BUSINESS AND FINANCIAL CONDITIONS

IN THE

THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA MARCH 1, 1922

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GENERAL SUMMARY

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

NO widespread change in the general business situation has occurred during February, and the inactivity that has characterized conditions in this district since early November has continued. Although reports from a few industries indicate a slight improvement, the total volume of business being transacted is small, and is confined almost exclusively to orders for immediate shipment. There seems to be a lack of confidence in the near future. A feeling of uncertainty pervades most markets, a feeling that has manifested itself in the absence of orders for autumn merchandise, although in a number of industries this is the buying season for fall goods. Sales of iron and steel products have not increased, although the number of inquiries and orders received has been slightly larger. What buying there is is mainly to satisfy immediate needs and to replenish depleted stocks, and the few firms that have reported better conditions state that the improvement is only nominal. The volume of buying by railroads has not reached expectations, and industrials too have shown but little interest in the market. Prices have been weak, and the appearance of any orders of considerable size has drawn concessions, as competition in the industry is very keen. The uncertainty of prices and the fact that the expected freight rate reductions have not been put into effect are deterrents to sustained buying. There is no assurance that the anticipated lowering of rates will not be made within a short time, and buyers are therefore waiting until it either is made or is definitely determined to be impossible at present.

The coal industry is one of the few that have received a larger volume of business during the past month, but the improvement has been only slight. The severe weather was wholly responsible for the increased sales of domestic sizes of anthracite, and the improvement was entirely in the number and not

SYNOPSIS OF BUSINESS CONDITIONS

THIRD FEDERAL RESERVE DISTRICT

Business	Demand	Prices	Finished stocks	Raw material or merchandise situation	Collections
Bricks	Poor	Steady	Large	Sufficient	Poor
Chemicals	Poor	Stable	Decreasing	Slightly higher	Fair
Cigars	Poor	A little lower	Large	Slightly lower	Fair
Coal, anthracite	Fair	Lower	Heavy but decreasing		Poor
Coal, bituminous	Fair	Stable	Medium		Fair
Coke	Poor	Lower	Heavy	Plentiful	Fair
Cotton goods	Fair	Firm	Medium		Fair
Cotton yarns	Poor	Lower	Increasing	Plentiful	Fair
Electrical supplies	Fair	Lower	Large	Plentiful	Poor to fair
Floor coverings	Good	Unchanged	Small	Higher	Good
Furniture	Poor	Lower	Decreasing	Sufficient	Poor
Groceries	Poor	Variable	Medium	Plentiful	Poor
Hardware	Fair	Slightly lower	Light	Lower	Fair
Hosiery	Fair to poor	Firm	Light	Lower	Fair
Iron and steel	Poor	Lower	Light	Unchanged	Fair
Leather	Fair	Unchanged	Moderately heavy	Unchanged	Good
Lumber	Fair	Firm	Heavy on low grades	Plentiful	Poor
Office appliances	Fair	Lower	Plentiful	Unchanged	Fair
Paint	Poor	Firm	Plentiful	Plentiful	Poor
Paper	Fair	Firm	Plentiful	Plentiful	Poor
Paper boxes	Fair	Variable	Medium	Plentiful	Poor
Plumbing supplies	Poor	Lower	Large	Plentiful	Fair
Rubber	Fair	Lower	Medium	Plentiful	Fair
Shoes	Good	Unchanged	Medium	Plentiful	Fair
Silk goods	Fair to poor	Lower	Light	Unchanged	Fair
Tobacco	Slightly better	Lower	Large	Plentiful	Fair
Underwear, heavy weight	Fair	Unchanged	Light	Lower	Fair
Underwear, light weight	Fair	Unchanged	Medium	Lower	Fair
Wool and worsted goods	Fair to poor	Variable	Medium	Decreasing	Fair
Wool and worsted yarns	Fair to poor	Higher	Medium	Decreasing	Fair
Wool, raw	Good	Higher		Decreasing	Good

in the size of orders. Consumers have not laid in supplies to carry them over the coal using period, since it is known that stocks are still large. Dealers too have been purchasing cautiously, being desirous of entering the new coal year with as light stocks as possible. Production of anthracite has been well maintained, however, with a resultant accumulation at the mines. Of special significance is the fact that in a number of instances retail coal prices have been reduced. Sales of bituminous coal have been larger, in anticipation of a strike on April 1. Public utility corporations are laying in reserves, and the railroads are stocking ahead. Industrial firms have not reacted to the strike talk, however, and there is little increase in buying from this source. Bituminous coal prices continue to be weak, in spite of the increased demand.

There is an improved sentiment in the building and construction industries. The number of permits issued has increased steadily, their value in the Third Federal Reserve District in January being $6,878,-523, as compared with $4,564,907 in December. About one-half of the permits recently issued call for moderate priced dwellings. In recent weeks, a large number of contracts have been let, and only the advent of open weather is needed for the beginning of actual construction. In view of the contemplated building activity, manufacturers of materials have received an increase number of inquiries, although but few orders have as yet been placed.

No important developments have occurred in the textile and allied industries. The improvement in some lines and the falling off of activity in others have been so small as to cause no appreciable change. The call for some lines of cotton goods, notably ginghams and fancy goods for women's wear, has been somewhat better, but the demand for cotton goods as a whole has not increased. Cotton yarns, too, have not sold well, prices have declined, and spinners have reduced operations. As a result of these conditions, sales of raw cotton to manufacturers in this district have been small. It is reported, however, that foreign buying has increased. The raw wool market, on the other hand, retains much of its activity of the past two months, although speculative sales among dealers have fallen off considerably. The demand for the finer grades of wool has exceeded the supply, with the result that prices have continued to rise. For carpet wools, too, the call has been good, but sales of the medium grades have decreased slightly. The demand for woolen and worsted yarns has also declined since last month. Hosiery manufacturers have bought knitting yarns in fairly large quantities, but with this exception sales of yarn, both of knitting and weaving, have been somewhat smaller. In the cloth market there has been a strong demand for cheap tweeds, and sales of goods for women's wear have been fair; but there has been little call for materials used in men's wear. A fair amount of business for fall delivery was booked immediately after the regular openings of the American Woolen Company, in January, but since that time few orders have been received and practically all business is for spot delivery. The carpet and rug industry still reports considerable activity. The demand for the better grades of Wiltons has been good, and a fair volume of business in the medium grades of rugs has been transacted. Prices of raw silk have fluctuated sufficiently during the month to engender a feeling of uncertainty, and this has served to check the demand. Sales of silk yarns have fallen off, and orders for silk goods have been small. This is largely attributable to the fact that recent retail silk sales have failed to stimulate the demand. A few large manufacturers have received a good volume of spring business, but the market generally has been quiet. Owing to the recent fluctations in the prices of raw silk, wool, and cotton, orders for hosiery have fallen off decidedly. Full-fashioned hosiery manufacturers have been almost unanimous in their statements that little new business has been booked, but that sufficient orders are still unfilled to maintain present operations for some time. For seamless silk hosiery the demand has been small, for cotton hosiery poor, and sales of heather hosiery have fallen off. The underwear market has been very quiet. A few repeat orders for spring delivery have been received, but little new business in heavy weights for fall has been booked. The jobbing trade is giving but little attention to underwear at this time, and manufacturers selling directly to the retail trade have received the greater portion of the small volume of business that has been transacted.

The improvement in the shoe industry, which was first noted about the middle of January, has continued, and shoe factories in this district are busier than at any time since last spring. Interest is being focused mainly on better grade two-tone sport shoes for women, and for these goods there is a seller's market. Medium grades are also in favor, and conditions generally, although by no means normal, are distinctly favorable as compared with those in other industries. The leather markets have maintained much of the activity which they displayed during January, but have not improved to any extent. There has been a slightly better demand for calf skins, especially of the No. 1 grade. The call for white glazed calf skin has been especially good, and glazed kid of medium and lower grades has sold in slightly better volume. The demand for sole leather, however, has fallen off, owing in large part to the fact that the new sport styles call for rubber soles. Although a fair amount of sole leather has been sold, tanners have been disappointed at the low prices obtained and are curtailing production. Fewer skins are being put into process, but the reduction in output will not be apparent for several months. Of distinct encouragement to the leather industry is the continued improvement in the export demand for both upper and sole leathers. Belting leather, however, is still in scant request, and the same is true of harness leathers. The hide and skin markets are in a healthy condition, the demand for both being fair; prices are well maintained, and excess stocks have been disposed of.

There has also been a slight betterment in the demand for paper, the improvement manifesting itself not in size of orders but in their increased number. The volume of orders being received by fine paper manufacturers is greater than that at this time last year. Production, however, has not been increased, present operating schedules being approximately 60 per cent of capacity. No change has occurred in the demand for paper boxes. Recent sales are about 70 per cent of normal for this time of the year.

Although a few large cigar factories in the district are exceptionally busy, the cigar industry in general is very dull, sales having fallen off materially during the past four weeks. As a result, there is little activity in the leaf tobacco market, and sales are few in number and small in size.

Retail trade has slumped considerably since the first of the year. Sales normally decline during January and February, but the falling off this year has been greater than usual. The sales in the Third Federal Reserve District during January were 12.2 per cent less than those of January, 1921, and recent reports indicate that the decline during February will also be large. This is true despite the fact that stores have conducted extensively advertised reductions sales, and is a result no doubt of the fact that more serviceable and useful gifts were purchased during the Christmas season of 1921 than had been the case for many years. Owing to this reduced business, buyers for retail stores have not been in the markets, and wholesale trade in general has been dull. This in turn accounts for the fact that manufacturers as a whole have thus far received but a small proportion of the orders for spring delivery, which under normal conditions would long since have been on their books. As a result, operations in all industries are considerably below normal, and in several instances are less than 30 per cent of capacity.

A reflection of the low rate of operations is found in the employment reports of the Pennsylvania State Department of Labor. That bureau estimated the unemployed in the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport, on February 15, at 234,275, a larger number for these cities than at any time during 1921. And the bureau's report indicates also that there has been little change in industrial activity since the first of the year. The number of unemployed on January 1 was 243,293; on January 15, 234,910; on February 1, 232,960; and on February 15, 234,275. Reports received by this bank from other sections of the district also indicate that unemployment is very prevalent, many manufacturers stating that the number of applications received has been exceptionally large.

Statistics indicative of underlying conditions are conflicting. The number of commercial failures in the United States has continued to rise rapidly. R. G. Dun & Company report 2,723 failures in January as against 2,444 in December. The average liabilities in January, however, were $27,100, and in December, $35,802. In the Third Federal Reserve District there were 12 more failures in January than in December, but the total liabilities were $1,614,818 less. As pointed out last month, this increase in the number of failures is not necessarily an unfavorable sign, for in the past, with the approach of the end of a period of business depression, the number of failures has usually increased, with a decrease, however, in their average liabilities. The volume of new securities issued has fallen off, the figures in January being $209,661,500, as compared with $318,335,100 in December. Debits to individual accounts, too, have declined, the average for the four-weeks' period ending February 15, being $7,704,269,000, as against $8,385,623,000, the average for the like period ending January 18. And the unfilled orders of the United States Steel Corporation on January 31 were 4,241,678 tons, a decrease of 26,736 tons as compared with those of December 31. The figure on December 31, 1921, was 7,573,164.

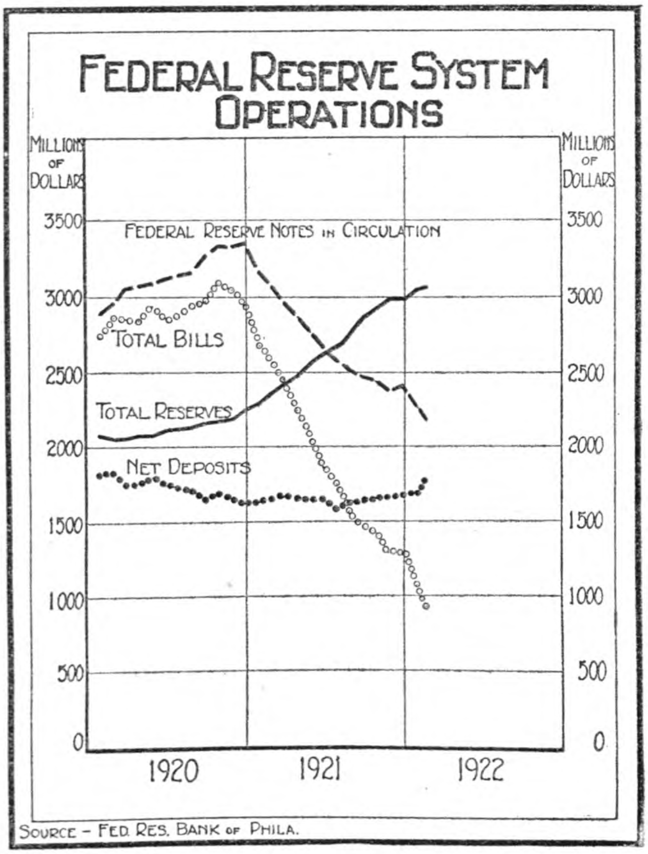
On the other hand, car loading figures have shown a consistent gain since the first of the year. Over 10,000 more cars were loaded in the week ending February 4, than in the previous week, this being largely attributable to the increased shipments of coal in anticipation of a strike on April 1. Then too, the Bradstreet and R. G. Dun wholesale commodity price index numbers have continued to rise, the increase of the former during January being .4 per cent, and of the latter .3 per cent. However, the Bureau of Labor index number, which is based on the prices of 328 commodities, fell during January from 149 to 148, the latter being the same number as during June and July, 1921, when the low point in the decline of commodity prices was reached. With the exception of farm products which increased 2.75 per cent in price during the month, all of the commodity groups which make up the index declined.

FINANCIAL CONDITIONS

The issue of United States Treasury notes bearing 4¾ per cent interest attracted funds from the markets for commercial paper and bankers' acceptances, and dealers in these classes of paper have been compelled to accept rates on their bills which are a little higher than those of a month ago. Sales of commercial paper at yields of less than 5 per cent are now quite exceptional, where as in January 4¾ per cent was a common rate, and instances were recorded of sales on a 4½ per cent basis. In the case of bankers' acceptances, another factor, the higher average rates for call money, also has been operative. Dealers' offerings are made at 4 and 4⅛ per cent, and bids by purchasers are usually at 4⅛ per cent. In January, offerings were made at as low as 3¾ per cent. The only Federal Reserve bank to make any change in its discount rate was that of Cleveland, which lowered its rate from 5 to 4½ per cent early in February. This action, however, is without particular significance, as it only served to bring the Cleveland bank into line with neighboring Reserve banks in the Middle Atlantic and New England states.

Apart from the fact that the new issues of Treasury notes have not yet been thoroughly distributed by the banks, there is little warrant to be found in the banking situation for the tightening of money rates. During the period from January 18 to February 15, the holdings of bills by the Federal Reserve banks decreased from $1,009,000,000 to $864,000,000, or $145,000,000. But as this was offset by an increase of $158,000,000 in the holdings of United States securities, the earning assets on the later date show an increase of $13,000,000. Federal Reserve note circulation decreased from $2,230,000,000 to $2,170,000,000; total deposits increased from $1,785,000,000 to $1,857,000,000; and total reserves increased from $3,052,000,000 to $3,076,000,000. The net result is reflected in a rise in the reserve ratio from 76.0 per cent to 76.4 per cent. The Federal Reserve banks that serve industrial sections—Boston, New York and Philadelphia—show declines in their reserve ratios. Cleveland, however, reports an increase. All of the other Federal Reserve districts, with the exception of San Francisco, report a distinct improvement in their reserve position, the reserve ratio having increased more than 5 per cent in each instance. In the case of Atlanta there was an increase from 48.7 to 65.0 per cent, or 16.3 per cent. This later group of Reserve banks, it will be noted, serves agricultural territory.

The statements of the reporting member banks in the principal cities of the country are always one week later than the Federal Reserve statement. Our comparisons, therefore, will be for the period from January 11 to February 8. Excluding rediscounts with the Federal Reserve banks, their holdings of loans and discounts decreased from $10,805,000,000 to $10,666,000,000, or $139,000,000; United States securities held increased $196,000,000; and other securities held decreased $4,000,000. The total hold-



ings of loans, discounts, and investments by these member banks, represent a net increase of $53,000,000, or .3 per cent, for the month. Total deposits also gained, from $13,535,000,000 to $13,690,000,000.

Since the beginning of the year the course of the security markets, though generally upward, has been more or less fluctuating. In the bond market, the discussion of the bonus bill in Congress has had an adverse effect upon the prices of Liberty bonds. Sales of securities from January 1 to February 15 show that the number of shares sold this year was 8 per cent in excess of those sold in the same period of 1921; sales of Liberty bonds were 6 per cent greater; and sales of other bonds almost doubled, being 83 per cent greater. In the table which follows, are given the weekly security quotations since the first of the year.

	20 industrial shares	20 railroad shares	40 bonds	4 Liberty bonds
January 4........	79.61	73.91	84.34	96.87
January 11.......	80.03	74.01	85.16	98.17
January 18.......	82.33	76.58	86.14	97.87
January 25.......	82.57	75.30	86.22	97.39
February 1.......	81.68	74.68	85.78	96.80
February 8.......	82.74	76.60	86.09	96.37
February 15......	84.09	77.49	86.05	97.10

Commercial Paper

Rates for commercial paper have advanced to the extent that the market may be said to be established on a 5 per cent basis. Some sales are being made at less than this figure, but such transactions are few in number and are for exceptionally high grade paper of short maturity, usually payable in about three months. The principal reasons for the advanced quotations are, first, the offering by the United States Government of three-year notes bearing 4¾ per cent—a rate higher than many anticipated; and second, the increase in the rate for call money in New York.

The sales of paper in the Philadelphia district have been small neither city nor country institutions buying in large volume. In some cases the lack of inventory figures, as of January 1, has been given as a reason for not purchasing certain paper that has been offered. It may be pointed out that in distinct contrast to conditions here, there has been increased activity in the Chicago district and a great improvement on the Pacific Coast. San Francisco, Seattle, and Portland, Oregon, banks have bought freely. New York institutions are perhaps not such heavy purchasers as they were last month, but are nevertheless taking a large amount of commercial paper.

Rates vary from 4¾ to 5¼ per cent, according to the desirability of the offering.

Bankers' Acceptances

In the earlier part of the past month bankers' acceptances were offered at rates which were quite generally below 4 per cent. Stiffening in call money rates, and the issue of Treasury notes bearing 4¾ per cent made inroads into the supply of funds available for investment in acceptances yielding such low rates of return, and dealers have found it necessary to make their offerings at 4 and 4⅛ per cent for the best names and short maturities. They now find that their sales must be made after a preliminary period of bargaining and it has not been possible to adhere too firmly to the offering rates.

One dealer reports that the demand for acceptances follows quite closely the rate for call money, 30-day maturities being in favor on declines in call money, while at other times 90-day bills find the largest market. The demand at this time is moderate, and the supply generally is ample, with the possible exception of a scarcity of some of the best bills of short maturities.

The reports of 12 accepting banks in the Third Federal Reserve District disclose an increase in the amount of bills accepted during the month ending February 10, but a decrease in the amount outstanding on that date. Acceptances executed during the months ending on the dates given were as follows: February 10—$5,007,000; January—$4,445,000; December 10—$3,564,000; November—$6,325,000. Oustanding acceptances on those dates were: February 10—$10,149,000; January 10—$10,784,000; December 10—$11,231,000; November 10—$11,824,000.

The Federal Reserve Bank of Philadelphia purchased $8,923,000 of bankers' acceptances during January, which were divided according to types of transactions covered in this way: dollar exchange, 9.0 per cent; warehousing, 7.9 per cent; domestic shipments, 19.7 per cent; imports, 31.7 per cent; exports, 31.7 per cent. Imports of coffee, hides and sugar, the domestic shipment of cotton, and export of cotton and grain figured very largely in the bills that were purchased. This list seems to be typical of the commodities covered in bills executed recently, although we may add to it, general merchandise, oil, and silk.

Offering rates for prime bills up to 90 days during the past month have fluctuated from 3¾ to 4⅛, and bid rates at from 3⅞ to 4¼ per cent.

Savings Deposits

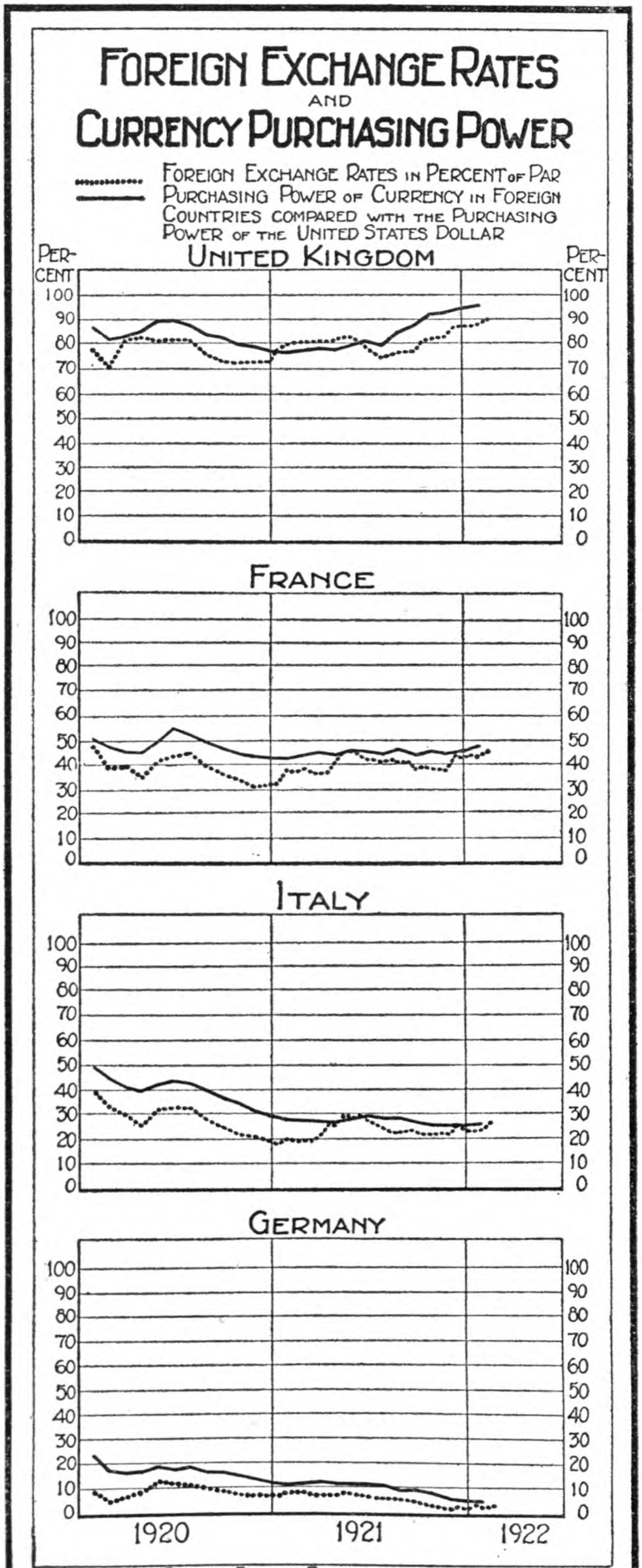
To supplement the figures on savings deposits which 24 savings banks in this district have been reporting to us regularly each month, we have added the reports of 54 commercial banks and trust companies. Figures for individual cities have been isolated in cases where the number of reporting banks warranted this action, and it is expected that in our next report this list of cities will be larger.

During January Savings deposits in 69 banks outside of Philadelphia increased from $160,468,000 to $162,859,000, or 1.3 per cent, and in 9 Philadelphia banks the gain was from $266,160,000 to $267,913,000, or .6 per cent. An interesting feature of the tabulation given below is the large gains in deposits during the year from February 1, 1921 to February 1, 1922 in Scranton and Wilkes-Barre, which are cities in the midst of the anthracite coal belt.

	Number of reporting banks	Per cent increase or decrease compared with Jan. 1, 1922	Feb. 1, 1921
Altoona	5	+1.7%	+ .1%
Chester	5	+ .5 "	—14.2 "
Johnstown	6	— .3 "	— 3.7 "
Scranton	7	— .3 "	+13.2 "
Trenton	6	+1.3 "	— 2.4 "
Wilkes-Barre	5	+3.8 "	+16.4 "
Williamsport	4	+ .3 "	+ 1.6 "
Wilmington	5	+3.6 "	— .1 "
Other outside banks	26	+1.6 "	+ 8.2 "
All banks outside Philadelphia	69	+1.3%	+ 4.7%
Banks in Philadelphia	9	+ .6 "	+ .8 "
All banks in district	78	+ .9%	+ 2.4%

FOREIGN EXCHANGE

The foreign exchanges, generally, have again displayed remarkable strength during the past month. Sterling was especially strong, reaching $4.37 on February 9, the highest value recorded since the first great decline in 1919. French and Belgian francs and Italian lire also shared in the advance,—French currency, for instance, rising from 8.03 cents on January 23 to 8.64 cents on February 9. The currencies of the former neutrals were also especially strong, Swiss francs being quoted above the gold par during the entire month, and Swedish kronen being quoted at 26.17 cents on February 9,—a discount of only slightly more than 2 per cent. This is believed to be due to the announced intention of the Swedish government to resume gold payments at an early date. Even the weaker European currencies improved somewhat,—marks advancing from .48 cents on January 23 to .52 cents on February 9. South



SOURCE – FEDERAL RESERVE BANK OF PHILA.

America currencies also were strong, but the Asiatic rates were exceptions to the general trend, the Hongkong dollar falling from 54.67 cents on January 23 to 54.17 cents on February 9. The accompanying table shows the changes in exchange rates during the past month.

After the latter date, however, the advance was temporarily halted and some slight reactions occurred. But practically all foreign currencies still retain most of the advances made prior to that date, and some have advanced to much higher levels. The reasons for this continued strength in foreign exchange are not altogether evident, but general improvement in European financial and economic affairs, especially in those of England and the former neutral countries, is an important factor.

The chart on page 7 shows the movements of English, French, Italian and German exchange rates during the past two years as compared with the ratio between the commodity purchasing power of each foreign currency unit and that of the dollar. The latter figures were obtained by dividing the monthly index number of the Bureau of Labor by the foreign index number for the same month. Thus, the dotted line in each group is the exchange rate expressed in per cent of par, or the gold value of the foreign currency as compared with the dollar. The other line shows the commodity value of the foreign currency as compared with the dollar. Thus, in December, 1921, sterling exchange was 87 per cent of par; that is, the gold value of the pound was only $4.24. But on the same date the purchasing power of the pound in terms of commodities was 95 per cent of that of the dollar. In other words, the pound, on that date, could purchase only $4.24 worth of gold but it could purchase $4.63 worth of commodities. Although these two lines rarely coincide exactly, it is evident from the chart that the exchange rate in each case tends rather to approach this new, "purchasing power parity" than the old gold par of exchange.

FOREIGN EXCHANGE RATES

	Feb. 20	Jan. 20	Net changes	Percentage of change
London	$4.3919	$4.2092	+$.1827	+ 4.3%
Paris	.0915	.0810	+ .0105	+13.0 "
Antwerp	.0870	.0776	+ .0094	+12.1 "
Copenhagen	.2078	.2001	+ .0077	+ 3.8 "
Stockholm	.2651	.2493	+ .0158	+ 6.3 "
Madrid	.1589	.1490	+ .0099	+ 6.6 "
Amsterdam	.3800	.3643	+ .0157	+ 4.3 "
Buenos Aires	.8337	.7632	+ .0705	+ 9.2 "
Shanghai	.7115	.7370	— .0255	— 3.5 "
Berne	.1949	.1943	+ .0006	+ .3 "
Milan	.0504	.0435	+ .0069	+15.9 "
Berlin	.004424	.004948	— .000524	—10.6 "
Vienna	.000241	.000313	— .000072	—23.0 "

RETAIL TRADE

February is always a month of low sales in the retail trade, and this year it has proved to be no exception to the rule. In fact, according to advance reports, sales have run behind those of a year ago.

Since Christmas, there has been a decided decrease in the business of nearly all departments of retail stores. The increased number of unemployed is undoubtedly becoming more of a factor in retail business, as month after month gives numerous evidences of forced economy. It now begins to appear that the public over-bought itself during the holiday season, allowing its generosity to outdo its ability to pay. Charge accounts have increased in proportion to cash payments, and more accounts are overdue than is usually the case. It is almost the universal report that collections in the retail trade are poor. Even the February furniture sales have not resulted in the same amount of business as in recent years. The fact that prices are much lower than they were a year ago does not appear to have had much influence on buyers. Other advertised sales have, as a rule, met with as little success.

Retail buying policy is unchanged, few orders being placed except for prompt delivery. Price variations have become slight in most lines, but liquidation is still in process in a few articles, among which are household things made of metal and of wood, or a combination of both.

In our report of business conditions for January, we have separated apparel stores, both for women and men, from department stores. Plans are under way to report separately each of the more important towns in the district. These changes, we believe, will prove helpful to all concerned.

The condition of retail trade throughout the United States during the past two years is shown in the following table, the average monthly value of 1919 being figured as 100.

AVERAGE MONTHLY VALUE OF RETAIL TRADE

Monthly Average of 1919=100

1920	Department Stores* 158 Stores	Mail Order Houses 4 Chains	Chain Stores: Grocery 13 Chains	Chain Stores: Five and Ten 4 Chains	Chain Stores: Drug 6 Chains	Chain Stores: Cigar 3 Chains
January	107.2	120.2	128.8	85.6	113.6	106.8
February	85.6	122.2	125.6	82.6	106.1	106.1
March	120.5	130.7	145.1	111.1	116.1	120.3
April	117.2	107.5	149.8	110.6	109.2	123.2
May	124.9	90.4	146.0	112.9	115.1	135.6
June	119.9	87.3	142.8	108.9	116.1	129.6
July	89.9	80.7	151.9	112.0	122.5	137.3
August	88.8	80.2	134.7	111.1	118.1	129.2
September	106.6	90.5	132.7	111.7	118.3	136.6
October	131.8	103.7	133.1	129.9	121.9	151.0
November	136.8	125.5	131.5	125.7	112.6	133.9
December	183.8	97.9	128.3	214.6	146.2	180.5

1921						
January .. 103.8	69.1	115.5	86.1	115.3	119.9	
February . 88.4	64.4	109.1	92.9	108.6	116.5	
March 116.9	95.0	119.2	121.1	120.8	131.8	
April 112.6	77.2	112.1	111.9	119.2	134.7	
May 112.6	60.2	111.3	112.2	117.2	129.5	
June 111.1	61.9	108.7	109.7	118.2	127.8	
July 79.7	49.2	106.8	108.0	118.9	128.5	
August ... 82.7	56.3	114.3	116.0	116.4	127.6	
September. 95.0	72.5	110.4	113.4	116.7	128.0	
October .. 130.7	88.5	126.2	141.9	121.7	138.0	
November. 123.4	83.1	125.7	134.1	112.5	124.8	
December . 182.7	79.9	134.9	241.6	141.6	172.7	

* Stores are located in Federal Reserve Districts No. 1 (Boston), No. 2 (New York), No. 5 (Richmond), No. 6 (Atlanta), No. 9 (Minneapolis), No. 11 (Dallas) and No. 12 (San Francisco).

RETAIL TRADE

	Comparison of Net Sales	
	January, 1922, with January, 1921	January 1 to January 31, 1922, with January 1 to January 31, 1921
All reporting firms (54).........	—12.2%	—12.2%
Firms in Philadelphia	—10.9 "	—10.9 "
Firms outside Philadelphia	—15.6 "	—15.6 "
Men's apparel stores.............	— 4.3 "	— 4.3 "
Women's apparel stores..........	—21.0 "	—21.0 "

	Comparison of Stocks	
	January 31, 1922, with January 31, 1921	January 31, 1922, with December 31, 1921
All reporting firms...........	— 6.1%	+ .4%
Firms in Philadelphia	— 8.4 "	— .3 "
Firms outside Philadelphia ..	+ .6 "	+ 2.8 "
Men's apparel stores.........	—22.5 "	— 9.8 "
Women's apparel stores......	—11.9 "	—15.8 "

	Rate of Turnover* January 1 to January 31, 1922
All reporting firms.................	3.0%
Firms in Philadelphia	3.5 "
Firms outside Philadelphia	2.2 "
Men's apparel stores................	...
Women's apparel stores............	5.9 "

* Times per year, based on cumulative period.

	Percentage of Orders outstanding January 31, 1922, to Total purchases in 1921
All reporting firms.............	8.3%
Firms in Philadelphia	8.8 "
Firms outside Philadelphia	6.8 "
Men's apparel stores............	....
Women's apparel stores........	3.3 "

IRON AND STEEL

It is becoming increasingly apparent that the improvement in the iron and steel industry since the first of the year has been somewhat overestimated. January, it is true, showed a material advance over December, but the improvement was no greater than was expected in view of the extreme dullness which had prevailed during the latter month. Moreover, February gives little indication that it will be much better than January. Many firms report an increasing volume of inquiries and in numerous instances a larger number of orders. But in the main this increase has been only slight, and some firms report an actual decline in business. Practically all of the present demand is for small quantities and for immediate delivery. It is evident that completion of inventories in January showed in some instances unexpectedly low stocks. Hence, a large part of current orders is for the replenishment of exhausted lines. Cement manufacturers are reported to be purchasing in greater quantities, and oil interests are also in the market to a larger extent than formerly. But sales of structural iron and railroad equipment continue to be disappointingly small, in spite of the heavy potential demand which exists for these products. In general, rails, shapes, plates and bars continue to be sluggish. Pipe, tin plates, sheets and wire products are in greater request relatively than the former products.

Export demand has continued the improvement which commenced in September. During 1921 exports of iron and steel products declined from a total of 537,515 tons in January to 73,792 tons in August, but they increased steadily after that month, and reached a total of 129,921 tons in December. Present indications point to a further increase in January and February. Japan, which took over 47 per cent of the December exports, continues to be the leading purchaser of our products. American producers find it practically impossible, however, to compete successfully with European manufacturers in either European or South American markets.

Price tendencies continue to overshadow the domestic situation, and the present refusal to make future purchases is attributable to the fact that both producers and consumers freely predict lower prices. Indeed, the general level of iron and steel prices is now below the low level of last August. The Iron Age composite price of seven finished steel products on February 21, 1922, was only 2.005 cents per pound, as compared with 2.048 cents on January 31, and with 2.821 cents on February 22, 1921. This figure is fairly close to the 10-year pre-war average of 1.689 cents. The average of pig iron quotations was $18.35 per ton on February 21, as compared with a pre-war average of $15.72. Plates are especially weak, being quoted now at from 1.40 to 1.45 cents, as against 1.50 cents in 1914. Shapes and steel bars have also dropped to a price of 1.40 cents per pound. On the few transactions in pig iron in this district prices have remained fairly stable at from $20 to $20.50 for No. 2 X, and from $19.50 to $20 for No. 2 plain.

Producers are continuing to confine their operations to immediate requirements, as they are particularly desirous of avoiding further accumulations of finished goods with the possibility of lower freight rates and lower prices in the near future. Such light stocks as are now being held are decreasing in practically all instances, as current orders are being filled from stock whenever possible. Operating rates range from 10 to 60 per cent and even higher, but the general average is probably not more than 40 per cent.

Many firms report a slight increase in employment in February as compared with January, but employment in the latter month reflected the slackening of operations during inventory period. Few general wage reductions have been made since the first of the year, but manufacturers report frequent individual adjustments during the month. Common labor is being paid as little as 20 cents per hour in some cases, but the average wage is somewhat higher,—26 to 30 cents.

Manufacturers of machinery and machine tools report a continuance of the dull business which has existed for several months past. Power transmission machinery is in especialy poor demand,—a reflection of the prevailing industrial inactivity. Likewise there is little call for textile, chemical and dye machinery. But machine manufacturers supplying the cement industry and the paper industry report a fair demand from these sources. Canning machinery is also in better request. Stocks, universally, are light, and where possible, orders are filled from stock. Operating conditions are, of course, very uneven, but the industry in general is hardly more active than is the iron and steel industry.

Production indices for January are somewhat anomalous. Steel ingot production increased considerably in the fact of a decrease in unfilled orders of the United States Steel Corporation, but pig iron production showed little change, declining very slightly. The total production of pig iron during January amounted to 1,638,697 gross tons, or 52,861 tons per day, as compared with 1,649,086 tons in December and a daily average of 53,196 tons. This is the first slackening in an increase that has continued steadily since August. Output of steel ingots during January, however, amounted to 1,593,482 gross tons, an increase of 166,389 tons, or 11.7 per cent over December's total of 1,427,093 tons. A reflection of this relatively heavy steel ingot production is probably seen in the rather heavy decline in unfilled tonnage. Unfilled orders on January 31 were only 4,241,678 tons, as compared with 4,268,414 tons a month previous. These reports are but further evidence of the existing uncertainty in the industry as to future demand and prices.

BUILDING MATERIALS

Every present indication points to the probability of an active building program in the Third Federal Reserve District in the spring. Architects and builders are optimistic and report more activity at the present than at any time in the past year. Building materials are in fairly plentiful supply and their prices have dropped still further,—the building material index number of the Bureau of Labor for January having dropped from 203 to 202. Contractors have indicated their intention of continuing last year's wage scale, and labor at those rates is fairly plentiful at the present time. However, contractors report that the local supply of labor would be inadequate should construction become extremely active.

Inspectors' reports, showing the number and value of building permits issued in fourteen cities of this district, evidence the marked improvement in the situation. The total of $6,736,873 for January is more than three times the value—$1,917,458—of permits issued during January, 1921. The figure for January, 1922, represents an increase of 47.6 per cent over the value of December permits, which was $4,564,907. According to the report of the F. W. Dodge Company, the value of contracts awarded in the Middle Atlantic States in January amounted to $24,237,000. This was a decrease from the previous month, but a substantial increase as compared with the same month of 1921. In the country as a whole, the value of January contracts reported by this company was 49 per cent higher than that of its contracts in January, 1921.

The present demand seems to be greatest for low-priced residences, costing from $4,000 to $8,000, and for apartment houses intended to rent at from $60 to $90 per month. For the building of such structures banks seem willing to lend money, although they are not willing to base their loans on present costs. In general, the more conservative trust companies are willing to loan, on a first mortgage, 60 per cent of a value lying somewhere between the 1914 costs and the present costs. For high cost homes and apartment houses, however, the banks are reluctant to lend money. And there is little hope for the success of such investment ventures in view of the lessened purchasing power resulting from unemployment and lower wages. Furthermore, although there is undoubtedly a housing shortage in Philadelphia, the actual shortage of residences is relative rather than absolute. Crowding of two or more families into one house has been necessary in the past, and is quite possible in the future. Indeed, the extent of the "shortage" of houses depends very largely upon the costs of building them. Hence, a material advance in building costs above the present levels would undoubtedly lead to a marked slackening of construction.

Lumber

Demand for lumber is considered to be normal for this season of the year, and, according to reporting firms, would be better if the weather were more favorable to building operations. Orders are small and are for immediate delivery. Manufacturers report that many dealers are now ordering one carload of mixed stock instead of their ordinary requirement of a car of each grade. Inquiries, however, are numerous, because of the large volume of building expected this spring, and firms are busy making estimates on prospective orders. Actual sales in January were materially heavier than in the same month of last year, which of course was an exceptionally dull period.

The demand is still greatest for the high grades of lumber, particularly in hardwoods used for building. The poorer grade, usually taken by various industrial enterprises, can hardly be sold. Consequently, manufacturers have practically none of the former on hand and are heavily overstocked with the cheaper stuff. Mills are gradually resuming operations, and, as is customary during this period, are building up stocks in preparation for spring business. Some large plants are running on full time, but these are exceptional, and production in general is down to about 60 per cent of capacity. Dealers for the most part have little lumber on hand and have as yet to secure their spring supplies.

Recent reports are to the effect that some of the upper grades of hardwood are being quoted at lower figures. But for the most part prices have been firm for several weeks and have shown a tendency to increase. That is, manufacturers have quoted higher prices but have not been able to get many orders at the advanced quotations. The good demand for the high grades and their consequent scarcity, as contrasted with the few sales and superfluous stocks of the poorer stuff, has resulted in an unusually wide divergence in the prices of these two classes of lumber. The lines that are in greatest demand must be sold at a high price in order to help bear the additional burden of selling the others below cost in order to get them out of the yards. Another important factor in keeping up the price of lumber to the consumer is the cost of shipping. The following information furnished by the National Wholesale Lumber Dealers Association shows the freight cost on 1000 feet of lumber from certain points to Philadelphia upon given dates. The increases since 1918 make up a large part of the present prices.

Shipping Point	Kind of Lumber		Freight Costs May, 1918	June 25, 1918	Present
Wilmington, N. C.	N. C. Pine flooring	2250 lbs.	$3.83	$5.06	$6.75
Jacksonville, Fla.	Yellow pine	4500 lbs.	9.90	12.60	16.68
Memphis, Tenn.	Oak	4000 lbs.	11.60	14.00	18.60
Spokane, Wash.	Fir timbers	3300 lbs.	23.10	24.75	28.71*

* 1920 rate was $33. Pacific Coast rates have been reduced recently.

Lumber manufacturers have been able to reduce materially most of their other costs. Wages have been cut frequently in many mills, and in the far South are almost back to pre-war levels. Furthermore, labor is plentiful and more efficient.

Collections are a little slower, but this is usual at this time of the year, when the trade is ordinarily buying lumber and selling but little.

Bricks

There is as yet little demand for building bricks, except in certain localities where there has been greater building activity. In New Jersey and in some sections of Philadelphia, manufacturers are doing a fairly good business for this season of the year, but in other places the demand is even below the seasonal normal. In general the industry is relatively inactive, and most present reduction is in preparation for the spring demand, which is expected to be heavier than that of last year. Some plants consider that their supplies are sufficient and are closed down, but a few are running almost at capacity. Consequently stocks are heavy. Prices have not changed recently, and the prevailing quotation for common bricks in Philadelphia is $16 per thousand. There have been a few slight wage reductions, but no general action in this respect has been taken.

Opinions regarding collections vary; some report that they are satisfactory, whereas others notice a pronounced slowing up.

Electrical Supplies

Although some firms report a recent increase in sales of electrical supplies, and others a decrease, the trade in general is optimistic because of the large number of inquiries that are now being received. Contractors report that they are making estimates on many prospective operations. The extent to which inquiries have developed into actual orders varies among the different jobbers, but though few of the inquiries have as yet led to the placing of contracts, they are looked upon by dealers as evidence of the many plans that are under way for construction this year. Actual sales of electrical supplies are ordinarily smaller in January and early February than during any other season, and in general this year has been no exception to the rule. Orders are exceedingly small, as retailers and contractors are not buying any more than they require for present needs. One jobber, for example, reports that in number his January orders exceeded those of January, 1920, but that in volume they were 20 per cent less.

Stocks are small in most cases, and are not reported to be above normal with any of the jobbers or retailers. Manufacturers have larger supplies than the merchants. But all along the line stocks are decreasing, as factories have reduced operations and jobbers and retailers as a rule are buying less than they are selling. On certain commodities, however, which are thought to be selling at exceptionally low prices, some wholesalers are stocking up.

Prices of electrical supplies in general have been decreasing for some time. Certain products used largely in house wiring, such as wire and galvanized iron conduits, are said to be selling below the cost of production, because of severe competition among manufacturers. On the other hand, electric irons, washing machines, vacuum cleaners, and similar household appliances, have been lowered in price to only a small extent.

Agreement is almost unanimous among jobbers that collections have been getting worse for the past month or two, and are now exceedingly slow.

Plumbing Supplies

Manufacturers of plumbing supplies report that their business is about normal for this time of the year. The large number of inquiries being received gives promise of an active spring, but actual orders are still small and call for prompt delivery. Dealers are keeping their stocks down, but manufacturers are accumulating supplies slightly, as is usual at this season. Prices on finished products are still going down. Labor is plentiful and efficient. Collections are fairly good but have fallen off some within the past thirty days.

Paint

Practically no change in business conditions has been noted by the paint industry since last month, unless it is that the number of inquiries has increased. The volume of sales is no larger in February than it was in January, and is considered practically normal for this time of the year, although it is smaller than in 1920. Dealers have not as yet ordered their supplies for the spring trade to any great extent and are still purchasing in small quantities to meet their present requirements. Manufacturers are making vigorous efforts to place orders and are in many cases offering special concessions regarding payments. The industrial demand for paint, although better than it was last summer, is still exceedingly light.

Manufacturers are operating their plants at about 50 per cent of capacity, which is from 75 to 80 per cent of normal for this time of the year. In accordance with their usual practice, they are accumulating stocks in order to meet the spring demand from dealers. It is believed that the stores have little paint in stock, and that consequently, when retail sales begin to increase, they will have to begin buying. Manufacturers, however, state that their supplies of finished paint are not much larger than normal for this season.

Prices have remained unchanged. Raw materials in general have been firm. Turpentine receded slightly after its recent rapid advance from 80 cents early in December to 93 cents a month later. Beginning at 67 cents a gallon at the first of the year, linseed oil has risen steadily until it is now quoted at from 84 to 87 cents in carload lots. The chief reason given for this advance is the rise in sterling exchange, which pushed up the price of English oil and thereby removed a depressing influence from the market. Foreign oil quotations have risen from 62 cents to 75 cents a gallon. Both linseed oil and turpentine are now higher than they were at this time last year. In regard to other costs of production, a few manufacturers report recent wage cuts. Wages in this industry did not go up as much as in some of the others; therefore, reductions have not heretofore been made.

Collections are even worse than they were last month, when they were reported to be poor.

WHOLESALE HARDWARE

In this district the wholesale trade in hardware has fallen off decidedly during the past two months. The hardware trade, however, is one that is peculiarly subject to seasonal influence, sales usually declining in January and February and in June and July. Therefore, the present situation is not particularly disturbing.

The accompanying table and chart show that both the sales and the outstanding accounts of the twenty-five reporting hardware firms dropped precipitously in January. Also, the total of January sales was more than 20 per cent below the total for January, 1921. But in view of the continued decline in prices during the past several months, the difference of only 20 per cent in the January sales of the two years indicates that the physical volume of business was probably much the same as it was in January, 1921. Many articles, indeed, have declined much more than 20 per cent.

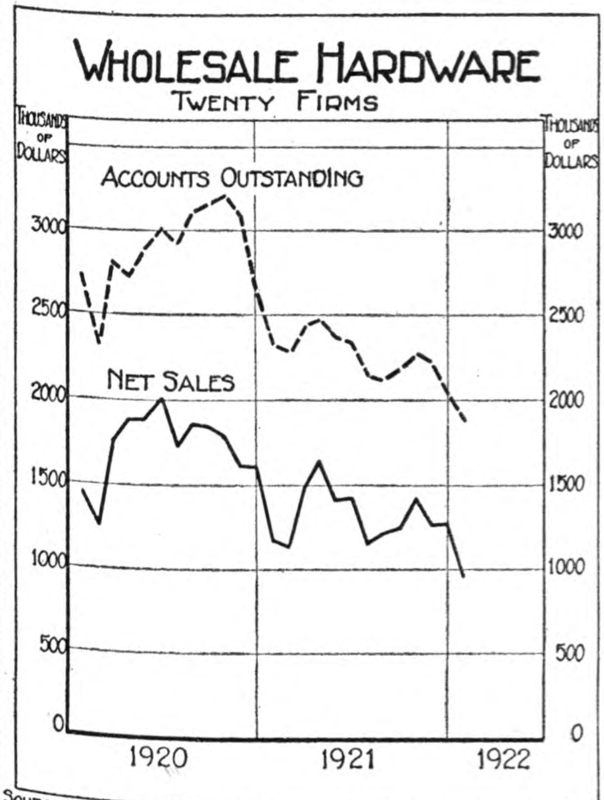
Collections, in general, are only fair.

WHOLESALE HARDWARE TRADE

Number of reporting firms—25	January, 1922, compared with December, 1921	January, 1922, compared with January, 1921
Net sales during January	—24.8%	—20.2%
Accounts outstanding January 31	— 7.0 "	—23.3 "

Ratio of accounts outstanding to sales:

January,	1922	202.3%
December,	1921	162.8 "
November,	"	180.2 "
October,	"	164.7 "
September,	"	179.8 "
August,	"	181.0 "

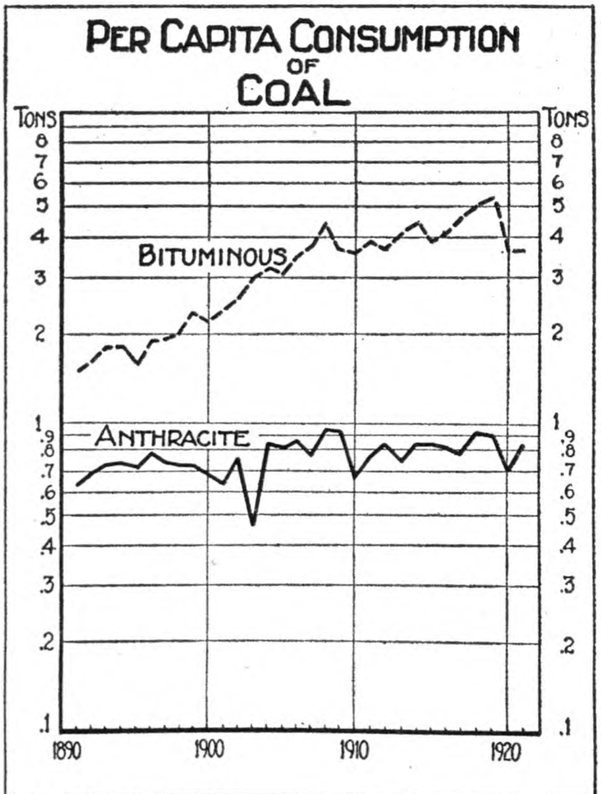


SOURCE — FEDERAL RESERVE BANK OF PHILA.

COAL

ANTHRACITE

Continued cold weather during the past month has resulted in only a slight improvement in the domestic demand for prepared sizes of anthracite. Stove and chestnut continue to be the most popular sizes, but the steam coals are still a drug on the market. All purchasing is of a hand-to-mouth nature, and orders are for only small lots, as the consumers as well as the dealers and operators are unwilling to accumulate stocks before the end of the present coal year. The expectation of a strike of anthracite miners is having the opposite effect on purchasing to that caused by the threatened strike in the bituminous industry. Domestic consumers are unwilling to purchase large quantities at the present price, as their fuel needs will lessen considerably after



SOURCE - STATISTICAL ABSTRACT OF U.S.

April. Consumers of steam sizes are also reluctant to stock heavily at the present time, since they are aware of the existence of heavy supplies of steam coal in the yards of dealers and operators. Thus, the operators and dealers are faced with the possibility of having large amounts of comparatively high-cost coal in storage on April 1. And both are endeavoring, by every means, to reduce their holdings. Independent operators have reduced their prices, even on some of the popular sizes, to the companies' level, and retail dealers in numerous cases have shaded existing prices as much as 50 cents or $1 a ton in the endeavor to clear their yards.

Production has increased somewhat in the past few weeks, but it is still far below capacity. The total output for the four weeks ending February 11 amounted to 6,683,000 tons, as compared with 5,887,000 tons in the preceding four weeks, and 7,851,000 tons in the same period of 1921. This decline of 15 per cent from last year's output is significant. Anthracite shipments for January, as reported by the Anthracite Bureau of Information, also show an increase from those of the previous month. January's total of 4,848,053 tons is 4.5 per cent more than that of December, but 15.6 per cent less than that of the same month in 1921.

It is apparent that the rate of production of hard coal is determined largely by the demand for the domestic sizes, which comprise about 70 per cent of the total output. This product, being used for domestic heating, is extremely susceptible to seasonal and weather conditions. The accompanying logarithmic chart shows the per capita production of anthracite coal during the past thirty years. Although relatively violent fluctuations in production occurred from year to year, the trend over the entire period shows that per capita consumption of anthracite coal has been almost stationary.

Bituminous

The expectation of a strike of bituminous miners on April 1 has been reflected during the past month in a greatly improved demand for soft coal. Bituminous consumers, especially the railroads and public utilities, have enlarged their reserves considerably during the month. According to a recent report of the Geological Survey, the latter group was the most heavily protected on January 1, 1922. On that date electric utility plants had 51 days' supply on hand, and coal gas plants 89 days'; and these reserves have been further increased since the first of the year. Other classes of consumers also have relatively large stocks, ranging from 4 to 8 weeks' supply. Hence the dangers involved in a bituminous strike have already been considerably lessened. Furthermore, in view of the present industrial inactivity, the stoppage of production in the union mines will have less effect than it would have normally.

Consumption of soft coal during the past year has not averaged more than 8,000,000 tons per week. As the capacity production of the country is more than 12,000,000 tons, it is clear that not more than two-thirds of the total productive capacity is necessary to supply current requirements. Furthermore, unionization of the bituminous industry is not complete—only about 60 per cent of existing mines being under union control; and therefore non-union operations are sufficient to produce about 4,000,000 tons weekly, or one half of the present consumption. In view of this fact, and in view of the existing heavy reserves held by consumers, it is apparent that industrial paralysis will not result, at least immediately, from a strike of the union miners.

Production has increased steadily since the first of the year, rising from a total of 5,996,000 tons in the last week of 1921 to 10,326,000 tons for the week ending February 11. This is the highest output recorded during the present coal year, except for the last two weeks in October, when consumers accumulated reserves in fear of the railroad strike. The total production of the past twelve months, however, is still far below that of any similar period in a number of years. The accompanying chart, showing annual per capita production of soft coal during the past thirty years, shows strikingly the serious curtailment which occurred last year. This is particularly noticeable in view of the very rapid increase in per capita production which has occurred since 1890. In this period, during which per capita production of anthracite remained almost stationary, that of bituminous rose nearly 400 per cent. Thus it is apparent that although the present productive capacity of the industry is in excess of current demand, productive capacity will soon have to be materially enlarged if the rate of increase continues the same in the future.

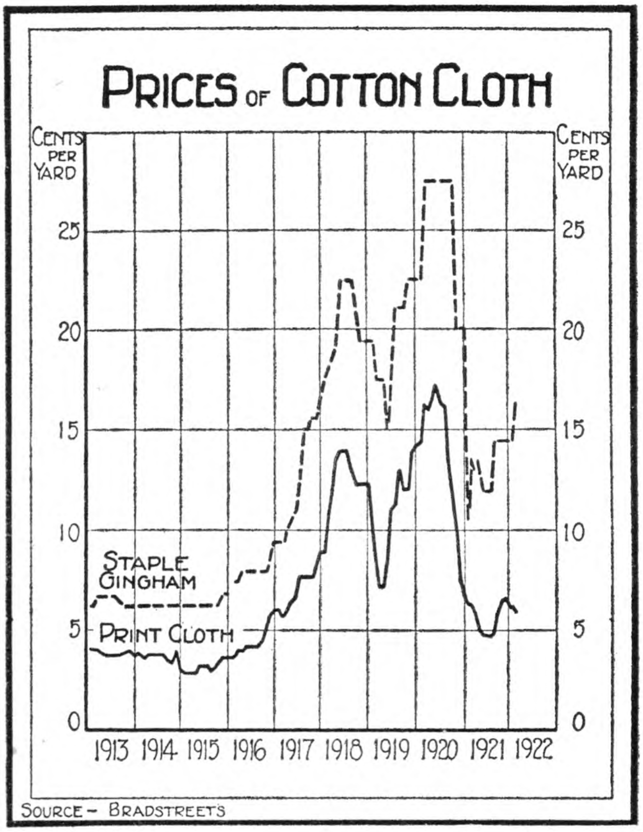
Coke

Beehive coke production is still being maintained at a weekly rate well over 100,000 tons. The output for the week ending February 11, as estimated by the United States Geological Survey, amounted to 128,000 tons, an increase of 6,000 tons, or 4.9 per cent, over that of the previous week. This production, although not more than half that of the same period of 1921, represents a very material improvement over the low level of last summer. The increase is in part a reflection of the fear of a coal strike in April, as steel production has not advanced proportionately. By-product coke ovens have not extended operations, as they are having considerable difficulty at present in disposing of their coke output. Indeed, production has been so far in excess of consumption that by-product ovens have heavy stocks on hand. A recent report of the Geological Survey showed that a total of 984,000 tons of by-product coke were stored by operators in the industrial sections of the country. This reserve has increased to more than a million tons at the present time—an amount approximately equal to the total weekly production of anthracite coal in the United States.

Prices have shown but little change during the month, spot furnace coke being quoted at $2.90. Spot foundry coke is selling at $4.00, and contract prices are about 25 cents per ton higher.

COTTON

Cotton Goods



The cotton goods market has been dull and unsettled during the past month, and to manufacturers especially it has been unsatisfactory. The present condition of the market has encouraged buyers to hold off on everything except their urgent needs. A marked lack of confidence in values still exists and is, no doubt, the most important cause of the present stagnation. Recent developments, such as strikes in the New England mills and increased unemployment, have contributed their share toward making the market uncertain. Another factor is the instability of the raw cotton market. As long as there is the possibility of a marked drop in the value of raw cotton, buyers of finished cotton goods will hesitate to place orders.

The buying public has become even more discriminating, and jobbers and retailers report only a fair amount of business. For example, one of the largest customers of a local jobbing house recently informed them that this year's business did not warrant his carrying a complete line of goods and that all of his ordering would be done by parcels post. This condition is rather prevalent among both jobbers and retailers. Ginghams, high-grade percales, and fancy goods are in best demand at present, as are cheaper linings used by clothing manufacturers. Sheetings and fine yarn goods continue dull, but print-cloths are a bit more firm. Practically all orders are for immediate delivery and chiefly for small lots. Business is hard to get, especially through the West and South; but with the recent rise in wheat and a better sentiment prevailing in the South, sellers are more optimistic and expect a marked improvement within the next few months.

Operations have declined slightly in a few cases since the first of January, but generally speaking they are normal for this time of year. One manufacturer is operating at better than his usual capacity, having added a night force in two departments of his plant. On the other hand, one or two mills report that they are practically shut down on account of lack of orders. The mills in this vicinity, generally, have a sufficient number of orders booked to keep them running from six to eight weeks at the present rate of production. The average rate of operations of the mills in this district is approximately 70 per cent of capacity. Stocks of finished goods are decreasing slightly, as compared with a month ago, and very little stock is being manufactured ahead.

Prices, on the whole, have not altered materially, although the tendency is toward lower levels for some products. As in the yarn trade, some sales of cotton goods have been made at cost or less, particularly by Eastern manufacturers in their desire to keep their mills operating. Percales are slightly lower, and tire fabrics, sheetings and print-cloths show a tendency to weaken. Tire fabrics are reported to be lower than at any time since the war.

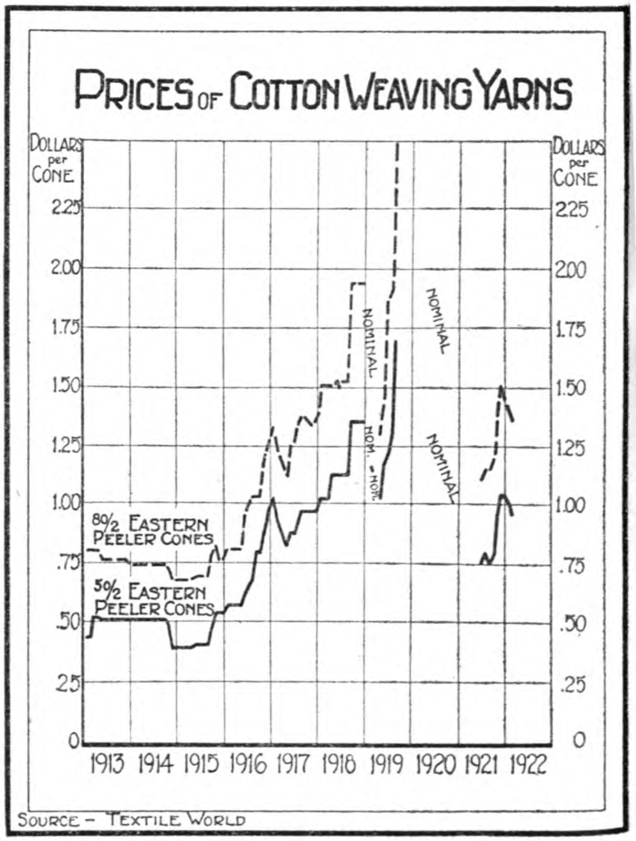
The following chart indicates the trend of average monthly wholesale prices of staple ginghams and of 64 x 64 print-cloths in the New York market from 1913 to date. During the years from 1913 to 1915, the price of ginghams remained firm at approximately six cents per yard, but in the early part of 1916 it began to rise, reaching 22½ cents in the summer of 1916. By May, 1919, it had fallen to 15 cents, and then rising to the peak of 27½ cents in February, 1920, it remained firm until the fall of the same year. The low point was reached in January, 1921, since which time it has risen to the present figure of 16½ cents.

The rise in print-cloths was very similar to that of ginghams. The price reached 14 cents in the summer of 1918 and then declined to 7¼ cents in the spring of 1919. Later it rose and in the spring of 1920 touched 17¼ cents. The low point was reached in the summer of 1921. The price at present is 5⅞ cents.

Collections are only fair, and no improvement has been noted since the first of the year.

Cotton Yarns

A revival of buying activity, followed closely by a decided reaction, occurred in the cotton yarn market after the first of the year. But at present, only a minimum amount of business is in general being transacted, although in a few cases fair-sized orders have been received. During the first half of February, the market was exceedingly dull. Not only was there practically no trading of any consequence, but almost no inquiry. Even the short rally in raw cotton failed to stimulate demand. This continued dullness may be attributed to the same factors that are affecting cotton goods—the strike in New England mills, the unstable cotton market, and the inactivity of retailers resulting from increased unemployment and impaired purchasing power. Practically all orders are for small lots for immediate delivery, and what little buying has taken place during the past month has been principally by the knitting trade. Only a few orders are for weaving yarns; heather combination yarns are in fair demand, as are double-carded yarns; but splicing and mercerized yarns are not



selling so well. Carded yarn used in the manufacture of cheap hosiery is likewise very dull.

The production of cotton yarn is in excess of consumption, and a considerable quantity is being stored in warehouses. Stocks have been increasing for some time, and some of the southern mills are becoming cramped for storage space. The average rate of operation in the Third Federal Reserve District is approximately 65 per cent of capacity. Practically 75 per cent of all orders are being filled from stock.

The following chart illustrates the course of average monthly cotton weaving yarn prices from 1913 to date. Beginning in 1915, prices of 80/2 Eastern Peeler Cones, Combed, and of 50/2 Eastern Peeler Cones, Combed, rose steadily until August, 1920, when they reached $2.50 and $1.70 per pound respectively. Since that time the decline has been gradual and continual except for a sharp upward trend late last year.

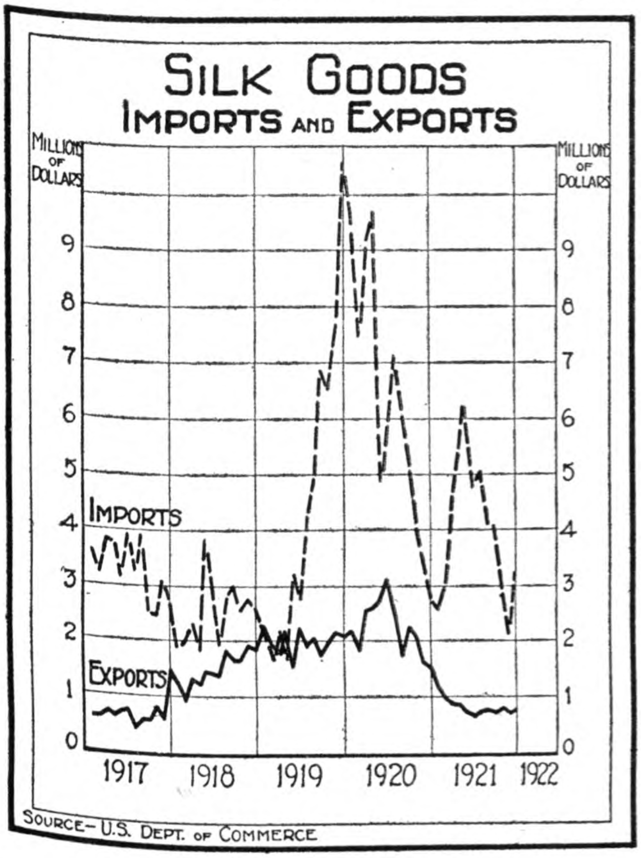
The labor situation is attracting much attention in the trade at present, and the unsettled disputes as to wages, hours of labor, etc., are undoubtedly one cause of much of the dullness throughout the trade. A large number of New England mills are closed down on account of strikes and walkouts, and the lack of any agreement of opinion among mill men on the matters in question has a marked tendency to unsettle conditions and deter future buying. The Northern manufacturer is in a very difficult position, and until some satisfactory readjustment in wages is made he will be hard pressed by the keen competition of the Southern mills, whose production costs are much lower.

Collections are only fair and have not improved since last month.

SILK

Silk Goods

The silk goods trade is now in the midst of one of the dullest seasons of the year. During the past month the small demand which has featured the silk goods market since the first of the year decreased to such an extent that trading is now practically at a standstill. Buyers lack confidence in values and are unwilling to proceed with purchases for the spring trade until prices are lower, as they maintain it to be practically impossible to sell at the present high figures. Not only have raw silk prices been declining since the middle of January, but there is also great uncertainty as to their future trend. Adverse conditions in the silk goods market are directly attributable to conditions in the raw silk market. The few orders that are being placed are for absolute necessities for immediate delivery, and are much smaller than they have been for some time, notwithstanding the fact that most stocks are low and need to be replenished. Crepe silks, such as crepe de chine, canton and crepe faille, are in best demand. Baronette satin, messaline and taffeta follow next, in the order named. The predominating colors are brown, navy, black, henna, sand, and flame.



The average rate of operation of the reporting firms in the Third Federal Reserve District is approximately 70 per cent of capacity. Some mills are operating at full capacity and others at a much reduced rate; but in either case the activity is based upon orders received some time ago.

The following chart shows the average monthly value of imports and exports of silk goods from 1917 to date. It will be noted that exports of silk goods gradually increased until July, 1920, when they were valued at $3,105,149, but since that time they have fallen off considerably. Imports, on the other hand, fluctuated greatly during 1917 and 1918, but in the spring of 1919 began to increase and they reached the peak in December, 1919, with a value of $10,574,345. Since that time they have steadily decreased.

Manufacturers' stocks are accumulating, but the stocks held by retailers and jobbers are decreasing, and in many cases those of retailers are practically exhausted. Generally speaking, however, they are sufficient to meet the needs of buyers. Prices of finished silk goods are being fairly well maintained, notwithstanding the fact that buyers are making efforts to force quotations down.

The labor situation in the silk goods industry is practically unchanged, and wages are as high as they were six months ago. The supply of unskilled labor and, except in some localities, of skilled labor, is plentiful.

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

Silk Yarns

Since January first, the demand for silk yarns has fallen off to some extent, but throwsters are receiving a fair amount of business. The call for yarn is not normal for this season of the year, but this may be attributed to the uncertainty prevailing in the raw silk market. In only one or two instances do throwsters report even a slight increase in demand, and they are chiefly manufacturers of novelty yarns. The withdrawal of the hosiery trade from the silk yarn market has been a heavy blow to this and the raw silk market. Hosiery manufacturers have long been the heaviest purchasers, but on account of the extremely unsettled state of the raw silk market, they are unanimous in the view that it would be unwise at present to make any definite preparations for the future. Practically all orders are for immediate delivery, the percentage of futures being very small; and in size, the individual order is smaller than that of last year. Buyers are extremely cautious and are confining their purchases to only their most urgent needs.

Contrary to expectations, yarn manufacturers are operating at almost normal for this season of the year, but they are busy on orders already on the books. In some instances, mills are running at full capacity—often with a night force in certain departments—and have sufficient orders booked to insure operations at this rate for about six weeks. This condition is the exception, however, and the average rate of operation of the reporting firms in this district is approximately 60 per cent of capacity. Generally, only enough orders are booked to enable manufacturers to continue at this rate for about two weeks. Finished stocks are not accumulating but are being taken as manufactured. Only a very small portion of current orders is being filled from stock.

Prices of yarns were for a time unaffected by the rapidly changing raw silk market. To have increased yarn quotations would have been especially difficult, and manufacturers were not in any position to lower them. Since the recent reaction in raw silk however, yarn prices have fallen off appreciably. But it is not likely that they will continue to do so indefinitely. Present quotations are for the most part based on raw silk purchased some time ago, and until yarns manufactured from raw material bought at the new low levels are placed on the market, prices will remain tolerably firm.

Collections are only fair.

WOOL

Woolen and Worsted Cloth

The woolen and worsted goods market has not been as satisfactory as many sellers expected it would be, although considerable buying is being done by manufacturers of women's wear. The men's clothing division is dull. Opinions of manufacturers concerning the state of demand vary widely. Some report that there has been a slight increase since January; others, that conditions remain unchanged. It is thought, however, that by the end of the spring season, a satisfactory volume of business will have been booked. Retailers are buying a considerable amount of piece goods. Practically all orders are for immediate delivery, the percentage of futures being very small; and taken as a whole, the size of the individual orders compares favorably with those of last year. Tweeds and homespuns are in good demand in the women's wear trade, tweeds being the feature of the market. Cheap tweeds are especially popular, as are check and plaid woolens and flannels. Overcoatings continue to sell well in the men's wear trade, but sales of suitings have been disappointingly small; and despite the fact that raw material has advanced recently, clothiers are not in the market for goods. This lack of interest on the part of clothing manufacturers is attributed to labor trouble, to the demand for lower prices, and to the fact that a considerable stock of spring goods is still on hand.

Production has been increased slightly during the past month. This is the usual seasonal trend, as February and March are usually busy months because of the demand previous to Easter. In fact, some mills have been operating on full time with a full complement of men, and in addition have been running a portion of their plants at night. The average rate of operation by reporting firms in this district is 75 per cent of capacity, but the amount of unfilled orders is sufficient to continue production at this rate for not more than thirty days, in most cases.

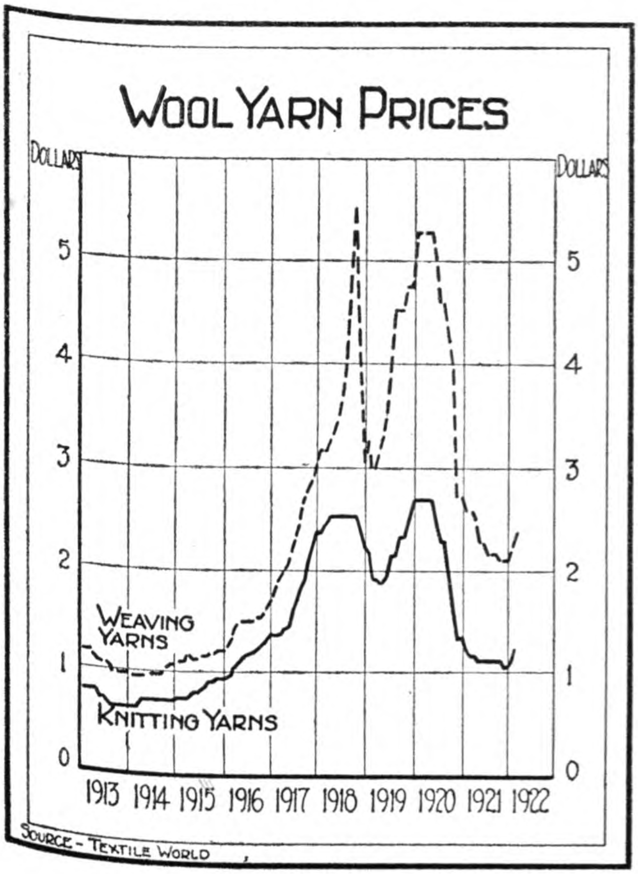
On the whole, prices of woolen and worsted goods are unchanged, notwithstanding the fact that raw material prices are higher. Some manufacturers lowered prices, hoping thus to stimulate demand. But their action only tended to make buyers unwilling to place orders.

Labor conditions are practically unchanged. Wages are as high as they were two months ago, and it is unlikely that any change will be made in the near future. The supply of both skilled and unskilled labor is plentiful. Collections are fair and have improved slightly during the past two months.

Woolen and Worsted Yarns

The demand for wool yarns has not materially increased since last month. It is, however, about normal for this time of the year and is much stronger than it was a year ago. During the past week most trading has been quiet, a falling off in demand being noted for knitting yarns as well as weaving yarns. This lull in buying is considered only temporary, however, and spinners are little concerned over it, as most of them are sold well into the future. The call for weaving yarns from manufacturers of men's wear fabrics is somewhat improved, but the market for these yarns has been so dull in the past that even a slight gain seems large in comparison. French System spinners are very busy preparing knitting yarns, especially for the hosiery trade. Knitting yarns continue to lead the market, and are being bought chiefly by the hosiery, sweater, and fancy knit-goods trade. Practically all orders are for near future rather than immediate delivery, and most purchases are for protection against an advance in prices. Manufacturers have sufficient yarn to fill current orders. Dress goods manufacturers are placing orders for moderate quantities of yarn to be used in the manufacture of tweeds, and merino-worsted yarns are selling well to the underwear trade. Carpet yarns continue very active and spinners are well sold up.

Operations in this district are proceeding on an average of about 80 per cent of capacity, and the majority of the spinners reporting to us have a sufficient number of orders booked to continue operation at this rate for two or three months, although a few have only a very small amount. Most plants are employing a full complement of men, and in some instances are operating certain departments at night.



Stocks generally are not accumulating, and only a small percentage of current orders is being filled from stock. Some firms have no surplus of finished material and are manufacturing only to order.

Prices of woolen and worsted yarns have advanced from 5 to 25 per cent, whereas raw material quotations show an increase of from 30 to 75 per cent over prices prevailing last year. Since December 1 raw wool has advanced approximately 40 per cent, causing a general increase in the price of yarns. Yarn quotations, however, did not advance simultaneously with raw material but followed about a month later, and for the most part quotations on yarn today are based upon the price of wool bought one month ago. The recent advance in yarn has not caused any general buying movement. The recent increase in raw wool, caused by shortage in supply, has resulted in a demand for substitute materials of a cheaper grade, and the sudden call for the lower grades has in turn caused them to rise in price.

The following chart serves to illustrate the course of average monthly yarn prices, for 2/50 weaving yarns and 2/11 and 2/20 knitting yarns, from 1913 to date. Beginning in 1913, both weaving and knitting yarns advanced steadily, weaving yarns reaching the peak in October, 1918, and knitting yarns in the winter of 1920-21. From May, 1920, yarn quotations declined gradually, reaching the lowest point since the war in December, 1921. Thus far this year quotations have been increasing.

The labor situation is very satisfactory. Skilled and unskilled labor is plentiful, the efficiency of the worker has increased, and no wage disputes are reported. Wages are practically the same as they were a year ago.

Collections are slow, many accounts taking longer than usual. There has been no improvement in them during the past three months.

Raw Wool

The general tone of the Philadelphia raw wool market continues to be satisfactory, and for some dealers January was an exceptionally good month. The call for wool was considerably above normal and trading among dealers was very brisk. Much of the January activity in raw wool may be attributed to the fact that many manufacturers did not purchase earlier in the season and were pressed for raw material with which to fill current orders. Since the last Government Auction in Boston, February 5, a slight falling off in demand has been noted, and for a time the market has been quiet. Speculation is less evident, because the supply of wool has become considerably reduced and stocks to trade with are not plentiful. Furthermore, the rapid rise in price during the past three months to a high figure has naturally caused a halt in trading. The present time may be characterized as a period of waiting, on the part of dealers; they are waiting, for the most part, to see what course the manufacturer will pursue. There is no denying that this is a wool growers' year. Ably assisted by the Emergency Tariff, they are dominating the market to such an extent that they are practically dictating values. Although some manufacturers are buying frequently, they are not taking as much wool as in the past. Dealers, on the other hand, are buying freely.

Wool prices have been advancing continually, and in view of the acknowledged shortage of desirable wool, together with an almost prohibitive import duty, growers are not disposed to lower them. At the recent Government Auction prices rose to a level which was 25 per cent higher than quotations prevailing at the January 5 auction. Quotations on all wools are being well maintained, with the possible exception of those on some low scoured wools. Some firms have found it necessary to discontinue some of the finer grades on account of the exceptionally high prices, resulting from the scarcity of those wools, and buyers are substituting lower grade wool. There is much conjecture as to the future course of prices, some dealers holding that there cannot be any decrease, and others that in order to enable manufacturers to resume operations on a larger scale, lower quotations will be necessary. The latter group maintain that the present high level is uncalled for and is the result of too much speculation.

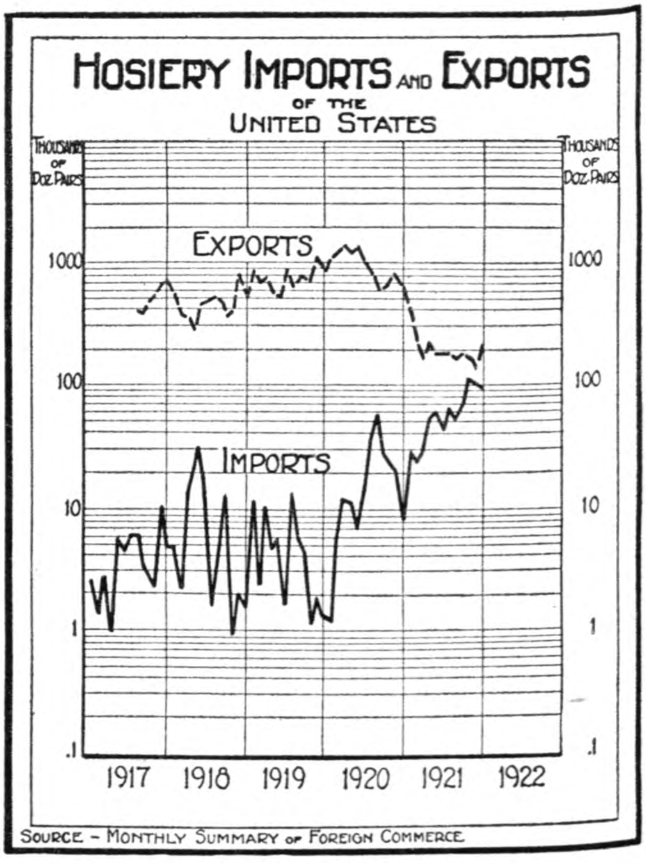
The following chart illustrates the average monthly wool imports and prices, from 1913 to date. In the spring of 1915 a sharp increase in imports occurred, followed by a gradual decline; but in March, 1916, they increased to approximately 69,000,000 pounds. Between the years 1916 and 1920, imports fluctuated considerably, averaging about 40,000,000 pounds per month, and reaching the lowest point in July, 1920. During the fall of the same year imports increased steadily each month, and in March, 1921, over 98,000,000 pounds were imported, the largest quantity ever taken in in any one month. Following the passage of the Emergency Tariff Bill in May, 1921, the monthly figures fell to the other extreme, and in June of that year only 872,000 pounds were imported.

Prices, on the other hand, were more stable and not subject to such violent fluctuation. Increasing gradually from 21 cents per pound in January, 1914, they rose steadily until they reached the peak in the late summer of 1917. Thereafter a gradual decline followed until the summer of 1921, since which time prices have been advancing.

Collections are reported as being good, and have improved during the past two months. Many of the larger firms are taking advantage of the cash discount.

HOSIERY

Very conflicting reports are received concerning the present amount of business being done by hosiery manufacturers. Conditions among mills making similar goods vary greatly without any apparent reason. However, it is agreed by all that there is difficulty in securing an advance in prices over those named earlier in the season. Buyers are obdurate



on this point, and the fact that the cost of materials going into the manufacture of hosiery is higher than it was then has no effect upon them.

Both silk and cotton yarns have declined during the month, but not sufficiently to allow manufacturers to name prices that have proved generally attractive to buyers. Nevertheless, in silk hosiery more business has been booked than was booked during the previous month. But the total quantity is not large, and it is reported that in order to get the business profits were cut severely. In heather mixtures made of wool and silk large contracts have already been made for next autumn, but the strength of woolen yarns and the difficulty of contracting for the qualities wanted are limiting the acceptance of new orders. Many mills never before making heathers have been attracted by the demand for them and have contracted for large deliveries, without having had any experience in their production. By a number in the trade this is considered to be a dangerous undertaking.

The manufacture of cotton and mercerized hosiery, except that of some kinds of children's wear, appears to have become definitely located in the Southern states. The large mills there are able to sell at prices which makers in other parts of the country are unable to meet.

The foregoing logarithmic chart shows the course of business in the importation and exportation of cotton hosiery during the past five years.

UNDERWEAR

The decline in cotton yarns has enabled manufacturers of underwear to name lower prices, and this has had the effect of inducing buyers who have been holding back to place some orders for light weights for spring and summer wear, at prices much closer to those prevailing at the opening of the season last August than had been possible since the sensational advance in the early autumn, caused by the fear of a crop failure. At that time yarns advanced quickly about 50 per cent and business came to a sudden halt. Now, although they are not as low as they were last summer, yarn prices have lost about half of that gain.

In some instances it is reported that manufacturers have been willing to accept orders for underwear at prices prevailing before the advance, and these manufacturers have been able to secure additional business. But even the small advance demanded by most makers has made sales most difficult and only replacement orders are being booked by them. Sales of heavy weight underwear for next autumn and winter are being constantly reported, but as a rule the individual purchases are small. The estimates of the percentage of the season's business that has been placed vary greatly. In all probability not over 33 1-3 per cent has actually been bought, although some estimate the percentage at as high as 60 per cent.

The present dullness in retail trade is not encouraging large forward buying by either jobber or retailer, nor are the mills, in many cases, anxious to contract heavily. This is due to the uncertainty of the situation in cotton yarns and to the difficulty of covering their needs for such future business, on a profitable basis.

CONDITIONS IN THE UNDERWEAR INDUSTRY

(In terms of dozens)	January, 1922, compared with December, 1921	January, 1922, compared with January, 1921
Number of reporting firms—14		
Summer underwear:		
Product manufactured during January	+ 17.6%	+121.6%
Finished product on hand January 31	— 22.0 "	+224.9 "
Orders booked during January	+312.9 "	— 66.3 "
Cancellations received during January	....	....
Shipments during January	+ 60.1 "	+215.3 "
Unfilled orders on hand January 31	— 3.5 "	+ 41.2 "
Number of reporting firms—8		
Winter underwear:		
Products manufactured during January	+ 4.4%	....
Finished product on hand January 31	+ 13.4 "	....
Orders booked during January	— 18.0 "	....
Cancellations received during January	....	....
Shipments during January	— 32.9 "	....
Unfilled orders on hand January 31	+ 50.7 "	....

FLOOR COVERINGS

It is between seasons in the carpet and rug industry, and therefore manufacturers are not expecting large orders to be placed. As previously reported, the mills making Wiltons and Axminsters have booked their season's business and are not able to accept any new orders, except for leftovers in certain sizes and patterns. Orders of this description are coming in, and it is likely that even such lots will soon be out of the market. In the lower grades of carpets and rugs, business is being received in an amount considered to be about normal for this time of the year, and the mills are able to continue their former rate of production.

Linoleum makers have received large orders during the past few weeks, and are now not able to make shipments as promptly as they were a month ago. Printed goods have sold better than the heavier qualities, but all are in demand. Producers of linoleum are operating at 100 per cent of capacity, and in some factories certain departments are working 24 hours per day. Prices are, for the most part, unchanged, although in certain lines in which stock had accumulated, cuts were made in order to stimulate business.

Linseed oil has advanced sharply in price; other raw materials, including cork, lumber, and burlap, are firm and in some instances higher.

LEATHER

There has been some disappointment among tanners of heavy leathers that prices for their finished products should not have responded by this time to the continued strength of the hide markets. According to statements made by a number of these manufacturers, the present prices of leather, as compared with its replacement value, are such as to eliminate all profit in their business, even though on sales now being made there is a fair margin over cost because of the fact that this leather was manufactured from hides purchased in a lower market.

The curtailment made several weeks ago by most of the tanners, in the number of hides put into process, will not be felt in the finished leather market for several months; but it is the hope of the sellers that leather will then command a better price. Sales are not large, but it cannot be said that business is altogether poor, as orders are being received steadily. Although buyers may realize that the price of heavy leathers is low, they are not anticipating their needs, but are purchasing only when they have made sales that necessitate buying against them. In December the stock of sole leather increased 1.5 per cent, according to the figures of the Census Bureau, Department of Commerce; but in all other important leathers, except sheep, there was a decrease in the amount on hand. Owing in large part to the improvement in foreign exchange, export demand is becoming better, and those in the trade are looking towards a further increase in this department to solve some of their present problems. In upper leathers, although business is in fair quantity, it has not the snap it had earlier in the season. Glazed kid, of which 85 per cent is tanned in the Third Federal Reserve District, has sold in slightly decreased amount, but the sales have almost kept pace with production, and stock therefore has not accumulated, except in large skins and in some cases in the highest grades. Last autumn these top grades were in such demand that the tanners could accept orders only for deferred delivery. Now, however, the increased call for a cheaper shoe has resulted in large sales of the medium and low grades, and in the comparative neglect of the finest skins. Many of the styles in high-grade shoes for early spring wear call for less glazed kid than last season, and this also is having its effect. Tanners specializing in colored kid report larger sales of browns and tans, and white kid, owing to the approach of the time when summer shoes are made, is also finding an increasing demand.

Figures of the Census Bureau, Department of Commerce, for production and stock of glazed kid for the last 13 months, show that though production has steadily grown larger, stocks are not as heavy as they were early in 1921.

Month		Production of glazed kid		Stock of glazed kid on hand on given date			
Dec.,	1920	...1,633,785	skins	Dec.	31, 1920	..21,494,427	skins
Jan.,	1921	...1,470,059	"	Jan.	31, 1921	..22,759,768	"
Feb.,	"	...1,121,681	"	Feb.	28, "	..20,624,551	"
March,	"	...1,691,196	"	March	31, "	..23,199,330	"
April,	"	...2,180,087	"	April	30, "	..21,900,708	"
May,	"	...2,654,741	"	May	31, "	..21,882,350	"
June,	"	...2,856,390	"	June	30, "	..20,676,694	"
July,	"	...3,153,092	"	July	31, "	..21,023,910	"
Aug.,	"	...3,694,265	"	Aug.	31, "	..20,518,111	"
Sept.,	"	...3,553,661	"	Sept.	30, "	..19,928,851	"
Oct.,	"	...3,943,247	"	Oct.	31, "	..20,655,618	"
Nov.,	"	...3,636,194	"	Nov.	30, "	..20,765,525	"
Dec.,	"	...4,094,314	"	Dec.	31, "	..20,624,554	"

Figures for the production in January, 1922, are not yet available, but are expected to be the largest since the middle of 1920.

Though exports are not large, they have increased in amount and they are going to a larger number of markets. Recently shipments have been made to every country on the Atlantic seaboard of Europe, from Norway to Spain; and Greece also has received some American kid.

Calf leather in browns and tans, and smoke, is being used largely for spring shoes, and tanners report that sales are better, especially in No. 1 grade. The difference in price between this grade and the top grade of kid is unusually large, and may account for the greater activity in calf. Sales of side leather, both black, brown, and patent, are smaller, but a considerable business is still being done.

The harness leather market is very dull; there has been no change in price since last autumn, and stocks of finished leather are adequate to meet all requirements. Belting leather awaits a revival in general business. Meanwhile, changes occurring are small. A somewhat better demand has come from the lumber trade, but falling off elsewhere makes the net result about the same.

Hides and Skins

As the supply of packer hides is small, the curtailment made by tanners of heavy leather, referred to above, has taken some time to make itself felt. A decline of 1 cent per pound has recently occurred and offerings are increasing. Calf skins are quiet and no change of importance has taken place. Goat skins from foreign markets command a higher price than most manufacturers will pay, and latterly the business transacted has been small. Tanners are as a rule well supplied with skins and feel they can afford to wait. Numerous lots of skins (not, however, of the most desired grades), which have been in warehouses in this country for some time, are offered at prices considerably less than to-day's cost of importation. But they do not attract buyers. Stocks of raw hides and skins of all the principal kinds decreased in December, the only exceptions being Cabrettas, Deer and Elk, both articles of relatively small importance.

Shoes

Shoe manufacturers in this district are running their factories at a higher rate of production than at any time since last spring. Some have orders booked that will carry them well through the season, and others are working on shoes to be delivered in from four to six weeks. In the high-grade factories specialties predominate, and these vary all the way from slippers with fancy strap effects to sport shoes. Indeed, the latter will be worn more generally than heretofore for street wear. As an illustration of the popularity of these shoes, one shade of leather much in demand has risen more than 10 cents per foot in the last few weeks.

Prices of shoes have been considerably more stable recently, but the changes that have been made, although small, are still toward lower figures.

Retail shoe trade in the large cities has not been so good proportionately as that in the smaller towns. The reason advanced for this is that the enormous bargain sales conducted by the department stores and others during the autumn and early winter led many consumers in the cities to stock up in advance. Retailers report that collections are very slow, and that in some cases they had had to ask the manufacturer or wholesaler for more time on their bills.

CONDITIONS IN THE BOOT AND SHOE INDUSTRY

(In terms of pairs) Number of reporting firms—45	January, 1922, compared with December, 1921	January, 1922, compared with January, 1921
Production	+15.2%	+ 50.8%
Shipments	+13.7 "	+ 62.5 "
Orders booked	+17.5 "	— 20.4 "
Orders on hand	— 4.9 "	+101.8 "
Stocks on hand	+ 8.5 "	+ 18.9 "
Number of operatives on payroll	+ 5.0 "	+ 20.8 "

PAPER

January was the poorest month for the paper trade since last July, which was the worst period of 1921. Tonnage sales by manufacturers compared favorably with those of January, 1921, but production was less, for a year ago mills had not curtailed operations in accordance with the lessened demand, and consequently were rapidly building up stocks. An improvement in the demand for paper began early in February. In some cases this was appreciable, but in general the betterment was slight, and business is still considered to be well below normal, even for this time of the year. A larger volume of definite inquiries is being received, and some of them are developing into actual orders. Individual orders are still small and for immediate needs, as no one is buying for the future; but they are larger than they were last February. The above situation is characteristic not only of fine and book papers, but also of coarse papers. The latter, which were selling better than the other grades last fall, have now come down to the same level.

Operations of mills throughout the industry average about 60 per cent of capacity. Some manufacturers report that they are doing better than this and are not accumulating stocks. But they add that the volume of unfilled orders on hand is small, and that unless new orders are received shortly, production will have to be curtailed. Newsprint production, an exception to the general rule, is slowly increasing, along with enlarged sales resulting from the gradual resumption of newspaper advertising.

Stocks in the hands of merchants and consumers are practically stationary. They are, in general, small. With the exception of a few who have built up normal supplies, dealers are not stocking up, and are keeping on hand only sufficient amounts to fill their needs. Manufacturers accumulated finished paper to a certain extent during January, but they are gradually curtailing production in such manner as to balance it with shipments as nearly as possible.

The prices of paper have been firmer within the past sixty days than for several months. There have been a few adjustments among the different grades, but no general tendency toward a change in either direction was noted. A supply of wrapping paper was on the market last month at a lower price, but it was all quickly sold, and the previous quotation again prevails. Dealers report that in the case of particularly attractive offers special concessions from the list prices are granted by manufacturers. But this has always been done, and the merchants are usually forced to give their customers the advantage of this concession because of competition. Importers state that foreign manufacturers are raising their prices, so that it is now less profitable to import paper than it was a few months ago. The bids for furnishing paper to the Government Printing Office provide some interesting data regarding the decline in paper prices during the past year. The lowest bid on a certain grade of newsprint was 3.79 cents a pound, whereas the item was awarded last year at 5.48 cents; a sized and super-calendered printing paper, bought last year for 8.34 cents, was offered this year for 6.92; and a grade of white writing paper was 6.88, as against 9.4 cents last year. These prices are given to illustrate the decline which has occurred since last year, and not to provide quotations at which consumers may now buy paper, for these are special bids on large contracts and naturally do not exactly correspond to open market prices.

Wood-pulp, as well as paper, has been steady in price for the past ten weeks. Manufacturers are still making pulp from high-priced wood, and although wood could be cut this year at materially lower costs, few operators went into the forests this season, as it was thought that the enormous supplies left from last season would be sufficient. Another factor was the inability to finance new operations while so much money was still tied up in carrying old stocks. Paper manufacturers are not contracting for pulp as readily as in previous years because of uncertainty as to future prices. Many other costs of production have been lowered materially. Several relatively small wage reductions have been recently effected by some of the manufacturers.

An increasing number of firms report that collections are poor. Those who find them good, generally state that extreme care is necessary to keep them from lagging.

The following tables are presented to show the total production of paper and wood-pulp during 1921, compared with that in previous years, as compiled from Federal Trade Commission statistics. The 1921 figures are subject to revision. The 1919 United States Census findings, which are considered fairly exact, are given to show the relative accuracy of the Trade Commission reports. The discrepancies are largely due to different methods in distributing the many various grades. It will be noticed that the total production of both wood-pulp and paper was about 27 per cent less last year than in 1920. The decline among the different grades of paper varies from 14 per cent in news to 37 per cent in fine papers, and 38 per cent in wrappings. Shipments in 1921 were slightly smaller than production; therefore stocks are a little larger than they were last January.

STATISTICAL SUMMARY OF THE PAPER INDUSTRY

	Stocks Jan. 1, '21	Production 1921	Shipment 1921	Stock Dec. 1, '21	Production 1920	Production 1919	Production 1919 Census
Newsprint	24,763	1,226,189	1,227,018	23,127	1,511,968	1,374,517	1,324,000
Wrapping	38,831	782,468	769,366	53,955	1,043,812	869,631	932,000
Book	25,005	725,992	712,240	37,060	1,104,464	914,823	961,000
Board	53,104	1,664,931	1,655,017	59,780	2,313,449	1,950,037	1,885,000
Fine	30,312	242,485	238,797	33,389	389,322	343,762	325,000
Building & Felt	13,420	286,111	291,059	6,739	366,941	281,962	195,000
Tissue	8,774	148,142	150,731	5,811	177,447	155,400	191,000
Hanging	3,027	69,725	64,970	8,856	113,824	92,136	69,000
All other	17,160	210,274	207,871	20,210	313,387	208,093	160,000
Total paper	214,396	5,356,317	5,317,069	248,927	7,334,614	6,190,361	6,124,000

STATISTICAL SUMMARY OF THE WOOD PULP INDUSTRY

	Stocks Jan. 1, '21	Production 1921	Shipment 1921	Used 1921	Stock Dec. 1, '21	Production 1920	Production 1919	Production 1919 Census
Ground	129,626	1,268,012	97,659	1,176,899	115,363	1,578,300	1,449,799	1,519,000
Sulphite	28,547	1,105,905	278,119	826,349	28,699	1,576,676	1,385,706	1,420,000
Sulphate	7,850	148,165	34,194	114,164	7,979	212,888	161,887	120,000
Soda	6,507	272,287	95,668	174,102	6,306	431,971	377,473	412,000
Other than wood pulp	119	7,069	546	6,464	208	7,821	9,903	48,000
Total pulp	172,729	2,801,438	506,186	2,297,978	158,555	3,807,656	3,384,768	3,519,000

The production of ground wood-pulp fell off only 19 per cent, whereas sulphite and sulphate were off 30 per cent, and soda pulp 37 per cent. Stocks, however, decreased during the year, as most of the pulp made is used by the manufacturers in their own paper mills, and they have curtailed production in accordance with their needs.

PAPER BOXES

The demand for paper boxes continues to be as uncertain as it has been for several months. Some manufacturers last month reported an improvement at that time. Others who in their present reports state that business in January was poor, note some betterment in February. It seems the distribution of available orders among the different manufacturers varies from month to month. In general, therefore, it may be said that the aggregate volume of sales of paper boxes is practically unchanged. Manufacturers who supply confectioners are busier than others, as that trade is now preparing for Easter business.

Since last January, sales have increased in volume, although in some cases they are smaller in dollars. As compared with 1919 and 1920, during which years the industry was at the height of its activity, the number of boxes sold has fallen off materially. There is, however, a growing tendency to compare present conditions with those prevailing prior to 1919 rather than with those existing during that abnormal year. This gives a more favorable result as regards volume of sales.

The margin of profit, however, is much smaller now, for the liquidation in costs has not been proportionate to the combined reduction in selling prices and in the volume of trade. It is being more generally recognized that these costs must be diminished before the industry can be restored to a normal status, for any attempt to increase selling prices have heretofore met with failure by reason of severe competition. The chief raw material, box-board, is cheap enough; in fact, its price is said to be below the cost of production. And although it is still higher than it was last summer, when board declined to a level considered in pre-war days to be a fair price, it is not materially higher. Labor costs, however, have diminished only insofar as the efficiency of the workers has increased, for wages have been reduced only slightly. Another reduction in costs has been effected by keeping stocks as low as possible, thus cutting down carrying charges; and even those manufacturers who have large supplies of board on hand have been able to economize, for these stocks were for the most part bought at prices considerably lower than present prices.

Plants are being operated at about 60 per cent of capacity, which is approximately 75 per cent of normal for this season. Production usually corresponds almost exactly with sales, as most boxes are made upon specification, and few orders are filled from stock. This policy has been more strictly adhered to within the past year, when demand has been so fickle and orders so small. Manufacturers are not buying any more board than is necessary, and recent attempts to raise prices further have not been successful.

Collections have become worse within the past few months, and in only a few cases are as good as fair.

CHEMICALS

Marked apathy still exists in nearly all branches of the chemical industry. The improvement that was expected with the coming of 1922 has failed to develop, and the present situation is but slightly better than that of last summer. However, the outlook is not altogether discouraging. In spite of the small demand and the severe competition, prices in most cases have ceased to decline, and have remained fairly stable at the low levels reached last summer. Indeed, some products, notably vegetable oils and crude drugs, have advanced. Coal tar intermediates, on the other hand, have fallen still further. But fluctuations in quotations are insignificant in extent as compared with the violent movements which occurred during the early part of last year.

Business in coal tar products, both dyes and intermediates, has been virtually at a standstill for several months. In fact, the manufacturers of these products have probably suffered more severely from the readjustment than has any other group in the chemical industry. This has been due largely to the uncertainty that has existed as to what measures, if any, Congress would take for the protection of the industry. Both consumers and producers have been faced with the possibility of the unrestricted importation, in the near future, of low-cost German dyes. Indeed, in spite of the licensing regulations, which are supposed to prevent the entry of competing dyes, German competition in the domestic market has already been much in evidence. Furthermore, the present productive capacity of the industry is several times larger than normal domestic consumption, and consumption at present is considerably below normal.

owing to the continued inactivity in many dye-consuming industries.

Naturally, consumers have been led to purchase only in small quantities and for immediate delivery. Prices, of course, are extremely weak, as sellers are willing to accept almost any figure in order to reduce their stocks. Manufacturers have been forced to curtail production to only a fraction of their plant capacity, and frequently this has meant a cessation of research work, a deterioration of plant and equipment, and a disruption of their technical staffs. The result has been that the industry now is in a worse position to withstand foreign competition than at any time since the war.

German competition has also been felt in the fertilizer industry. A recent contract entered into between thirty-four of the principal American distributors of potash and the German potash syndicate provides for the purchase in Germany of 75 per cent of the needs of the American group and at prices far below those of American producers. The result is that the Germans are again in virtual control of the potash market. Demand for fertilizer, however, is very poor, and local firms report that operations are at only about 50 per cent of normal. This is, of course, a natural result of a notoriously poor agricultural year and of greatly lessened purchasing power. Demand will no doubt improve somewhat with the approach of spring, but present indications are that the farmers will not be able to purchase normal quantities of fertilizers this year.

The position of the pharmaceutical industry, at least in this district, is much more satisfactory than that of either the dye or the fertilizer industry. Indeed, some firms report that current business compares very favorably with the pre-war business. Prices have been fairly stable for several months past, although at a level which is still 35 per cent above 1914 quotations. Some chemicals, however, such as glycerine, sodium bromide, and citric acid, have fallen below pre-war levels. German competition, which has been felt in the past, has lessened somewhat with the exhaustion of foreign stocks and the recent rise in exchange rates.

In the market for heavy chemicals also, the improvement in foreign exchange has lessened the violence of foreign competition. A buyer's market still exists, however, and producers are willing to make liberal price concessions in order to obtain enough business to keep their plants operating. But in spite of these occasional concessions, the general level of prices has fluctuated only slightly since last August. Demand is somewhat broader than it was during December and January, and as both consumers' and producers' stocks are very low, any general industrial improvement is likely to be felt in this industry immediately.

RUBBER

After passing through a period of rather severe readjustment in the year 1921, during which several large companies found it advisable or necessary to reorganize, the rubber industry is now on a more stable basis. The demand for some rubber products is almost 100 per cent greater than it was at this time last year, and several firms report an improvement, especially since the first of January. With some exceptions, a small increase in the demand for rubber products has been noted each month since July, 1921. This is almost imperceptible if compared simply from month to month, but over a stretch of ten or twelve months, the improvement is very noticeable.

The crude rubber market, for a time, was comparatively inactive, for although there were a number of inquiries at current prices, holders of rubber declined to sell. The continued reticence of buyers, however, has induced some holders to make slight concessions, although these have been only fractional and are considered inconsequential. Many of the largest consumers of crude rubber, chiefly the tire companies, are well stocked, but if tire production increases, manufacturers will soon be in the market for additional raw material.

Almost without exception, orders received thus far this year are for small quantities of goods for immediate delivery. Jobbers, however, are an exception, and a large portion of their present business is for seasonable goods, such as garden hose, can rubbers and miscellaneous articles for the spring trade. Manufacturers of mechanical rubber goods, such as packing, high-pressure oil hose, belting, etc., are doing a fair volume of business, notwithstanding the fact that many of the largest users of these products are in the market only in a small way. Sales of tires have been a bit slow since December, but manufacturers and dealers are optimistic and look forward to a good business this year. The sales of one large firm have been about 60 per cent of normal, measured in dollars, and about 80 per cent of normal in units, with approximately 75 per cent of the orders for immediate delivery and 25 per cent for future delivery. Vulcanized fiber products include a wide variety of articles and are supplied to railroads, textile mills, automobile companies, and trunk manufacturers. These are all lines that have been rather dull for some time, but the increasing number of inquiries coming in is encouraging, and business is better.

Production is being fairly well maintained, rates of operation varying from 40 per cent to 100 per cent of capacity, depending upon the product manufactured. Most plants are operating with a smaller complement of men, and in some instances are only working a portion of their plant three or four days a week. The number of unfilled orders on the books is not sufficient to continue operations at the present rate for more than one month. The average rate of production of the reporting firms in this district is about 75 per cent of capacity.

Stocks have been steadily decreasing since November, 1921. Manufacturers and dealers alike are depending upon their ability to expand the production facilities of their plants to take care of any quickening of demand that may occur. They do not wish to repeat their experiences of a year ago, when they found themselves with huge accumulations of stock for which there was practically no call. Some manufacturers, who are more optimistic than others, are accumulating a small surplus in anticipation of the spring trade. This, however, is being done in a very conservative manner.

During the latter part of January, the price of crude rubber dropped about six cents per pound, and for a time the market was very unstable. Now, the tone of the market is more firm and quotations are more dependable. The sudden drop in the price of crude rubber is attributed to forced liquidation in the London market, accompanied by a falling off in demand in the face of increased importations. Prices of all finished products have been materially reduced, but no changes have been made recently. Practically all rubber products are selling at from 20 to 60 per cent less than they were in 1920, and in some instances at even greater reductions. Quotations on cotton fabric, such as is used in the manufacture of tires, rubber hose, belting, etc., are lower than at any time since the war, and bids are being asked for. Low raw material prices have helped greatly in effecting lower prices on finished products in the rubber industry.

The labor situation continues to improve, and in some plants labor costs have been cut in half. The reduction in wages does not amount to more than 15 per cent in any case, and in some instances no reductions have been made, employers feeling that it is not desirable to attempt a reduction of wages until they are sure that living costs will drop still further. The supply far exceeds the demand, both for skilled and unskilled workers.

Collections are rather slow, especially in the West and South, but are not generally considered to be any more difficult than they have been for the past three months.

FURNITURE

During the month of December manufacturers of furniture reported a steady improvement, and business with them was about normal for that period of the year. At the same time retailers of furniture were busy with the Christmas trade. Since the first of the year, however, an appreciable change in the demand has been noted. Retail sales of furniture have been very disappointing and the volume of business being transacted is small. Firms conducting February furniture sales report that buyers manifest little or no interest and that thus far such sales have been unsuccessful. The retailer is confronted with a difficult problem because of impaired purchasing power resulting from wage reductions and increasing unemployment. On the other hand, manufacturers have noted but little change in the demand for their products. Practically all orders now are for immediate delivery and for the most part are smaller in size than those received during the same period last year. Furthermore, business is hard to get and men on the road find selling very difficult. Dealers feel that they are in a position to buy in only a very small way. Dark stained woods, mahogany and black walnut, are in most demand, but there is also a fair call for decorated white and gray enameled finishes. The lighter colored woods, such as bird's-eye maple and circassian walnut, are not selling as well as formerly.

Manufacturers, for the most part, are proceeding at about the same rate of operation as they were two months ago, but in no instance that has been reported to us have they a sufficient number of unfilled orders on the books to insure operation at their present rate for more than one month. Some firms are manufacturing at a rate which is somewhat better than normal for this time of the year. This is due primarily to the fact that their stocks were depleted during December and that they are not yet in a position to ship current orders from stock. The average rate of operation for the reporting firms in this district is 85 per cent of capacity.

With the exception of novelties, which advanced slightly on January 1, practically all furniture has shown a tendency to decline in price, and in some instances reductions have been made of from 10 to 15 per cent. Certain raw materials have increased in price; others have decreased. Lumber, for example, has advanced approximately 25 per cent since October 1, 1921, but glass is slightly lower than it was a month ago.

The labor situation in the furniture industry is practically unchanged, and no trouble has been reported. Unskilled labor is plentiful, but skilled labor is still at a premium and no reductions in this class have been made except in the case of new employees, who have been engaged at slightly lower wages.

Collections for the most part have been very slow, and even good accounts are taking more time than usual. In no instance has any improvement been noted during the past three months, and retailers selling on a credit basis report many requests for extensions.

OFFICE APPLIANCES

The market for office appliances has shown encouraging tendencies during the past month. Although the demand is only slightly heavier, the general tone of the market is stronger and a better sentiment prevails. For some firms, January was an exceptionally good month, and one firm in particular found it to be the best in the history of its business in this city. Others, however, reported a decrease in sales for January as compared with those of December. There has been no actual decrease in the need for office appliances, but most institutions are buying only such equipment as is absolutely necessary. During the months of December and January, a considerable quantity of filing equipment was sold, but this was merely a seasonal spurt resulting from the fact that the records of the past year's business are stored at this time. As compared with the orders in previous years, orders received thus far this year are smaller in size; and it is much more difficult to secure orders than has been the case in the past. Typewriters, both portable and standard sizes, are selling well. The demand for office furniture, calculating machines, billing machines, adding machines, etc., is poor. This is the result of unstable business conditions and of the desire on the part of all firms to economize. Most of this equipment is expensive, and very often second-hand equipment is purchased when such appliances are absolutely necessary.

Except in the case of certain filing equipment and office furniture, the prices of which have declined from 20 per cent to 50 per cent since January, 1921, prices are practically unchanged. It is the policy of some firms to maintain a standard price, and as these made no increase during the war they have made no reductions since the war. Firms that advanced prices during the war either reduced prices to the pre-war level shortly after the armistice or have since made reductions in keeping with the reduced cost of production. Prices of miscellaneous articles are an exception, however, and are constantly changing.

Stocks of office appliances are not large and are for the most part decreasing. There is no inclination to accumulate a surplus, and from 65 to 90 per cent of all orders are being filled from stock. For a time, however, some firms experienced a little difficulty in making prompt delivery on orders for filing equipment; but with this exception, stocks have been sufficient to meet all requirements. The shortage in the stock of filing apparatus is attributed to the fact that the demand for this equipment was much greater than was anticipated.

Collections remain practically unchanged. Some firms have found them to be good; others, only fair.

WHOLESALE GROCERIES

The decline in wholesale grocery sales, which began in November, continued through January. Total sales in that month, as expressed in dollars, were 7 per cent less than in January, 1921, and smaller than in any month of last year. It may still be said, however, that the largest part of this decline is accounted for by the fall in prices since last year. The Bureau of Labor Statistics index number of food prices for last January was 162, and on February 1, 1922, was 134. It is true, sales usually fall off at this season, and business is dull during the first two months of the year. But one firm reports that this year it had the poorest January in 20 years. No change in the situation has occurred in February. The demand is particularly poor in the mining districts.

Retailers are buying conservatively and only for immediate needs. For this reason, it is thought that retail stocks must be low. Some wholesalers report that their supplies are heavy, others that they are light; but all are agreed that they have enough goods in stock to supply the demand as long as customers continue to buy sparingly. Consequently wholesalers are also purchasing in small lots.

Prices of grocery products are variable. On some lines there is a definite upward tendency, on others a downward trend; but the great majority are firm. Flour has been rising in response to improvement in the grain markets. Canned goods are particularly strong, and the increase in prices noted last month has continued. Manufacturers of evaporated and condensed milk recently announced reductions ranging from 25 to 35 cents per case on condensed milk and from 40 to 50 cents on evaporated. The rapid decline in butter and eggs, which began in December, was checked last month, and these products have since been fluctuating but slightly—around 36 cents for butter and 43 cents for eggs. Sugar has been firm since January 21, when refiners raised their prices to 5 cents. Most of them later announced another advance to 5.10, then returned to the 5-cent level early in February, but again raised quotations to 5.10 on February 20. Cuban raws were fairly steady during the month, but at one time they fell to as low as 2 cents, equivalent to 3.61 cents, duty paid. The market recovered quickly, however, and on February 17, a price equal to 3.79 cents was paid. Receipts of raw sugars at Atlantic ports have been heavy, and meltings by refiners were at one time almost at the maximum.

Collections are even poorer than they were last month, as is shown by the increase in the ratio of accounts to sales. Many firms have restricted sales to only their most reliable customers, and a larger percentage of business is being done on a C. O. D. basis.

WHOLESALE GROCERY TRADE

Number of reporting firms—48	January, 1922, compared with December, 1921	January, 1922, compared with January, 1921
Net sales during January.........	—7.0%	—15.2%
Accounts outstanding January 31..	—3.2 "	— 4.3 "

Ratio of accounts outstanding to sales:

January,	1922	116.6%
December,	1921	115.3 "
November,	"	112.6 "
October,	"	108.3 "
September,	"	105.8 "
August,	"	98.3 "

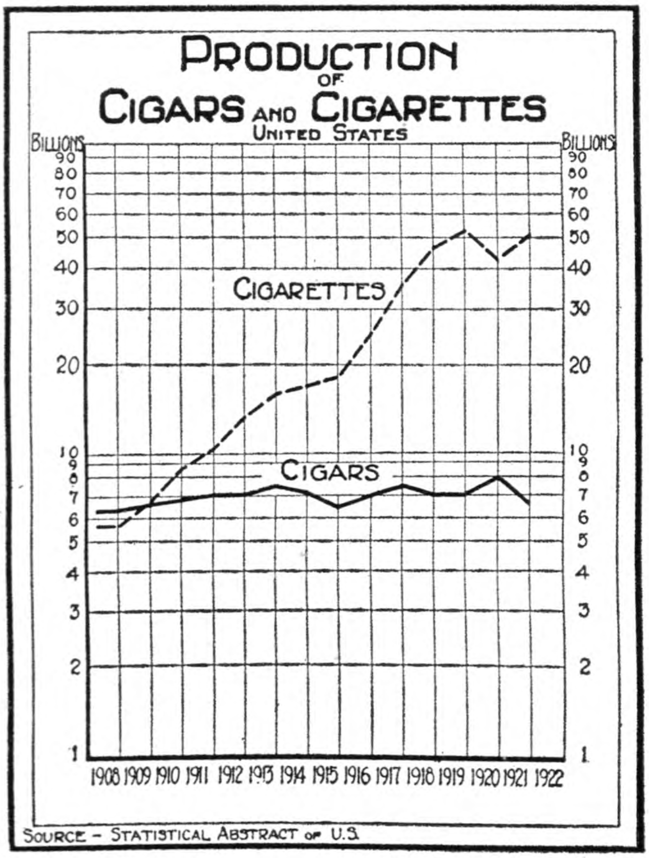
TOBACCO

Cigars

Demand for cigars is light. In fact it is much lighter than was expected, for this season, and production is still being curtailed. Distributors from all over the country have temporarily revoked standing orders, and request only occasional small shipments to meet their requirements. Most manufacturers who were expecting business to continue fairly good, or to show only a slight seasonal recession, are disappointed, for sales during January were no greater than in the same month of 1921, which in turn was the poorest month in years.

As shown in the accompanying table, December sales were almost as small as those of January, 1921. A slight improvement has been reported since the first of February, but buying is still far from being active.

Of the factories that were closed immediately after Christmas, some reopened early in January, but others waited longer, and many are still not operating. Only a few makers of certain popular brands are producing cigars in any appreciable volume. In factories that are running, stocks are piling up, but that is usually the case at this time of the year when preparations are made for the spring demand. Dealers, as a rule, have small stocks on hand. Some are still supplied with goods of questionable quality, which they were able to buy at bargains, and these they are using to help supply the demand for cheap cigars. These cigars, remnants from the halcyon days when anything would sell, have had a demoralizing effect upon the market for some months.



NUMBER OF CIGARS AND CIGARETTES UPON WHICH STAMPS WERE SOLD

(Collector of Internal Revenue)

	Dec., 1920	Jan., 1921	Nov., 1921	Dec., 1921	Total, 1921	Total, 1920
Class A	119,334	127,046	195,535	150,971	2,043,519	1,792,701
Class B	148,355	147,317	158,201	106,689	1,883,215	2,500,973
Class C	217,745	176,891	245,148	191,603	2,652,684	3,481,573
Class D	16,653	9,718	12,398	10,725	147,825	136,082
Class E	4,040	1,826	3,968	3,776	31,506	55,693
Total, large cigars	506,127	462,798	615,251	463,664	6,758,749	7,967,021
Small cigarettes	2,816,818	3,901,560	4,229,401	2,995,934	50,880,078	44,645,823

As reported last month, most of the better known brands of eight-cent cigars were lowered in price at the first of the year. The shift in demand from the high-priced to the cheaper grades is shown in the accompanying table, giving the number and the classes of cigars upon which stamps were sold. It is noted particularly in the last two columns, giving yearly totals, that production of cigarettes and of the cheaper grades of cigars has increased within the last year, while the output of the higher classes of cigars, with one exception, was decreasing. The accompanying chart, drawn on a logarithmic scale, shows the long-time growth of the production of cigarettes as compared with the relatively static position of the cigar industry within the last fourteen years.

Collections are ordinarily prompt in the cigar industry, but recently they have been somewhat slower.

Leaf

The leaf markets continue to be dull. Spasmodic buying is reported at intervals from the different growing regions, but except in a few sections, the largest part of the 1921 crops is still in the hands of the growers. The quality of the product in general is poor, and good leaf is relatively scarce. Nevertheless, prices on the few transactions that have taken place are lower than those of recent years. The Lancaster County crop is moving very slowly at prices ranging from 12 to 15 cents, as compared with 16 to 20 cents at the same time last year.

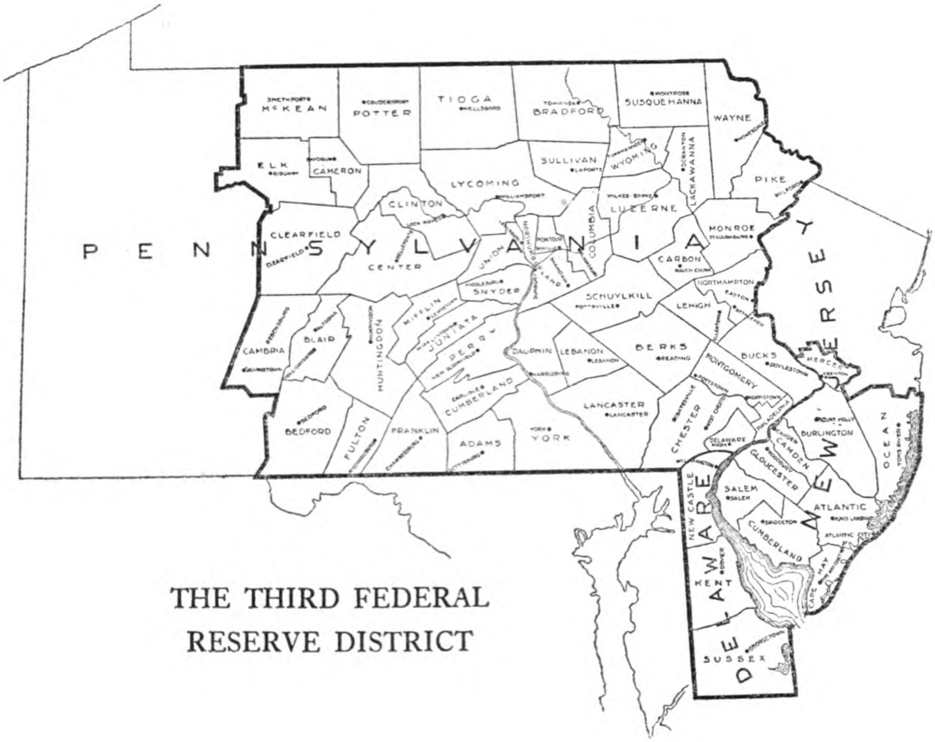
The Government's estimate of stocks of leaf tobacco in the warehouses of dealers and manufacturers in January is slightly larger than that of the same date last year, but as a rule smaller than the estimates of July 1 and October 1, 1921.

POUNDS OF LEAF TOBACCO ON HAND

(000's omitted)

Types	Jan. 1, 1922	Oct. 1, 1921	July 1, 1921	Jan. 1, 1921
New England	66,618	63,678	68,141	60,370
New York	3,554	3,547	4,022	2,647
Pennsylvania	69,854	83,072	93,622	69,445
Ohio	71,414	78,303	76,225	70,173
Wisconsin	82,767	93,475	103,535	77,181
Georgia and Florida	9,499	8,312	5,544	7,944
Porto Rico	9,408	7,698	7,866	9,541
Aggregate—all types	1,561,848	1,547,440	1,672,017	1,446,914

The recent questionnaire, which was sent to the readers of this review, for the purpose of securing their suggestions and comments, elicited many encouraging and helpful replies. We take this opportunity of thanking those who so promptly sent us their estimates of the value of our publication.



THE THIRD FEDERAL
RESERVE DISTRICT

COMPILED AS OF FEBRUARY 23, 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

	Feb. 15, 1922	Jan. 11, 1922	Feb. 16, 1922
Altoona..........	$2,396,000	$2,727,000	$2,930,000
Chester..........	3,403,000	4,276,000	5,430,000
Harrisburg.......	5,604,000	7,902,000	5,900,000
Johnstown........	3,475,000	3,973,000	4,227,000
Lancaster........	4,604,000	4,636,000	4,790,000
Philadelphia......	267,429,000	322,254,000	282,597,000
Reading..........	6,397,000	8,448,000	6,228,000
Scranton.........	12,867,000	16,385,000	15,151,000
Trenton..........	12,081,000	11,495,000	11,387,000
Wilkes-Barre......	8,095,000	9,421,000	8,256,000
Williamsport......	3,765,000	4,158,000	3,699,000
Wilmington.......	6,257,000	8,486,000	7,627,000
York.............	3,199,000	5,447,000	3,437,000
Totals.........	$339,572,000	$409,608,000	$361,659,000

STATEMENT

Federal Reserve Bank of Philadelphia
(000's omitted)

RESOURCES	Feb. 15, 1922	Jan. 18, 1922	Feb. 18, 1921
Gold reserve............	$196,531	$210,899	$176,254
Other cash..............	9,089	10,224	2,992
Total reserve.......	$205,620	$221,123	$179,246
Discounts—secured by U. S. securities...........	59,502	57,739	109,390
Discounts—all other.....	20,472	12,797	47,521
Purchased bills..........	17,229	12,973	23,810
U. S. securities..........	22,502	19,307	32,716
Municipal warrants......	191	191	......
Total earning assets..	$119,896	$103,007	$213,437
Uncollected items.......	52,754	44,054	57,027
All other resources.......	1,483	1,411	2,539
Total resources......	$379,753	$369,595	$452,249

LIABILITIES	Feb. 15, 1922	Jan. 18, 1922	Feb. 18, 1921
Capital paid in..........	$8,748	$8,728	$8,570
Surplus................	17,945	17,945	17,010
Government deposits....	6,380	4,988	3,297
Members' reserve account	97,092	102,515	102,738
Other deposits..........	1,378	1,242	1,659
Total deposits.......	$104,850	$108,745	$107,694
Federal Reserve notes....	185,907	183,821	254,110
Federal Reserve Bank notes................	7,863	6,874	19,522
Deferred availability items	53,763	43,021	43,311
All other liabilities.......	677	461	2,032
Total liabilities......	$379,753	$369,595	$452,249

RESOURCE AND LIABILITY ITEMS

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

	At the close of business		
	Feb. 8, 1922	Jan. 11, 1922	Feb. 11, 1921
Loans and discounts:			
Secured by U. S. securities	$45,773	$48,306	$73,020
Secured by other stocks and bonds..........	214,238	204,021	194,928
All other..............	320,620	323,626	412,042
Investments:			
United States bonds....	48,057	47,355	45,700
U. S. Victory notes.....	7,922	12,763	12,255
U. S. Treasury notes....	22,484	4,862	....
U. S. certificates of indebtedness...........	8,980	8,552	12,016
Other bonds, stocks and securities............	162,253	164,781	155,282
Total loans, discounts and investments....	$830,327	$814,266	$905,243
Demand deposits........	623,839	625,935	653,222
Time deposits...........	47,562	46,360	38,280
Borrowings from Federal Reserve Bank.........	32,507	33,794	113,913

BUSINESS INDICATORS

	Feb. 20, 1922	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans.............	$633,902,000	+ .8%	—11.3%
Deposits...........	600,404,000	—1.0%	— 4.0%
Ratio loans to deposits...........	106%	104%*	114%*
Federal Reserve Bank:			
Discounts and collateral loans......	$73,284,447	+3.0%	—51.9%
Reserve ratio........	72.4%	75.7%*	53.3%*
90-day discount rate..	4½%	4½%*	6%*
Commercial paper....	4½%	4½%*	7¾%*

	January, 1922	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia.....	$1,701,000,000	—10.7%	— 8.2%
Elsewhere in district.	141,799,000	—24.1%	— 4.5%
Total...........	$1,842,799,000	—11.9%	— 7.9%
Building permits, Philadelphia........	4,411,320	+43.7%	+292.3%
Post Office receipts, Philadelphia........	1,236,760	—21.5%	— 2.9%
Commercial failures in district (per Dun's)............	136	124*	96*
Latest commodity index figures:			
Annalist (food prices only)...........	173.157	+8.3%	— 6.5%
Dun's.............	164.974	+ .3%	—11.2%
Bradstreet's........	11.419	+ .4%	— 7.7%

*Actual figures.