.04	76.76
20 railroad stocks ....	76.58	74.08	76.45



## COMMERCIAL PAPER

The greatly improved condition of the Philadelphia banks, as shown by their statements of December 31, led dealers in commercial paper to expect that local institutions would be able to follow the example of New York City banks and become buyers of paper in a volume largely in excess of that of last year. But up to the time of writing, the business transacted with the larger city banks and trust companies has been unusually small for this period of the year. Country banks in this district continue to buy in fair quantity and are the main support of the market. The amount of paper offered has increased somewhat. This is due to lower rates and to the fact that many borrowers of money preferred to wait until after the first of the year to put out notes, in order not to increase the total of bills payable in their annual statement.

Names of the highest rating have sold at as low as  $4\frac{1}{2}$ , but  $4\frac{3}{4}$  and 5 per cent are the prices at which the largest business has been done. Quotations vary from  $4\frac{1}{2}$  to  $5\frac{1}{4}$  per cent. Until the 12th of January, local dealers who carried their paper with Philadelphia banks were at a disadvantage because, though market rates on paper were lower, rates on loans continued at 6 per cent; they were, in fact, losing interest on all paper they carried. But on the above date two of the largest banks in the city reduced their rate on loans to 5 per cent and thus relieved the situation.

## BANKERS' ACCEPTANCES

Although easier monetary conditions and low rates for call money have resulted in a ready market for acceptances, dealers have not been able to get a sufficient amount of these bills to accommodate the demand, and sales during the month of December, according to the reports of four dealers, fell off 31 per cent in the Third Federal Reserve District from the November figure. A decline is also to be found in the countrywide sales, as reported by three dealers, but this was less than 4 per cent. These sales throughout the country, however, were 39 per cent below those of December, 1920.

The monthly reports from 12 accepting banks in this district indicate an increase in the amount of new acceptances created during the month ending January 10, but the amount outstanding on that date was lower than on December 10. Comparative figures follow:

	Executed during preceding month	Outstanding on date given
1922—January 10.....	\$4,445,000	\$10,784,000
1921—December 10.....	3,564,000	11,231,000
November 10.....	6,325,000	11,824,000

The bulk of the new bills result from the financing of the export of cotton and grain, the import of sugar and coffee, the domestic shipment of cotton, the warehousing of cotton and tobacco, and the creation of dollar exchange bills. In this connection it is interesting to note that the Federal Reserve Bank of Philadelphia purchased in all \$24,875,000 worth of acceptances during November and December, and that this amount was distributed as follows: Dollar exchange, 6.9 per cent; warehousing, 6.7 per cent; domestic shipments, 15.6 per cent; imports, 34.5 per cent; exports, 36.3 per cent. Sugar importations amounted to 16.3 per cent of the total.

There was a further decline in rates, from  $4\frac{1}{4}$  per cent, prevailing a month ago, to  $3\frac{3}{4}$  and  $3\frac{7}{8}$  per cent, in the third week of January. A year ago the ruling rates on 60 to 90 day acceptances were from  $5\frac{5}{8}$  to  $5\frac{3}{4}$  per cent.

#### SAVINGS DEPOSITS

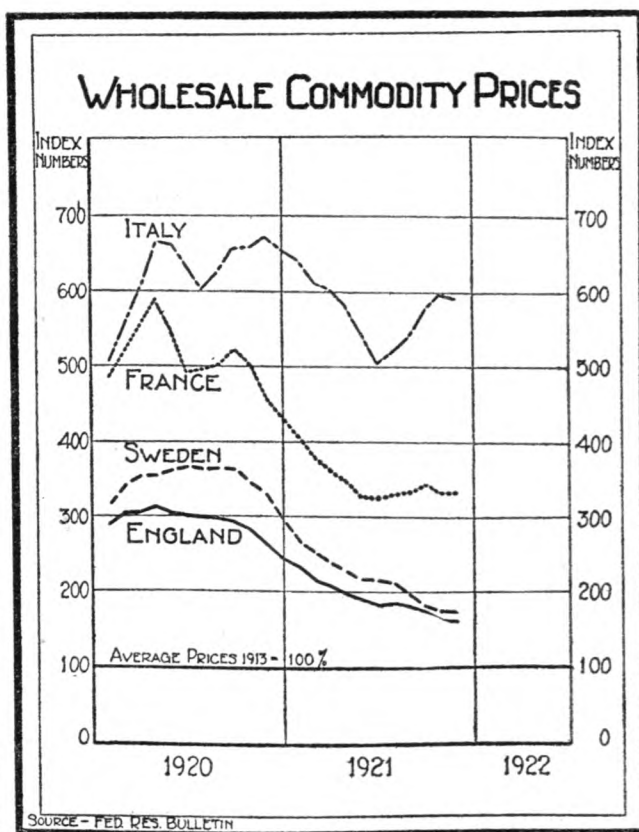
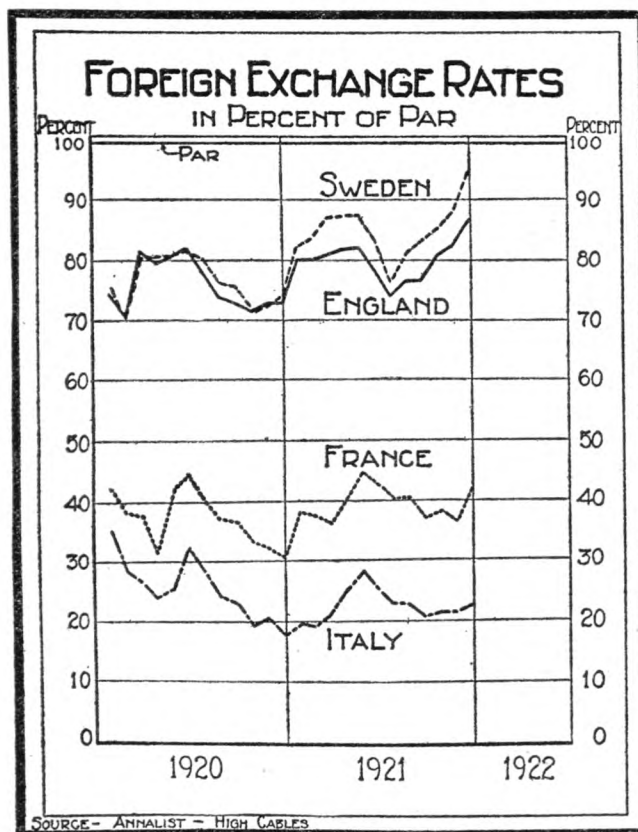
For the first time since the month of March, savings deposits, as reported by 24 savings banks in this

district, have increased. And the gain was no less than \$9,489,000. It appears, however, that the better showing is due not so much to current savings during December, as to the crediting of interest and the deposit in savings deposit accounts of unexpended Christmas savings funds that had been removed from other banks.

	In Philadelphia	Outside Philadelphia	Totals
1922—January 1.....	\$256,228,988	\$53,009,979	\$309,238,967
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
1921—January 1.....	252,607,325	51,377,325	303,984,650

#### FOREIGN EXCHANGE

The European exchanges, especially sterling, have continued to display remarkable strength during the past month. Although no marked advances were made, most of the rates have adhered closely to the levels attained on January 1. French exchange, however, fell off abruptly following the resignation of the Briand cabinet; but it has strengthened somewhat since that time. Sterling has been quoted at approximately \$4.20 during the month. Even the mark has maintained a position above .5 of a cent for



the past thirty days—a very material recovery from the low levels of last fall. The neutral currencies have uniformly been steady and strong, the Swiss franc rising above par for the first time since the war. The accompanying table shows the net changes in the principal exchange rates since last month.

The two accompanying charts indicate the fluctuations in dollar exchange rates and in wholesale commodity prices of England, France, Sweden and Italy during the past two years. It is apparent that, in general, there is some relationship between commodity prices and dollar exchange rates. For example, wholesale prices in Italy have continually been higher than those of any of the other countries shown, and Italian exchange has been lower than that of the other countries. Although this relationship holds true for France and Italy, there is a slight discrepancy in the case of England and Sweden; for, while commodity prices in Sweden have been consistently higher than in England, exchange rates on the former country have been higher rather than lower than exchange rates on England. Hence, although the general tendency of exchange rates is to adjust themselves inversely according to commodity prices, it is evident that trade or other factors may at least temporarily alter this relationship.

#### FOREIGN EXCHANGE RATES

	Jan. 19	Dec. 19	Net change	Percentage of change
London .....	\$4.2247	\$4.1998	\$.0249	+ .6%
Paris .....	.0820	.0802	+.0018	+ 2.2 "
Antwerp .....	.0783	.0772	+.0011	+ 1.4 "
Copenhagen .....	.2007	.2093	-.0086	- 4.1 "
Stockholm .....	.2497	.2493	+.0004	+ .2 "
Madrid .....	.1497	.1485	+.0012	+ .8 "
Amsterdam .....	.3668	.3656	+.0012	+ .3 "
Buenos Aires .....	.7614	.7558	+.0056	+ .7 "
Shanghai .....	.7429	.7636	-.0207	- 2.7 "
Berne .....	.1945	.1948	-.0003	- .2 "
Milan .....	.0438	.0452	-.0014	- 3.1 "
Berlin .....	.005172	.005361	-.000189	- 3.5 "
Vienna .....	.000313	.000402	-.000089	-22.1 "

#### RETAIL TRADE

Sales in the retail stores during January are smaller than they were in the corresponding period of 1921. The seasonal increase in unemployment, following a period during which conditions of employment have been poor, has been felt by everybody engaged in retail trade, but more especially by the stores dealing in merchandise of low price. There is also to be considered the fact that during the holiday trade, the percentage of useful articles purchased for gifts was abnormally large, and that these purchases filled many needs that would ordinarily have had to be supplied later in the season.

#### RETAIL TRADE

##### COMPARISON OF NET SALES

	December, 1921, with December, 1920	July 1 to December 31, 1921, with July 1 to December 31, 1920
Firms in Philadelphia (13).....	+3.0%	-6.4%
Firms outside Philadelphia (34) .....	-3.6 "	-7.5 "
All reporting firms (47).....	+1.2 "	-6.7 "

##### COMPARISON OF STOCKS

	December 31, 1921, with December 31, 1920	December 31, 1921, with November 30, 1921
Firms in Philadelphia.....	-10.4%	-12.0%
Firms outside Philadelphia...	- 1.2 "	-19.7 "
All reporting firms.....	- 8.2 "	-13.9 "

##### Percentage of average stocks July 1 to December 31, 1921, to average sales July 1 to December 31, 1921

Firms in Philadelphia .....	321.7%
Firms outside Philadelphia .....	426.6 "
All reporting firms.....	347.9 "

##### Percentage of orders outstanding December 31, 1921, to total purchases in 1920

Firms in Philadelphia .....	6.8%
Firms outside Philadelphia .....	2.9 "
All reporting firms.....	5.9 "

Prices as a whole show a larger degree of stabilization than has been the case for some time. The number of articles declining and the amounts of the decline are both smaller, and there is an increase in the number of lines that are either unchanged, or have advanced, in price.

Wages in the retail stores have decreased very little, but a smaller force is, in many instances, handling a larger amount of merchandise. The ability of the stores to obtain goods at short notice from the manufacturer or jobber has resulted, in a number of cases, in an increased rate of turnover.

Collections are good, there being fewer overdue accounts than usual.

#### IRON AND STEEL

Although sentiment in the iron and steel industry has improved considerably with the advent of the new year, tangible betterment in the nature of increased orders is only slight, and is by no means general. Indeed, a few firms report that even a smaller volume of orders was received in January than in December, which was notoriously a poor month in the industry. Buyers are still hesitant in placing orders at existing prices, the principal deterrent apparently being the possibility of a reduction in freight rates. It is realized that as the toll is levied on both the finished product and the raw materials for manufacture, costs of transportation enter largely into the price of iron and steel products, and therefore that a reduction in rates would make a

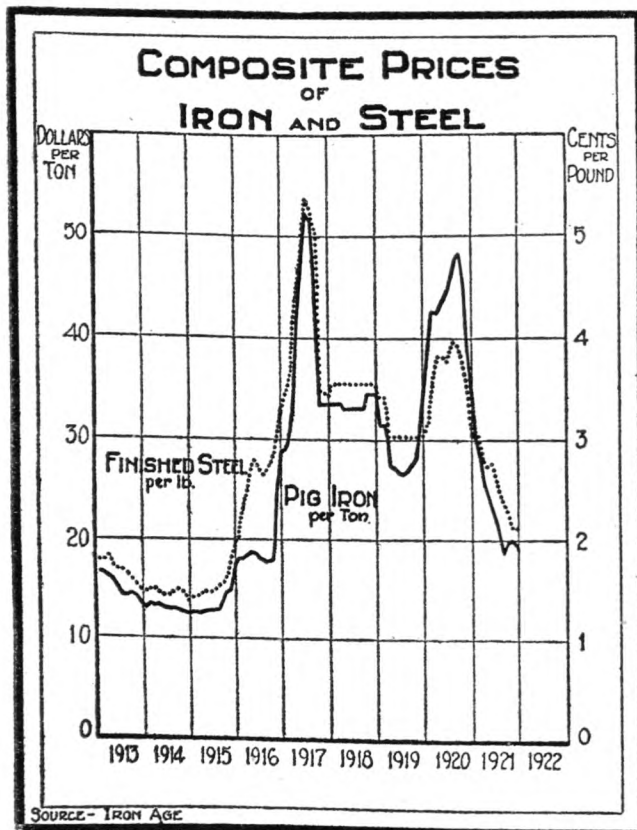
considerable difference in prices. The present uncertainty as to future freight charges is really more harmful to the trade than would be the knowledge that rates would not be lowered.

However, purchasing has not ceased entirely. The automobile industry, in anticipation of increasing operations, is buying somewhat more freely, especially sheets. The railroads have also placed large contracts. This renewed interest on the part of the carriers is especially gratifying, as it is realized that until they re-enter the market, no general revival in the industry is possible. Buying of plates and pipe by oil interests, however, has decreased, and building industries are purchasing less structural material. This, however, is a reflection of the season rather than of actually decreasing needs. A few dealers in machinery and machine tools report an improved demand; but this is by no means general in this industry, and in practically every case buyers are insisting upon immediate delivery.

In spite of the uncertain nature of the market, prices have remained quite firm since the first of the year. Decline in values during the past year, however, has been most severe, and the general average of steel and iron prices now is not more than one-

quarter above the pre-war level. The accompanying chart shows the fluctuation in the price of pig iron and of finished steel during the period from 1914 to 1921. The Iron Age composite price of pig iron was \$18.60 per gross ton on January 10, as compared with a ten-year pre-war average of \$15.72; and that of finished steel was 2.062 cents per pound on the same date, as against a pre-war average of 1.684 cents. Indeed, some products have been sold at prices equal to or even less than pre-war levels. One large manufacturer of plates in this district reports that he is selling them now at the rate of 1.50 cents, Pittsburgh base, as compared with a ten-year pre-war average of 1.507 cents. Obviously this quotation represents a very great reduction in profits, or even a loss, as the raw materials used are, in general, much higher in price. Furthermore, this producer is paying labor 25 cents per hour, nearly twice his pre-war average of 13 1/3 cents per hour.

An indication of the reductions that have occurred in iron and steel products during the past year is given in the following table showing prices, as quoted by the Iron Age, on January 10, 1922, and on January 11, 1921, together with the percentage of decline in each case.



	Jan. 10, 1922	Jan. 11, 1921	Per cent decline
No. 2 X pig iron, Philadelphia, per gross ton.....	\$21.34	\$33.25	-35.8
No. 2 X pig iron, Valley furnace, per gross ton.....	19.50	33.00	-40.9
Basic pig iron, Valley furnace, per gross ton.....	18.25	30.00	-39.2
Open hearth billets, Philadelphia, per gross ton.....	33.74	49.24	-31.5
Bessemer billets, Pittsburgh, per gross ton.....	28.00	43.50	-35.6
Wire rods, Pittsburgh, per gross ton.....	36.00	57.00	-36.8
Tin plate, 100 lb. box Pittsburgh.....	4.75	7.00	-32.1
Car wheels, Philadelphia, per gross ton.....	16.50	25.00	-34.0
Heavy steel scrap, Philadelphia, per gross ton.....	11.50	14.50	-20.7
No. 1 cast, Philadelphia, per gross ton.....	16.50	22.50	-26.7
Iron bars, Philadelphia, per lb.....	1.85 cents	2.70 cents	-31.5
Steel bars, New York, per lb.....	1.88 "	2.73 "	-31.1
Tank plates, New York, per lb.....	1.83 "	3.03 "	-39.6
Beams, New York, per lb....	1.88 "	2.83 "	-33.6
Sheets, black, No. 28, Pittsburgh, per lb.....	3.00 "	4.35 "	-31.0
Plain wire, Pittsburgh, per lb.....	2.25 "	3.25 "	-30.8

It is evident from this table that as compared with the general level of prices, iron and steel products are low rather than high. Very considerable losses were registered on raw material when inventory was taken, but the industry is now ready to start the new year on a much sounder basis, with lower wages,



## AUTOMOBILES

light stocks, more efficient operations, and lower prices on raw materials.

Great unevenness in operating conditions is shown by reports from firms in this district. Though most plants have expanded their operations somewhat during January, there are still a number that are entirely closed down; a few others are operating at 75 or 80 per cent of capacity. The general average rate is about 40 per cent of capacity, a figure somewhat less than that for the industry as a whole. Employment conditions are virtually unchanged, although working time has been increased with increasing operations. A few further wage reductions were made on January 1, and unskilled labor is now generally receiving from 20 to 25 cents per hour. Frequently plants are operating only to fill accumulated orders, and, in general, production is being closely adjusted to consumption. Stocks of both raw materials and finished products are quite low.

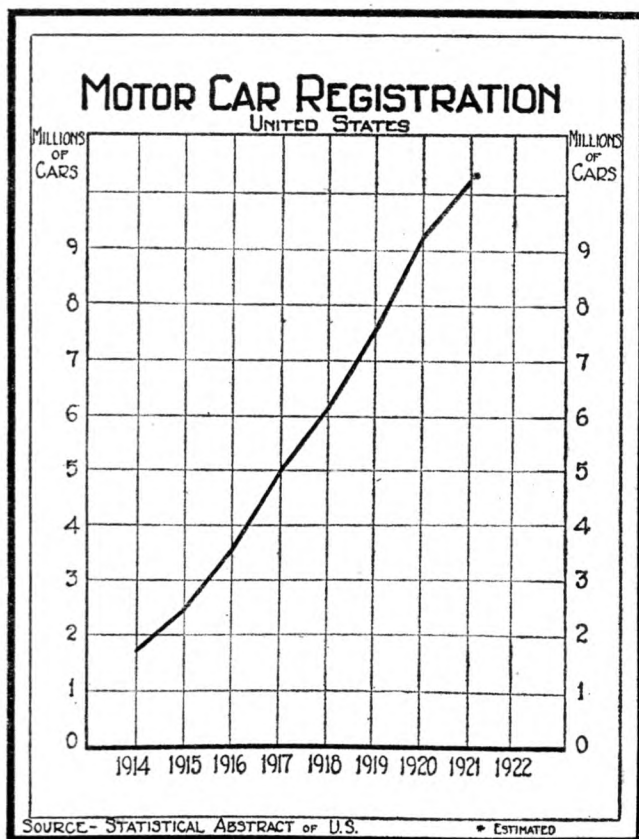
In spite of the inactivity in iron and steel markets during December, pig iron production registered a substantial increase. The total output for December, 1,649,086 gross tons, was 16.5 per cent higher than that for the preceding month and nearly double that of July, 1921. Five furnaces were blown in during the month, making a total in blast, on January 1, of 125. That this production in December was in excess of steel making requirements is indicated by the output of steel ingots, which showed a substantial decrease. The monthly total was only 1,427,093 tons, as compared with 1,660,001 tons in the preceding month. The unfilled orders for the United States Steel Corporation on December 31 were larger than those on November 30 by only a relatively small amount. A total of 4,268,414 tons was carried on the books of the corporation on the former date, as compared with 4,250,542 tons on November 30, and with 8,148,122 tons on December 31, 1920.

The accompanying table shows the record, during the past year, of pig iron production, steel ingot production, and unfilled orders of the United States Steel Corporation.

1921	Unfilled orders	Steel ingot production	Pig iron production
December .....	4,268,414	1,427,093	1,649,086
November .....	4,250,542	1,660,001	1,415,481
October .....	4,286,829	1,616,810	1,246,676
September .....	4,560,670	1,174,740	985,529
August .....	4,531,926	1,138,071	954,193
July .....	4,830,324	803,376	864,555
June .....	5,117,868	1,003,406	1,064,833
May .....	5,482,487	1,265,850	1,221,221
April .....	5,845,224	1,213,958	1,193,041
March .....	6,284,765	1,570,978	1,595,522
February .....	6,933,867	1,749,477	1,937,257
January .....	7,573,164	2,203,186	2,416,292

It is quite usual at this time of the year for the automotive industries to experience a falling off in activity. This year, both production and sales have been steadily diminishing in volume since early fall. It is important to note, however, that in the case both of certain high-priced cars and of the popular, inexpensive cars, the present volume of sales is far in excess of what it was at this time last year. Indeed, although the total of automobile sales during the past year was from 30 to 40 per cent less than that of the previous year, a few standard makes of proven quality were sold in larger numbers in 1921 than in 1920. This is interesting as pointing to the fact that price is not the sole consideration with the public, and that the demand is more and more coming to be for cars of established reputation.

In the endeavor to stimulate demand for spring delivery, further price reductions on many cars and trucks have been announced during the past month. Price revisions in the last year have probably averaged from 15 to 25 per cent, although one car has been reduced over 40 per cent from its highest point. Furthermore, in addition to these formal price reductions, many dealers have made generous allow-



ances on used cars accepted in part payment for new cars. A veritable glut exists in the used car market, and values have dropped heavily. Hence, dealers have been forced to dispose of old cars accepted in exchange, at figures which materially reduced their profits.

Operations at present are at a very low ebb, but most firms are planning a gradual increase in output to meet the anticipated spring demand. Conditions are still uncertain, however, and the industry is by no means unanimously optimistic. The largest producer is operating at about 50 per cent of capacity, and the general average is somewhat below this figure. Stocks of both raw material and finished cars have been reduced to a minimum, and production schedules are adhering very closely to actual orders. With the inventory losses written off, however, the industry is in a much healthier condition than it was a year ago.

The accompanying chart shows the automobile registrations in the United States from 1914 to 1921. Although complete figures for the past year are not available, the total of registrations for the first ten months shows that the year's total will represent a substantial increase over that of 1920. Indeed, the rate of increase was approximately the same as that of the past several years—an indication that the "saturation point" was not, at any rate, reached during 1921.

### BUILDING MATERIALS

The value of building permits issued in fourteen cities of the Third Federal Reserve District during December was less than half the value of those issued in November—a decrease, however, that is not unusual for this time of the year. Great as this decline was, the total value of December permits, \$4,564,907, was more than twice that of December, 1920, which was \$2,151,817. Furthermore, the trend of construction during the greater part of 1921, as represented by permits issued in the principal cities of the district, was definitely upward, and this is in marked contrast with that of 1920, when the winter brought a severe depression in building activity. The contrast is illustrated in the accompanying chart, showing tendencies during the past three years.

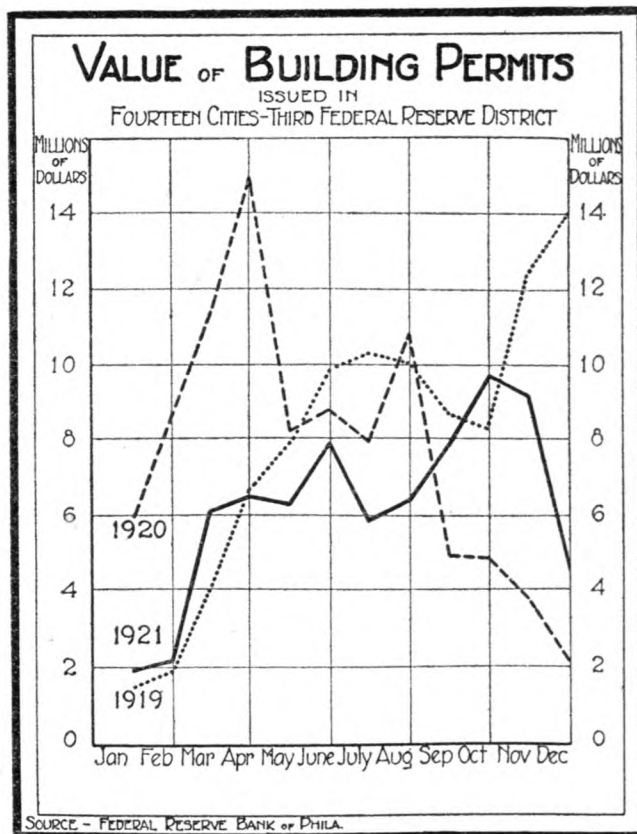
An encouraging feature of the recent developments is that an increasing portion of contemplated building is for commercial and industrial structures rather than for houses, garages, and the like. Many con-

tracts have been placed, and permits issued, the work on which will not begin until spring. Even with the advent of spring, however, many of the proposed projects may be abandoned if labor and material costs become unreasonably high.

Plentiful supplies of materials are now available, and prices on most of these seem to be fairly stable. Laborers in the building trades seem willing to accept the wages which were paid during the fall and there is every probability of an active program in the approaching season.

### CEMENT

As is to be expected at this time of the year, there is very little demand for cement. Sales have fallen off since December, but even the present small volume of shipments is thought to be normal for January. Until about March 1 sales will depend solely upon weather conditions. The orders now being received are almost entirely for immediate delivery, and although manufacturers consider prospects to be bright, few orders are being placed for future shipment; in fact, only one firm reports that the number of future orders is up to normal. Dealers are refraining from ordering in the hope that prices



will come down—if not through lowered costs of manufacture, at least through reductions in freight rates.

Operations vary according to the storage capacity of the various firms. A few who have large stock-houses are running on full time, others are operating at 75, 50, or 25 per cent of capacity, and many, who have filled all available storage place, are closed entirely. Except with the last group, stocks are accumulating, as is customary at this season of the year. This enables manufacturers to meet promptly the large and sudden volume of orders which normally comes at the beginning of spring activity.

Prices were reduced in December about 15 cents a barrel. This makes a normal base price at the mill of \$1.60 per barrel, not allowing for cash discounts, and not including freight charges or charges for bags. This is to be compared with the pre-war price of about \$1.05 and the 1920 maximum of \$2.50. It is stated by manufacturers that the present quotations are so near to costs that only lower freight rates will permit of further reductions. The cost of raw materials is less than it was a year ago. Coal, the chief of these, in the grades used by cement manufacturers, is about 60 per cent of last year's price. Wages, as reported in previous months, were reduced two or three times during 1921.

Collections have not changed materially within the past three months and are reported to be from fair to good. In some cases a slight slowing up was noted early in the month.

#### LUMBER

Current sales of lumber are small, but a large number of inquiries are coming in, and the trade is kept busy estimating on future business. Few definite orders for delivery in the future, however, are being placed; and most of the actual business done is in filling immediate needs. The season, of course, is responsible for this slack demand, but even so, the present volume of sales is considered to be satisfactory for January. Furthermore, the number of inquiries received gives promise of a good spring business, although, of course, the outlook may change as a result of bad weather, or labor trouble in building circles, or an advance in prices great enough to destroy the demand.

Stocks in general are being accumulated in preparation for this anticipated spring business, but the burden of carrying these is resting largely upon the manufacturers, for dealers, with some exceptions, are not as yet buying extensively. High-grade

hardwoods are still rather scarce and are sold as quickly as they can be supplied. Wherever weather permits, mills are operating at varying percentages of capacity. Total production for the country has naturally decreased.

Prices in general are firmer than they have been for several weeks, and some manufacturers have raised quotations on certain grades. Dealers report, however, that a wide range of quotations is still received in reply to inquiries. The better grades of hardwood are stronger than any other lines, and in some cases have recently advanced in price.

Collections are generally reported to be slower than they were three months ago.

#### PAINT

Paint sales are now lighter than at any time in the past year. But manufacturers are not discouraged, as they never expect an active demand in January. In fact, they report that, allowing for seasonal factors, spot business may now be considered normal. Salesmen are on the road again, and orders for immediate delivery are more numerous than they were in the latter part of December. A few contracts for future shipment are being received, but they are not coming in as rapidly as could reasonably be desired.

Operations have been reduced somewhat, and now average about 60 per cent of capacity. Even at that rate, stocks are accumulating. But as the demand for paint is largely seasonal, and ordinary production would be sufficient to fill orders received during the busy spring season, this is necessary. Furthermore, the continuing of operations at practically the same rate throughout the year furnishes regular work to employees. Supplies held by dealers are small.

Although prices of raw materials are firm, or, in some cases, advancing, and although wages have not been reduced, the trade is expecting a further reduction in the price of paints. This is one of the reasons why dealers are keeping stocks low and are not placing future contracts. The manufacturers of white lead have extended the guarantee on their present prices from February 28 to June 30, and this has brought forth a fairly good volume of orders. Linseed oil has been firm for several weeks, and some crushers have recently advanced their price from 69 cents to 73 cents a gallon. This compares with 75 cents last January and with a war-time maximum of \$2.15. The price of turpentine has been rising since early in the fall.

Collections are somewhat slow.

## POTTERY

Demand for sanitary pottery is described by many manufacturers as being abnormally good for January. Orders have increased since December, and in some cases sales are 50 per cent greater than were those of last January. This improvement is attributed by the trade to an increase in prices, manufacturers having recently announced advances of from 7 to 10 per cent. These advances, it is held, brought forth a volume of orders from jobbers, who, anticipating lower instead of higher prices, had been operating with small stocks. General reductions were made in September, based, according to the manufacturers, on the hope of being able to reduce wages. But as no agreement could be arrived at with the unions, wages are unchanged. For this reason prices have been returned to the September schedule. The present agreement with the employees does not expire until October 1.

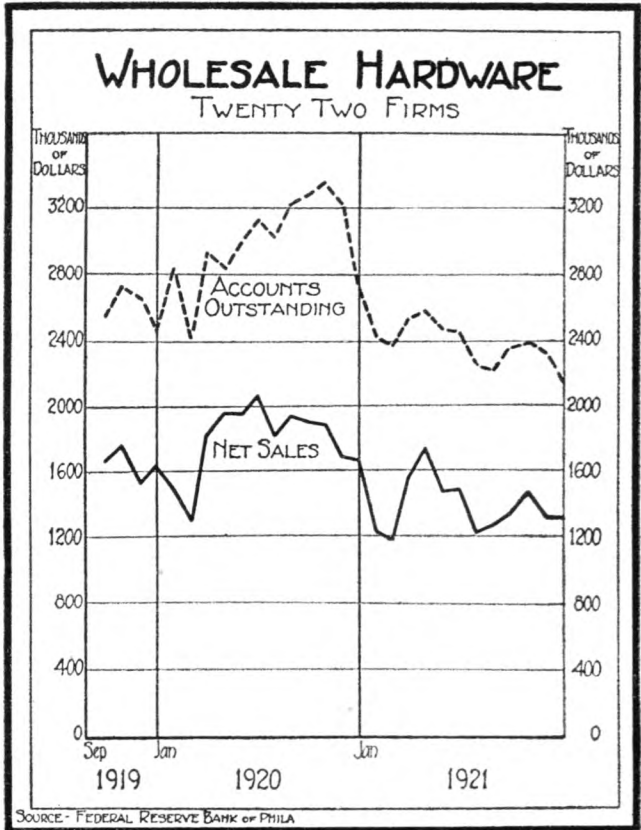
With a few exceptions, plants are operating at capacity, which is unusual for this time of the year. Most of the orders are for immediate delivery, but many future contracts are being placed, and most firms report sufficient unfilled orders on hand to keep them running for three or four months. In spite of this increased output, stocks held by manufacturers are decreasing, although they are even now considered to be low.

Manufacturers of porcelain for electrical supplies report an entirely different situation. Demand is poor, or at best only spotty, and orders, although frequent, are small in size. Plants are running at only 20 per cent of capacity, whereas normally at this time of the year operations should range from 80 to 90 per cent. Unfilled orders on hand are practically negligible. In this branch of the industry goods are made on order, so no stocks are carried.

Collections throughout the industry are fairly good, although a few firms report that they are still poor.

## WHOLESALE HARDWARE

In spite of the fact that December and January usually prove to be dull months in the hardware trade, local dealers report that business is somewhat better than it was in the fall. The accompanying table shows that the net sales of all reporting firms were slightly greater in December than in November, but were smaller than in December, 1920. Despite this increase in the volume of sales, the accounts outstanding showed a considerable decrease as compared with November.



At the present time hardware firms report a strengthening demand, although most orders are for immediate delivery. Prices have been falling steadily, on finished goods as well as on raw stock. Hence, buyers are cautious in placing future orders. Business, however, is very uneven. Dealers in builders' hardware report an especially brisk demand, but firms in the coal districts find that purchasing is gradually decreasing, which is evidently due to the expectation of lessened mining operations in the near future and to the possibility of a coal miners' strike.

## WHOLESALE HARDWARE TRADE

	December, 1921, compared with November, 1921	December, 1921, compared with December, 1920
Number of reporting firms—23		
Net sales during December.....	+ .4%	-20.0%
Accounts outstanding December 31	-8.0 "	-19.3 "
Ratio of accounts outstanding to sales:		
December, 1921.....		162.8%
November, ".....		180.2 "
October, ".....		164.7 "
September, ".....		179.8 "
August, ".....		181.0 "
July, ".....		189.4 "

## COAL

### ANTHRACITE

The cold weather of the past month has caused a considerable increase in the sales to consumers of

domestic sizes of anthracite. Stove and nut especially have been in fair demand, but deliveries have generally been of only small lots. Indeed, the volume of purchasing, although well above that of the same month of last year, has been quite disappointing to dealers, as consumers' reserves are known to be much smaller than they were last year. Steam sizes are still moving sluggishly, and the cold weather has had but little effect upon demand for these grades. Hand-to-mouth purchasing is expected for the remainder of the winter, and the extent of even this will depend entirely upon the weather. Retail prices were reduced 25 cents per ton following the removal of the transportation tax on January 1, and domestic sizes are now selling at \$14.25 for broken and egg, \$14.50 for stove, and \$11.25 for pea. In fact, even lower prices are being quoted by some retailers in the attempt to stimulate purchasing, extra delivery charges being waived in numerous instances.

The difficulty which retail dealers have encountered in endeavoring to reduce their heavy stocks has led them to curtail materially their purchases from operators. Independent operators, who do not possess adequate storage facilities, have made liberal price concessions in the attempt to move their output. Quotations of the independents on most domestic sizes have been reduced to the company level. But even this has failed to stimulate purchasing, and output has been materially reduced, many independent mines being closed down. The companies also have curtailed production, so that the industry is now operating at not more than 60 per cent of capacity. Production for the week ending January 14, as reported by the Geological Survey, was only 1,643,000 tons, as compared with an average weekly production of from 1,800,000 to 1,900,000 tons during the early fall. Further evidence of curtailment is seen in the report of the Anthracite Bureau of Information, showing anthracite shipments for December to have been only 4,635,922 tons, as against 5,314,014 tons for November, and 6,436,320 tons for December, 1920.

Both dealers and operators are desirous of reducing their stocks to a minimum by the end of the present coal year, as the trade generally expects that freight rates and wages will be reduced and prices lowered. As regards wages, the anthracite miners have already demanded a substantial increase, which the operators say they will refuse to concede. Just how far the miners will go in the endeavor to enforce their demands is a question, but a strike is a possibility. Most operators and dealers, however, are confident that a wage reduction will eventually be

accepted, and that this will result in the lowering of prices to the consumer.

#### BITUMINOUS

Although the widespread stagnation which existed in the bituminous industry during December has been followed by a noticeable revival of interest during the past month, the present situation is far from encouraging. Indeed, much of the renewed interest has been evidenced only by inquiries rather than by actual purchases. Railroads and public utilities have done some buying, but industrial firms are showing little interest in the market. The removal of the transportation tax on January 1 reduced prices about 10 cents per ton, but the failure of the railroads to lower freight rates and the anticipation of such a reduction have acted as deterrents to purchasing during the past month. Furthermore, whenever possible, consumers are delaying their buying until the next coal year in the expectation that lower wages will reduce prices still more.

As yet, however, only minor price changes have occurred—the Coal Age Index of spot prices being 83 on January 9, as compared with 84 on January 2. Non-union mines are offering their product at quotations so low that union operators are compelled to choose between closing their mines or selling at a loss. Hence, while non-union operators have in numerous cases extended their production somewhat, in union fields additional mines have been closed down and unemployment has increased. Exports have declined, and British competition is becoming serious, not only in the foreign market but in the domestic market as well. Shipments of British and Welsh coal are still being offered at domestic ports at prices which domestic producers are unable to meet.

Production reports of the Geological Survey show clearly the deplorable situation which has existed in the industry during the past year. Output during January has improved somewhat as compared with that of December, but it is still far from normal. Total production in the week ending January 14 amounted to 8,268,000 tons, as compared with an average weekly production during December of approximately 7,000,000 tons. Total production for the year 1921 was only 407,000,000 tons, the lowest annual total recorded since 1911. The Geological Survey characterizes the past year as having been one in which the industry suffered the "most severe prostration since 1893."

Collections are reported as being only fair, al-

though the railroads are paying more promptly than hitherto.

### COKE

Beehive coke production is still being maintained at a weekly rate well in excess of 100,000 tons, a figure which compares favorably with last summer's output, but which is much below normal. By-product production is at a higher rate, however, being close to 40 per cent of capacity. The past year was a disastrous one for the beehive industry, production totalling only 5,561,000 tons, as reported by the Geological Survey. This is the lowest production recorded since 1885, when 5,107,000 tons were manufactured, and is only 15.0 per cent of the record output of 37,126,026 tons reached in 1916. Although a portion of this loss has been due to the encroachment of by-product coke in beehive markets, the total output of both varieties was not more than 26,000,000 tons, which is about the same as the production recorded in 1908.

During January a number of contracts have been placed for the coming quarter, and spot sales have been made in small volume. Prices, however, are weak, and spot coke is being sold at \$2.75 for furnace and \$3.75 for foundry. Competition on new contracts is being offered by by-product plants, which are enabled to underbid beehive producers because the gain on the sale of by-products offsets the loss on the coke. Coke producers are anxiously watching developments in the iron and steel industry, as the beehive industry is almost entirely dependent upon iron and steel manufacturers for a market for its product.

### COTTON

Activity in the cotton goods market during the first weeks of January has fallen off appreciably in comparison with conditions towards the close of 1921. At the present time, it is very sensitive to any changes in the raw cotton market, and any degree of stabilization there will materially aid the cotton goods market. Generally speaking, prices remain firm, although there are a few exceptions; several decreases are noted, and some slight increases.

The demand for cotton goods is very irregular. The fact that almost all stocks of cotton goods are considerably depleted, even more so than those in other textile industries, should eventually lead to an improvement, and some opinions are to the effect that it will only be a matter of time before buying

is resumed. At present the market is comparatively quiet, and orders are not coming in as well as was expected; nor are they for large quantities. Grey goods are moving but slowly, and sheetings are dull. Blankets are selling very well and in fairly large quantities. There is also an active demand for denims.

Collections are fair and show a slight improvement since last month.

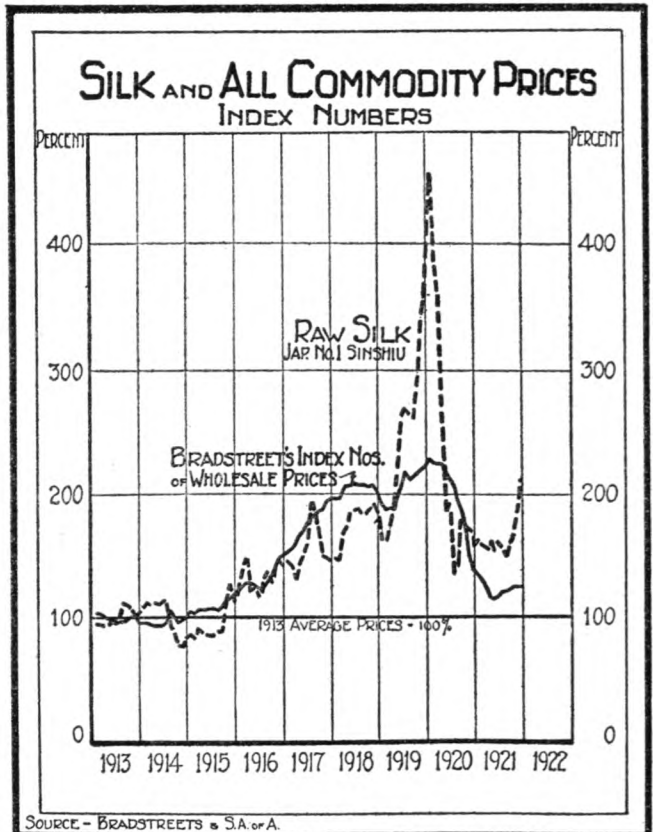
### COTTON YARNS

The demand for cotton yarns remains dull, and very little trading is reported. Manufacturers are not disposed to accept orders for future delivery at current prices. Buyers are reluctant to purchase for the future and are covering only immediate needs. It appears that neither buyer nor seller is ready to operate to any extent. Orders are for small lots only, and the business being done is far below expectations.

Collections are fair.

### SILK

During the past month, there was no improvement in the silk goods market. For a number of months,



retail sales of broad silks and ribbons have been rather poor, and retailers are therefore purchasing only as it is necessary to fill in their lines. In almost every instance, the orders are for small lots for immediate delivery. Jobbers, influenced by the situation in the retail trade, have likewise been buying very conservatively.

The spring season with the mills has just commenced, and it is rather difficult to form a judgment on the outlook at this time. But orders thus far received are small, and no manufacturers report any business booked for future delivery. The manufacturer's chief source of trouble all along has been rising raw silk prices, and the recent slight reaction in the raw silk market has not helped much in making his way easier. Both manufacturers and jobbers are aware that purchasers will object vigorously to any increase in silk fabrics, and, therefore, are making advances only in cases of absolute necessity.

The situation at present is rather unsettled. On one hand, consumers are not particularly interested in silk, even at old prices; and on the other, manufacturers are unable to supply goods except at a considerable advance over prices prevailing late last fall.

Collections are fair, and in some instances are reported to have improved.

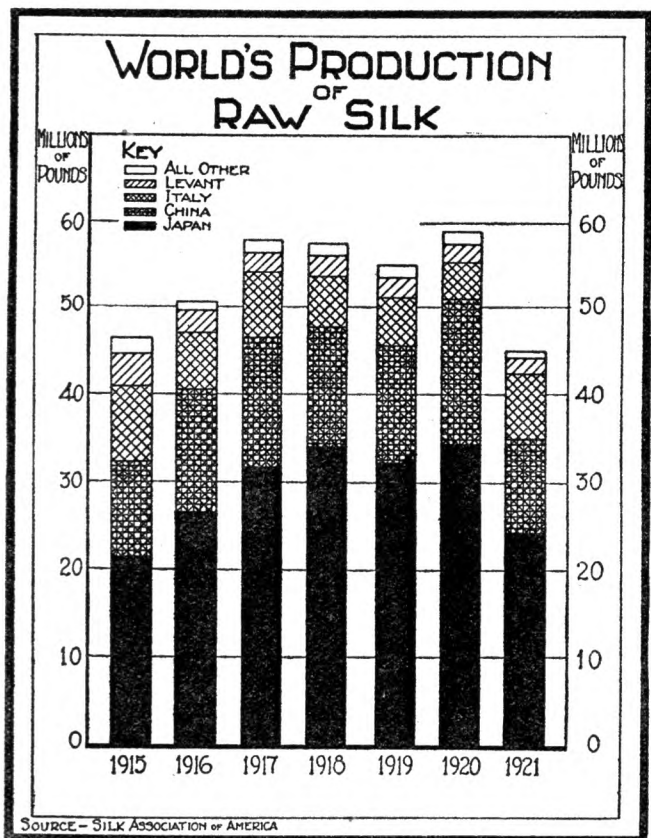
### RAW SILK

True to the expectations of many engaged in the silk industry, the raw silk market has experienced a slight reaction, and almost all prices are somewhat lower. But the decline has been relatively so slight that quotations as a whole have remained fairly firm at a high level. As a result, the demand for raw silk from all sources has declined, and all buying is for immediate needs only. Manufacturers of silk products are indisposed to purchase raw material at present levels, realizing the difficulty of selling their goods at higher prices.

At the present time, a very interesting situation exists in the raw silk market. Present prices are almost double the pre-war normal, and some of the leading silk men in the country believe that prices have risen entirely too rapidly and are too high. Others, however, are of the opinion that, considering the available supply of silk, the rise was entirely justified. There is much conjecture as to the future trend of prices, and confidence in their stability is lacking.

It is interesting to note from the following chart the relative position of Japan in the silk market. The

preponderance of Japanese silk is clearly illustrated. In the year 1920-21, Japan produced approximately 55 per cent of the world's supply, and during the past few years, about 85 per cent of the raw silk used by the United States has come from that country. Incidentally, the United States is the world's greatest consumer of silk, and since the war our imports have exceeded those of all European countries combined. In 1919, which was the banner year, the United States imported 44,817,000 pounds of raw silk, valued at \$329,339,000, and almost all of this vast supply was consumed in this country. Our exports of finished products during that year amounted to only \$23,903,000.



### WOOL

#### WOOLEN AND WORSTED GOODS

The experience of manufacturers differs widely as regards the demand for woollen and worsted goods. A majority of firms in this district report little or no demand at this time, but one firm reports that though the demand has not increased, it is normal for this period of the year. Its mills are operating at capacity and have sufficient unfilled orders to maintain

capacity production for six weeks. On the other hand, some mills have ceased operating entirely, and others are running at a much reduced rate. The average rate of production in the district is approximately 55 per cent.

Stocks are not accumulating to any great extent. In fact, some firms have no stock on hand and are manufacturing all orders as they come in. For the most part, buyers were not disposed to make anything but necessary purchases during the month, and were awaiting the opening of the American Woolen Company, on January 23. Prices, styles, etc., are usually determined at these openings, and the booking of orders then follows.

Prices of raw material are increasing steadily, and this has caused many manufacturers to make closer inquiries concerning their requirements for the coming year. The rise is attributed to the too drastic decline in 1920 and 1921, and to the heavy import duty now collected on raw material. These two factors have substantially raised the cost of raw material above the prices paid for that used in goods now being used. Prices of finished good remain firm.

Collections are only fair, and have not improved during the past two months.

#### WOOLEN AND WORSTED YARNS

Woolen and worsted yarns of practically all descriptions, except weaving yarns, have been in much better demand during the past month, especially knitting yarns. In the weaving trade the demand is practically nil, and in view of this the general activity prevailing in the yarn market at present is all the more remarkable. Carpet yarns are very active and many large contracts are reported.

As a result of the increased demand, yarn prices have been advanced, and quotations are now from 5 to 15 cents per pound higher than they were at the close of 1921. This increase was generally expected in view of the strong wool market, and some dealers say that a further increase will follow shortly.

Yarn mills in this district are operating at an average of about 80 per cent of capacity and have sufficient orders on hand to insure operations at this rate for about three months. Stocks are not accumulating, and orders are being filled as manufactured.

Collections are fairly good, but very little improvement has been noted.

#### RAW WOOL

The condition of the raw wool market is very satisfactory. During the first week of the new year,

manufacturers were indisposed to buy, preferring to await developments at the Government auction, which was held in Boston on January 5. At this auction, prices of raw wool advanced from 15 to 20 per cent over the prices at the December auction. This, together with the refusal of dealers to make price concessions in order to effect sales, indicates the strength of the market. Prices of raw wool are now the highest recorded for the 1921 clip. This condition is attributed to the increasing scarcity of wools and to the Emergency Tariff, which makes it costly to import wools. Another factor causing higher prices is the speculation and trading among dealers.

Manufacturers have not been buying to any extent during the past two weeks; most of them anticipated present conditions and bought steadily during the fall. What trading there is at present is chiefly among dealers, and with these, stocks are small and are moving very rapidly.

Some dealers are of the opinion that if we continue to consume wool at the present rate, which is approximately 60,000,000 pounds per month, an actual shortage will exist in early spring. Even at this time there is a distinct scarcity of many desirable kinds of wool. On January 1, 1922, there were approximately 350,000,000 pounds of wool on hand, and adding to this figure the estimates of the new clip and of the wool held at country points, we have an estimated total of only 620,000,000 pounds for the year's supply.

Collections are only fair, no improvement being noted in the past two months.

#### HOSIERY

New orders for hosiery of silk and of heather mixtures have decreased considerably; not that the demand has been less, but that the increase in the cost of yarns has made it impossible for manufacturers to accept business at former prices, unless they happened to be well supplied with yarns. In view of the present prices of raw materials, the number of contracts closed has been small. This, however, does not mean that the outlook for the mills is poor, for in full-fashioned silk hosiery many manufacturers have orders on their books that will take from 3 to 6 months to fill. Similar conditions exist in the heather hosiery trade.

Manufacturers of seamless silk wear likewise report a falling off in business, owing not only to the



advance in yarns, but to the steadily increasing production of full-fashioned goods. The majority of their unfilled orders are for prompt shipment, and as they are not well supplied with forward business, the price to be paid for hosiery in the near future is of vital importance to them. Heavy cotton wear suitable for consumption in agricultural sections is in poor demand, but there appears to be a slight improvement in other cotton and mercerized lines.

#### OPERATIONS IN THE HOSIERY INDUSTRY

(In terms of dozens of pairs) Number of reporting firms—31	December, 1921, compared with November, 1921	December, 1921, compared with December, 1920
<i>Firms selling to the wholesale trade:</i>		
Product manufactured during December .....	+ 5.0%	+172.1%
Finished product on hand December 31 .....	+13.3 "	+ 5.9 "
Orders booked during December .....	-21.6 "	+ 82.2 "
Cancellations received during December .....	+91.3 "	.....
Shipments during December...	- 2 "	+ 88.3%
Unfilled orders on hand December 31 .....	- 4.3 "	+612.8 "
<i>Firms selling to the retail trade:</i>		
Product manufactured during December .....	- 4.0%	- 3.9%
Finished product on hand December 31 .....	+ 4.3 "	.....
Orders booked during December .....	-27.9 "	.....
Cancellations received during December .....	-51.8 "	.....
Shipments during December...	-10.2 "	.....
Unfilled orders on hand December 31 .....	-37.9 "	.....

#### UNDERWEAR

Manufacturers of heavy weight underwear are booking orders both for prompt shipment, to fill depleted stocks, and for delivery for the fall of 1922. Though the majority of orders are not large, the total is sufficient to keep mills fairly busy; and as prices are becoming stabilized, it is expected that buying for future delivery will increase considerably during the next few weeks.

In light weight underwear the amount of business done continues to be disappointing. Buyers in many instances are holding off until the last moment, hoping in this way to secure lower prices. The total quantity bought for spring is estimated to be sufficient to meet only a small percentage of normal requirements; and as recent experience shows that the principal demand in retail trade is for necessary articles, it is likely that large purchases of spring underwear still remain to be made.

#### CONDITIONS IN THE UNDERWEAR INDUSTRY

(In terms of dozens) Number of reporting firms—14	December, 1921, compared with November, 1921	December, 1921, compared with December, 1920
<i>Summer underwear:</i>		
Product manufactured during December .....	+ 16.9%	+405.9%
Finished product on hand December 31 .....	- 3.6 "	+ 95.4 "
Orders booked during December .....	- 32.7 "	+118.2 "
Cancellations received during December .....	.....	.....
Shipments during December...	+ 82.9 "	+266.7 "
Unfilled orders on hand December 31 .....	- 17.8 "	.....
Number of reporting firms—8		
<i>Winter underwear:</i>		
Product manufactured during December .....	- 47.5%	.....
Finished product on hand December 31 .....	+ 20.4 "	.....
Orders booked during December .....	+102.6 "	.....
Cancellations received during December .....	+ 81.1 "	.....
Shipments during December...	- 56.7 "	.....
Unfilled orders on hand December 31 .....	+ 92.2 "	.....

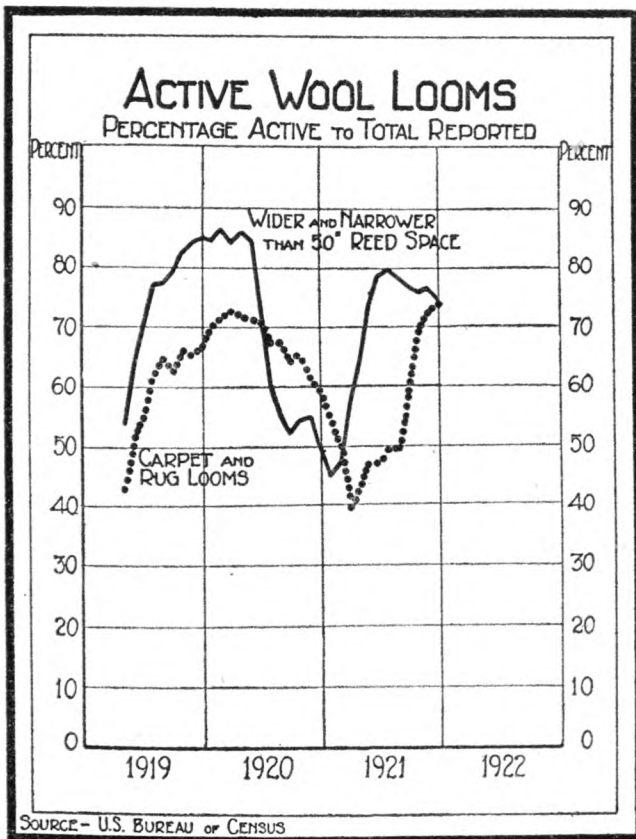
#### FLOOR COVERINGS

Carpet and rug manufacturers are, for the most part, well supplied with orders. Wiltons and Axminsters continue to be in demand and the output for the season has been sold. Velvets and tapestries, because of better sales, are being produced in larger quantities than heretofore, some mills working at capacity. The dullest branch of the industry is that making fibre rugs. In these, the competition with Japan is severe, so severe that some mills are making alterations in order to produce other lines. Prices of raw materials are in most instances higher, but as selling figures on finished goods were made for the season, no change in price has been possible.

Dullness during the Christmas season and the weeks following, has enabled linoleum manufacturers to cut down the amount of unfilled orders on hand, and some are now in a position to make prompt delivery on orders coming in. Many inquiries are being received for lots of large size, and it is expected that orders will be forthcoming in sufficient quantity to enable factories to continue running at full capacity. Prices are unchanged for both finished products and raw materials.

Stocks of all floor coverings in the hands of retailers are reported to be small.

Activity in the manufacture of carpets and rugs during the past three years can be traced in the following chart, the increased production during the latter part of 1921 being worthy of particular note.



## LEATHER

Heavy leathers are meeting with increased demand and prices are being maintained better than at any time during the past year. Stocks of some kinds of sole leather have been materially reduced, and the call for certain parts of the hide that were previously neglected has improved greatly. Bellies, for instance, have been selling well and have advanced sharply in price. Even the stock of belting butts, which have recently been the most difficult part of the hide to dispose of, decreased 4 per cent during November, according to the figures of the Bureau of Census, Department of Commerce.

Upper leathers are also showing increased firmness in price. The continued demand for a shoe of low cost is making a ready market for side leathers, and for the medium and low grades of kid and calf. An improvement in the market for the better grades of shoes is shown in increased inquiries for No. 1 calf and the upper grades of kid.

As the season advances, colors are being purchased more freely. Havana brown is at present one of the most popular shades. Patent leathers continue to be used largely in styles for early spring. Stocks of

kid are low, except in large skins measuring seven feet or over, and tanners find little difficulty in selling their present output.

Export demand for kid has improved somewhat and shipments are going forward much more steadily than heretofore.

## HIDES AND SKINS

The market for packer hides in this country has held firm, but in Buenos Aires the prices are somewhat lower and stocks are increasing. Goat skins are extremely firm, and the desirable lots offered, from warehouse or afloat for early arrival, have been well bought up. In the markets of origin—especially in Calcutta, where supplies appear to be small—the lots of good quality are eagerly bought, showing that tanners here are confident of the future leather market, and that even at the advance in price there remains a fair margin of profit for the manufacturer. Calf skins and sheep skins remain quiet, and changes in price have been slight.

## SHOES

Improvement is noticeable throughout the shoe trade. The psychology of the situation has changed, and almost everyone, from the small town retailer to the large manufacturer, is beginning to feel more optimistic. During the last year there was a steady decline in the wholesale price of shoes. Cheaper materials, lower wages, increased efficiency of labor, and many factory economies, have brought wholesale prices down to the point where, although still above pre-war prices, they may be said to be cheap. Business in the factories in this district is better, both in the country and the city. The wholesaler is placing orders for spring more freely, and the retailer, though still cautious, is moving forward and buying moderately. It seems likely that January, with the meeting and style show of the National Shoe Retailers' Association, held in Chicago, followed by the manufacturers' meeting in New York, will prove to be the turning point in this season's shoe trade.

## CONDITIONS IN THE BOOT AND SHOE INDUSTRY

Number of reporting firms—45 (In terms of pairs)	December, 1921, compared with November, 1921	December, 1921, compared with December, 1920
Production .....	- 1.9%	+ 35.9%
Shipments .....	- 1.1 "	+ 52.2 "
Orders booked .....	- 52.4 "	+ 12.0 "
Orders on hand.....	- 9.3 "	+ 292.2 "
Stocks on hand.....	+ 1.1 "	+ 46.1 "
Number of operatives on payroll.	0.0 "	+ 31.5 "

## PAPER

The local paper trade has been practically static for the past four weeks. October was the best month of 1921, but sales fell off during November, and again in December. Stock-taking by printers and other users of paper at the end of the year caused some slackening of demand, and since then recovery has been prevented by the general business inactivity that has prevailed during January. However, the trade is not, as a rule, pessimistic, as it considers present conditions to be for the most part seasonal and is confidently expecting better demand in the spring. Furthermore, the comparison between this January and last is more favorable than have been similar comparisons in recent months.

In fact, the industry as a whole is in a much better position than it occupied a year ago. The fall in demand for the different grades of paper began in November and December, 1920, and January, 1921. At that time production was at maximum capacity, stocks were small, and unfilled orders large. Suddenly orders ceased, many contracts were cancelled, shipments fell off more rapidly than production could be curtailed, and consequently a year ago stocks were accumulating rapidly. Therefore, last January dealers had large supplies of paper on hand that were bought at high prices, and manufacturers possessed even larger stocks, which had been made at maximum production costs to fill contracts that were subsequently cancelled, or to supply an anticipated demand which, it was later realized, would not develop. At present, it is stated that consumers have practically no paper on hand, that dealers are maintaining not more than normal stocks, and that although the mills have greater stocks than they need, they are not accumulating goods as rapidly as they were a year ago. The existence of these excessive supplies at the mills is a somewhat depressing factor. On the other hand, the total stock of paper available for use is probably not so great as it seems to be, for mills are now holding paper formerly carried by dealers and consumers, who, knowing that orders will be filled promptly and not fearing any substantial advances in price, are purchasing only according to their needs.

As a consequence of decreased shipments, operations are being curtailed, but not to the same extent. Reports indicate that production now averages about 60 per cent of normal. A few mills are operating at as much as 85 per cent of capacity, but others are down to as low as 50 per cent. Operations for the

year in response to the improved demand reached their highest point in October and November, during which months the output of the mills was between 75 and 80 per cent of capacity. Some manufacturers of wrapping paper were then running on full time and were behind on orders.

The accompanying table gives a statistical summary of the condition of the paper manufacturing industry last fall. It will be noted that in most cases production increased or held its own during November, although shipments fell off, and that as a consequence stocks were enlarged. Except on wrapping papers and paper board, production and shipments were less than in November, 1920, and in all cases stocks were larger. The increase in the total output and sales of all grades since November, 1920, is not representative of the true situation. It is more than accounted for by the increase of 40,000 tons in the figures for paper board, which was exceptionally dull in November, 1920, and fairly active during the corresponding month in 1921. Also, the tonnage of this product is greater in comparison with its value than is that of other grades.

### STATISTICAL SUMMARY OF THE PAPER INDUSTRY

	Production tons	Shipments tons	Stocks at end of month tons	Imports tons	Exports tons
<i>Newsprint:</i>					
Nov., 1920..	122,993	125,323	20,266	61,248	5,544
Oct., 1921..	101,884	109,110	23,015	75,598	704
Nov., 1921..	104,604	104,492	23,127	74,544	1,256
<i>Book paper:</i>					
Nov., 1920..	89,564	85,827	24,563	590	4,644
Oct., 1921..	72,139	75,382	32,343	19	736
Nov., 1921..	73,544	68,827	37,060	8	565
<i>Fine paper:</i>					
Nov., 1920..	31,208	29,991	30,185	.....	*\$1,020,369
Oct., 1921..	24,635	26,672	33,957	.....	* 179,553
Nov., 1921..	24,609	25,177	33,389	.....	* 162,828
<i>Wrapping paper:</i>					
Nov., 1920..	65,920	61,034	25,586	167	2,627
Oct., 1921..	64,518	68,453	52,378	512	717
Nov., 1921..	65,905	68,078	50,205	615	1,113
<i>Paper board:</i>					
Nov., 1920..	133,818	127,072	48,969	.....	* \$667,038
Oct., 1921..	181,775	183,568	57,169	.....	* 135,735
Nov., 1921..	172,582	169,971	59,780	.....	* 123,240
<i>All grades:</i>					
Nov., 1920..	518,144	499,281	193,943	*\$7,548,236	*\$6,206,482
Oct., 1921..	542,408	560,558	244,657	* 6,369,522	* 1,164,230
Nov., 1921..	538,876	531,606	248,927	* 6,093,295	* 1,351,243

\* Dollars. Figures not given in tons.

With the exception of increases in box-board and some advances by book-paper manufacturers, the prices of paper have remained practically unchanged during the past month. Reports were received of a weakening in wrapping paper, but this tendency was not general. The new contract price of \$70 a ton on newsprint went into effect January 1, and spot

quotations have been reduced accordingly. Sulphite pulp is firm at the higher price attained December 1, but the pulp market usually remains unchanged at this time of the year and until the opening of navigation in the spring.

Collections have not changed to any appreciable degree. A slight falling off in payments occurred about the first of the year, but the situation improved immediately.

### PAPER BOXES

After a period of inactivity lasting through December and into the first week of January, paper boxes are now in slightly better demand. Business, although still rather spotty and unsettled, is more stable than in December, and the industry is in a healthier condition than it was a year ago. At that time, the decline in sales was at or approaching its lowest point, prices were falling rapidly, competition was beginning to be keen, and consumers were finding themselves oversupplied with boxes as the demand for their products fell off. Large stocks, made in anticipation of a steady demand from regular customers, had to be stored; box board was falling in price; and heavy stocks of it bought at high prices were being carried. In practically all these respects the situation is improved, although there are still some unfavorable factors.

Orders are largely for immediate use, and few contracts for the future can be placed. One firm reported that only the largest and most far-sighted manufacturers are ordering for future delivery. Unfilled orders are therefore small in volume and are being filled promptly. The confectionery and hosiery trades are among those mentioned as now buying boxes more freely.

One firm making certain special products is operating at capacity, but most of the box manufacturers have reduced the number of their employees, or the number of working hours a week, or both. Present production averages about 60 per cent of capacity. Although those firms who ordinarily keep finished supplies on hand for regular customers are now less hesitant about replenishing these than they were last summer, stocks of made-up goods are by no means large. Stocks held by consumers are smaller than usual, as there is felt to be no necessity of buying before goods are needed.

Although competition is still rather keen among the smaller firms, these houses are unable to handle large orders, and therefore prices in general are

firmer. Heretofore, it is reported, quotations were frequently made without regard to cost, and as the volume of business was slight, profits for the last year were either small or were wiped out entirely. A factor in stabilizing prices is the recent firmness of box-board. Board was low last summer, and many box manufacturers, considering it below the cost of production, stocked up heavily. When, in the fall, the demand for boxes increased and the price of waste paper rose, board manufacturers advanced their quotations on box-board. The new prices continued in force for some weeks, but were not supported, and therefore began to decline. Recently, however, the market became firmer and prices higher. The advance that occurred was general, but the quotations received vary widely, and it is evident that the market is still unsettled. Board manufacturers are offering more for waste paper since they increased prices on their finished product.

Collections have recently improved and are now fairly good.

### WHOLESALE GROCERIES

The wholesale grocery trade this month reports conditions that are by no means favorable, as is shown by the figures presented herewith. Sales were much smaller in December than in November, which in turn were less than those of October. The demand for holiday goods fell off early in December and was disappointingly small. As a result, the total volume of sales of all reporting firms was lower than it was in any month of 1920. Business in January has also been lifeless, except on certain lines such as canned vegetables, dried fruit and coffee. The marked improvement in the demand for canned goods is attributed to low stocks and to estimates of a small pack for last season. Although retailers' stocks in practically all lines are low, they are not building them up and are buying only for present needs. Wholesalers state that orders are much smaller than in normal times.

Slight reductions were announced in the prices of a variety of products at the first of the year, notably of soaps, cereals and some brands of canned milk. Canned vegetables, however, in response to the better demand, have risen. Coffee also is reported to be higher. Spectacular declines in the butter and egg markets, attributed to mild weather and surplus storage stocks, have occurred during the past month. Early in January, 92 score creamery butter on the Philadelphia wholesale market fell to as low as 34½

cents a pound, and the general range of prices is well below that ordinarily prevailing at this time of the year. Refined sugar quotations were reduced again in the latter part of December from 5 cents to 4.90, and later by some refiners, to 4.80 cents; and these prices prevailed until January 21, when they were again raised to 5 cents. The price for raws fell on December 28 to  $1\frac{3}{4}$  cents, equivalent to 3.37 cents, duty paid, which is the lowest since June, 1914. The market recovered after that, and quotations are now at 3.86 cents on Cuban, and 3.73 on Porto Rican, raws.

The collection situation continues to become worse, as is shown by another increase in the ratio of accounts outstanding to sales. The increasing difficulty in collecting accounts is a subject of universal comment from the reporting firms. In fact, many of them have reduced the orders of some of their customers because of failure to pay promptly.

#### WHOLESALE GROCERY TRADE

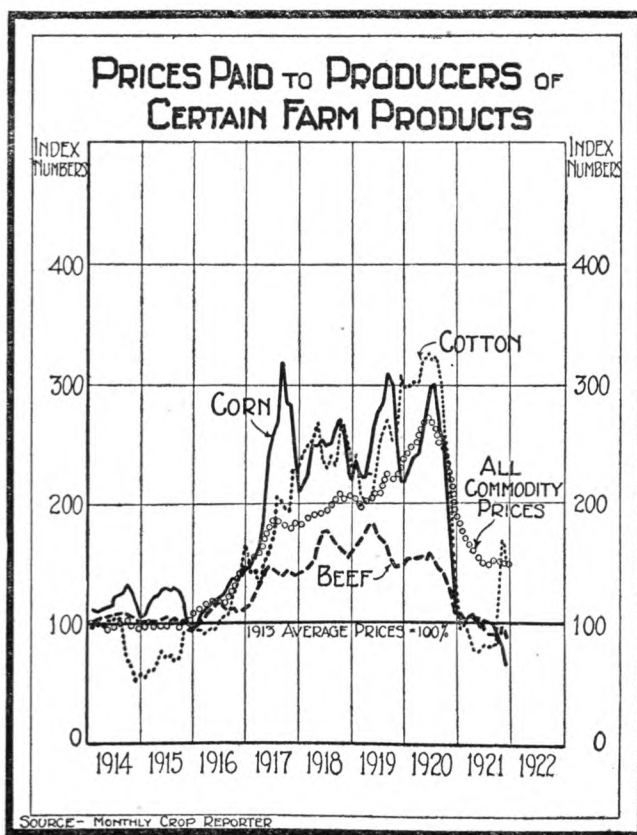
	December, 1921, compared with November, 1921	December, 1921, compared with December, 1920
Number of reporting firms—48		
Net sales during December	—12.4%	—20.6%
Accounts outstanding December 31	— 8.2“	—10.7“
Ratio of accounts outstanding to sales:		
December, 1921		115.3%
November, “		112.6“
October, “		108.3“
September, “		105.8“
August, “		98.3“
July, “		102.6“

#### AGRICULTURE

From an agricultural standpoint the year 1921 was not a favorable one, and the position of the farmer is at present a subject of much discussion. In 1920, crops were planted and cultivated at the greatest cost ever required for the production of farm products. The prices received were correspondingly high during the early months of that year, but after June these prices began to decline on all agricultural commodities, and consequently 1920 was a disastrous year for farmers. It was thought that 1921 would be much more favorable, as costs were lower than in the preceding year. But prices on most of the important products continued to decline more rapidly than costs. In addition, yields per acre and total production were smaller than in 1920, making the total returns received by the farmer considerably less. Furthermore, as is well known, the prices of other commodities have not come down to the same extent, and the agricultural sections of the country are receiving relatively less from the sale of their

commodities than they are paying for goods which they must use.

The chart and the tables given herewith show statistically the above facts. In Table A it will be noticed, in regard to conditions a year ago, that the production of the chief crops, except wheat, was greater in 1920 than in 1919, but that the prices received, and consequently the total value of the crops, were considerably less. As an indication of high costs, wages paid to farm labor in certain years are given in Table B. It will be noted that the 1920 averages exceeded those for 1919. The tables further show that in 1921, although the acreage planted to most crops had been increased, the total production was less than in 1920, and because of the continued fall in prices, the value of the crops declined even further. The index numbers of the Bureau of Labor Statistics show that the wholesale prices of farm products declined 41 per cent from December, 1919, to December, 1920, and 21½ per cent from the latter date to December, 1921, making a total reduction of 54 per cent within the past two years. On the other hand, the figures for all commodities are only 36 per cent lower. Some idea of the effect which this difference in price changes may



CROP SUMMARY OF U. S. DEPARTMENT OF AGRICULTURE

(Monthly Crop Reporter, December, 1921)

TABLE A	Acreage—000's omitted			Production—000's omitted			Price—December 1			(000's omitted)		
	1921	1920	1919	1921	1920	1919	1921	1920	1919	1921	1920	1919
<i>Corn</i>	Acres	Acres	Acres	Bus.	Bus.	Bus.	Per bu.	Per bu.	Per bu.	Total farm value, basis Dec. 1		
Pennsylvania .....	1,589	1,556	1,581	76,272	70,020	74,307	\$0.55	\$1.00	\$1.47	\$41,950	\$70,020	\$109,231
New Jersey .....	241	236	261	11,327	10,384	10,440	.53	.85	1.53	6,003	8,826	15,973
Delaware .....	177	173	178	6,549	6,488	5,340	.45	.75	1.45	2,947	4,866	7,743
United States .....	103,850	101,699	97,170	3,080,372	3,208,584	2,811,302	.423	.67	1.345	1,302,670	2,150,332	3,780,597
<i>All Wheat</i>												
Pennsylvania .....	1,365	1,368	1,425	23,850	22,700	24,898	1.03	1.70	2.16	24,566	38,590	53,779
New Jersey .....	81	74	85	1,539	1,184	1,530	1.13	2.05	2.20	1,739	2,427	3,366
Delaware .....	113	116	126	1,300	1,972	1,512	.98	1.71	2.13	1,274	3,372	3,221
United States .....	62,408	61,143	75,694	794,893	833,027	967,979	.927	1.437	2.149	737,068	1,197,263	2,080,056
<i>Oats</i>												
Pennsylvania .....	1,238	1,210	1,176	35,283	47,190	36,456	.45	.66	.80	15,877	31,145	29,165
New Jersey .....	72	72	71	1,728	2,304	2,130	.45	.75	.80	778	1,728	1,704
Delaware .....	6	7	6	168	231	138	.46	.70	.90	77	162	124
United States .....	44,826	42,491	40,359	1,060,737	1,496,281	1,184,030	.303	.46	.704	321,540	688,311	833,922
<i>Potatoes</i>												
Pennsylvania .....	251	246	234	21,586	28,290	23,400	1.33	1.24	1.54	28,709	35,080	36,036
New Jersey .....	95	90	83	9,025	14,040	7,968	1.42	1.25	1.69	12,816	17,550	13,466
Delaware .....	10	10	11	500	1,060	913	1.10	1.00	1.25	550	1,060	1,141
United States .....	3,815	3,657	3,542	346,823	403,296	322,867	1.111	1.145	1.595	385,192	461,778	514,855
<i>Hay—Tame</i>							Per ton	Per ton	Per ton			
Pennsylvania .....	3,025	2,939	2,881	3,630	4,115	3,889	\$17.00	\$23.50	\$24.00	61,710	96,702	93,336
New Jersey .....	300	301	273	396	497	410	18.00	27.50	29.10	7,128	13,668	11,931
Delaware .....	73	74	70	88	104	90	17.50	21.50	26.00	1,540	2,236	2,340
United States .....	58,742	58,101	56,888	81,567	87,855	86,359	12.13	17.76	20.08	989,693	1,560,235	1,734,085

have is given in the accompanying chart, showing the trend of the prices paid to producers for certain farm products from 1914 to the present. For the sake of comparison, the Bureau of Labor Statistics' index number for prices of all commodities is also given. A study of the relation between these curves will afford an approximate idea of the trend in the buying power of our agricultural population during the years indicated. In Table C is presented an average of actual prices paid to producers of farm products all over the country on certain dates. This is a more concrete but less graphic presentation of similar facts given in the chart.

Turning to the situation in the Third Federal Reserve District, we find conditions more favorable. This is a result primarily of the proximity of the large city markets, affording a steadier demand, lower freight rates, and consequently higher prices. The past season began with an early period of warm weather, which, however, proved disastrous, as it

advanced fruit and truck crops to such an extent that they were materially damaged by sudden frosts. Wet weather early in May, followed by excessive drought in June, retarded the other crops; but in July and August growing conditions improved in this district, although not in the rest of the country. The harvesting season here and elsewhere was entirely satisfactory, and the year ended favorably.

Production of the most important crops in the states of this district for the past three years is given in Table A. Many of the county agricultural agents report that the corn crop was better than usual this year; and the government's final estimate shows an increase in production over that of the last two years. Oats and potatoes, on the other hand, show substantial decline in total yield, and the failure of the fruit crops has been previously mentioned.

FARM VALUE OF CROPS—AVERAGE FOR UNITED STATES

WAGES OF MALE FARM LABOR—YEARLY AVERAGE

TABLE B	1910	1913	1919	1920	1921
North Atlantic States:					
Per month, with board..	\$21.65	\$23.45	\$42.18	\$51.92	\$38.06
Per day at harvest, with board .....	1.63	1.67	3.08	3.78	2.73
United States:					
Per month, with board..	19.21	21.38	39.82	46.89	30.14
Per day at harvest, with board .....	1.45	1.57	3.15	3.60	2.24

TABLE C	Dec. 1, 1913	Dec. 1, 1919	Dec. 1, 1920	June 1, 1921	Dec. 1, 1921
Wheat .....	bu. \$0.80	\$2.15	\$1.44	\$1.27	\$0.93
Corn .....	bu. .69	1.35	.67	.63	.42
Oats .....	bu. .39	.70	.46	.40	.30
Potatoes .....	bu. .69	1.60	1.15	.67	1.11
Sweet potatoes..	bu. .73	1.34	1.13	1.29	.88
Apples .....	bu. .98	1.84	1.15	1.69	1.84
Hay, loose .....	ton 12.43	20.08	17.76	12.52	12.13
Butter .....	lb. .29	.60	.55	.29	.41
Eggs .....	doz. .33	.62	.65	.19	.51
Chickens .....	lb. .12	.22	.22	.21	.18

Acreage, it will be noted, was greater than in 1920 in every case.

In regard to prices, this section, as was mentioned above, fared better than the rest of the country. Furthermore, much truck farming is done here because of nearness to the large cities, and its products have brought good prices all year. Irish potatoes are higher now than they were at this time last year and are almost double their June 1 price. Sweet potatoes have also sold well all year, and in nearby states are bringing more than they did late in 1920, although they are cheaper in the southern states. Fresh vegetables as a rule sold at satisfactory figures throughout the year. The prices on cranberries were higher than usual, and the 1921 crop was particularly large in New Jersey.

In conclusion, it is important to note that because of the operation of the above factors, the farmers of the country are not able to purchase goods as extensively this year as in previous years. But the situation is not so bad in the Third Federal Reserve District as in the more exclusively agricultural districts further removed from the large markets.

Farmers, however, are not holding crops for higher prices as much as they did in 1920. They have reduced their costs in every possible way, they are cutting their purchases down to a minimum, and consequently are becoming better able to meet their outstanding obligations.

## TOBACCO

### CIGARS

Cigar manufacturers are now in the midst of their usual winter inactivity. With few exceptions, factories throughout the district were closed down during the latter part of December for the purpose of taking stock. A few large firms re-opened some of their plants on January 4; others did not resume operations until the middle of the month; and many plants, particularly those of the smaller firms, are still closed. The demand for cigars is exceedingly light, and orders in most cases can be filled from stock. A number of the large distributors have requested that regular weekly shipments be postponed until further notice. Until these are resumed sales will continue to be small.

The situation in regard to finished stocks is favorable. Smokers no doubt still have the usual number of Christmas cigars to be used before they start buying again, and until that time retail and wholesale dealers have, as a rule, enough on hand to meet requirements. This is not true in all cases, however, as many dealers are purchasing cigars now who, either of their own accord or upon the recommendation of conservative manufacturers, refrained from buying heavily last month. It is the general opinion that the total number of finished cigars held by retailers, jobbers and manufacturers is smaller than it was a year ago, and also that they are of more certain quality, for, beginning about this time last year, a large volume of cigars that had been made carelessly during the height of the abnormal 1920 demand was thrown on the market at a sacrifice. Most of those manufacturers who continue to run their factories are accumulating stocks in anticipation of spring business. If in the spring the demand is greater than their output, they are prepared to meet it; if not, they can curtail production then. Also, labor is more plentiful now than it will be at that time. Only a few large manufacturers of widely distributed popular brands, however, have adopted such a policy.

Some price reductions have been announced this month. For example, certain brands heretofore retailing at eight cents have been lowered by the manufacturer so that they can now be sold at 7½ cents. But because of the keen competition existing, many retailers are cutting their margins and selling cigars below advertised prices. Few manufacturers, however, have quoted prices at much below last year's levels. The fall in profits within the past year has not been the result of reducing prices, but rather of the shift in demand toward the cheaper brands, and of the smaller number of cigars sold. As frequently explained in previous reports, price reductions were not more general chiefly because high-priced leaf tobacco was still being used in making cigars and because government taxes were raised. The demand for cheaper cigars was met by making new brands to sell for five cents. These became popular immediately and continue to be so. Labor costs were fairly well reduced last year in most cases, but a few very slight cuts have been made by various manufacturers this month.

COMPILED AS OF JANUARY 20, 1922

*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

	Jan. 11, 1922	Dec. 14, 1921	Jan. 12, 1921
Altoona.....	\$2,727,000	\$3,108,000	\$3,540,000
Chester.....	4,276,000	3,686,000	4,705,000
Harrisburg.....	7,902,000	6,978,000	7,478,000
Johnstown.....	3,973,000*	4,452,000*	4,919,000*
Lancaster.....	4,636,000	4,728,000	5,693,000
Philadelphia.....	322,254,000	295,669,000	317,875,000
Reading.....	8,448,000*	7,142,000*	7,671,000*
Scranton.....	16,385,000	15,414,000	19,279,000
Trenton.....	11,495,000	11,601,000	11,434,000
Wilkes-Barre.....	9,421,000	9,048,000	8,549,000
Williamsport.....	4,158,000	4,633,000	4,786,000
Wilmington.....	8,486,000	5,993,000	9,874,000
York.....	5,447,000	3,842,000	4,099,000
Totals.....	\$397,187,000	\$364,700,000	\$397,312,000

\*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		
	Jan. 4, 1922	Dec. 7, 1921	Jan. 7, 1921
Loans and discounts:			
Secured by U. S. securities	\$50,928	\$53,628	\$76,385
Secured by other stocks and bonds.....	203,802	198,231	198,042
All other.....	326,293	338,880	407,412
Investments:			
United States bonds....	46,697	48,581	45,283
U. S. Victory notes....	12,103	9,721	11,342
U. S. Treasury notes....	4,873	5,990	.....
U. S. certificates of indebtedness.....	10,209	7,189	12,447
Other bonds, stocks and securities.....	161,697	159,500	155,295
Total loans, discounts and investments....	\$816,602	\$821,720	\$906,206
Demand deposits.....	624,324	627,831	672,893
Time deposits.....	46,221	44,741	36,976
Borrowings from Federal Reserve Bank.....	43,531	49,065	110,036

### STATEMENT

Federal Reserve Bank of Philadelphia  
(000's omitted)

RESOURCES	Jan. 11, 1922	Dec. 14, 1921	Jan. 14, 1921
Gold reserve.....	\$213,752	\$224,563	\$202,318
Other cash.....	7,623	6,277	878
Total reserve.....	\$221,375	\$230,840	\$203,196
Discounts—secured by U. S. securities.....	60,084	66,405	110,233
Discounts—all other.....	12,706	19,225	43,146
Purchased bills.....	14,381	8,665	11,155
U. S. securities.....	12,685	14,291	34,773
Total earning assets..	\$99,856	\$108,586	\$199,307
Uncollected items.....	45,066	57,431	64,963
All other resources.....	1,534	1,730	1,894
Total resources.....	\$367,831	\$398,587	\$469,360
LIABILITIES	Jan. 11, 1922	Dec. 14, 1921	Jan. 14, 1921
Capital paid in.....	\$8,736	\$8,736	\$8,494
Surplus.....	17,945	17,564	17,010
Government deposits....	1,459	2,740	1,031
Members' reserve account	101,180	97,822	103,799
Other deposits.....	1,203	1,366	1,287
Total deposits.....	\$103,842	\$101,928	\$106,117
Federal Reserve notes....	188,024	203,767	266,856
Federal Reserve Bank notes.....	6,525	5,288	22,348
Deferred availability items	42,286	56,322	47,324
All other liabilities.....	473	4,982	1,211
Total liabilities.....	\$367,831	\$398,587	\$469,360

### BUSINESS INDICATORS

	Jan. 16, 1922	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans.....	\$628,929,000	-1.7%	-12.8%
Deposits.....	606,459,000	-.7%	-6.7%
Ratio loans to deposits.....	104%	105%*	111%*
Federal Reserve Bank:			
Discounts and collateral loans.....	\$71,136,035	-20.7%	-50.8%
Reserve ratio.....	75.7%	73.0%*	59.6%*
90-day discount rate...	4½%	4½%*	4¾%*
Commercial paper....	4½%	4½%*	6%*
	December, 1921	Previous month	Year ago
Bank clearings:			
In Philadelphia.....	\$1,904,000,000	+12.2%	-12.1%
Elsewhere in district..	186,938,000	+24.6%	+3.7%
Total.....	\$2,090,938,000	+13.2%	-10.9%
Building permits, Philadelphia.....	3,070,455	-47.0%	+112.7%
Post Office receipts, Philadelphia.....	1,576,435	+23.0%	-1.4%
Commercial failures in district (per Dun's).....	124	102*	76*
Latest commodity index figures:			
Annalist (food prices only).....	159.904	-2.6%	-20.0%
Dun's.....	164.444	-.1%	-17.2%
Bradstreet's.....	11.3725	+ .5%	-10.2%

\*Actual figures.