

BUSINESS AND FINANCIAL CONDITIONS

IN THE
THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA  MAY 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.

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ALTHOUGH no widespread change in general business conditions in the Third Federal Reserve District has occurred during the past month, a slight improvement in demand in several industries has given the situation a somewhat better tone. But the total volume of business being trans-

acted is still small, and it cannot be said that there is a normally active market for any commodity. As compared with the excessive dullness of the first three months of the year, however, business is improved. The increased buying of iron and steel products first noted two months ago has continued, and operations have expanded; but as has been the case for some time, activity in this district lags behind that of other iron and steel centers. The railroads have bought car parts and rails in fair quantities, and automobile manufacturers have purchased generously. Castings have sold well, and for structural shapes there has been increased call. It is to be noted, however, that sales of final steel products to ultimate consumers are not as large as sales of steel products for re-manufacture, and since operations are proceeding at a rapid rate stocks are slowly accumulating. For the first time in many months, no price concessions have been reported and quotations generally are firmer, a factor of distinct encouragement to the industry as a whole.

With a large increase in the number of building permits issued during March over those issued in February, prospects of considerable building activity have become brighter. Actual operations are not as numerous as they were expected to be at this time, but the large number of contracts let indicates that construction will go forward rapidly during May and June. All building material manufacturers report that the demand is steadily increasing and that prices are unchanged.

As was anticipated, buying in the coal industry has declined since the strike began. Sales of an-

thracite are small as a result of the mild April weather, and bituminous demand has fallen off because public utilities and industrial plants had previously laid in adequate reserves. Present stocks, together with the maximum production of non-union mines are sufficient to supply normal needs for about four months; but in view of the small demand, non-union mines are not operating at capacity. Thus far there is little prospect of an early settlement of the strike. The unions refuse to deviate from their original demands of a 20 per cent increase in wages and a continuance of the "check-off" system, and the operators are equally persistent in their refusal to meet these demands. The strike has successfully closed all of the union mines, and some of the non-union miners in the Connellsville district have walked out. Little migration from union to non-union fields is reported, but to a limited extent miners have withdrawn their savings deposits and have returned to their homes in Europe. This movement, however, has not yet gained force, nor is it expected to become general.

Reports from the textile industries are conflicting. The demand for some products has recently increased and that for others has fallen off. Buying in the cotton industry is exceptionally slight, and the trade is much depressed. With the exception of gingham, which are selling fairly well, all cotton goods are inactive. The demand for cotton yarns, too, has declined and prices have receded, several spinners reporting that present quotations are under the cost of production. The raw cotton market is dull, and this is true also of the raw wool market. Although general wool quotations have not declined to any extent from the high point reached recently after a spectacular advance, price concessions have been made in individual sales. Much of the sluggishness in the raw wool market is attributed to the uncertainty as to the permanent tariff schedules. Operations in the woolen and worsted yarn industry have been reduced, but the demand has fallen off to so great an extent that stocks are nevertheless accumulating. The call for woolen and worsted cloth is small, and operations average about 40 per cent of capacity. In spite of the light demand, however, price quotations have been advanced on a number of lines.

As a result of a price reduction made by silk goods jobbers late in March, sales to retailers were greatly stimulated, and during April wholesalers have succeeded in disposing of the greater portion of their stocks. But jobbers have not re-ordered to any ex-

tent from manufacturers, and production of silk goods has therefore been curtailed. However, since stocks in the hands of both retailers and jobbers are small, and since the retail demand for silks has improved, it seems probable that manufacturers will soon receive new orders. Silk yarns are still in small request. The call for knitting yarns from the hosiery trade is fair, but that for weaving yarns is rather poor. Conditions in the hosiery industry have improved slightly, the demand for both full-fashioned and seamless silks being fairly good. Several manufacturers are operating at capacity and have orders on hand sufficient to assure operations at this rate for a number of months. Such reports, however, are the exception, and operations generally average about 70 per cent of capacity. Cotton hosiery is in scant request, practically the only sales being of children's and infants' stockings. All yarn prices are lower, but hosiery prices have not been reduced because these quotations were not advanced when raw material prices rose. Offerings of full-fashioned hosiery for July to December shipment have been made at current prices, and a fair volume of business has been booked. This is one of the few instances of the receipt of orders for forward deliveries. There has been a slight recession in the demand for underwear. Little business has been done in the heavy weights for fall delivery, and sales of the light weight goods are not as active as they were last month. The spring underwear season this year has thus far been considerably poorer than was expected.

A marked improvement is noted in conditions in the carpet and rug industry. Following the highly successful auction sale early in April, all firms opened their lines and have since received a large volume of orders. In fact, a few manufacturers have already disposed of their total output for the season. Prices quoted are virtually the same as those of last spring. Linoleums, too, are very active. The demand for them has increased rapidly as a result of national advertising, and production is proceeding at close to capacity.

Conditions in the shoe industry have not brightened, and the total volume of spring and summer orders thus far placed has been considerably below normal. However, retail shoe sales during the two weeks prior to Easter were particularly good, and manufacturers are therefore expecting a resumption of buying on the part of retailers. The leather markets have been dull. Neither calf nor kid upper leathers have sold well, and the demand for patents,

which was particularly strong for a time, has fallen off. A slight increase in the export trade, however, has been encouraging to tanners. Sales of sole leathers, too, are smaller than they were last month, but the demand for belting leathers is somewhat heavier. The hide and skin markets have been inactive, but prices have held firm.

Reports from the paper industry indicate a slight improvement during the month. Orders are still small, but they have been received with regularity. Paper box manufacturers, however, report no betterment in conditions, the present demand being less than that in January, February, or March. The demand for cigars has increased, and the position of the industry generally is more satisfactory. Some factories that were closed for many months have reopened, but production schedules in a few plants which have been operating at capacity have been decreased. The leaf tobacco market has been fairly active, and three-fourths of the Pennsylvania crop has been disposed of at prices 20 per cent under those of last spring.

The wholesale markets have displayed greater energy than for some time, although the volume of sales is smaller than it was at this time last year. In view of the increased business reported by wholesalers, manufacturers are considerably encouraged. Retail trade has strengthened during April, the volume of sales in the two weeks prior to Easter having proved exceptionally large. The Easter buying was so long delayed this year, however, that the volume of business has not been as large as was that of the similar period in 1921.

Although thus far in 1922 actual improvement in the general business situation, as measured by sales, has been small, there is much in basic conditions that augurs well for the future. Reports from practically all sources indicate that collections have become considerably better in recent weeks, and this is true despite the fact that commercial failures have increased in number. There were 2,463 failures in the United States in March, as compared with 2,331 in February, but the total liabilities in March were only \$71,608,192 as against \$72,608,393 in February. In the Third Federal Reserve District there were only three more failures in March than in February, but the total liabilities in March were almost three times as great as in February. The general employment situation is brighter. Over 200,000 miners are on strike in this district, but excluding these, there were only 181,310 unemployed in the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and

Williamsport, on April 15, as reported by the Pennsylvania State Department of Labor. This is a decrease of 12.4 per cent since April 1, and of 16.8 per cent since March 15. The change is due in large measure to increased activity in iron and steel plants. There are other promising signs also. The volume of new securities issued during March was considerably in excess of that of February, the respective figures being \$283,724,470 and \$202,749,000. The number of building permits issued in the United States in March was larger than in February, and the unfilled orders of the United States Steel Corporations on March 31,—4,494,148 tons—were 353,079 tons greater than on February 28.

COMMODITY INDEX NUMBERS

The United States wholesale commodity price index numbers for the month of March were not in agreement. The Dun and Bradstreet numbers declined slightly, but the index of the Bureau of Labor Statistics continued its advance. The decline of the Bradstreet number was from 111.6001 to 111.5317, or .6 per cent, and that of the Dun index from 169.721 to 166.263 or 2.0 per cent. The Bureau of Labor Statistics' number rose from 151 to 152, or .7 per cent. The increase in the Bureau's figures was entirely the result of a continued advance in farm products and in certain of the commodities comprising the miscellaneous group. All of the other groups either showed no change or declined slightly. The following table gives the index numbers of the Bureau for March, as compared with those for February and March, 1921:

INDEX NUMBERS OF WHOLESALE PRICES, BY GROUPS OF COMMODITIES (1913=100)

	1921 March	1922 February	1922 March
Farm products	125	126	128
Food, etc.	150	138	138
Cloths and clothing.....	192	183	182
Fuel and lighting.....	207	183	183
Metals and metal products.....	139	115	114
Building materials	208*	202*	202*
Chemicals and drugs.....	171	159	159
Housefurnishing goods	275	213	213
Miscellaneous	167	150	153
All commodities	162	151	152

* Revised index numbers, including structural steel and other important building materials not included in the above figures, and with prices weighted by 1919 instead of 1909 census data, are as follows: March, 1921, 173; February, 1922, 156; March, 1922, 155.

Changes of note in foreign commodity price indexes during March were the increases in the English and French numbers. Prices in England, as reported by both the "Economist" and the "Statist," rose 1.3 per cent, and French commodity prices increased

.3 per cent. German prices continued their upward movement, the quotation for March, 5899, being 20.7 per cent above that for February. The latest commodity price index numbers in the United States and abroad are given in the table below.

FOREIGN TRADE

One of the far-reaching effects of the great war has been the drastic readjustment in the commercial and financial position of the United States among the nations of the world. An unprecedented increase in the volume of our foreign trade, the widening of markets for American exports, the sudden shift in our position from that of a debtor to that of a creditor nation, the depreciation of currencies abroad, and the consequent disruption of the foreign exchanges, have all contributed to the complexity of our present-day problems. And these problems are commanding the attention of the American business man as never before in our history. The question of the future of our foreign trade and of its importance to our own industrial prosperity is a subject of widespread discussion.

During the five years immediately preceding the outbreak of the war in Europe, the value of our exports of merchandise and silver annually exceeded that of our imports by nearly five hundred million dollars. Inasmuch as we were a debtor nation, the major portion of this so-called favorable balance of

trade was absorbed by the payment of shipping and insurance expenses and especially by interest charges and dividends upon American securities owned abroad. During the five-year period from July 1, 1909, to July 1, 1914, the aggregate value of our exports to European countries amounted to \$6,751,498,000, or 62.4 per cent of our total exports. On the other hand, during the same period imports from Europe totalled only \$4,182,492,000,—equaling only 49.5 per cent of imports from all countries. In fact, our balance of trade with the European countries before the war was even more favorable to us than was our trade with the entire world, as our imports from all other countries actually exceeded our exports to those countries. This fact emphasizes the importance of Europe as a market for American goods. The accompanying table shows the foreign trade of the United States with the six geographic divisions of the world during the five-year period preceding the war.

However, during this same five-year period the character of our foreign trade was changing rapidly. Exports of foodstuffs were declining in relative importance, and imports of these products were increasing steadily. Sugar and coffee constituted the principal import items in this group, and wheat and meat products the chief articles of export. Both the importation and exportation of crude materials, for use in manufacturing, were increasing, and exports were larger than imports. But this excess was due

INDICES OF WHOLESALE PRICES

Base of 1913=100 unless otherwise noted

Country	Latest quotation	Peak quotation	Percentage decline from peak	Percentage change during		
				Jan.	Feb.	Mar.
United States:						
Federal Reserve Board.....	147—Mar. average	269—May, 1920	45.4	0	+ 2.9	+ 2.8
Bureau of Labor Statistics..	152—Mar. average	272—May, 1920	44.1	— .7	+ 2.0	+ .7
Dun's	138—Apr. 1	218—May 1, 1920	36.7	0	+ 2.9	— 1.4
Bradstreet's	125—Apr. 1	227—Feb. 1, 1920	44.9	+ .8	+ 1.6	— .7
Great Britain:						
Economist	160—Mar. 31	310—Mar. 31, 1920	48.4	— 1.9	— .6	+ 1.3
Statist	157—Mar. 31	313—Apr. 30, 1920	49.8	— .6	— .6	+ 1.3
France	307—Mar. 31	588—Apr. 30, 1920	47.8	— 3.7	— 2.5	+ .3
Italy	533—Mar. average	670—Nov., 1920	20.4	— 5.5	— 2.6	— 5.2
Japan	204—Feb. average	321—Mar., 1920	36.4	— 1.4	— 1.0	
Canada	166—Mar. 15	263—May 15, 1920	36.9	— 1.2	+ 6.0	— 1.8
Sweden*	164—Mar. 15	372—Dec. 15, 1918	55.9	— 1.2	— 2.4	— 1.2
Shanghai	149—Jan. 31	149—Aug. 31, 1921	0	+ 2.1		
Calcutta †	179—Feb. average	218—Jan., 1920	17.9	— 1.1	+ .6	
Norway	240—Mar. 31	425—Sept. 30, 1920	43.5	— 3.3	— 2.7	— 5.1
Germany ‡	5899—Apr. 1	5899—Apr. 1, 1922	0	+11.0	+23.6	+20.7
Denmark §	178—Apr. 1	403—Nov. 1, 1920	55.8	— .6	+ 2.8	— 2.2
Holland	162—Feb. 28	392—Year 1918	58.7	— 2.4	+ .6	
Egypt	169—Feb. average	354—Feb., 1920	52.3	— 1.2	+ .6	
Switzerland	163—Apr. 1	326—Jan. 1, 1920	50.0	— 2.8	0	— 4.7

* July 1, 1913, to June 30, 1914=100.
† End of July, 1914=100.

‡ Middle of 1914=100.
§ July, 1912, to June, 1914=100.

FOREIGN TRADE OF THE UNITED STATES

Five-year aggregate July, 1909—June, 1914

	EXPORTS		IMPORTS		EXPORT BALANCE
	Value	% of total	Value	% of total	
Europe	\$6,751,498,000	62.4	\$4,182,492,000	49.5	+ \$2,569,006,000
North America	2,505,475,000	23.1	1,735,679,000	20.6	+ 769,796,000
South America	605,140,000	5.6	1,034,290,000	12.2	— 429,150,000
Asia	492,229,000	4.6	1,195,520,000	14.2	— 703,291,000
Oceania	351,559,000	3.2	183,525,000	2.2	+ 168,034,000
Africa	123,192,000	1.1	112,864,000	1.3	+ 10,328,000
Total	\$10,829,093,000	100.0	\$8,444,370,000	100.0	+ \$2,384,723,000

entirely to shipments of raw cotton, which commodity constituted one-fourth of the total value of all our exports. Our imports of crude materials consisted mainly of hides and skins, rubber, raw silk and wool. But the most significant tendency of this period was the increasing importance of manufactured goods in our export trade. In 1913, manufactured articles ready for consumption constituted nearly 32 per cent of our total exports, exceeding for the first time crude materials, which, including cotton, amounted to only 30 per cent of the total. The table below shows the important groups of imports and exports in 1910 and in 1914.

Immediately after the outbreak of the war, our exports, which for some months had been declining, began to increase rapidly. This continued not only during the period of the war but until 1920. The war demands of the belligerent countries were responsible especially for a large increase in the exportations of foodstuffs and manufactured products to Europe. It is true, there was a decline in the shipments of crude materials, but this was attributable principally to smaller purchases of cotton abroad. Furthermore, former markets for European goods were opened to our trade, and therefore our exports to other countries increased as well as our exports to Europe. Imports also increased during this

period, but, until 1919, at a much less rapid rate; and imports from Europe fell in relative importance from nearly 50 per cent of the total in 1914 to 15 per cent in 1918. Hence, our favorable balance of trade was augmented enormously during those years. From a pre-war annual average of approximately half a billion dollars, our excess of exports over imports rose to a total of over four billion dollars in 1919. In 1920, although exports were larger than in any previous year, imports increased heavily, being one-third higher than in 1919. Consequently, our favorable balance of trade declined to less than three billion dollars,—a loss of more than 25 per cent from that of the year before.

The great increase in the volume of merchandise shipments to Europe, together with a decrease in receipts of commodities from that continent, necessitated new and extraordinary methods of financing. Moreover, credits to the account of European nations, which resulted from tourists' expenditures, freight charges and other invisible items, fell off rapidly after the commencement of hostilities. But the difficulty of financing these increased exports did not immediately reveal itself, because of the return of an enormous volume of American securities held abroad. Indeed, these securities were liquidated so rapidly during the first few months of the war that

SUMMARY OF IMPORTS AND EXPORTS OF MERCHANDISE BY GROUPS, ACCORDING TO DEGREE OF MANUFACTURE AND USE

	1910	Per cent of total	1914	Per cent of total	1921	Per cent of total
Imports:						
Crude materials for use in manufacturing.....	\$542,075,136	34.68	\$597,920,626	33.42	\$853,084,747	34.01
Foodstuffs in crude condition, and food animals....	154,730,287	9.90	234,725,244	13.12	303,967,645	12.12
Foodstuffs, partly or wholly prepared.....	190,507,448	12.19	256,483,300	14.33	368,842,656	14.70
Manufactures for further use in manufacturing.....	285,951,916	18.30	275,585,099	15.40	344,031,934	13.71
Manufactures ready for consumption.....	376,989,586	24.12	407,047,570	22.75	618,927,152	24.66
Miscellaneous	12,649,778	.81	17,514,162	.98	20,171,269	.80
Total	\$1,562,904,151	100.00	\$1,789,276,001	100.00	\$2,509,025,403	100.00
Exports:						
Crude materials for use in manufacturing.....	\$646,814,659	35.36	\$490,496,949	23.68	\$984,025,577	22.47
Foodstuffs in crude condition, and food animals....	90,479,992	4.95	275,275,909	13.29	692,166,371	15.81
Foodstuffs, partly or wholly prepared.....	254,677,306	13.95	308,852,352	14.91	669,703,375	15.29
Manufactures for further use in manufacturing.....	287,860,781	15.74	344,983,510	16.66	399,879,573	9.13
Manufactures ready for consumption.....	541,143,488	29.58	628,909,678	30.37	1,625,401,862	37.12
Miscellaneous	8,046,763	.44	22,539,346	1.09	7,846,972	.18
Total	\$1,829,022,929	100.00	\$2,071,057,744	100.00	\$4,379,023,730	100.00

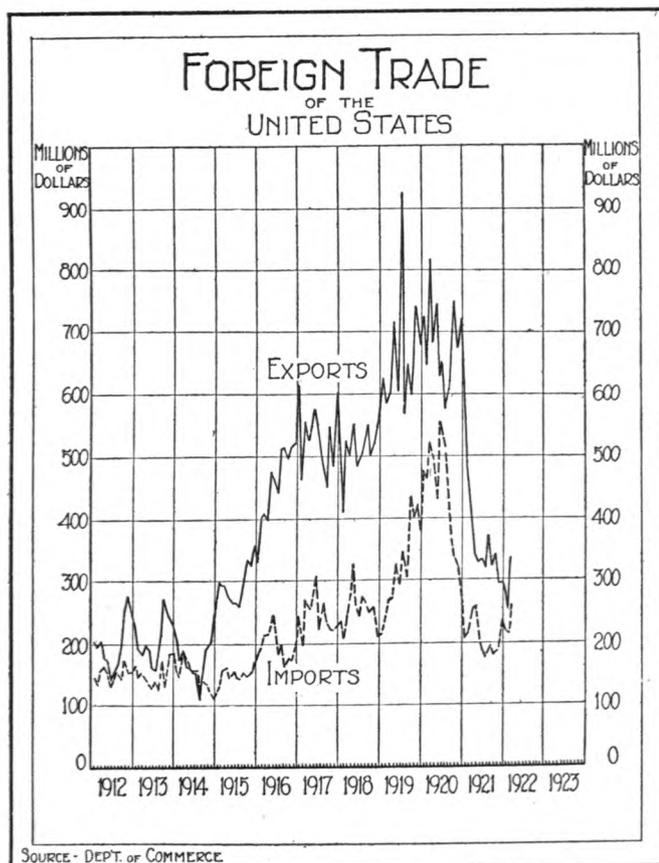
the dollar was at a discount in international exchange, and gold was exported from the United States in large quantities. After 1914, however, the exchanges moved in our favor and gold commenced to flow back into this country. During 1915 depreciation of European exchanges continued to such an extent that artificial support was found necessary in the latter part of that year. By what was known as "pegging" of the exchanges, further declines in sterling and franc quotations were prevented until support was removed in 1919. This was effected largely by means of credits obtained from loans floated in this country by European nations. After entering the war our government made extensive loans to the Allied powers, and it was necessary to continue this support even after the signing of the Armistice. Since the end of the war, European indebtedness to the United States has been further augmented by the extension of commercial credits and by sales of securities and currencies of European nations. These governmental advances are still outstanding, and on December 31, 1921, amounted to \$9,426,000,000. According to reliable estimates given by the Federal Reserve Bulletin, the net unfunded balance of the United States on October 1,

1921, was \$2,708,000,000. In addition, European securities to the amount of over two billion dollars have been floated in this country in recent years. Thus it is evident that the total indebtedness of European nations to the United States exceeds fourteen billion dollars, and that although our war and post-war exports were of enormous volume, a large share of them remain unpaid for.

The most striking development during the past eighteen months has been the decided falling off in the value of both imports and exports, and a marked shrinkage in our favorable balance of trade as shown by the accompanying chart. In 1921 this favorable balance, which had been over four billion dollars in 1919 and nearly three billion in 1920, fell to less than two billion dollars. However, the decline in value which occurred last year can be attributed largely to the violent shrinkage in prices, although our exports diminished in volume also.

It has previously been noted that the relative importance of manufactured goods in our exports was increasing prior to 1914, and that this tendency was greatly accentuated by the war demands. Manufactured products still preponderate over every other class of goods which comprise our exports. The relative importance of these various groups is shown in the table previously given. And the continued significance of Europe as a market for American goods is evident from the fact that over 50 per cent of our 1921 exports went to that continent.

That the export trade of the United States has become of considerable consequence to many of our industries is unquestionable. The dependence of the cotton growing industry upon foreign markets is obvious from the fact that over 50 per cent of the annual crop is usually exported. A large proportion of the annual output of tobacco and wheat is also taken by foreign buyers. Copper, too, has long been an important article of export, approximately 50 per cent of the annual production being sold abroad. Accurate statistics showing what proportion of our total manufactures is exported are not available, but it is undoubtedly true that many of our productive industries are dependent to a considerable extent upon foreign markets. Within the last decade our manufacturing capacity has expanded greatly, and much of this expansion may be ascribed to the rapid increase in our exports of manufactured goods. Trustworthy estimates indicate that at least five per cent of the total volume of our manufactures are exported annually. Dr. Julius Klein, Director of the Bureau of Domestic and Foreign Commerce, estimates



that our industries are able to produce 20 per cent more than our domestic needs. Hence, either increased domestic consumption or a larger exportation of manufactured goods will be necessary if we are to utilize our productive capacity to the full. The accompanying table shows what proportion of the total production of certain commodities was exported in the year 1921:

	EXPORTS	PRODUCTION *	Ratio of exports to production
Barley	25,834,000	151,181,000	17.1%
Corn	129,055,000	3,080,372,000	4.2 "
Rye	29,812,000	57,918,000	51.4 "
Wheat	279,949,000	794,893,000	35.2 "
Cotton	6,474,000	8,340,000	77.6 "
Tobacco leaf	515,353,000	1,117,682,000	46.1 "
Coal, anthracite ..	4,176,000	87,500,000	4.7 "
Coal, bituminous ..	20,653,000	406,990,000	5.0 "
Pig iron	28,000	16,544,000	.1 "
Copper **	628,447,000	472,028,000	133.1 "

* Preliminary or estimated figures.
** Includes portion of 1920 production.

What the character of the foreign trade of the United States will be in the future is very uncertain. As a result of the war the American exporter is confronted by new and perplexing problems. Constant fluctuations in the foreign exchanges add a new risk to the ordinary hazards of buying and selling abroad. Severe competition in foreign markets has followed industrial revival in the former belligerent nations and although there is undoubtedly a substantial foreign demand for many American products, difficulty in the financing of exports is a frequent deterrent to sales. The large indebtedness to us which has been incurred by foreign countries tends to prevent further extensions of credit. Actual payment for exports can only be made in gold, services, or commodities. The heavy shipments of gold which

we have received during the past year have increased our holdings of this metal to over 40 per cent of the world's supply, and further extensive payments by this means may not be economically desirable, even if they are possible. Services such as freight charges and insurance, and other invisible items, will undoubtedly be a considerable factor in the future, as they have been in the past, but these means of payment will hardly be sufficient to offset interest charges on our foreign credits. Hence, should the United States remain a creditor nation, it is probable that an excess of imports over exports will ultimately be necessary in order to balance our international payments.

RETAIL TRADE

Retail trade during the first two weeks in April was distinctly good; in fact, it appears to have measured up to the expectations of the stores. This period, however, was the season of Easter buying, and as that buying was confined this year almost exclusively to those two weeks, it is doubtful if the total sales will compare favorably with those of the pre-Easter period of 1921, which extended through the whole of March. Some of the lines in which a considerable increase in activity was noted are women's apparel, especially two-piece suits and white cotton waists; silks, in the various crêpe lines such as canton, georgette and crêpe de chine; men's suits and haberdashery; shoes, furniture, floor coverings, and jewelry.

There were only slight changes in prices. Two conflicting forces are at work in the market at the present time that have an effect upon values. One is the

RETAIL TRADE

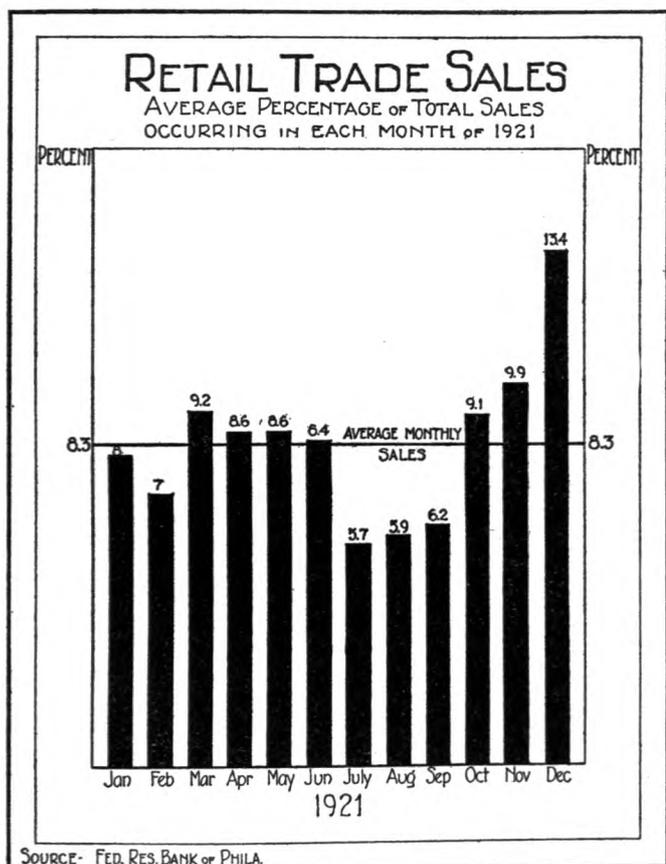
	COMPARISON OF NET SALES		COMPARISON OF STOCKS		RATE OF TURN-OVER*	Percentage of Orders outstanding Mar. 31, 1922, to Total purchases in 1921
	Mar., 1922, with Mar., 1921	Jan. 1 to Mar. 31, 1922, with Jan. 1 to Mar. 31, 1921	Mar. 31, 1922, with Mar. 31, 1921	Mar. 31, 1922, with Feb. 28, 1922		
All reporting firms (91).....	-13.8%	-11.8%	+ .8%	+ 9.1%	3.0%	6.8%
Firms in—Philadelphia	-10.3 "	- 9.8 "	+ .1 "	+ 8.9 "	3.7 "	7.5 "
—Trenton	-12.0 "	- 9.3 "	+ 3.6 "	+ 7.4 "	2.1 "	2.6 "
—Wilmington	-27.7 "	-20.9 "	-11.6 "	+11.1 "	1.5 "	4.8 "
—Chester	-48.8 "	-42.4 "	- 3.9 "	+ 7.3 "	.7 "	2.8 "
—All other cities.....	-21.1 "	-15.6 "	+ 5.3 "	+ 9.7 "	2.3 "	4.9 "
All department stores.....	-13.8 "	-11.8 "	+ 3.3 "	+ 8.9 "	3.1 "	8.0 "
Department stores in Phila.	-10.2 "	- 9.8 "	+ 2.8 "	+ 8.7 "	3.6 "	9.1 "
Department stores outside Phila.	-21.1 "	-15.7 "	+ 4.4 "	+ 9.4 "	2.3 "	4.9 "
All apparel stores.....	-17.4 "	-16.0 "	- 9.6 "	+ 6.9 "	3.3 "	3.4 "
Men's apparel stores—Phila.	-14.3 "	- 6.0 "	-15.0 "	+12.0 "	3.0 "	....
Men's apparel stores—outside Phila.	-35.8 "	-29.1 "	+ 1.7 "	+ 7.1 "	1.2 "	2.2 "
Women's apparel stores—Phila.	-13.8 "	-17.1 "	- 9.2 "	+ 4.3 "	5.4 "	4.2 "
Women's apparel stores—outside Phila.	-12.4 "	-12.4 "	.....	.....	.....	.....
Credit houses	+ .6 "	+ 5.3 "	+ 5.1 "	+20.5 "	2.1 "	2.6 "

* Times per year, based on cumulative period.

gradual reduction in the labor cost of manufacture, which tends to lower prices. The other is the proposed tariff bill now before Congress, the various schedules of which are having the effect of raising prices in nearly all lines.

The following bar chart, made from the reports of 54 stores, shows the percentage of the total business of 1921 that was done in each month of that year. It will be seen that sales during February, July, August and September were the smallest, and that, as was to be expected, December sales were much larger than those of any other month.

The table on page 7 summarizes the business of the reporting stores for the month of March. Sales decreased sharply in all groups except credit houses, but due allowance must be made for the fact that in 1921 Easter fell in March.



WHOLESALE TRADE

Decided gains in the volume of business done during March have been indicated by all wholesale reporting firms, and although figures for April are not yet available, it is believed that the improvement has continued, at least in the majority of cases. The most striking increases occurred in wholesale hard-

ware, in which the sales for March were 46.2 per cent greater than for February. That this is largely a seasonal increase seems likely when it is considered that February sales gained only .2 per cent over those of January. Moreover, the hardware business would reflect more quickly than any other channel of trade the better sentiment throughout the agricultural districts.

A good example of seasonal influence in business is to be noticed in the report of the wholesale dry goods dealers for March. Owing to the lateness of the Easter season, as compared with last year, the bulk of the sales came in March, resulting in a gain of 19.8 per cent over those of February. Drugs and groceries also made very satisfactory gains in sales during March. Drugs continue to be the only line which shows an increase in sales over those of the same month a year ago.

It is generally true that stocks of goods in the hands of both wholesalers and retailers are very low. Exceptions are noticed of course in a few cases, but the general rule is to operate with the smallest possible inventory. This condition is considered by wholesalers as very satisfactory as it eliminates almost entirely the possibility of cancellations, and means that even a moderate increase in demand will immediately benefit both producer and distributor.

The only exception to an increase in the percentage of accounts outstanding is found in the wholesale grocery trade. However, all lines except drugs, are in a stronger position than they were a year ago. The general decrease in the ratios of accounts outstanding to sales should not be interpreted to mean that bills are necessarily being paid more readily. Either a decrease in the numerator—accounts outstanding—or an increase in the denominator—net sales—could have caused the reduced ratio, and in this case of course it was the relatively larger increase in sales over accounts outstanding.

WHOLESALE DRUGS

The wholesale drug trade is in a slightly better position than it was a month ago. Sales for March, as reported by 15 firms indicate an increase of 12.4 per cent over those of February of this year. This is a gain of only 2.4 per cent, however, as compared with March of 1921; whereas February sales of this year were 2.8 per cent greater than those of the same month last year.

Buying is still limited to immediate needs, and the gain in sales is attributed almost entirely to the replenishment by retailers of depleted stocks.

Prices are relatively stable, as there have been about an equal number of advances and declines throughout the drug list. The crude drug group gained in strength, and the fine chemicals were less active. No difficulty was encountered by any of the reporting firms in securing supplies as needed.

Collections are reported as fair, with a marked decrease in the ratio of accounts outstanding to sales.

WHOLESALE DRY GOODS

Pre-Easter buying has brought about increased activity in the wholesale dry goods trade, and sales during March were 19.8 per cent greater than in February. Lower priced merchandise is moving better than the higher grades, and summer dress goods and wash goods are in particularly good demand. However, the volume of buying shows a marked decline from that of last year and of former years. Merchants are not anticipating their future needs, except in certain sections, and stocks continue low in the hands of both retailers and jobbers. Very few requests for cancellations have been received, but this is because the number of future orders held is small.

It is interesting to note the regional improvement that has taken place in recent weeks. Houses doing business in the Western part of the state report larger sales as a result of the revival of business among the steel mills, and retail dealers from those sections are anticipating their needs to a certain extent. In all instances, however, the goods bought for future delivery are staples.

The buyers of the middle western agricultural districts are entering the market in slightly larger numbers, but as yet they have placed few actual orders. Jobbers assert, however, that the low stocks held in those districts will have to be replenished at an early date.

Collections have been poor but are showing a marked tendency to improve. The ratio of accounts outstanding to sales was 240.3 per cent for March, as against 270.7 per cent for February.

WHOLESALE GROCERIES

For the first time since last August, business in wholesale groceries has become distinctly better. Sales during March were 12.4 per cent greater than in February, which is the first increase of any kind since last October and the greatest improvement since March, 1921. The change is, to be sure, a seasonal one, as sales are normally considerably larger in March than in February. It was feared that the increase would not be as great this year as usual, but

retailers, whose stocks were generally low, evidently had to buy in order to meet the ordinary spring demands.

Some future orders are also usually placed at this season, but as yet customers have bought "futures" on only a few special lines and are still buying carefully and for the most part for immediate delivery. Retailers' stocks are said to be lighter than in years. Wholesalers report stocks of varying sizes. Some state that they still have more than is needed, in view of the present volume of sales. A few others indicate that their stocks are much lighter than they are ordinarily. No fear is expressed, however, of a shortage of goods.

Orders are ordinarily booked about this time of the year for the coming season's pack of canned goods. It is generally stated that as yet the retailers' demand for these products has been light, possibly as good as or better than it was last year, but not up to the average of previous years. As a consequence, wholesalers in turn have been conservative in placing their orders for canned goods. A number of contracts, however, have been signed, and there are a few individual cases which are exceptions to the general rule. In fact, one firm reports that its future bookings are twice as large as those in the previous two years combined. In general, prices prevailing on these contracts are lower than those named last year. To this, too, there are exceptions. On a number of commodities and grades, particularly tomatoes, the quotations on "futures" are also below current spot prices. Future prices on canned fruits have not yet been named.

The general level of food prices remained practically unchanged during March. In fact, the Bureau of Labor Statistics' index number of food prices for both February and March was 138. This represents a decline of eight per cent since last March, when the index stood at 150. Several important commodities, however, have advanced within the past month, particularly coffee and dried fruits. Beans and peas also are higher, as are canned asparagus and some canned fruits, particularly sliced pineapple. Raisins are lower in price. Sugar has been fairly firm during the month, despite extensive imports and large meltings. About the middle of March, all refiners raised prices to 5.50 cents. Later they reduced quotations, and the range is now from 5.25 to 5.40 cents per pound for fine granulated in New York.

In most cases, collections have improved slightly, but a number of firms still report them to be poor. One firm has by extra effort reduced the volume of its

accounts outstanding, and now limits credit to any customer to the largest amount purchased by him in any one month of 1921. The decline in the ratio of accounts outstanding to sales has been due more to the increase in sales than to a decrease in accounts.

The statistics for the grocery trade are given in the composite table showing figures for all wholesale trades.

WHOLESALE HARDWARE

Marked improvement occurred in the wholesale hardware trade of this district during March, and most reports indicate that it has improved further since the first of April. The greater part of this advance is of a seasonal nature, however, and favorable weather conditions, with prospects for good crops, have stimulated buying of agricultural implements and wire fencing and netting. Purchases of builders' hardware are also heavier, although improvement in this branch has not been as great as was expected. Naturally, the coal miners' strike is having an unfavorable effect upon the hardware business in mining districts, as the operators are delaying their purchases until a settlement is made. However, sales of certain articles have been stimulated by the strike, as it has given the miners the opportunity to engage in small farming operations and to repair their houses. Hence, gardening implements, paints and materials for repairs have been selling in larger volume in the coal regions since April 1 than they did before.

The volume of sales throughout the trade, as reported by twenty-five firms in this district, was larger in value by 46.2 per cent in March than it was in February. Accounts outstanding also increased,—being 13.5 per cent greater. As compared with last year, however, both sales and accounts outstanding are much smaller. But as prices are from 20 to 25 per cent lower than they were in March, 1921, the physical volume of business is actually greater. In some cases, the dollar value of sales is as great as or greater than that of the same period last year. Profits have narrowed considerably, however, for declining manufacturers' prices and severe competition have forced the wholesale dealers to quote prices very close to cost. Moreover, the costs of doing business have not

decreased in proportion to prices. Salaries, it is true, have been cut in many instances, and forces have been reduced, but costs have declined much less than five per cent during the year past.

Manufacturers of hardware also report increased business and greater production, but improvement in this branch of the industry has been less pronounced than in the wholesale trade. This is in part due to over-accumulation of stocks in the past. Orders from wholesalers are practically all for small lots and for immediate delivery, as there is but little confidence in the stability of prices.

Collections continue to be only fair.

IRON AND STEEL

The iron and steel industry in this district has experienced a material and widespread improvement during the past month. Not only have sales increased and operations expanded, but prices have exhibited a firmer tendency than has been evident for several months past. The steady decline in the prices of many iron and steel products, which has characterized the market during the past eighteen months, has been quite generally halted, and in many instances quotations have advanced. Whether this reaction is the beginning of a definite upward trend, or is merely a temporary flurry is questionable. Curtailed purchasing has usually followed the announcement of an advance, but this is quite natural, as consumers are generally given the opportunity to place orders at the old quotation before the advance is made.

Pig iron has been in much better demand from foundries and from manufacturers of heating equipment, and many grades have recently been advanced. No. 2 X Philadelphia, for example, advanced to \$25.40 per ton on April 18, as compared with \$21.26 on March 14. No. 2 Valley furnace was sold at \$21 on the former date, as against \$19 two weeks previous. Basic, eastern Pennsylvania pig iron and Basic, Valley furnace, also gained, being quoted at \$21.50 and \$20 respectively on April 18. This betterment in the pig iron market is, in part at least, a reflection of the coal strike, as the supply of bee-hive

CONDITION OF WHOLESALE TRADE DURING MARCH, 1922

	Percentage of Increase or Decrease in		Accounts Outstanding		Ratio of Accounts Outstanding to Sales Mar., 1922	
	Net Sales Mar., 1922, compared with	Mar., 1921	Feb., 1922	Mar., 1921		
Drugs	(15)*	+12.4%	+ 2.4%	+ 1.3%	— 4%	121.1%
Dry goods	(15)*	+19.8 "	-17.5 "	+ 4.6 "	— 3 "	240.3 "
Groceries	(47)*	+12.4 "	-17.4 "	— .5 "	— 4.5 "	102.6 "
Hardware	(25)*	+46.2 "	— 5.6 "	+13.5 "	—12.1 "	160.9 "

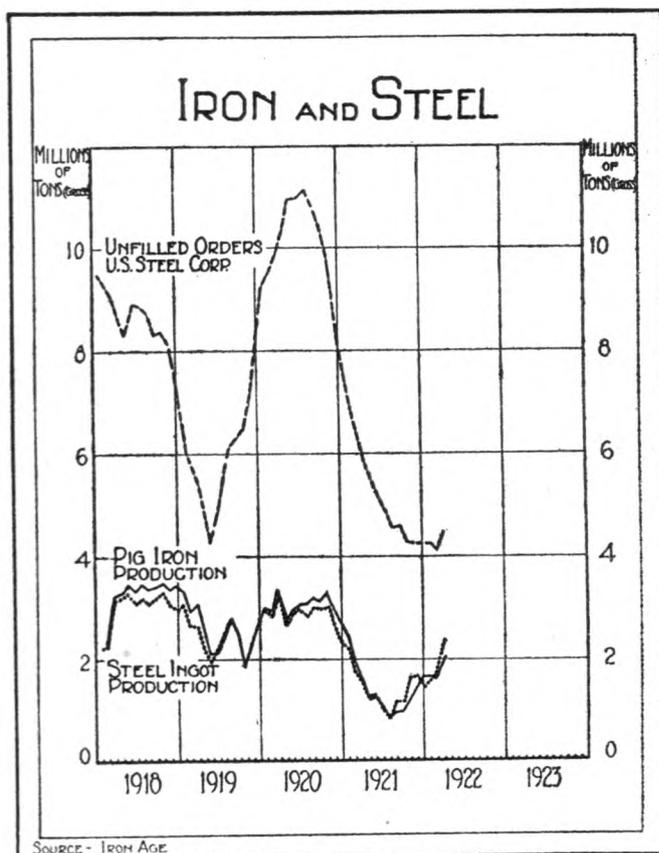
* Number of reporting firms.

coke has been curtailed. Although the Connells-ville district is non-union, some of the miners there have struck, and many ovens have been shut down. Hence, furnaces which depended on this supply are finding it difficult to maintain operations. Many consumers of pig iron, therefore, fearing a shortage, are endeavoring to accumulate a sufficient supply to enable them to continue operations.

Steel products have also felt the effect of the strike, and higher prices are quoted on many of these. Plates, which were advanced to 1.50 cents last month by a few of the larger producers, are now being sold quite generally at that figure. Wire products are also in better demand, and wire nails were recently advanced from 2.40 cents to 2.50 cents by two of the larger producers in the Pittsburgh district. Automobile manufacturing plants are much more active, and orders for sheets have increased considerably. Trading in these, however, slackened somewhat after April 10, as prices were advanced \$3 per ton on that date. No. 28 black sheets are now quoted at 3.15 cents and galvanized sheets at 4.15 cents. Blue annealed were advanced from 2.25 cents to 2.40 cents at the same time. Sheet mills are well supplied with orders, at the old figures however, and in view of a possible coal shortage, manufacturers are hesitant about taking new orders. This price strengthening has also been felt in the market for old material, heavy steel scrap having increased in this city from \$13.50 to \$14.00 per ton.

Although this recent improvement in sales and prices is encouraging, the effects of the strike must not be overlooked. Much of current buying is undoubtedly ascribable to the fear of a possible shortage, and it is probable that a goodly share of the March business also was in anticipation of a possible interruption of the supply. That at least a part of recent purchases has been for stocking purposes is evident from the fact that consumption has not been at as high a rate as have operations.

Operations in the steel mills of the Corporation were at slightly more than 70 per cent of capacity on April 1, and in those of the independents at between 60 and 65 per cent. Production of both pig iron and steel ingots during March showed a marked increase over the previous month. Indeed, the increase of 7,425 tons in the daily output of pig iron was the largest which has occurred in any month since the improvement started in August. The March output of 2,034,794 tons compares with a total of only 864,555 tons in July, 1921. The tonnage of steel ingots produced during March also showed a notable



advance, amounting to 2,370,751 in that month, as against 1,745,022 in February. In July, 1921, the output was only 803,376 tons. Unfilled tonnage on the books of the Steel Corporation also increased heavily, to 4,494,148 on March 31, as compared with 4,141,069 on February 28. The accompanying chart shows the fluctuations in output of pig iron and steel ingots and in unfilled tonnage of the Steel Corporation since 1918. Indications are that this improvement in operation will continue during April, unless a coal or coke shortage should become so severe as to force curtailment.

In this district the rate of activity still lags behind that of other iron and steel centers. Figures are not available showing the exact tonnage produced by blast furnaces of this district, but it is evident that the rate of output here was less than in the country as a whole, as only 18 furnaces were active on April 1 out of a total of 76. However, both steel and iron making activity has increased in this district during the past month. Foundries have been considerably busier, and firms manufacturing machinery, hardware, and automobiles and parts are operating at advanced rates.

Employment also has increased noticeably during

the past month. According to a recent report of the Metal Manufacturers' Association of Philadelphia, comprising 132 plants reporting regularly, working forces in these plants were augmented by 1,735 during March. This amounts to an increase in employment of 4.4 per cent as compared with February. That the depression is still severe, however, is evident from the fact that the firms comprising the Association are now employing only 41,118 men, as against 96,070 in July, 1920. Furthermore, not all of these employes are working full time. In the 12 foundries included in the survey, for example, employes totalled only 1,161 at the end of March, as compared with 2,141 in July, 1920, and the average time worked each week was only 43.1 hours, instead of 51.9 hours. The plants manufacturing automotive parts were working at the same rate as in July, 1920—52.1 hours per week—but employment has decreased to 7,243 hands, as compared with 11,971 in July, 1920. The average employment amounted to 42.8 per cent of capacity, which indicates that the metal manufacturing industry in this locality is not operating at more than 40 per cent of capacity. Wages in the firms of this district are in general unchanged, although a few slight reductions were made during the past month.

Collections are reported as somewhat slower in some cases and are generally characterized as being only fair.

BUILDING MATERIALS

Construction in the Third Federal Reserve District, as well as in other sections of the United States, has made rapid forward strides during the past two months. Indeed, provided the present activity in building suffers no set-back, this year bids fair to set a record unequalled since the beginning of the war. The largest demand continues to be for residential

buildings, and in Philadelphia 54.4 per cent, by value, of all operations for which permits have been granted during the present year consists of buildings of this type.

The total estimated cost of construction for which permits were issued in the fourteen principal cities of this district during March was \$14,116,292. This sum is more than twice that for March, 1921—\$5,947,111—and nearly as large as that for the first two months of the present year—\$15,153,861. In Philadelphia this improvement has been even more marked than in the district as a whole, as the value for March, \$9,210,010, is more than three times that for the same month of last year, and well in excess of the February total of \$5,381,435. In spite of this large increase in value, the number of permits issued shows but a slight increase. In March, 1922, 1,464 permits were issued in Philadelphia and 3,557 in fourteen cities of the district, whereas in the same month of last year, permits in Philadelphia numbered 1,355, and in the fourteen cities, 3,011. Thus the average value of all operations was \$3,968 in March of this year, as compared with only \$1,975 in the same month of 1921. Since this increase is in the face of a decline in costs of construction, it is evident that operations this year are larger in size than were those in 1921, when garages, repairs and alterations predominated.

The accompanying table shows the number and value of operations for which permits were issued during the first three months of 1921 and 1922.

LUMBER

More activity is now evident in the lumber market than has existed for some months, and orders are increasing, but sales have not been as large this spring as they were expected to be. Retailers report that the demand from builders is by far the best phase of the business, although actual construction

BUILDING PERMITS ISSUED AND THEIR ESTIMATED COST

Cities	MARCH				FEBRUARY				JANUARY			
	1922		1921		1922		1921		1922		1921	
	Number	Est. Cost	Number	Est. Cost	Number	Est. Cost	Number	Est. Cost	Number	Est. Cost	Number	Est. Cost
Allentown ...	106	\$157,195	78	\$106,700	34	\$151,100	26	\$33,075	20	\$66,900	15	\$20,450
Altoona	171	267,328	141	120,685	63	80,737	47	155,241	31	36,362	29	4,451
Atlantic City..	399	970,659	230	483,633	224	439,262	161	143,443	236	902,827	..	.....
Camden	120	369,150	100	460,110	48	294,855	46	72,345	72	339,010	35	49,576
Harrisburg ...	93	307,300	61	121,310	33	165,450	26	50,050	19	432,625	24	253,835
Lancaster	141	387,250	71	90,190	32	80,800	16	34,695	23	74,700	16	17,429
Philadelphia .	1,464	9,210,010	1,355	2,851,380	1,242	5,381,435	715	1,345,170	976	4,411,320	528	1,124,440
Reading	379	983,735	349	155,925	148	221,551	154	60,600	85	141,650	91	84,825
Scranton	129	284,967	46	482,070	37	116,430	20	47,473	16	60,925	15	47,585
Trenton	156	472,423	175	464,216	45	67,920	79	79,335	50	95,860	46	49,019
Wilkes-Barre..	93	347,037	89	155,143	66	247,898	29	35,774	30	93,862	39	63,228
Williamsport .	105	149,425	58	114,237	33	47,550	18	29,325	10	13,210	15	30,126
Wilmington ..	82	97,457	122	212,165	47	951,770	54	47,101	40	198,617	34	41,504
York	119	112,356	136	129,347	29	28,580	39	19,525	15	10,655	35	130,990
Totals	3,557	\$14,116,292	3,011	\$5,947,111	2,081	\$8,275,338	1,430	\$2,153,152	1,623	\$6,878,523	922	\$1,917,458

has not as yet begun upon as extended a scale as was anticipated. Wholesale dealers have felt an improvement recently, but they are rather disappointed in both the amount and the character of the present business. Manufacturers are attempting to raise prices and retailers refuse to pay more, so wholesalers find it difficult to make sales. Statistics of lumber movements at the mills show that recently, for the first time in months, weekly orders were received for a larger volume of lumber than was cut during the period. Business in general is undoubtedly heavier than it was a year ago.

Although the greatest demand is now for structural lumber, it is still largely for those grades which go into the early stages of building. The higher grades of hardwood are also selling fairly well. Particularly in Southern New Jersey is the demand for construction lumber active. Purchases by industrial users are still light and have shown no recent improvement. The lack of buying by furniture manufacturers is the chief reason why the low grades of hardwood have so long been a drug on the market. One large manufacturer and wholesaler of short leaf yellow pine states that at present he finds the demand from retail lumber dealers to be about normal for this time of the year, whereas that from industrial plants is 60 per cent of normal, and that from box manufacturers, 75 per cent.

As yet only occasional interest in the future has been evidenced by the placing of orders for later shipment, and buying is still almost entirely for immediate delivery, although the number of inquiries is rather large.

Operations among the mills are being increased with the improved demand. Speaking generally, stocks are still fairly heavy, but are gradually being reduced. Local retailers, as a rule, are holding supplies of about normal size, but stocks vary greatly among the different yards and in the various grades of lumber. Dealers are buying carefully.

Prices in general have remained practically on the same level for some time, although there have been changes in certain kinds of lumber. The hardwoods are said to be weaker, but this tendency is limited chiefly to the lower grades. Some types of building lumber have stiffened considerably, and a few advances have been effected among these lines. Fir from the Pacific coast, shipped by water, is offered at lower prices.

Some of the Pennsylvania mills have reduced wages in order that they **may compete** to better advantage with Southern mills.

Collections are fair in most cases, and with a few firms are good.

PAINT

Seasonal activity is beginning to be noticed in the paint industry. Manufacturers report that sales are increasing slightly as dealers are showing greater willingness to place orders for their spring needs. Some firms, however, have not found the demand to be as large or as steady as in previous years. Indeed, the aggregate volume of sales may be said to be less than it was last spring, particularly if measured in dollars. The paint industry, however, did not suffer as much from the general depression in business last year as did other lines. Consequently, sales twelve months ago were not considered small.

Practically all orders now are from dealers who sell to builders and individuals, and the recent improvement can be attributed partly to the increased building activity and partly to the seasonal replenishing of stocks by retailers. The industrial demand is still exceedingly small, and firms supplying that class of trade report continued dullness. Nor are the railroads as yet purchasing in any appreciable volume. White lead manufacturers report that demand for their products has increased, and they are receiving a number of stock orders from customers and a few orders for future delivery. In general, however, purchases are for immediate shipment.

Operations have been increased slightly, but as many plants continued to produce more than they sold during the recent season of inactivity, stocks were accumulated in anticipation of the spring demand. Supplies are not considered to be larger than is common at this time of the year. Production in general averages about 75 per cent of capacity.

No recent changes have been made in the prices of paint, but many of the raw materials have fluctuated considerably. Pig lead is stronger, and the price is advancing. Turpentine has been unsteady for some weeks, but is now at about the same level as it was a month ago. Linseed oil has been firmer recently and on April 19 was quoted at 83 cents a gallon. Some manufacturers have made reductions in wages within recent months. The following table gives prices of some of the important paint materials on certain dates, as quoted by the *Oil, Paint, and Drug Reporter*:

	April 15,	1921		Highest after 1913	1913	
	1922	Low	High			
Linseed oil, per gal....	.83	.55	— .80	2.22	.46	
Turpentine, per gal....	.85	.54	— .83½	2.65	.45	
White lead, dry, per lb..	.06¾	.07½	.09	— .11	.11½	.05¾
Litharge, per lb.....	.092	.099	— .113	.12½	.06¾	
Lithopone, per lb.....	.06¼	.06	— .07¾	.08½	.04	

Collections have improved within the past month, but are still only fair.

CEMENT

The cement industry during the month of March entered upon its usual season of activity. Orders have materially increased since February, and are becoming larger and more numerous every day. Opinions vary, however, as to whether or not the present demand is up to normal, but this disagreement may be due to different ideas as to what is normal. The year 1920 was a record one for the cement industry, and although 1921 was a poor year for business in general and in fact began unpropitiously for cement manufacturers, the production and shipments of cement were over 98 per cent as great as in 1920. In January and February sales of this product are usually, if not always, light, because of seasonal curtailment in building and road construction. Orders begin to increase in March, and ordinarily the maximum sales are reached during the summer months when construction is at its height. Developments so far this year have been true to form. The accompanying table shows yearly production and shipments of cement and stocks on hand December 31, for the last five years, as compiled by the United States Geological Survey.

PORTLAND CEMENT OUTPUT

(In thousands of barrels)

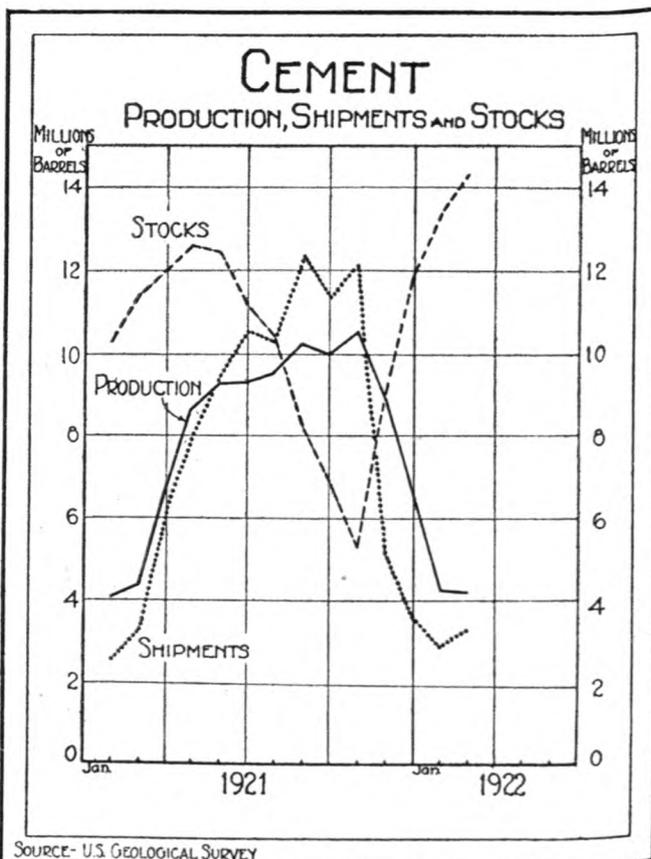
	Production	Shipments	Stocks—Dec. 31
1917	92,814	90,703	10,463
1918	71,632	71,645	10,594
1919	80,287	85,597	5,852
1920	100,302	96,329	8,941
1921	98,293	95,051	11,938

Orders are now being booked for future as well as for immediate delivery. Some of these are due merely to the desire of contractors and builders to cover their estimated needs for the year. But future buying has been stimulated by the coal strike. Coal is one of the chief raw materials which must be purchased by cement manufacturers. A large amount of it is consumed daily, and as it can usually be secured promptly, few firms maintain storage space for sufficient coal to last for long periods. No fear has been expressed regarding the possibility of a shortage of coal, but customers have shown greater willingness to arrange for future deliveries owing to apprehension that the coal strike may interfere with the cement supply. A slight increase has been made in the price of coal since the beginning of the strike.

Operations vary among the different firms from 50 to 100 per cent of capacity. This variation is

largely due to differences in the stocks held and in the storage capacities of the individual plants. Those manufacturers that have space in which to store their product are operating at capacity and accumulating stocks in preparation for the summer demand; and for the industry as a whole, although shipments and particularly orders are increasing, production still exceeds sales, and supplies on hand are growing. This is true despite the fact that stocks are already larger than they have ever been since statistics of the industry have been gathered by the Geological Survey. Many plants, however, are operating only on current orders.

The price of cement has not been changed since December, when there was a reduction of approximately 15 cents a barrel. The current mill price, exclusive of freight and cost of bags, is \$1.60. A year ago the prevailing quotation was \$2.00, to which figure it had fallen from the 1920 maximum of \$2.50. The pre-war price was about \$1.05. The principal raw material used in the manufacture of cement is generally quarried by the individual manufacturers, and therefore seldom offers any particular problem as to supply or price. No changes in wages were reported, and the labor supply is said



to be plentiful. Collections are generally reported as being from fair to good, and many firms have noted recent improvement.

The chart presented herewith gives the Geological Survey figure for the past year in graphic form. Attention is called to the violent seasonal fluctuations to which the industry is subjected, with production and shipments increasing during the spring and reaching their maximum in the summer. Stocks, it will be noted, are greatest in the spring months and decrease rapidly until late in the fall. The chart shows the enormous reserves held by manufacturers on March 1.

POTTERY

In the manufacture of sanitary ware, the pottery industry is fairly active, and although business has been good all year, demand has materially increased within the past month. This improvement is no doubt due to the large volume of building in prospect for this year. One manufacturer states that most orders are placed two or three months before delivery is expected, as about eight weeks are ordinarily required to put the material through the kilns and prepare it for shipment. Delivery is now requested as soon as possible in practically all cases. The present demand is considered to be well up to normal, and with at least two firms, sales for the first three months of this year were double those for the same period of 1921. Also, the individual orders are larger in size.

Most plants are being operated at capacity, although some are still running slack. The lowest percentage of operations reported is 70. Practically all production is only on order, and but few firms are able to build up stocks. The situation is more favorable now than it was a year ago, when the lack of demand made it necessary for most factories to run on a greatly reduced basis.

Although changes have been made in the prices of sanitary ware within the past year, there is very little difference between the present level and that prevailing in the spring of 1921, as the reductions were largely offset by an increase in December. No change has occurred in the prices for raw materials recently. Wages in the industry are still as high as have ever been paid, and the present agreement with the workers continues until November 1.

The manufacturers of porcelain electrical supplies tell a different story from the above. One manufacturer, it is true, reports a materially stronger demand during the past month, and others report a

slight betterment. But in general business is well below normal, and orders are smaller in size than they were last year. The recent improvement has been partly attributed to the demand for radiophones. With the exception of one plant, which has received a marked increase in orders and is running on full time, operations range from 30 to 50 per cent of capacity. Production is only to fill orders.

In prices few changes have been made, except that some price cutting has recently resulted from the severe competition prevailing. One manufacturer has effected a substantial reduction in wages, but others report no change in this regard.

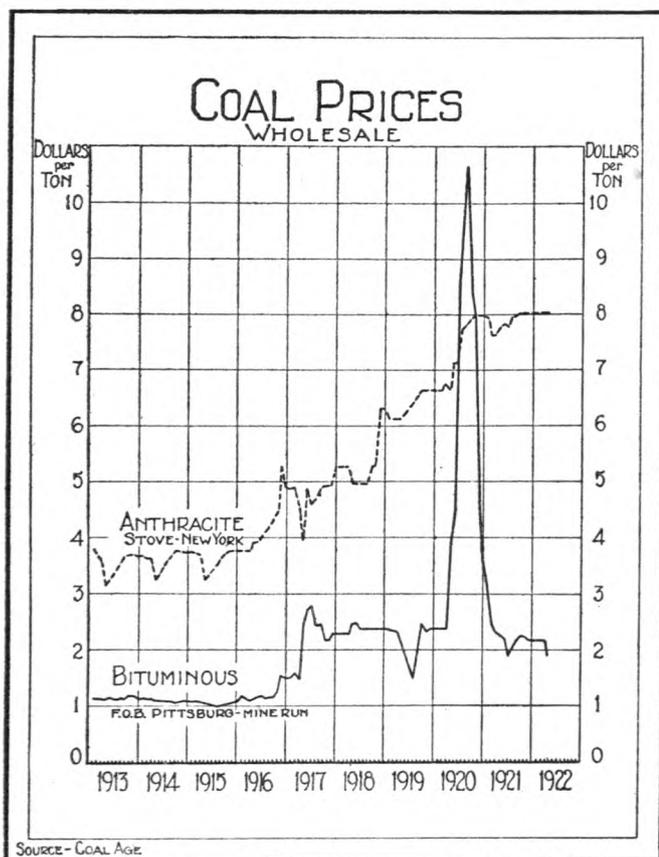
For both branches of the industry collections are from fair to good.

COAL

ANTHRACITE

Demand for hard coal has been but little affected by the almost complete suspension of mining which occurred April 1. With few exceptions, domestic consumers are buying only from hand to mouth, as they do not fear the continuance of the strike beyond next summer and look for lower prices after its termination. Indeed, consumer demand for all grades except stove and nut is practically negligible, and even for these sizes weather conditions have been unfavorable to the retail dealer. The market for steam coals is still sluggish, as consumers know that there are heavy stocks of these sizes in the storage yards of both dealers and operators. Retail dealers, in turn, are buying cautiously from operators, as they are desirous of keeping stocks at as low a point as possible until the new wage scale is determined. The large operators have heavy stocks of all sizes on hand, especially of the steam coals. The independents, having no facilities for storing large quantities, have in several instances stored a small tonnage in cars at the mines. But they are sacrificing this coal, in some cases, at concessions in price in order to avoid further payment of demurrage charges. In the case of stove, nut and pea coal, however, they have been successful frequently in obtaining slightly higher prices. Retail prices are unchanged, however, although some of the smaller dealers are making slight concessions. The rise which has occurred during the past few years in the prices of both anthracite and bituminous coal is shown in the accompanying chart.

One significant development is the increasing difficulty experienced by dealers in making collections.



from customers. Collections at the present time are reported as being poor.

The strike in the anthracite field amounts to a virtually complete suspension, and production, which had increased to 1,896,600 tons in the week preceding April 1, practically ceased on that date. Negotiations between the representatives of the miners and of the operators have been in progress since March 15, but no agreement has been reached as yet. The miners demand, among other things, a 20 per cent increase in wages and the installation of the "check-off" provision. But the operators refuse to grant either. Indeed, most of the operators believe that wages must be reduced. The strike is proceeding quietly, and some of the miners are considering the suspension as an opportunity for a vacation. Savings accounts in the anthracite district have been fairly heavy, but some accounts have been withdrawn lately by miners who are returning to their homes in Europe to stay permanently or on a visit.

BITUMINOUS

Bituminous markets have felt but little stimulus from the first few weeks of the strike. Indeed, in spite of greatly lessened output resulting from the suspension, demand has been so small that even those

collieries that are able to continue production have been prevented from doing so by the absence of a market for their output. Of course, a few consumers who neglected to accumulate reserves before April 1 have entered the market with rush orders for spot coal. And these sales have frequently been made at slight advances in price. Moreover, in the Connellsville district, the unexpected strike of miners at some of the non-union operations has already embarrassed iron and steel plants dependent upon this district. A few coke ovens have ceased operation, and some blast furnaces have been blown out owing to lack of fuel. In general, however, the bituminous market is sluggish, as most consumers stored a large share of the coal they would probably need, before the strike began.

There was a heavy increase in production during the few weeks preceding the strike, and the total output rose to 10,469,000 tons in the week ending April 1. That a large proportion of this increment went into storage is evident from the fact that the Geological Survey estimates that consumers' stocks of bituminous increased from slightly more than 52,000,000 tons on March 1, to 63,000,000 tons on April 1. Furthermore, on the latter date about 4,000,000 tons were in storage on the Lake docks. During the first week of April production declined to only 3,835,000 tons, and in the second week the output amounted to only 3,675,000 tons. But there is reason to believe that this amount, which represents the output of the non-union mines, may be augmented. During the strike of 1919 non-union output reached a weekly total of over 5,000,000 tons. Current weekly consumption is estimated at between 8,000,000 and 8,500,000 tons, so that if non-union production reaches 5,000,000 tons per week, a weekly deficit of 3,500,000 tons will have to be supplied from stocks. Thus a strike of more than four months' duration is theoretically possible before a serious shortage will result. But stocks are not evenly distributed among the various soft coal consumers. Public utilities and railroads are well supplied, but many small industrial plants have practically no reserves. Furthermore, the geographical distribution of stocks is also quite uneven. Hence the pinch of a shortage may be felt in some localities and by some industries long before the exhaustion of the present heavy reserves.

COKE

The last few weeks of the coal year witnessed heavily increased production of beehive coke as well

as of bituminous coal. During the week ending April 1 the beehive tonnage amounted to 191,000, an increase of 16,000 tons over the previous week and the heaviest weekly tonnage produced during the year. The total output during the four-week period ending April 1 was 669,000 tons, as compared with only 552,000 tons during the preceding four weeks. As in the case of bituminous coal, however, production fell off sharply during the first two weeks of April. This is attributable to the unexpected strike of many non-union miners in the Connellsville district, which materially reduced the coal supply for the beehive ovens there. In fact, the output in the lower Connellsville district was reduced by more than one-half in the first week of April.

Curtailed production caused the disappearance from the market of distress lots of low-priced spot coke, and there was a general stiffening of quotations. A few general advances have been made, but buying is light, as most consumers preferred to bank or blow out their furnace rather than pay higher prices. The most recent quotations are \$5.00 per ton for spot furnace and \$5.00 per ton for foundry coke.

A factor of considerable importance in the present situation is the existence of heavy stocks of by-product coke. These are estimated by the Geological Survey to be in excess of 1,000,000 tons, which is equivalent to about one week's production of anthracite. These supplies would be available for metallurgical use or for household consumption, as they are concentrated chiefly in or near the eastern cities. Production in the by-product plants is virtually unchanged as a result of the strike, as their activity is determined by the demand for gas and other by-products and this has not been affected. These plants all have large supplies of bituminous coal on hand.

COTTON

COTTON GOODS

Although in the aggregate the demand for cotton goods continues to be small and discouraging, there has been a slight increase during the past thirty days. The volume of sales is at least 30 per cent less than for the corresponding period of last year, and individual orders are small in size and call for immediate deliveries. Part of the decrease may perhaps be traced to the curtailed purchasing power of that part of the population which is affected by the coal and textile strikes. Throughout the month, selling has

proceeded in a spasmodic fashion, and there has been a tendency for low priced goods and novelties to move more rapidly than high priced goods and staples. Trade in print cloths is unusually flat and perhaps worse than that in any other section of the industry. The steady demand for gingham has continued, but it has been impossible since the strike to procure a full assortment of them. Therefore, percales, cretonnes, and voiles have been used to a considerable extent as substitutes. Sales of pongees, narrow drills, sheetings, and wide fabrics have been moderate. Certain lines of cotton goods, particularly in three yard sheetings, have been strengthened by a considerable amount of export trade.

Prices generally have been falling, but now remain fairly stable at a low plane. Some of the most efficient manufacturers are making little or no profit on certain staples and print cloths. On many cotton products quotations are lower today than they were before the strike, but a determination is now apparent to resist further concessions. The strike has had but little effect upon the general range of prices, but it has supported the market for gingham by curtailing production at a time when these goods seemed to be weakening because of excessive output. There are now 20,000 gingham looms idle. The total production of cotton goods has been reduced by the strike by about 100,000,000 yards, and this loss in output has been confined chiefly to gingham, outings, and higher count grey goods. Production is being further curtailed by the fact that manufacturers who are not affected by the strike are reducing operations to an increasing degree rather than pile up stocks. In certain lines, in which the distribution is sluggish, manufacturers have accumulated fairly heavy reserves, but supplies in the hands of jobbers are small. The number of looms running is estimated to range from 70 to 80 per cent, although several large southern mills, represented in this district, report that they are operating at capacity.

Collections are fair, and in some instances payment has been reported upon accounts of long standing.

COTTON YARNS

The cotton yarn market remains in the same dormant condition as has characterized it for two months or more. Although the volume of February sales was small, March sales were materially smaller. Trade is extremely quiet, and the situation may best be ascribed as being stagnant. The few orders that are being placed are small in size and almost without exception are for immediate delivery. Both hosiery

and underwear manufacturers show a complete lack of interest in yarn, and the weaving business is placing exceedingly few orders. If any distinction is to be made, knitting yarns seem more active than weaving yarns. The mercerized business is at a standstill. The only high-light in this drab picture is the purchasing by manufacturers of insulated wire. An increased number of inquiries, however, has caused many to feel more optimistic regarding the future.

Both combed and carded yarns have weakened during the past month, and a tendency toward lower price levels is noticeable. In fact, the present quotations are in many cases claimed to be below the costs of production. At this low plane, prices are somewhat more stable than formerly, but combed yarns in particular still show an inclination to vary.

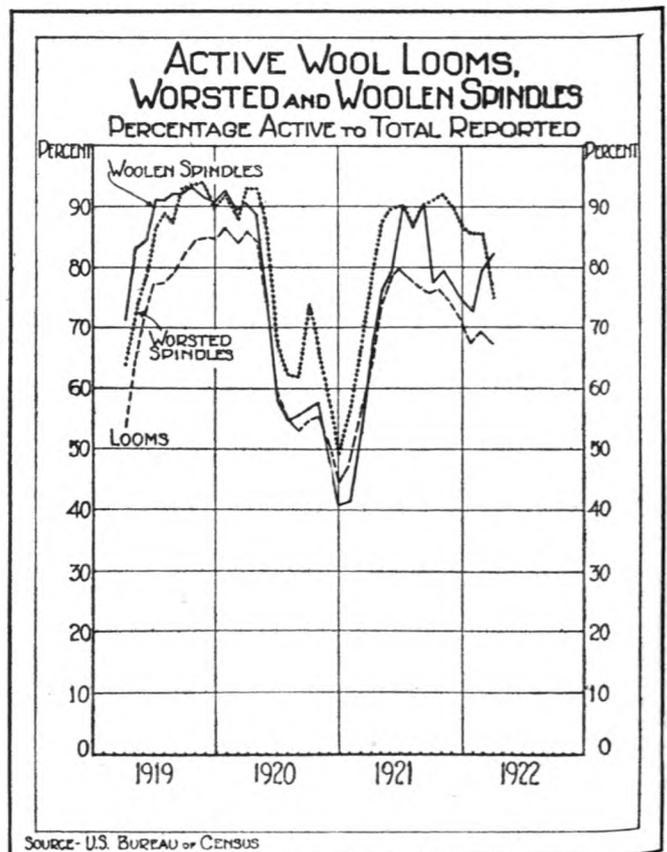
The degree to which mills are operating varies widely. Many companies report that they are working at full capacity; others, that they have curtailed production. The New England mills are operating at about 40 or 45 per cent of capacity. The average for this district does not exceed 75 per cent, with mercerizers running but three days a week. Because of the light demand, stocks have been accumulating in the hands of spinners. Purchasers of yarn, however, have been reducing their stocks to the lowest possible margin and are buying only for their actual needs. This year an order for 20,000 pounds is considered large, whereas last year it would have been classed as comparatively small.

Collections are reported to be fair, but customers are asking that shipments be delayed for one or two months.

WOOL

WOOLEN AND WORSTED GOODS

The demand for woollen and worsted cloth has been slight during the last month. Not only has the volume of business been less than it was for the corresponding period of last year, but most of our reports indicate that the demand has diminished since March 10. Tweeds continue to set the pace, and they, with fancy-back overcoatings and tricotines, are the all important factors in an otherwise dull market. Woolens still enjoy a better demand than worsteds, but buying by tailors-to-the-trade has somewhat brightened the outlook for the latter. Specialties and fancy goods are selling better than staples, and it is noticeable that the higher grades of materials for women's wear are in greater demand than the low grades.



SOURCE - U.S. BUREAU OF CENSUS

The steady advance in raw wool quotations has been reflected in stronger prices for finished products. Impetus has been given to this upward tendency by the recent announcement of the American Woollen Company of increases in woollen cloth prices ranging from 10 cents to 45 cents a yard.

As shown by the accompanying chart, 70 per cent of the total looms of the country (exclusive of carpet and rug looms) were in operation on March 1. In this region, however, the majority of manufacturers report that they are producing at only 40 per cent of capacity. The trade has suffered both from the uncertainty which exists in the raw wool market pending the adoption of the new tariff schedule, and from the labor differences in the garment trades, which have disorganized the distribution of the manufactured products. It is believed that the recent conclusion of the negotiations in the men's garment trade at Chicago may lead to the settlement of differences in other clothing markets and bring about the resumption of normal buying of mill products.

Since nearly all the business being transacted is in seasonal goods, the major part of the production is based upon orders actually received; the risk of subsequent loss is a deterrent to the policy of manu-

facturing for stocks. Collections are fair and seem to be improving.

WOOLEN AND WORSTED YARNS

The pronounced dullness of the entire yarn market reported last month has continued, and at present there is no sign of an immediate revival of demand. Although the threatened cessation of production has not occurred, there is a tendency to reduce activities either by decreasing the number of machines in operation or by working fewer days per week. Even with this reduction, however, it is reported that the amount of yarn going into stock is increasing. Of course, only the staple numbers that are sure to be needed when business improves are being stored, but none the less reserves are increasing rapidly.

The price question is not the primary factor in determining the volume of business. There simply does not exist a demand for piece goods, and weavers will not make commitments for yarn at any price without a visible market for their product. Knitting yarns are in a slightly stronger position than weaving yarns, but it must be remembered that they form only a small part of the total volume of yarns produced. That woollen yarns for use in tweeds and sport clothing are gaining in popularity is shown by the chart on worsted and woollen spindles. The latest information from the Bureau of Census is to the effect that between February 1, and March 1, the active woollen spindles increased from 73.6 to 79.9 per cent of the total number reported. During the same time the number of active worsted spindles remained unchanged, although it had decreased 6.6 per cent between November 1 and March 1.

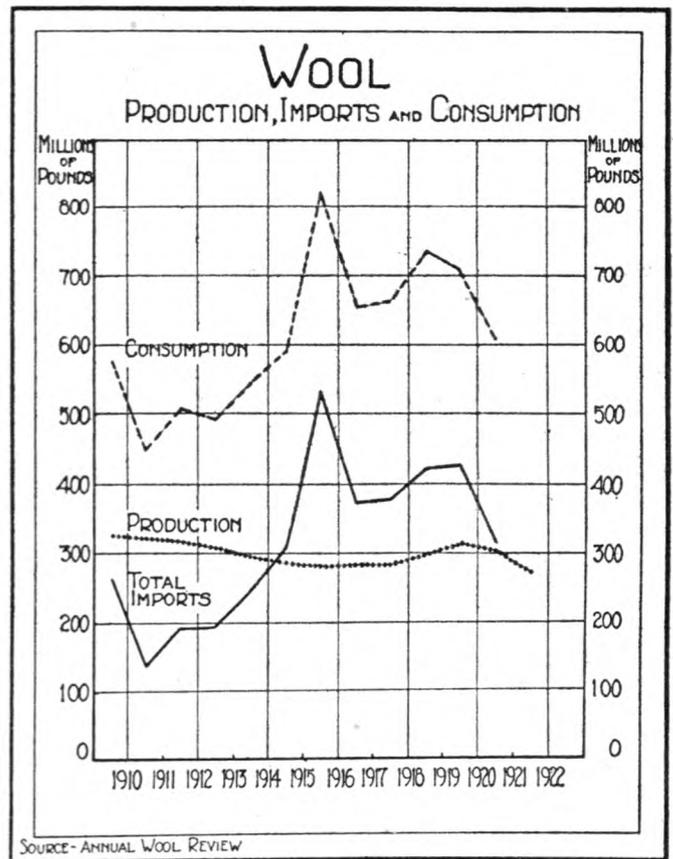
Hand knitting yarns are dull, owing to seasonal conditions; but it is expected that this branch of the industry will show improvement within the next month. Present sales of both knitting yarns and woollen yarns are largely of novelty colors. One large woollen yarn spinner believes that the present demand for novelties will be short lived. Production of these yarns is only against orders already booked.

RAW WOOL

The Philadelphia raw wool market is extremely inactive, trading being confined to small lots on which sellers are willing to grant price concessions. It is not generally admitted by dealers that prices are lower, and the market quotations have been reduced only about two cents per pound during the past two weeks. But spinners who are buying raw wool state

that the market is much easier than it has been and that by shopping around it is possible to obtain lots at very satisfactory prices. It is difficult to determine what wools are most desired, as individual transactions are both small and infrequent. The popularity of tweeds is reflected in the interest displayed in the coarser wools from which they are made. This activity of coarse and medium wools is not great, but it is relatively better than the demand for the finer counts.

Much of the sluggishness in the market at present is ascribed by dealers to the uncertainty as to impending tariff legislation. The Senate Finance Committee voted to report a bill carrying a duty of 33 cents per pound, scoured. Wool dealers are not greatly perturbed by the prospect of such a tariff, but the feeling is rather general that it is too high, especially since the public is demanding cheaper clothing of good quality.



The amount of wool that will be affected by tariff legislation is shown in the above chart. Our total consumption of wool for 1921 was almost 625,000,000 pounds, grease basis. Of this amount, 270,000,000 pounds were grown in this country, and the balance was imported. Our production has been de-

clining during the past ten years, except for a slight increase during 1918-19. The chart shows the close relationship between imports and consumption, and makes clear how great an effect any tariff would have upon finished woolen goods.

Wool consumption so far this year is above the average for last year. If it continues at the same rate, the year's consumption will be well above 700,000,000 pounds. Information is lacking on which to form an accurate judgment concerning the new clip of the United States, but it is not thought that it will exceed 250,000,000 pounds of grease wool.

SILK

SILK GOODS

Two outstanding features distinguish the silk goods market—the active selling of broad silks by jobbers, and the continued curtailment of production by manufacturers.

In the latter part of March some jobbers cut the prices of broad silks from 10 to 25 per cent. These reductions, however, did not apply to those goods, such as crêpes, for which there had been a fair demand. The lower prices have proved attractive, and retailers have grasped the opportunity to replenish their stocks. Trade in yarn-dyed silks continues to be very quiet. Canton crêpe, georgette, and crêpe de chine are the most active sellers, and there is a fair demand for satins, foulards, silk epongé, sport silks and linings. Bright colors feature the current demand. The market for ribbons shows improvement, the bulk of the trading being in moirés. But nearly all of the ribbon buying is from hand to mouth. There are still some sales of hosiery silk for the full-fashioned trade, and the demand for spinning yarns far surpasses that for weaving yarns.

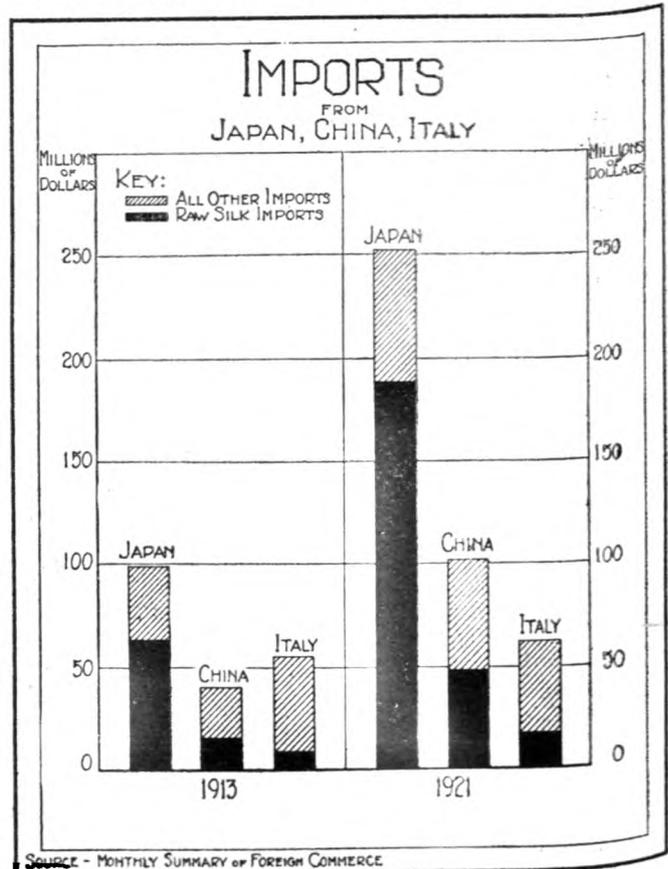
Although the increased activity of the jobbers has been marked in the past month, it has not yet been reflected in the mills. Manufacturers have adopted a policy of drastic curtailment in order that they may again realize prices commensurate with production costs. Broad silk looms are working from one to three days a week, and less than 50 per cent of the silk spindles are turning. Individual orders are at least 20 per cent smaller than those of last year, and this also causes production to be uneconomical.

It is the general consensus of opinion that stocks in the hands of manufacturers are heavy. Jobbers therefore have no incentive to place orders for future delivery, as they realize that these will care for any immediate demand.

Collections are fair and are reported to be improving.

RAW SILK

Two tendencies have been evident in the raw silk trade during the past month. After March 20, prices decreased, but in spite of the lower levels trading was very quiet. Since April 13, there has been a decided upward trend in the Yokohama market, together with a resumption of activity. For example, the price of Kansai Double Extra Cracks fell 35 cents between March 16th and 20th from \$7.00 to \$6.65, which made a total decrease of \$1.70 from January quotations. It remained stable at this point until April 3, when it again weakened. But between April 10th and 18th the quotations rose from \$6.50 to \$7.00. This increase has been accompanied by a renewal of trading at Yokohama, but the Milan and Shanghai markets are dull. Canton silks, however, have yielded because of the lack of buyers, and their prices have declined to a point where their values are proportionate to those of Japanese raw silks. The operation of small scale speculators in Yokohama and the sizeable holdings of the Japanese syndicate have caused a hesitancy among buyers, which has been held responsible for the decline. What the cause



of the upward trend may be, it is still too early to determine.

	Storage (first of month)	Imports	Storage (end of month)	Consumption
1921				
March	27,900 bales	14,000 bales	16,300 bales	25,500 bales
September ..	18,900 "	35,300 "	23,000 "	31,200 "
1922				
January	24,800 "	40,100 "	31,100 "	33,800 "
February ...	31,100 "	19,900 "	28,900 "	22,100 "
March	28,900 "	18,600 "	22,000 "	25,500 "

It is interesting to note from the above table that imports declined in March to the lowest point in 12 months, and that consumption increased, thus effecting a reduction of the stocks held in American warehouses. The heavier consumption in March is of little significance, however, for only twice in the past year has it fallen below 25,000 bales.

As shown by the chart on page 20, the total volume of our imports from Japan, computed in dollars, increased 155 millions between 1913 and 1921. This increase has been relatively greater for silk than for other commodities. The actual differences, if measured in quantities rather than dollars, would be less than those indicated, because of the rise both of the general price level and of the price of silk.

HOSIERY

Reports received from manufacturers of hosiery in this district are in many instances conflicting, but it may be stated that as a rule full-fashioned silk hosiery mills continue to be busy. Even in this branch of the trade, however, orders for future shipment disclose the fact that demand for the finest grades is decreasing.

As to the position of the mills making seamless goods, both of silk and artificial silk, the greatest differences exist. A few are running at 100 per cent of capacity and have sufficient orders booked ahead to maintain that rate for several months. In the majority of these mills, however, operations vary from 30 to 75 per cent of capacity.

In mercerized and cotton hose, except that for children, orders continue to be scarce.

Prices for all yarns are lower this month, but prices for hosiery have changed very little. The explanation of this is that manufacturers were not able to obtain an advance in price for their hosiery when yarns advanced, and therefore are unable to lower their prices now, although yarns are getting back nearer to their values of last autumn.

OPERATIONS IN THE HOSIERY INDUSTRY

(In terms of dozens of pairs) Number of reporting firms—34	March, 1922, compared with February, 1922	March, 1922, compared with March, 1921
<i>Firms selling to the wholesale trade:</i>		
Product manufactured during		
March	+ 10.5%	+ 74.4%
Finished product on hand		
March 31	+ 8.7 "	+ 29.6 "
Orders booked during March..	+ 15.7 "	- 50.8 "
Cancellations received during		
March	+104.0 "	.....
Shipments during March.....	+ 8.2 "	+ 27.2 "
Unfilled orders on hand March		
31	- 19.8 "	+ 61.4 "
<i>Firms selling to the retail trade:</i>		
Product manufactured during		
March	+ 28.0%	+158.9%
Finished product on hand		
March 31	+ .6 "	+ 42.7 "
Orders booked during March..	+ .1 "	- 10.1 "
Cancellations received during		
March	+ 20.1 "	.....
Shipments during March.....	+ 60.3 "	+ 8.5 "
Unfilled orders on hand March		
31	- 15.5 "	+ 6.2 "

UNDERWEAR

Little change has occurred in the general situation in the knitted underwear business. Mills making heavy weight goods are working on orders booked several months ago for delivery during August and September, but they are not receiving new business. The length of time which will elapse before these orders are made up varies considerably in the different factories, depending not only upon the amount of business booked but also upon the percentage of capacity that is being operated. All agree, however, that unless new orders are forthcoming within the next sixty days, many mills will either have to curtail production or manufacture for stock. In light weight underwear some orders for immediate delivery are being received, but the rate of buying that prevailed last month has not continued, and it is now thought that the total business of the season will be considerably less than normal.

Prices on all lines have been subject to but slight variations. The easing of the yarn markets has, in some instances, permitted the shading of quotations previously made. In such cases the reduction in price by the manufacturer has been so small that the retail sales figures will probably not be changed.

Total production of winter and summer underwear, as given by the Federal Reserve Board from figures compiled from reports of more than fifty representatives manufacturers, shows that there was an almost uninterrupted increase from January, 1921, when only 148,123 dozen were made, until November, 1921, when the production was 692,452 dozen.

There was a seasonal decrease during December and thereafter an increase until, during the month of March, 1922, 756,249 dozen were made. This production is figured as 92.9 per cent of normal, the highest percentage reached since these statistics have been compiled. The following table indicates that production in the Third Federal Reserve District also increased during the month of March.

CONDITIONS IN THE UNDERWEAR INDUSTRY

(In terms of dozens) Number of reporting firms—15	March, 1922, compared with February, 1922	March, 1922, compared with March, 1921
<i>Summer underwear:</i>		
Product manufactured during March	+ 1.6%	+20.3%
Finished product on hand March 31	- 6.6 "	.....
Orders booked during March....	- 3.4 "	-17.4 "
Cancellations received during March .....	.....	.....
Shipments during March.....	- 2.0 "	+20.1 "
Unfilled orders on hand March 31	-38.9 "	-41.5 "
Number of reporting firms—7		
<i>Winter underwear:</i>		
Product manufactured during March	+25.9%	.....
Finished product on hand March 31	+11.1 "	.....
Orders booked during March....	-67.5 "	.....
Cancellations received during March .....	.....	.....
Shipments during March.....	+ 1.7 "	.....
Unfilled orders on hand March 31	- 9.3 "	.....

FLOOR COVERINGS

The auction sale of carpets and rugs held in New York by the largest manufacturer of these products, during the week commencing April 3, showed conclusively that conditions in that industry are extremely healthy. Buyers were present from all over the country, representing all the large houses. Eighty-five thousand bales were offered and sold—an amount somewhat larger than is usually placed on sale at these auctions.

As is customary, many other manufacturers opened their new lines at the same time, and similar results in selling were achieved. Wilton and Axminsters continued to lead in the demand, but Velvets and Tapestries were by no means neglected. Wool fiber rugs continue to sell poorly and machinery making them is operating at a low percentage of capacity. Philadelphia mills report that they are well satisfied with the business booked. Many of the orders were for immediate shipment, and a number called for delivery by express, indicating that, in some instances at least, stocks had been allowed to reach a very low point. Certain manufacturers have sold their entire output until the end of the season,

probably next October. Others, who have not contracted so far ahead, expect that the increased demand caused by the erection of new dwellings will fully absorb all they have to offer. This demand will not develop, however, for several months; that is, until these new houses are completed, sold, and ready to be furnished.

Prices obtained were on the average about equal to those prevailing during the season just closed. A few particularly choice lots sold at a slight advance, and some of the lower qualities went at small reductions, as compared with those prices; but on the majority of the lots offered the prices realized were the same as the old figures.

It is reported that many buyers came to New York expecting that prices would be lower at the sale, and were unable to make up their minds to place much business at prevailing quotations. Since then, however, some of these buyers have become convinced that on account of the increased cost of yarns prices cannot be lowered and have accordingly been placing orders more freely.

The demand for linoleums is continuing at the former high rate, and some manufacturers report that their sales have been larger than their production, in spite of the fact that plants are operating at full capacity. The strikes in the textile mills in New England and in the coal fields of Pennsylvania and the middle West are reported to have had a noticeable effect upon the buying in these localities, and orders have fallen off. Nevertheless, the increased uses of linoleum appear to have created a demand sufficient to consume all that is produced. In many new commercial buildings, schools and hospitals, linoleum has been specified by the architect. In some cases the floors to be so treated are depressed, so that when the linoleum is cemented on, it will be flush with the adjoining floor space. Retail stores are also reported to be using this article in increased quantities. One of the local chain stores has closed a contract for a considerable amount, to be used where heretofore bare boards have served the purpose.

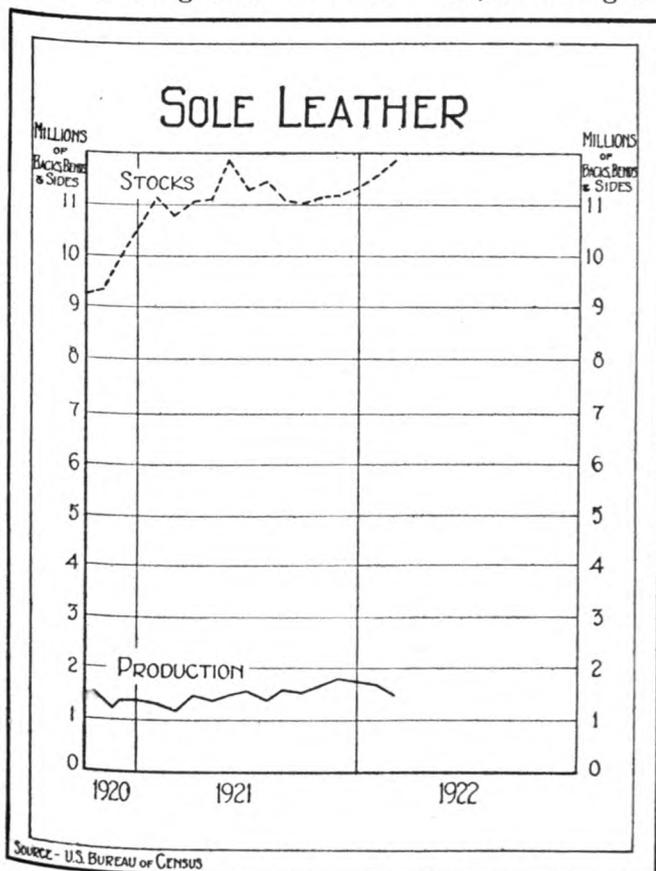
LEATHER

The most encouraging feature in the heavy leather market has been the increased demand for belting butts and the correspondingly larger sales of leather belting. This is regarded as a strong indication of a greater activity of productive machinery, because consumers buy belting only when it is necessary to have it to run a machine. High grade belting is

selling best; No. 2 and No. 3 qualities are reported to be accumulating. This is largely because the principal purchaser of the latter grades is the manufacturer of farm machinery, who can use the lower grades to advantage on many of the machines employed in agricultural work. Notwithstanding the better business done, however, there remains a large and increasing stock of butts. This, according to

declining from that time to the present, when it is about the same as it was eighteen months ago. Stocks, however, increased steadily from October, 1920, to June, 1921. Then for the next three months they decreased somewhat, only to be followed by a steady expansion until February 28, the date of the last report. At that time the stock of sole leather was at its highest point, 11,836,234 backs, bends and sides.

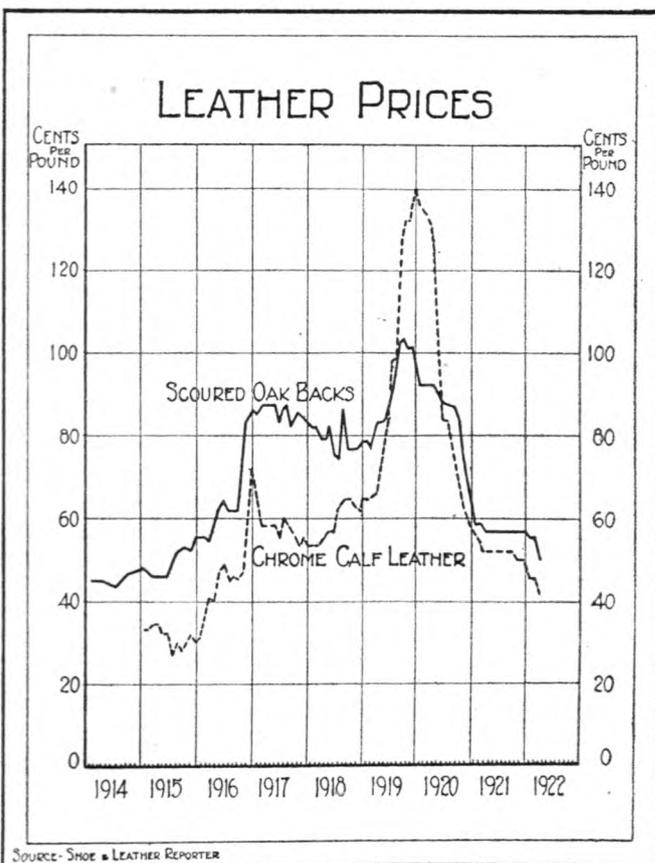
The other chart deals with prices and shows the range of values of two standard leathers, heavy and upper leather, during the period of the war and since. It will be seen that each made a big advance, the former about 250 per cent, and the latter about 400 per cent. Both of these leathers have declined steadily for the last two years and are now not much above the prices of seven years ago. In fact, they are



figures of the Department of Commerce, amounted on February 28, to 897,580, an increase of 5.5 per cent for the month. It is expected, however, that the figures at the end of March will show the effect of the improved condition of the market.

Business in shoe leathers is reported as being unsatisfactory, sales of sole leather hardly coming up to those in the latter part of March. Exports have improved somewhat. Among the lots shipped abroad was a large parcel of low grade bellies, which represented an accumulation through a considerable time and would have been most difficult to dispose of in this country.

In one of the following charts are shown production and stocks of sole leather during the past year and a half. Production during that period has varied only slightly, reaching its high point last autumn and



much nearer those prices than is the case today with most manufactured articles.

In upper leathers sales during the month have been small, and although production is decreasing, stocks are thought to have increased. Kid leather has sold to some extent in the low grades, but high grades are moving very slowly. The present prices of the top grades are about 75 per cent above those

existing during a period of years prior to 1914. It is now fully realized that this has been a poor season in the domestic markets for kid leather, and the lack of a normal export business is being felt severely. More countries, however, are buying kid today than for many months. The average order is small, but the total is slowly increasing.

Calf leather has not sold much better than kid, but recent reports show a growth in the number of inquiries, and this is expected to lead to an increase in sales. Patent leather, which has been the feature of the season, is now in less active demand. The new business booked during the last two weeks is smaller than that of a month ago. Export demand for this leather has been good, and besides shipments to a number of European countries some lots have been sent to Australia. Sheep leathers, with the exception of chamois, have shared in the general dullness.

HIDES AND SKINS

The price of packer hides has remained firm since the decline of last month, and recent sales in some instances have been made at prices slightly in advance of those of several weeks ago. The stock of winter slaughtered hides has been pretty well cleaned up. Argentine frigorificos have been very firm, and prices show a tendency to advance. Calf skins have also been more active, with the result that the decline in price has been checked; heavier weights have been in better demand than the lighter skins.

Goat skins continue to decline, and dealers are soliciting bids at considerably less than market quotations. But they are receiving slight encouragement from the tanners, who, owing to the dullness in leather, find little incentive to buy.

SHOES

The local shoe manufacturers have received few orders this month. Those who had stock on hand suitable for the Easter trade—and they were comparatively few—have been able to dispose of it to advantage, as the demand from both wholesaler and retailer was heavy for delivery in time for that trade. Makers of white shoes have made sales for May shipment.

Salesmen on the road report that dealers show no inclination to place orders for next autumn's business. The rapid style changes are largely responsible for the unfortunate position in which shoe manufacturers find themselves. No one is able to make any prophecy as to what may be the style a few

weeks, much less a few months, in advance. Therefore, the wholesaler and the retailer refuse to buy until such time as they feel that, unless they place their orders without delay, they will not get the shoes when they want them. In the past the shoe manufacturer has been able to lay his plans and make his purchases of leather for the coming season. But not so today. The situation, of course, reacts upon the manufacturer of leather, who, instead of having some indication of what will be wanted by the shoe manufacturer, is now absolutely at a loss to know how to proceed. One manufacturer of upper leather, for example, reports that although raw stock such as he uses is extremely low in price at the present time—so low that under ordinary conditions he would buy heavily—he cannot do so now because he has no idea what to make—whether to make black or brown, and if the latter, which of a number of shades. Therefore, instead of running his plant on full time, he is forced greatly to curtail his output.

The following table shows the production of 42 shoe manufacturers in this district for the last five months:

PRODUCTION OF SHOES IN PAIRS IN THIRD FEDERAL RESERVE DISTRICT

	1921	Women's	Misses, Growing Girls and Children's	Infants	Total
November ...	138,127	309,269	233,266	680,682	
December	132,654	317,616	214,885	665,155	
1922					
January	167,022	358,162	250,589	775,773	
February	188,479	354,034	237,045	779,558	
March	209,862	428,780	201,131	839,773	

There are very few factories making men's shoes in this district.

CONDITIONS IN THE BOOT AND SHOE INDUSTRY

	March, 1922, compared with	March, 1922, compared with
Number of reporting firms—47		
Production	+ 16.8%	+ 7.3%
Shipments	+ 41.0 "	+ 24.6 "
Orders booked	+ 11.1 "	+ 42.8 "
Orders on hand	- 17.1 "	- 29.8 "
Cancellations	+ 235.6 "	.....
Stocks on hand	- 13.0 "	+ 7.0 "
Number of operatives on payroll..	- .5 "	+ 8.7 "

PAPER

Definite improvement has occurred during the past month in the demand for paper, but business is still well below the capacity of the industry. This improvement is reflected in the slow increase in sales, in the greater regularity in the receipt of orders, and in the steadier character of the business. It may be said that the tone of the market is better, for the trade is undoubtedly more confident than it was a

month ago. The betterment, however, is attributed by some firms to seasonal influences which ordinarily cause a greater demand at this time of the year. Orders are still small, and no one is buying for stock. Local dealers in particular complain that the small size of the orders makes the cost of doing business relatively greater. Some spottiness still exists, but the market is becoming steadier.

All grades of paper have shared in this improvement, although the fine papers are probably in greatest demand at present. The call for book papers is still a bit irregular. Wrapping paper manufacturers, who last month complained of a slump in business, report that sales have increased materially, and that the situation is much more encouraging.

One of the most important recent events in the paper industry was the reduction in the price of bleached sulphite pulp announced in the middle of April. The immediate effect of this decline, however, will not be so great as would ordinarily be expected. Some of the large producers of sulphite raised their quotations as of December 1 to five cents a pound, but during the months following no corresponding increase was made in the price of paper. It is said that most of the paper manufacturers were not materially affected by this higher-priced pulp, because they produced their own pulp or used accumulated stocks, or bought pulp on a long-time contract made at a lower figure, or purchased their supplies from foreign or other domestic producers who were selling at lower prices. Some converters of fine papers, however, who have had to buy pulp regularly are undoubtedly benefited by this recent reduction. No marked changes in the price of paper have occurred in some time, although there have been minor revisions on various grades by certain manufacturers. But competition is keen and occasional price-cutting has taken place. Particularly are concessions granted on large orders such as will permit continuous operations of mills for a definite period.

Production is gradually increasing. The extent of operations varies widely among the different mills—from less than 50 per cent to 100 per cent of productive capacity. But the latter figure is found only in exceptional cases, chiefly among western mills. A rough estimate would place the average production of all grades of paper at over 70 per cent of normal. Attempts are made to keep stocks as low as possible, and it is generally considered that they are lighter than they have been for some time. Undoubtedly, dealers' supplies are small, as dealers are buying carefully in order to avoid the accumulation

of a surplus of any grade. The situation is different, however, with manufacturers, who frequently have to keep their mills running regardless of their sales, especially during the winter. Federal Trade Commission statistics, which are given subsequently, show that stocks at the end of February were larger than they have been for some months and slightly greater than at the same time last year. But more recently there have been evidences that the production of the mills has not increased as rapidly as sales, and that in many cases stocks are diminishing.

Collections have improved within the past month and are generally reported to be fair.

The accompanying table gives statistics of the paper industry for January and February of this year and for February, 1921. Attention is called to the slight decline in production and shipments of most grades during February. On the other hand should be noted the marked increase in these items within the past year. It will be seen that, as previously stated, stocks are in most cases larger.

STATISTICAL SUMMARY OF THE PAPER INDUSTRY
Federal Trade Commission
(In thousands of tons)

	Production	Shipments	Stocks at end of month
<i>Newsprint:</i>			
February, 1921.....	103,040	96,281	39,176
January, 1922.....	105,808	103,192	26,550
February, 1922.....	97,786	96,521	27,815
<i>Book Paper:</i>			
February, 1921.....	56,687	51,980	33,587
January, 1922.....	73,466	73,760	38,463
February, 1922.....	69,408	68,537	39,334
<i>Fine Paper:</i>			
February, 1921.....	19,242	16,593	37,397
January, 1922.....	27,405	26,074	35,331
February, 1922.....	26,663	26,190	35,804
<i>Wrapping Paper:</i>			
February, 1921.....	46,352	40,317	51,276
January, 1922.....	65,791	60,133	54,506
February, 1922.....	62,035	57,290	59,251
<i>Paper Board:</i>			
February, 1921.....	123,832	121,588	60,723
January, 1922.....	145,198	145,485	62,731
February, 1922.....	153,704	152,527	63,908
<i>Total All Grades:</i>			
February, 1921.....	407,966	383,679	273,228
January, 1922.....	506,195	494,868	264,971
February, 1922.....	501,817	492,050	274,738

PAPER BOXES

The paper-box industry of the Third Federal Reserve District is reflecting the general inactivity prevailing in the other industrial lines upon which it is dependent for business. During the first two months of the year sales were generally of satisfactory size, and some firms report that business was fairly good during part of March. But recently, particularly since April 1, the demand has fallen off

considerably. Practically all firms agree as to this decrease in business within the past month. The decline in sales seems to have occurred in all lines. Those firms making boxes for confectionery manufacturers received only a fair volume of orders for Easter goods, and these, of course, stopped early in April. The textile trades are dull and are consequently buying few boxes.

The volume of business is reported without exception to be well below normal for this season of the year. Most of the larger manufacturers in Philadelphia, however, state that their sales are greater now than they were at this time last year, which was an exceedingly dull period. On the other hand, one firm notes that it is running on shorter time than at any period within the past ten years. True, a season of relative inactivity for the industry ordinarily begins about this time of the year, but it seems to have started a little earlier than usual. Furthermore, the spring activity is generally considered to have been below normal.

Operations are being curtailed to a basis commensurate with the volume of sales. Some of the larger plants are still running almost at capacity on back orders, but most of them no doubt will have to reduce production shortly unless more orders are forthcoming. Operations, in general, are at about 50 or 60 per cent of capacity. Most firms are running to fill orders and not to build up stocks, as it is not customary in the industry to carry reserves, except of a few staple items or of boxes for certain customers whose requirements are fairly regular.

As competition is keen, price reductions on finished boxes still occur frequently, and price cutting is prevalent. Manufacturers claim that no profits are being made at current prices, but that they must have business in order to keep organizations intact and to pay fixed expenses. Box-board, the principal raw material used in the manufacture of paper boxes, is also weak at present. Prices have been fluctuating for some time, as board manufacturers have been attempting unsuccessfully to raise them to higher levels. The prevailing quotations on chip board range from \$32.50 to \$35 a ton. The supply of all raw materials is ample and orders are filled promptly.

Collections are fair, but are becoming slower.

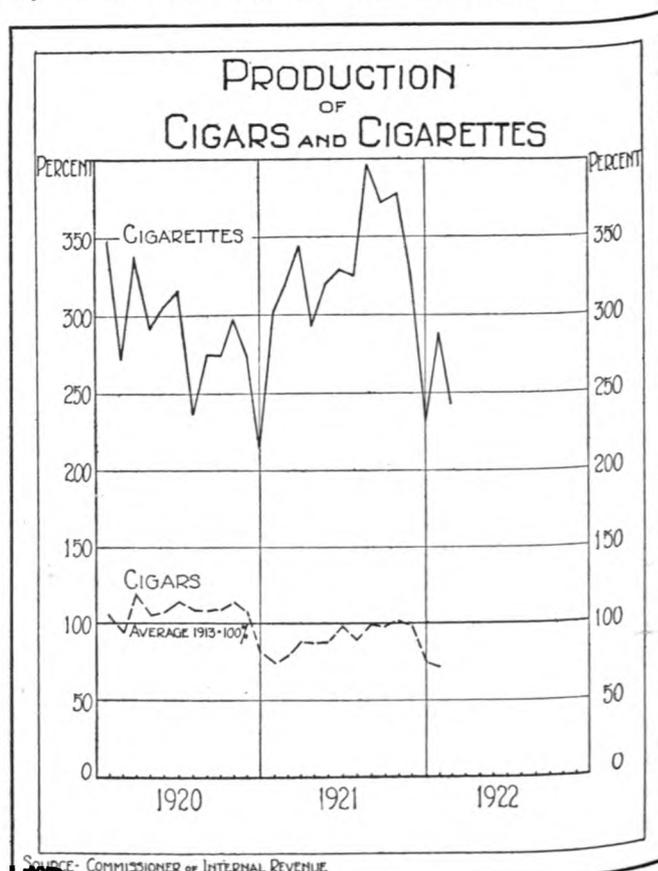
TOBACCO

CIGARS AND CIGARETTES

It is undoubtedly true that in general the demand for cigars has increased within the past month, but

many evidences of depression are still found in the industry. One of the large manufacturers states that his sales vary radically, being encouragingly large one week and falling off heavily a few days later. Another firm, which for several months has found its products to be in excellent demand, has recently been forced to close down some factories because of a decline in orders. On the other hand, one manufacturer, whose sales have been unusually small all year, reports that they have recently increased and are now almost as great as they were last October, the best month of 1921. Among the smaller establishments, some report a slight increase in demand, a few indicate no improvement, others state that the demand has decreased, and still others that their factories are closed down entirely.

The accompanying chart shows relative monthly sales of cigars and cigarettes by manufacturers during the past two years, as compiled from figures of sales of stamps on tobacco products by the Collector of Internal Revenue. It will be noticed that cigar sales in February, the last month for which statistics are available, were a little larger than in January, but smaller than in any other month given. Figures by classes show that the increase during February



SOURCE - COMMISSIONER OF INTERNAL REVENUE

was almost entirely in Class B, which comprises cigars selling at from six to eight cents.

Attention is called to the decline in the sales of cigarettes in February, as shown by the chart. The total number of cigarettes sold in 1921 was 12 per cent greater than those sold in 1920 and almost as great as in 1919, a record year. The large volume of sales last year is attributed to two causes—the transfer of the demand from cigars to the less expensive cigarettes because of the decrease in personal incomes, and the vigorous price-cutting which was engaged in by retailers during the latter half of the year. This year the large manufacturers have also been cutting prices. From the standpoint of jobbers and retailers, however, the reductions made are unsatisfactory, for they are too small to permit of the selling of cigarettes at a popular, even figure, such as fifteen cents, without reducing greatly the margin of profit to both. The change has caused much discussion in the industry and not a little antagonism. Sales of cigarettes reached their monthly maximum of over five billion last August and held up well until December. In that month there was a radical decline, which, however, was largely seasonal. Although larger than the number sold in December, the numbers sold in January and February were smaller than in any other month last year, and the February total showed a decline of nearly a billion cigarettes, or 24 per cent, since February, 1921.

Those cigar manufactures that experienced a material increase in demand recently have opened up more factories or have enlarged production within plants already under operation. But other firms have cut down on operations, and some state that they are taking advantage of every opportunity to curtail output without closing factories. Manufacturers desire to avoid the accumulation of stocks, which are now rather large. On the other hand, the shelves of the dealers are practically bare of good fresh cigars, and when their demand increases, they will be obliged to place orders immediately for prompt shipment. Therefore, manufacturers desire to keep their organizations together as much as possible, so that production can be increased quickly when necessary. At present, operations average between 60 and 70 per cent of capacity.

A number of price reductions on cigars have been made by manufacturers this year. Several have announced revisions of ten per cent. Many firms, instead of reducing prices, have enlarged the size of their various brands; and quality has been improved in every possible way. Few wage reductions have

occurred this year, although cigar makers are plentiful.

Collections are generally considered to be from fair to good. In a few cases they are reported as being poor.

LEAF TOBACCO

Tobacco leaf dealers in the Pennsylvania growing regions report little recent activity in the leaf market. It seems that the few sales occurring have been chiefly of low-grade fillers, some of which have been bought for export purposes. Only a few wrapper grades have been sold. Most of the dealers have purchased less tobacco this season than they ordinarily do. A composite of estimates received indicates that approximately 25 per cent of the 1921 crop is still held by the growers, that from 30 to 35 per cent has been sold to the packers, and that 35 or 40 per cent has been bought by manufacturers. One dealer estimates that about 15 per cent of the crop is being packed by the growers' co-operative associations.

Stocks of tobacco held are said to be either smaller than usual, or, in a few cases, practically normal; and with a few exceptions they are made up largely of old tobacco. The large manufacturers are still well supplied, and the smaller ones are not operating to any appreciable extent. This situation is the chief cause for the long continued inactivity in the leaf market. Prices on tobacco of average quality are about 20 per cent lower than they were a year ago, but have been firm recently.

Collections are reported to be fair.

AGRICULTURE

Speaking generally, the new season is beginning favorably for the farmer throughout the country. The prices of his products have risen recently and are higher now than they were last fall. His costs are lower than last year; fertilizer and implements are cheaper, and a plentiful supply of labor is obtainable at lower wages. The weather, however, has not been altogether favorable, as in large parts of the country the season is backward. In the Third Federal Reserve District the situation was more encouraging than at the same time a year ago, until the middle of April, when late frosts destroyed some of the fruit and damaged the truck crops. The relative degree of damage, as compared with that caused by the same forces last spring, has not yet been determined. This year, although the weather has not been entirely satisfactory, the plowing and preparation of the soil

for planting has progressed in most of the counties about as far as usual.

As yet little planting has been done, and it is too soon to estimate the relative amount of the various crops that will be grown this year. The prospects are that the acreage of white potatoes will be increased, owing partly to the higher prices which they have brought since last summer, and partly to the agitation in favor of this crop by the farm bureaus. The condition of the winter crops, although not as satisfactory as at this time last year, is reported to be good, and in some cases excellent. This is seen in the accompanying table, giving the Department of Agriculture estimates of crop conditions as of April 1. It will be noted that for the country as a whole the promise is not so fair.

CONDITION OF WINTER GRAIN CROPS, APRIL 1

	1922	1921	10-year average
Wheat:			
Pennsylvania	92	97	88
New Jersey	90	96	87
Delaware	93	97	87
United States	78.4	91	84.3
Rye:			
Pennsylvania	91	97	90
New Jersey	93	95	89
Delaware	92	95	89
United States	89	90.3	88.5

Reports from various counties in the district indicate that most of last year's crops have been marketed, and that only a small portion of them is still held by the farmers. Potatoes are in the hands of growers to a greater extent than any other crop. In Lancaster County from 20 to 25 per cent of the total production of tobacco remains unsold. Other products mentioned as still being held by farmers, but to only a small extent, are corn, oats, baled hay, and wheat. This information is more accurately indicated by the Department of Agriculture statistics, given in the accompanying table, which show relatively lighter stocks this year than last.

FARM STOCKS OF GRAIN, MARCH 1

(Per cent of last crop)

	On farm, March 1			Shipped out of county where grown	
	1922	1921	10-year average	1921 crop	10-year average
Wheat:					
New Jersey	22	24	23	35	33
Pennsylvania ...	25	35	27	38	37
Delaware	18	38	22	44	55
United States ..	16	26	19	62	58
Oats:					
New Jersey	38	40	37	7	11
Pennsylvania ...	41	46	41	6	7
Delaware	42	30	24	10	11
United States ..	38	46	37	24	29
Corn:					
New Jersey	50	49	42	12	12
Pennsylvania ...	42	43	36	10	9
Delaware	53	60	47	28	30
United States ..	43	49	37	19	19

The costs of farming are undoubtedly lower than they were last season, and much less than in 1920, when all prices were at their highest. Farm implements have fallen about 20 per cent within the past year. Fertilizer is also from one-fifth to one-third cheaper, and consequently more of it is being used this year than heretofore, especially the higher grades. The following table shows declines in the prices of some of the chief fertilizer materials from the maximum quotations of 1920 and 1921. They have advanced, however, in recent months.

PRICES OF STANDARD FERTILIZER MATERIALS * (Wholesale in New York)

	April 15 1922		1921		1920		1913
	Low	High	Low	High	Low	High	
Nitrate of soda, per 100 lbs.	\$2.85	\$2.00-\$2.90	\$2.75	\$4.10	\$2.95		\$2.95
Dried blood, per unit.....	3.75	2.75- 4.00	4.00	8.75	2.95		2.95
Tankage, per unit.....	3.50	1.75- 3.00	2.65	7.25	2.45		2.45
Acid phosphate, 16% per ton	8.25	10.00-18.00	18.00	21.00	7.60		7.60
Muriate of potash, per unit	.70	.70- 1.80	1.80	3.00	.80		.80

* Oil, Paint, and Drug Reporter.

Wages are not only lower, but in some sections are almost at pre-war levels; and the supply of labor is more than sufficient. The Department of Agriculture reports that on April 1 the farm labor supply and demand, as compared with normal, was as follows:

	Supply	Demand
Pennsylvania	102%	95%
New Jersey	98 "	95 "
Delaware	98 "	92 "

Seed prices are considerably less than in 1920, but many of the high grade seeds have risen within the past year, and it is stated that farmers are demanding better quality this season. The subjoined table gives the prices of some of the important field seeds at New York during the first week in April of the past three years. The quotations are in dollars per 100 pounds.

WHOLESALE PRICES OF FIELD SEEDS IN NEW YORK

(in dollars per 100 pounds)

	April 1 1922	April 2 1921	April 3 1920
Red clover	\$25.00	\$19.50	\$56.00
White clover	35.00	52.00	61.00
Crimson clover	11.00	7.00	11.50
Alfalfa	18.50	17.00	35.50
Timothy	7.25	7.00	14.00
Red top	24.00	14.00	18.00
Hairy vetch	13.00	11.00	28.00

Although as yet the financial needs of farmers are not fully known, it is generally considered throughout the district that at least as much assistance from banks will be required as in previous years, and in many sections that more will be needed. Evidences are seen that farmers have been practicing rigid econ-

omy, and some of them have saved a little with which they can finance themselves, unless they should purchase livestock or make permanent improvements. In the latter case long-time rather than short-time credit would be needed. In one county it is stated that a number of farmers are paying cash for fertilizer and seeds, a thing which they seldom did even before the war. The recent rise in the prices of many farm products has affected the growers but little, for most of them had disposed of their crops before the increase began. The following table gives farm prices of some of the chief agricultural products in Pennsylvania on certain dates. Attention is called to the increases in grains since October and to the radical decreases in all commodities since 1920.

ESTIMATED FARM VALUE OF IMPORTANT PRODUCTS IN PENNSYLVANIA

	April 1 1922	March 1 1922	October 1 1921	April 1 1921	April 1 1920
Wheat, bu.	\$1.25	\$1.22	\$1.08	\$1.53	\$2.27
Corn, bu. ....	.66	.64	.70	.83	1.62
Oats, bu. ....	.48	.46	.42	.56	.99
Potatoes, bu.	1.23	1.30	1.41	.59	2.74
Sweet potatoes, bu.	2.33	2.33	2.00	2.50*	2.70*
Hay, loose ton....	16.70	16.25	16.90	18.10	29.60
Butter, lb. ....	.39	.41	.47	.48	.64
Eggs, doz. ....	.22	.34	.44	.26	.45
Chickens, lb. ....	.23	.22	.26	.28	.31

* New Jersey prices.

FINANCIAL CONDITIONS

The latest issue by the Treasury of certificates of indebtedness, bearing 3½ per cent interest, was very well received, and the fact that subscriptions were more than double the final allotment is indicative of the comparatively easy condition of the money market. New security issues have been readily absorbed, and the supply of commercial paper and bankers' acceptances has been insufficient to meet the demand.

Prime commercial paper and bankers' acceptances are now selling generally at 4½ and 3½ per cent respectively, which represents a decline of ¼ of one per cent since a month ago. A few sales of commercial paper have been made at as low as 4¼ per cent. Three of the Federal Reserve banks have reduced their rediscount rates from 5 to 4½ per cent, so that at the time of writing only three banks—Minneapolis, Kansas City and Dallas—have rates above 4½ per cent.

Bankers, particularly in the smaller centers, have not yet fully adjusted themselves to the lower rates of return which current offerings yield, and dealers in bills find it rather difficult to effect sales. The bankers are more critical, too, and require borrowers

and makers of commercial paper to measure up to higher credit standards than were insisted upon before the war. Despite this fact, our reports do not indicate that legitimate demands for funds have been refused, except in the most unusual cases.

With the revival of business activity in some lines, and the advent of the spring planting season, loans have increased in certain sections. However, the reports of member banks located in more than 100 of the principal cities of the country show that this increase in loans is not general, for they record a slight decrease in loans and discounts during the past month. Total deposits fell off more than a hundred million dollars, but practically all of this decline took place in the item "government deposits." A summary of the more important items is given below, including the figures for April 12 and March 15, 1922, and for October 15, 1920, when total loans, discounts and investments reached their peak. All figures are in millions of dollars:

	Apr. 12, 1922	Mar. 15, 1922	Oct. 15, 1920
Loans and discounts *.....	\$10,857	\$10,909	.....
Investments	3,722	3,721	.....
Total loans, discounts and investments *	\$14,579	\$14,630	\$17,284
Total deposits	13,850	13,953	14,470

* Include rediscounts with Federal Reserve banks.

From this it will be observed that since October, 1920, deposits have fallen off 4.3 per cent, and loans, discounts and investments, 15.7 per cent.

The statements of the Federal Reserve banks as of March 22 and April 19 show a further reduction in borrowings, amounting to 63 millions, but their holdings of United States securities increased by 89 millions. There was a comparatively large increase in the deposits of member banks, a small gain in total reserves, and a slight decline in Federal Reserve note circulation. The reserve ratio is somewhat lower than it was on March 22. In the tabulation which follows, the figures as of the latest date and a month ago are supplemented, as in the case of the statistics of the member banks, by comparative figures for the date on which the loans reached their highest point. Items are again given in millions of dollars:

	Apr. 19, 1922	Mar. 22, 1922	Nov. 5, 1920
	(000's omitted)		
Bills discounted	\$553	\$616	\$2,827
United States securities held.....	532	443	295
Federal Reserve notes.....	2,181	2,183	3,354
Total deposits	1,853	1,775	1,852
Total reserves	3,120	3,105	2,170
Reserve ratio	77.3%	78.4%	43.0%

SECURITIES

Under the stimulus of lower call money rates and increasing optimism, stock quotations have been moving upward with comparative steadiness. Bond prices have shared in this advance, and a number of the Liberty bond issues have recently been sold at par or higher. With better prices, greater activity has developed in the market. Million share days have been frequent, and on one day, April 17, transactions on the stock exchange amounted to 2,129,300 shares.

Below is given a tabulation of average security prices on April 19 and March 22:

	April 19	March 22
Average of:		
20 industrial stocks	\$92.52	\$87.26
20 railroad stocks	84.32	79.61
10 first grade rail bonds.....	87.65	86.66
10 second grade rail bonds.....	85.71	84.89
10 public utility bonds.....	86.49	84.79
10 industrial bonds	94.27	92.74
40 bonds	\$88.53	\$87.27
4 Liberty bonds	99.53	98.51

COMMERCIAL PAPER

The demand for commercial paper, although not as great this month as during the second half of March, has been fair, and dealers report that a satisfactory volume of business has been done. Some of the large city institutions that were prominent as buyers last month have withdrawn from the market, and country banks have also purchased less, the lower rates at which paper is offered not appearing attractive to them. Banks in the hard coal region have bought very little, as the strike makes it necessary that they hold their funds in a very liquid condition. Pittsburgh, which, however, is not in the Philadelphia district, has bought much more freely as a result of the improvement in the iron and steel trades.

Sales at $4\frac{1}{4}$ per cent were made for the first time in this market at about the date of the announcement of the new series of Treasury certificates bearing interest at $3\frac{1}{2}$ per cent. Since then offerings of a few names have been made at 4 per cent, but no sales have been consummated at this rate.

Several months ago the market for commercial paper was greatly disturbed by the rate of $4\frac{3}{4}$ per cent on Government paper issued at that time. The net return on those notes was considerably higher than could be obtained from purchases of commercial paper, and therefore business in the latter came almost to a standstill. Now, however, conditions are reversed, and it is expected that sales of paper will increase. The supply has shown very little change,

and new names are still scarce. Market rates are from $4\frac{1}{4}$ to 5 per cent.

BANKERS' ACCEPTANCES

The demand for acceptances from the banks, and from out-of-town banks in particular, has been comparatively light. The Federal Reserve Bank, however, has continued to purchase actively. There is a general desire to obtain a higher rate of return than acceptances are yielding at this time, but as the supply of short-time investments bearing higher rates grows smaller, attention may be turned more definitely to the acceptance market. The issue of certificates of indebtedness at $3\frac{1}{2}$ per cent does not attract funds away from the acceptance market as strongly as did the older issues, which bore $4\frac{1}{4}$ per cent and more. Despite the fact that demand can only be termed fair, the supply of bills has not been adequate to meet it. This is especially true of this district, as may be seen in the tabulation given below, in which the consolidated reports of five dealers on acceptance transactions within the Third Federal Reserve District have been reduced to weekly averages for the periods indicated:

	Weekly averages February 13 to March 12	March 13 to April 16
Acceptances purchased within Third District	\$420,000	\$530,000
Acceptances sold in Third District:		
To Federal Reserve Bank.....	1,842,000	2,548,000
To other Philadelphia banks.....	220,000	418,000
To out-of-town banks	555,000	21,000
Total sales	\$2,617,000	\$2,987,000

The reports of twelve accepting banks in this district indicate an increase in the volume of acceptances executed. For the period ending April 10 this amount was \$3,097,000, as compared with \$2,365,000 in the previous month, and \$4,558,000 a year ago. The financing of foreign trade continues to account for the greater part of these, and cotton, coffee, sugar, grains and silk are among the principal commodities involved.

Offerings of prime acceptances up to 120 days' maturity have been made at rates ranging from 4 per cent a month ago to $3\frac{3}{8}$ per cent at present. Sales, however, are generally made at $\frac{1}{8}$ of one per cent above these figures.

SAVINGS DEPOSITS

An increase of 0.1 per cent during March occurred in savings deposits, as reported by 80 banks scattered throughout the Third Federal Reserve District.

Lancaster and York show the largest decreases, but this may be ascribed to the fact that on April 1 it is customary in those cities to make settlement for real estate transactions. The total of all deposits was as follows: April 1, 1922, \$426,837,000; March 1, 1922, \$426,470,000; April 1, 1921, \$418,389,000. Percentages of increase or decrease by cities are given below:

	Number of reporting banks	Per cent increase or decrease April 1, compared with		
		March 1, 1922	April 1, 1921	April 1, 1920
Altoona	5	+1.0%	+ 1.1%	+16.6%
Chester	5	+ .7 "	-13.6 "	- 4.7 "
Harrisburg	4	+2.0 "	+28.8 "	+68.6 "
Johnstown	6	(*)	- 4.8 "	+ 4.9 "
Lancaster	3	-1.9 "	+ 6.1 "	+29.5 "
Philadelphia	9	- .1 "	+ .7 "	+ 6.6 "
Reading	3	+ .2 "	+ 2.4 "	+21.9 "
Scranton	6	+1.2 "	+13.2 "	+38.6 "
Trenton	6	- .1 "	- 1.4 "	+ 5.7 "
Wilkes-Barre	5	+ .6 "	+12.8 "	+34.0 "
Williamsport	4	+2.2 "	+ 4.4 "	+24.5 "
Wilmington	5	- .1 "	+ .6 "	+ 6.2 "
York	5	-2.6 "	+10.7 "	+73.5 "
Others	14	- .1 "	+ 5.8 "	+22.8 "
Totals	80	+ .1%	+ 2.0%	+11.1%

(*) Less than 0.1 per cent decrease.

FOREIGN EXCHANGE

Most of the foreign exchanges, and especially the European, have again displayed remarkable strength during the past month. Sterling touched a high point of \$4.4219 on April 17, and closed, April 21, at \$4.4194. Francs and lire both made new high records, reaching 9.34 cents, and 5.49 cents on April 17. The neutral currencies were also somewhat stronger, and South American and Asiatic currencies followed the upward trend. Although this buoyant tendency in foreign exchange is to be expected during the spring, as a result of our lessened exports at this time, the present movement is more pronounced than that in 1921 or 1920. As seen in the accompanying table, giving exchange quotations on the principal foreign centers, foreign currencies show a marked improvement as compared with last month and last year.

The factors effecting and determining foreign exchange rates are so diverse and complex that it is difficult to ascertain the precise causes of this recent

display of strength. However, certain tendencies in our own foreign trade and in that of other countries are significant. During February, for instance, our favorable balance of trade fell to a new low of \$35,004,850, as compared with a value of \$271,924,410 for February, 1921. In March, it is true, the balance increased to \$74,000,000, but this sum was still considerably less than that for March, 1921—\$134,711,105. For the nine-months' period ending March 31, imports totalled \$1,879,599,918 and exports \$2,812,174,336, giving a balance in our favor of \$932,574,418. This compares with a balance of \$2,500,158,816 for the corresponding period of last year. But a large share of our excess of exports during the past year has been paid for by imports of gold. Thus, for the nine months ending March 31, 1922, receipts of gold from abroad exceeded shipments by \$413,222,787. And for February, when our balance of trade fell to such a low figure, the excess of gold imports over exports amounted to \$26,968,715, or 77.0 per cent of the value of our balance of merchandise shipments for the same month.

But, at the same time, the trade position of most of the European countries has become more advantageous. For February, Great Britain, for example, had an unfavorable balance of only 870,000 pounds sterling—an insignificant item in view of the large invisible exports of that nation. Hence, it is not surprising that the exchanges of European countries have improved considerably during the past few months.

FOREIGN EXCHANGE RATES

	April 21, 1922	March 21, 1922	April 21, 1921
London	\$4.4194	\$4.3776	\$3.9325
Paris .....	.0930	.0899	.0732
Antwerp .....	.0857	.0845	.0743
Copenhagen .....	.2124	.2122	.1809
Stockholm .....	.2602	.2612	.2378
Madrid .....	.1553	.1552	.1385
Amsterdam .....	.3796	.3775	.3474
Buenos Aires .....	.8059	.8312	.7113
Shanghai .....	.7529	.7198	.6700*
Berne .....	.1945	.1946	.1731
Milan .....	.0540	.0508	.0481
Berlin .....	.003598	.003522	.0151
Vienna .....	.000134	.000139	.0027

* Checks.

COMPILED AS OF APRIL 22, 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

	Apr. 19, 1922	Mar. 22, 1922	Apr. 20, 1921
Altoona	\$3,143,000	\$2,840,000	\$3,442,000
Chester	4,265,000	4,632,000	4,920,000
Harrisburg	7,231,000	6,678,000	5,965,000
Johnstown	4,424,000	3,825,000	5,042,000
Lancaster	5,531,000	5,410,000	5,819,000
Philadelphia	307,077,000	305,912,000	304,044,000
Reading	7,928,000	7,294,000	8,108,000
Scranton	12,648,000	14,656,000	12,184,000
Trenton	10,846,000	11,527,000	11,512,000
Wilkes-Barre	8,010,000	8,077,000	8,958,000
Williamsport	4,150,000	4,114,000	3,763,000
Wilmington	6,938,000	7,774,000	7,615,000
York	4,685,000	4,207,000	4,096,000
Totals	\$386,876,000	\$386,946,000	\$385,468,000

RESOURCE AND LIABILITY ITEMS

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

	At the close of business		
	Apr. 19, 1922	Mar 15, 1922	Apr. 15, 1921
Loans and discounts:			
Secured by U. S. securities	\$35,743	\$40,170	\$68,340
Secured by other stocks and bonds	205,512	197,732	202,885
All other	318,021	325,547	402,159
Investments:			
United States bonds	48,358	50,560	44,456
U. S. Victory notes	8,510	7,243	10,025
U. S. Treasury notes	14,902	18,159	.....
U. S. certificates of indebtedness	4,293	8,984	21,846
Other bonds, stocks and securities	169,207	162,800	156,172
Total loans, discounts and investments	\$804,546	\$811,195	\$905,883
Demand deposits	648,746	642,487	632,188
Time deposits	49,003	48,236	40,950
Borrowings from Federal Reserve Bank	21,140	25,526	108,748

STATEMENT

Federal Reserve Bank of Philadelphia
(000's omitted)

RESOURCES	Apr. 19, 1922	Mar. 22, 1922	Apr., 22, 1921
Gold reserve	\$228,591	\$212,900	\$182,879
Other cash	7,850	7,974	4,083
Total reserve	\$236,441	\$220,874	\$186,962
Discounts—secured by U. S. securities	40,650	49,299	108,198
Discounts—all other	13,243	19,160	36,035
Purchased bills	22,838	15,322	14,018
U. S. securities	26,292	22,792	32,340
Municipal warrants	102	102	.....
Total earning assets ..	\$103,125	\$106,675	\$190,591
Uncollected items	54,666	45,423	49,148
All other resources	1,718	1,594	2,421
Total resources	\$395,950	\$374,566	\$429,122
LIABILITIES	Apr. 19, 1922	Mar. 22, 1922	Apr. 22, 1921
Capital paid in	\$8,932	\$8,855	\$8,600
Surplus	17,945	17,945	17,010
Government deposits	1,576	4,129	5,488
Members' reserve account	111,624	101,450	101,218
Other deposits	1,988	1,250	989
Total deposits	\$115,188	\$106,829	\$107,695
Federal Reserve notes	193,864	186,202	233,467
Federal Reserve Bank notes	7,983	7,978	15,682
Deferred availability items	50,955	45,833	43,323
All other liabilities	1,083	924	3,345
Total liabilities	\$395,950	\$374,566	\$429,122

BUSINESS INDICATORS

	April 17, 1922	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	\$636,388,000	+ .3%	- 9.9%
Deposits	635,410,000	+2.5%	+ 2.2%
Ratio loans to deposits	100.2%	102.4%*	113.6%*
Federal Reserve Bank:			
Discounts and collateral loans	\$60,023,699	-7.1%	-57.9%
Reserve ratio	76.8%	78.3%*	55.2%*
90-day discount rate ..	4½%	4½%*	6%*
Commercial paper	4½%	4½%*	7½%*
	March, 1922	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	\$1,806,162,000	+15.8%	+ 2.3%
Elsewhere in district	118,031,000	+25.0%	+ 4.8%
Total	\$1,924,193,000	+16.3%	+ 2.4%
Building permits, Philadelphia	9,210,010	+11.3%	+223.0%
Post Office receipts, Philadelphia	1,473,037	+23.4%	+ 7.0%
Commercial failures in district (per Dun's)	96	93*	63*
Latest commodity index numbers:			
Annalist (food prices only)	182.710	+ .1%	+ .4%
Dun's	166.263	-2.0%	- 4.7%
Bradstreet's	11.5317	- .6%	+ 1.4%

*Actual figures.