

BUSINESS AND FINANCIAL CONDITIONS

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
FEBRUARY 1, 1923

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SUMMARY OF BUSINESS CONDITIONS IN THE UNITED STATES

Production and prices remained relatively constant in December while trade and credit showed the usual increases in the holiday season followed by declines in January.

The index of production in basic industries, after rising rapidly since last August, showed a slight recession in December, though production was maintained at a level near the peak of 1920. The output of pig iron and coal continued to increase, but the production of certain other commodities, particularly of cotton textiles and flour, showed declines. In southern districts the building industry continued active and in all parts of the country much new construction was projected.

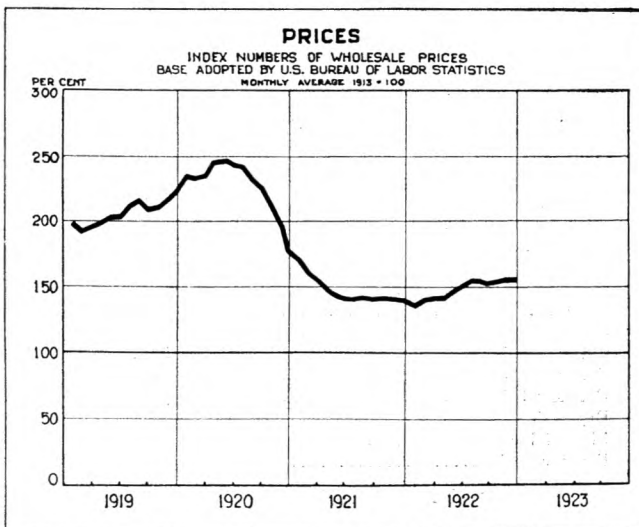
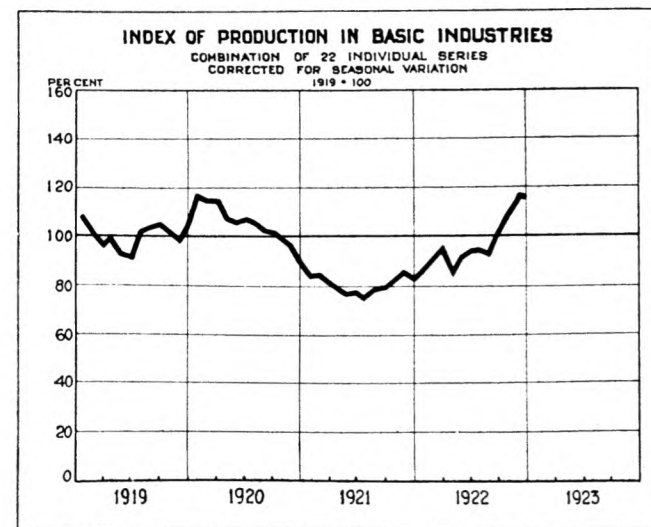
Railroad traffic continued heavier than a year ago, though the seasonal decline in car loadings and the

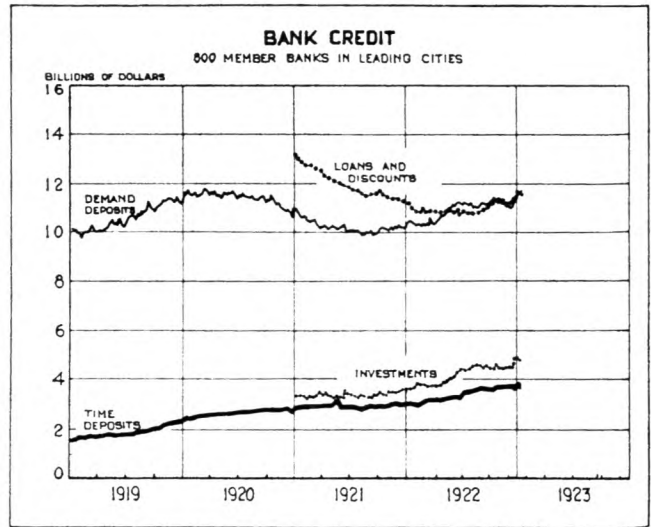
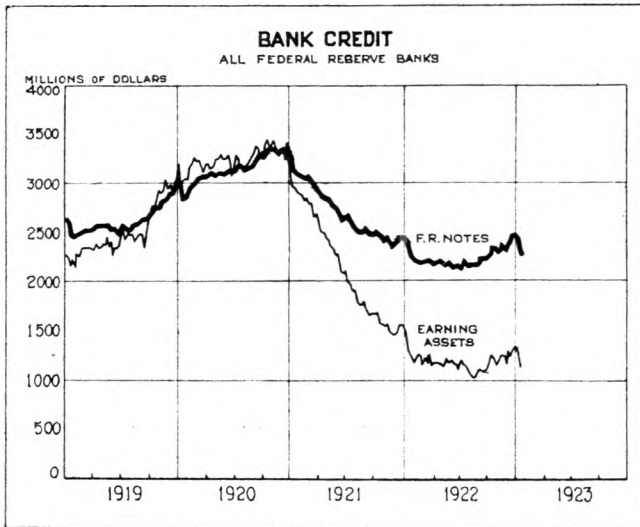
reduction in bad order cars partially relieved freight congestion.

Employment at industrial establishments made a further advance in December, accompanied by wage increases in certain industries. Some shortage of labor in the eastern districts was still reported, but in the Pacific States a substantial surplus of unskilled labor was indicated.

The general level of wholesale prices remained unchanged in December. Among various groups of commodities the price tendencies of recent months were continued. Prices of farm products, cloth, chemicals and house furnishings registered further increases, while fuel and metal prices continued to decline.

During January a number of basic commodities advanced in price and cotton, rubber and lead rose to the highest points since 1920.





Wholesale trade in most reporting lines showed a seasonal decline in December, but was considerably larger than a year ago. Farm implement dealers, however, reported larger sales than in November, and more than doubled their December, 1921, business. Retail sales of reporting stores during December reached the largest volume in the last four years.

Dividend and interest payments and the disbursement of Government funds in connection with the redemption of Victory notes and War savings certificates, together with the usual decline in the demand for currency after the holiday season, were attended by a large increase in the volume of new security issues and by somewhat easier money conditions. Open market commercial paper rates in financial centers, which were $4\frac{1}{2}$ to

$4\frac{3}{4}$ per cent, in December declined to $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent in January.

Member banks in leading cities reported an increase in demand deposits, an important factor in which was the usual seasonal flow of funds from country districts to financial centers. While the volume of loans on stocks and bonds decreased in the first two weeks of January, there was a somewhat larger increase in the investments owned by the banks.

At the Federal Reserve banks the principal change between December 20 and January 24 was a reduction of \$230,000,000 in Federal Reserve note circulation caused by the seasonal decline in currency requirements. Reserves increased \$65,000,000, while earning assets declined \$171,000,000. These changes are similar to developments during the same period a year ago, although the decline in earning assets was less than last year.

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SUMMARY OF BUSINESS CONDITIONS

IN THE

THIRD FEDERAL RESERVE DISTRICT

BUSINESS in the Third Federal Reserve District during January has held up remarkably well despite the fact that January is usually a month in which the demand from manufacturers is not heavy. A falling off from the marked activity of November and early December has occurred, it is true. But the reports received are almost unanimous in stating that this has been far less than was anticipated, and that the orders booked during the first three weeks of the new year have greatly exceeded those normally received in that period.

The much-quoted forecasts that business during the first three months of 1923 would continue the improvement of the latter half of 1922 are substantiated for the first month at least. But there is one factor in the present situation that is causing concern to manufacturers, jobbers, and retailers alike, and that is the continued rise of prices. General wholesale prices in December made no advance over those of November, the index number of the Bureau of Labor Statistics being 156 for both months. The weekly index of the prices of twenty basic commodities, compiled by the Federal Reserve Bank of New York, averaged 148.4 for both November and December. But the figure for the week ending January 19 was 151.9. The rise in the cost of raw materials and the increase in production costs have caused manufacturers to advance quotations. And this has been done although they realize that too great an advance may check buying. Thus far, there has been no general resistance to higher prices, but several cases of resistance have been reported by manufacturers. Several of the larger retailers have stated that although their stocks are low and they expect good spring trade, they are not placing large orders for future delivery at present prices because they fear that buying on the part of the public will be curtailed if retail prices are raised to the level which the new wholesale quotations will necessitate. The checking of rapid increases and the establishment of levels that will assure a continuation of present good business is the problem

with which industry and trade are most concerned at the present time.

Conditions in the iron and steel industry are especially good, for not only has there been no let-up in demand since November, but in fact an increase. The building situation, too, is good, and sales of building materials have been exceptionally large, considering the season. Little change has occurred in the coal situation. Demand for bituminous coal fell off slightly during the second week of January, owing to higher prices and to the increased supply which resulted from a somewhat better car movement. The demand for anthracite coal has become more insistent, but the supply has been far from adequate.

In textiles the volume of business has been larger than usual for this period of the year, but less than it was in the closing months of 1922. This has been especially true in the woolen and worsted industries, owing to the fact that most manufacturers refused to accept orders for fall goods before the openings which were made late in the month, because of uncertainty as to price levels. But judging from the number of inquiries received, considerable business will be done in the next few weeks. Spring goods, however, have been selling actively, and many manufacturers have taken so much business that they cannot make deliveries for some time. Sales of cotton yarns and goods have been fairly heavy, and this is true likewise of men's clothing. In silk goods, sales fell off between December 15 and January 15, but since that time there has been considerable evidence of a revival. Underwear manufacturers report large bookings of orders for fall delivery; in fact some manufacturers are booked to capacity and have withdrawn their lines. In the hosiery industry, however, there has been no general improvement. Makers of carpets and rugs still report exceptionally heavy demand, and linoleum sales are far greater than they were in January, 1922.

Shoe manufacturers have received a fair volume of business during the month, some having taken all the

SYNOPSIS OF BUSINESS CONDITIONS

COMPILED AS OF JAN. 23, 1923

THIRD FEDERAL RESERVE DISTRICT

BUSINESS	DEMAND	PRICES	FINISHED STOCKS	LABOR SITUATION		COLLECTIONS
				SUPPLY	WAGES	
Automobiles	Good	Trend uncertain	Moderate	Sufficient	Unchanged	Fair to good
Cement	Fair	Firm	Moderate; increasing	Sufficient	Unchanged	Good
Cigars	Very good	Firm	Light; increasing	Scarce	Unchanged	Fair to good
Clothing	Fair	Higher	Light	Scarcity, skilled	Unchanged	Good
Coal, anthracite	Excellent	Advancing	Light	Sufficient	Unchanged	Good
Coal, bituminous	Good	Declining	Light	Sufficient	Unchanged	Fair to good
Coke	Excellent	Declining	Light	Some shortages	Unchanged	Fair to good
Cotton goods	Good	Stronger	Light	Sufficient	Unchanged	Good
Cotton yarns	Fair	Advancing	Light; decreasing			Excellent
Drugs, wholesale	Fair	Upward trend	Light			Fair to good
Dry goods, wholesale	Fair	Upward trend	Normal, increasing			Good
Floor coverings	Excellent	Firm, some advances	Light	Sufficient	Unchanged	Good
Flour	Fair	Firm	Moderate; decreasing	Sufficient	Unchanged	Fair
Groceries, wholesale	Fair	Upward trend	Heavy; decreasing			Slow
Hardware, wholesale	Fair	Advancing	Moderate			Fair
Hosiery, full-fashioned	Fair	Firm	Moderate	Sufficient	Unchanged	Fair to good
Hosiery, seamless	Fair	Firm	Moderate	Sufficient	Unchanged	Fair to good
Iron and steel	Good	Advancing	Moderate	Insufficient	Advancing	Fair to good
Leather, belting	Good	Firm	Moderate	Sufficient	Unchanged	Good
Leather, heavy	Fair	Firm	Heavy	Sufficient	Unchanged	Good
Leather, upper	Fair	Firm	Moderate	Sufficient	Unchanged	Good
Lumber	Good	Advancing	Light	Insufficient	Advancing	Fair to good
Paint	Good	Advancing	Moderate	Sufficient	Unchanged	Fair
Paper	Good	Firm	Light; increasing	Sufficient	Unchanged	Fair to good
Paper boxes	Fair to good	Firm, or advancing	Light	Skilled; scarce	Unchanged	Fair
Plumbing supplies	Good	Advancing	Light	Insufficient	Advancing	Good
Pottery	Excellent	Advancing	Very light	Strike		Good
Shoes, manufacture	Good	Firm	Normal	Sufficient	Unchanged	Fair to good
Shoes, retail	Fair	Firm	Normal			Fair to good
Shoes, wholesale	Fair	Firm	Normal			Fair to good
Silk goods	Fair	Strong	Moderate	Scarce	Unchanged	Good; improving
Sugar, refined	Fair to good	Declining	Moderate; decreasing	Sufficient	Unchanged	Very good
Underwear, heavy weight	Good	Firm to higher	Normal	Sufficient	Unchanged	Fair to good
Underwear, light weight	Fair	Firm to higher	Normal	Sufficient	Unchanged	Fair to good
Woolen and worsted goods	Fair to good	Advancing	Light	Scarcity, skilled	A few advances	Good; improving
Woolen and worsted yarns	Fair	Advancing	Light	Scarce	Unchanged	Fair to good

orders they can fill for the Easter season. Sales of upper and sole leathers have increased materially and belting leathers have continued in good demand. The hide market, too, is more active, and the declines in price noted during December have now ceased. Paper manufacturers report that orders are smaller than they were during November and December, but are considerably ahead of those of January, 1922; and paper-box manufacturers also report a fairly good demand. In the cigar industry the demand is exceptionally strong, considering the season, and most manufacturers state that sales during the first three weeks of January were larger than during the same period for five years.

Manufacturers are still confronted with production difficulties. The freight situation has been relieved somewhat, but is still far from satisfactory, and the delivery of raw materials is being long delayed. Then, too, there is a scarcity of both skilled and unskilled labor in many lines. The extent to which labor is employed at present is disclosed in the report of the Pennsylvania State Department of Labor. That bureau estimated that there were only 15,015 unemployed in the cities of Harrisburg, Johnstown, Philadelphia, Reading, and Scranton on January 15, the lowest number since these statistics have been compiled. And it is especially noteworthy that but very few of this number are industrial workers. Apart from the scarcity, labor conditions are fairly satisfactory. The only strike of any importance at this time is in the pottery industry, where the men have been out since November 1. Some attempt has been made to operate, but without much success, and as a result the large orders that have been placed cannot be filled.

FINANCIAL CONDITIONS

Commercial loans of reporting member banks in the Third Federal Reserve District declined from 335.3 to 326.6 millions in the four weeks ending January 10, as contrasted with an increase in the national figures from 7,277 to 7,387 millions. Both local and national reports showed increases in secured loans and in demand and time deposits.

The fiscal activities of the Government on December 15 were reflected in much larger Government deposits and investments in United States securities in the statement of December 20. But by January 10, Government deposits had been greatly reduced, and the national figures showed a large falling off in holdings of United States securities. Similar investments of banks in this district, however, declined only slightly.

Comparative figures of reporting member banks in this district and in the country as a whole follow:

(000,000's omitted)	United States		Third District	
	Jan. 10	Dec. 13	Jan. 10	Dec. 13
Loans and discounts:*				
Sec'd by U. S. securities..	\$304	\$300	\$20.3	\$19.5
Otherwise secured	3,787	3,681	255.5	249.0
Commercial	7,387	7,277	326.6	335.3
Totals	11,478	11,258	602.4	603.8
Investments:				
U. S. securities	2,494	2,271	111.1	91.2
Other securities	2,194	2,260	183.5	181.6
Totals	4,688	4,531	294.6	272.8
Deposits:				
Demand	11,596	11,112	729.6	693.3
Time	3,715	3,691	65.0	58.3
Government	186	151	11.5	2.9

* Including rediscounts with Federal reserve banks.

The rediscounts of the Federal Reserve Bank of Philadelphia were 39.7 millions on January 17. This figure is not far from the low point of 35.6 millions last summer and is much below the high point of December, 62.7 millions. In the four weeks ending January 17 holdings of purchased paper declined only slightly, but United States securities dropped from 35.3 to 29.2 millions. Reserves increased, Federal reserve note circulation fell off strongly (as is usual at this time of year), deposits increased, and the reserve ratio moved upward from 71.7 to 76.9 per cent.

The figures for the Federal reserve system manifested the same general movements. One item, however—purchased paper—declined materially, from 252 to 201 millions.

Federal reserve figures are given in the accompanying table:

(000,000's omitted)	System		Philadelphia	
	Jan. 17	Dec. 20	Jan. 17	Dec. 20
Bills discounted	\$513	\$616	\$39.7	\$53.7
Purchased paper	201	252	21.5	21.7
U. S. securities	412	431	29.2	35.3
Total earning assets	\$1,126	\$1,299	\$90.4	\$110.7
Total reserves	3,214	3,157	244.9	240.2
Fed. res. note circulation.....	2,256	2,457	202.4	224.8
Total deposits	1,969	1,882	115.8	110.4
Reserve ratio	76.1%	72.8%	76.9%	71.7%

Dealers in commercial paper report a decline in rates, with the result that sales of paper bearing very good names have been made at as low as 4¼ per cent. In this district purchasers generally are asking a return of 4¾ per cent on their investments. A fair amount, however, is

moving at $4\frac{1}{2}$ and 5 per cent. Offerings of bankers' acceptances with maturities up to 90 days are currently made at 4 per cent. but bid rates are higher by $\frac{1}{8}$ per cent. The supply of both classes of paper has increased, and sales show improvement as compared with a month ago.

Rates in effect January 19 and one and two months prior to that date follow:

	Jan. 19 1923	Month ago	Two months ago
Fed. res. bank discount rates:			
Boston	4 %	4 %	4 %
New York	4 %	4 %	4 %
Philadelphia	$4\frac{1}{2}$ %	$4\frac{1}{2}$ %	$4\frac{1}{2}$ %
Chicago	$4\frac{1}{2}$ %	$4\frac{1}{2}$ %	$4\frac{1}{2}$ %
Prevailing rates:			
Commercial paper	$4\frac{1}{4}$ - $4\frac{3}{4}$ %	$4\frac{1}{2}$ -5 %	$4\frac{1}{2}$ -5 %
Bankers' acceptances	$4\frac{1}{8}$ %	$4\frac{1}{8}$ %	$4\frac{1}{8}$ %
Call money	5 %	$4\frac{3}{4}$ %	$4\frac{1}{4}$ %

Security markets, in the month ending January 19, were not conspicuously active, and prices fluctuated within comparatively narrow limits. The average of the four Liberty bond issues did not

Securities change, but the average of 20 industrial stocks declined .38, and that of 40 bonds dropped .45. On the other hand, the average of 20 railroad stocks increased 1.35. The number of shares traded in, up to and including the 19th of the month, increased from 12,830,000 in December to 13,095,000 in January; and the value of bonds sold increased from \$174,376,000 to \$175,482,000. Comparative average prices of the groups follow:

	Jan. 19 1923	Month ago	Two months ago
Average prices of:			
20 industrial stocks	\$97.85	\$98.23	\$95.82
20 rail stocks	85.33	83.98	86.11
10 first-grade rail bonds	87.17	87.65	87.21
10 second-grade rail bonds	83.72	84.47	84.44
10 public utility bonds	87.78	88.20	88.04
10 industrial bonds	94.88	94.89	93.97
4 Liberty bonds	98.56	98.56	98.33

During the past month rates on commercial paper have declined from $\frac{1}{4}$ to $\frac{1}{2}$ per cent, and at the same time the supply has increased considerably. Dealers

Commercial paper are now offering a good assortment of names, and since the opening of the year, they report a steady demand from their customers for funds. This latter condition was anticipated, as many borrowers had reduced their bills payable to a very low point at the inventory period.

Sales of commercial paper in this district began to increase in the latter part of December and have been

in fair volume this month. The large city institutions, however, have as a rule been slow to follow rates downward and have not bought heavily.

Paper of exceptional standing has sold at $4\frac{1}{4}$ per cent, but sales in this district, at that rate, have been few. New York and San Francisco, however, have purchased quite extensively at $4\frac{1}{4}$ per cent. Country banks are the best market, but in order to interest these buyers, higher rates must be named. The majority of sales made outside the city have been at $4\frac{3}{4}$ per cent, with a fair proportion at as high as 5 per cent. The new Government issue of $4\frac{1}{2}$ per cent notes has been attractive to many of the banks and has no doubt curtailed their purchases of paper.

During December the sales made by six reporting firms in the Third Federal Reserve District was \$6,787,930. This was a gain of almost 19 per cent as compared with November, when the same dealers' sales were \$5,717,448. Only five dealers reported sales for December, 1921, and in that month they sold \$4,070,101, as compared with \$5,137,930 sold by them in December, 1922. The latter figure represents an increase of more than 25 per cent. Sales in Philadelphia in December, 1922, were \$3,014,500, and outside of the city were \$3,773,430. Considerably more than half the paper sold during the month was at $4\frac{3}{4}$ per cent, but sales at both $4\frac{1}{2}$ and 5 per cent were large, and some paper sold at as high as $5\frac{1}{2}$ per cent.

For the third consecutive time increased sales of bankers' acceptances are reported by five dealers operating in this district. The weekly average for the four weeks ending January 14 was \$2,473,000, as against \$2,275,000 in the preceding period. Larger purchases by the Federal Reserve Bank were entirely responsible for this gain, however, and sales to others declined. Comparative figures of purchases and sales follow:

(000's omitted)	Purchases	Sales to F. R. Bank	Sales to others	Total sales
Weekly average for period from—				
Dec. 17 to Jan. 14	\$861	\$2,237	\$236	\$2,473
Nov. 13 to Dec. 16	224	1,670	605	2,275
Oct. 16 to Nov. 12	919	1,483	284	1,767
Sep. 17 to Oct. 15	336	1,317	132	1,449
Aug. 14 to Sep. 16	323	1,440	84	1,524

The reports of twelve accepting banks in this district show that the total of acceptances created in the month ending January 10 was \$4,095,000, as compared with \$3,465,000 in the previous month and with \$4,445,000 a year ago. Opinions of dealers concerning the market are conflicting. The supply of bills for instance, is described variously as scarce, fair, good, very good. And the comments upon demand are equally diverse. Rates for maturities up to 90 days—which are the

most wanted—are practically unchanged, 4 per cent being offered and $4\frac{1}{8}$ per cent bid.

The exportation of cotton and wheat, and the importation of sugar, silk, and hides, and storage of cotton, sugar, and tobacco are among the principal transactions covered by recent bills.

An increase of 4.1 per cent in savings deposits during December was reported by 80 banks in this district.

Savings deposits

That this was largely seasonal is indicated by increases of 3.0 per cent in December, 1921, and 3.3 per cent in December, 1920. The actual increase in the latest figures was from \$419,046,000 on December 1, 1922, to \$436,122,000 on January 1, 1923, or \$17,076,000. Of this amount, \$9,381,000 was interest credited to accounts during the month, leaving a net excess of deposits over withdrawals of \$7,695,000, or 1.9 per cent.

Total amounts on deposit on January 1 each year were: 1920 —\$372,828,000; 1921 —\$409,499,000; 1922 —\$420,123,000; 1923 —\$436,122,000. The following were the yearly increases: 1920, 9.8 per cent; 1921, 2.6 per cent; 1922, 3.8 per cent. Figures by cities are given in the following table:

Savings deposits in the Third Federal Reserve District (80 banks)

	Number of reporting banks	Per cent increase or decrease January 1, 1923, compared with		
		1922 December	1922 January	1921 January
Altoona	5	+1.6	+10.2	+ 8.0
Chester	5	+1.4	+ 2.2	- 14.2
Harrisburg	4	+1.5	+61.4	+103.2
Johnstown	6	+1.2	+ 1.4	- 2.0
Lancaster	3	+6.5	+29.5	+ 34.6
Philadelphia	9	+4.4	+ 2.5	+ 3.9
Reading	3	+4.3	+11.2	+ 13.0
Scranton	6	+8.7	+ 3.6	+ 21.3
Trenton	6	+1.5	+ 6.2	+ 2.2
Wilkes-Barre	5	+2.5	- 1.6	+ 14.0
Williamsport	4	+4.6	+ 9.3	+ 12.2
Wilmington	5	+ .8	+16.1	+ 16.1
York	5	+4.8	+12.0	+ 22.0
Others	14	+4.4	+ .8	+ 11.0
Total	80	+4.1	+ 3.8	+ 6.5

There has been little trading in the foreign exchanges during the past month, and to a certain extent this may be attributed to the usual holiday dullness. Rates have been irregular, and rather violent fluctuations have taken place in some of the European currencies because of the disturbed political situation. Sterling, however, after a slight decline following the announcement that American bankers were not yet prepared to negotiate a loan to Europe, recovered sharply. Since the arrival of the British Debt Funding Commission in Washington, rates have continued to advance, and President

Foreign exchange

Harding's recommendation for a longer funding period and a lower interest rate had a favorable effect. The continental exchanges, after fluctuating slightly during late December, suffered losses of several points upon the announcement that the French and British premiers were unable to come to a working agreement on the reparations question. And after the entrance of French and Belgian troops into the Ruhr district, a further decline took place in French, Belgian, Italian, and German rates. Marks started to decline immediately after the first of the year, within eleven days dropping over 50 per cent, and are now touching new low points daily.

The former neutral exchanges, likewise, have been somewhat irregular, but on the whole they have held their ground. Danish and Norwegian kroner, it is true, have depreciated slightly since last month, but this is attributed in some quarters to heavy selling for German account. South American and Far Eastern rates have been irregular. Rates on Hongkong, Shanghai, and Chile are slightly higher than they were a month ago, but Argentine pesos and Brazilian milreis have declined somewhat. Following a slight drop late in December, Canadian dollars regained much of the ground they had lost, and present rates are about equal to those of last month.

Foreign exchange rates

(Noon cables)	Par value	January 19, 1923	December 19, 1922	January 20, 1922
London	\$4.8665	\$4.6619	\$4.6310	\$4.2092
Paris .....	.1930	.0665	.0748	.0810
Antwerp .....	.1930	.0606	.0686	.0776
Milan .....	.1930	.0478	.0510	.0435
Berlin .....	.2382	.00005	.000145	.004948
Vienna .....	.2026	.000014	.000014	.000313
Amsterdam .....	.4020	.3959	.3994	.3643
Copenhagen .....	.2680	.1941	.2074	.2001
Stockholm .....	.2680	.2689	.2690	.2493
Madrid .....	.1930	.1559	.1575	.1490
Berne .....	.1930	.1867	.1893	.1943
Buenos Aires .....	.9648	.8417	.8613	.7632
Shanghai .....	.7082	.7221	.7061	.7370

RETAIL TRADE

In retail trade January is always a time when seasonal dullness, following a period of several months of great activity, gives the impression that business conditions are worse than they are in reality. This year, although the sales during the first half of the month were in most cases larger than they were last year, many merchants are complaining of the stoppage of buying. The fact that Easter comes earlier than it did in 1922 makes it imperative to dispose of winter stocks quickly, so that space can be made for spring merchandise, and special sales of all kinds are now the order of the day. The white goods sales always held after the holidays are reported to have met with suc-

Retail Trade

	COMPARISON OF NET SALES		COMPARISON OF STOCKS		RATE OF TURNOVER*		Percentage of orders outstanding Dec. 31, 1922 to total purchases in 1921
	Dec., 1922 with Dec., 1921	July 1 to Dec. 31, 1922, with July 1 to Dec. 31, 1921	Dec. 31, 1922, with Dec. 31, 1921	Dec. 31, 1922, with Nov. 30, 1922	July 1 to Dec. 31, 1922	July 1 to Dec. 31, 1921	
All reporting firms (133).....	+ 8.9%	+ 6.7%	+ 2.4%	-17.2%	3.4	3.1	8.0%
Firms in—Philadelphia	+ 8.2 "	+ 7.6 "	- .6 "	-17.5 "	4.0	3.6	8.0 "
—Allentown, Bethlehem & Easton	+13.8 "	+12.5 "	+ 4.3 "	-18.2 "	2.4	2.0	16.0 "
—Altoona	+ 5.9 "	+ 3.6 "	+ 9.7 "	-22.5 "	3.0	2.7	....
—Chester	+37.7 "	+31.2 "	.....	.....	.....	.....	.....
—Harrisburg	+13.6 "	+12.1 "	+18.2 "	-14.8 "	2.9	2.8	....
—Johnstown	+15.3 "	+ 1.9 "	- 3.5 "	-13.5 "	3.1	3.0	....
—Lancaster	+13.0 "	+ 3.6 "	+11.5 "	-20.2 "	2.7	2.6	9.8 "
—Reading	+ 9.5 "	+ 8.6 "	+ 3.8 "	-10.9 "	2.4	2.3	4.1 "
—Scranton	+ 6.8 "	- 7.2 "	+17.4 "	-23.2 "	3.7	3.2	....
—Trenton	+ 2.3 "	+ 8.5 "	- 7.6 "	-16.9 "	3.4	3.2	....
—Wilkes-Barre	+ 4.8 "	- 3.9 "	+ 6.3 "	-14.0 "	3.2	3.2	....
—Williamsport	+ 4.9 "	- 1.1 "	+14.9 "	-29.0 "	3.4	3.5	....
—Wilmington	+19.0 "	+18.9 "	+ .8 "	-13.5 "	2.1	1.7	5.3 "
—All other cities.....	+ 9.2 "	+ 4.9 "	+13.2 "	-15.3 "	2.5	2.6	6.1 "
All department stores	+ 8.9 "	+ 7.0 "	+ 4.6 "	-17.1 "	3.4	3.2	8.9 "
Department stores in Phila.....	+ 8.6 "	+ 9.0 "	+ 3.0 "	-16.7 "	3.9	3.6	10.0 "
Depart. stores outside Phila....	+ 9.2 "	+ 4.2 "	+ 6.6 "	-17.5 "	2.9	2.7	7.2 "
All apparel stores	+ 6.8 "	+ 3.2 "	- 7.4 "	-18.6 "	3.5	3.2	3.9 "
Men's apparel stores							
—in Philadelphia	+15.2 "	+ 9.7 "	+ 3.9 "	-12.5 "	2.8	2.6	....
—outside Philadelphia	+11.2 "	+ 5.8 "	- 2.0 "	-11.2 "	1.9	1.8	9.8 "
Women's apparel stores							
—in Philadelphia	+ 5.5 "	+ 1.1 "	-17.0 "	-22.0 "	5.0	4.1	2.8 "
—outside Philadelphia	+ .1 "	+ .1 "	+ 5.8 "	-21.0 "	3.6	3.6	2.9 "
Credit houses	+21.6 "	+19.8 "	+ 4.9 "	-10.8 "	3.1	2.8	7.4 "

* Times per year, based on cumulative period.

cess; and in fact many departments are doing the usual seasonal amount of business. The demand for furs has been reported as exceedingly poor throughout the past few months, and likewise that for sweaters and wool scarfs. During December, jewelry sales were in large volume, for much of the holiday buying of luxuries consisted in the buying of jewelry.

Advances have been made in many manufacturers' and wholesalers' quotations, and these have caused considerable hesitation on the part of a few buyers, who fear the effect of rising prices upon sales at retail. Up to the present, comparatively few of these advances have been apparent in retail prices, but during the next two or three months they promise to be more in evidence. Nearly all dry goods and some clothing lines are higher in price at wholesale than they were last season, because of the substantial increase in the cost of cotton and wool.

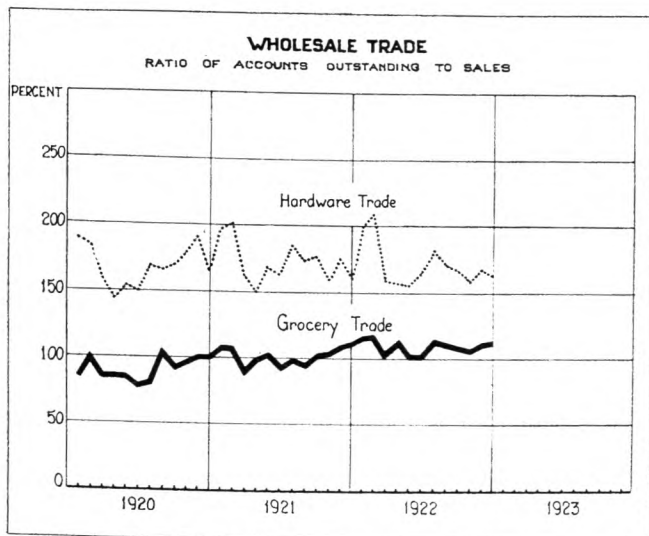
The accompanying table shows that retail sales during December were 8.9 per cent more than those of December, 1921. Some apparel stores, however, did not do as much business in December as in November. But this is usual, as the latter month is always a time of heavy purchases of winter wear both by women and men.

WHOLESALE TRADE

In most wholesale lines, sales in December were, for seasonal reasons, less than in November, but they were decidedly heavier than the sales in the same month of 1921. This improvement may be accounted for mainly by the increased employment since December, 1921. But rising prices and the moderate size of retail stocks have contributed to it.

The chart on page 9 shows that the trend of collections in both the hardware and grocery lines during the past three years has been toward slower payments. The two lines represent the ratios of accounts outstanding to sales in the wholesale grocery and hardware trades. In addition to the increasing tendency to delay payments, the improvement that occurs in both trades during March of each year is very significant. In August, collections are slow in both lines because of the vacation period.

Sales of drugs in December show a decided improvement over those of December, 1921, but they were slightly smaller than the sales of the previous month. Since January 1, the demand has somewhat improved. A small part of the



During the last three years, collections in both the hardware and grocery trades have been getting slower. The ratio of accounts outstanding to sales reflects seasonal improvement in March of each year, but in mid-summer collections are slower.

Source—Federal Reserve Bank of Philadelphia

January orders may be ascribed to the desire of retailers to replenish items which the annual inventory showed to be low. Practically all orders are for spot delivery.

Supplies of drugs and chemicals are easily obtainable, except for a few that originate in Russia. Stocks of wholesalers are light, but are increasing slightly. That prices are becoming stronger is shown by the following index of 40 crude drugs, compiled by the *Oil, Paint and Drug Reporter*:

Price index of botanical drugs			
Week of Jan. 23, 1923	Same week prev. month	Same week prev. year	1914
125.1	122.5	80.5	60

The market for fine chemicals has also been firm. Prices of methyl salicylate and alcohols have advanced, but that of menthol has declined.

Collections are reported to be fairly good. The

marked improvement that took place before the end of the year is revealed by a comparison of the ratios of accounts outstanding to sales for November and December. The former was 147.3 per cent and the latter 142.5 per cent.

Although December sales, as reported by 34 wholesale hardware dealers in this district, were 4.2 per cent less than in November, they were 18.8

Hardware per cent larger than those of December, 1921. Demand has been especially good from mines, railroads, and factories, and building contractors have also made fair purchases. A fair amount of orders for future delivery has been received, and an optimistic attitude pervades the trade as regards business during the coming months. In anticipation of good spring trade, many wholesalers have laid in fairly heavy stocks; but it is reported that retailers' stocks, although at present increasing, are only fair. The transportation situation continues to delay the receipt and shipment of goods. These difficulties, however, are largely the result of embargoes placed for short periods.

Collections continue to be fair. In December the ratio of accounts outstanding to sales was 168.8 per cent, as compared with 170.7 per cent in November, and 163.0 per cent in December, 1921.

The same improvement over the sales of December, 1921, as has been noted for other wholesale lines occurred also in the December sales of **Drygoods** drygoods. Nevertheless, they were 23.0 per cent less than the total for the month before. Although some orders are being booked for delivery in March and April, nearly 90 per cent are for immediate shipment.

The majority of stocks are of normal size; but as is usual at this season, they are increasing. The spring wash goods offered this year show a wide variety of colors and weaves. Because of advances in the raw material markets, prices of drygoods are moving upward. Shipments continue to be delayed, especially those from the South and West, but the situation is somewhat better.

Since January 1, collections have become slower, but they are still classed as "good." The December ratio of accounts outstanding to sales, which was 241.1 per cent, was larger than that of the previous month.

Condition of wholesale trade during December, 1922

	No. of reporting firms	Percentage of increase or decrease in				Ratio of accounts outstanding to sales, Dec., 1922
		Net sales Dec., 1922, compared with		Accounts outstanding Dec., 1922, compared with		
		Nov., 1922	Dec., 1921	Nov., 1922	Dec., 1921	
Boots and shoes.....	13	-14.4%	+35.9%	-12.9%	+ 4.1%	238.7%
Drugs	16	- .8 "	+ 9.3 "	- 8.6 "	+18.5 "	142.5 "
Dry goods	22	-23.0 "	+16.7 "	-15.0 "	+ .3 "	241.1 "
Groceries	61	- 7.7 "	+14.9 "	- 5.6 "	+19.8 "	114.3 "
Hardware	34	- 4.2 "	+18.8 "	- 5.2 "	+23.6 "	168.8 "

Salesmen for wholesale shoe houses are now on the road soliciting orders for shoes for spring wear. As a rule they are meeting with fair results, and sales during January are ahead of those of a year ago. Men's shoes have sold especially well, and women's lines are improving as the month progresses. The demand for four-buckle arctics has been so large as not only to absorb the stock in the hands of wholesalers completely, but to necessitate the refusal of much business offered. Stocks of shoes in the hands of retailers are thought to be light, and this opinion is confirmed by the receipt of orders to hasten deliveries of certain articles, especially oxfords. Another feature of the business which shows improvement is the decrease in the number of failures among retailers, as compared with January, 1922. It is true that as usual the number of failures in January is somewhat larger than it was during previous months, but it is not great, nor are the liabilities heavy. During December, sales by the reporting firms decreased 14.4 per cent as compared with those in November, but increased 35.9 per cent as compared with those in December, 1921.

Collections, as is usual in December, became slower, and the ratio of accounts outstanding to sales rose from 231.8 per cent in November to 238.7 in December.

As was to have been expected, December sales of groceries were 7.7 per cent smaller than those of November, but the gain of 14.9 per cent over the December sales of 1921 shows that the wholesale grocery trade has improved decidedly. Although somewhat dull immediately after the holidays, the demand has held up surprisingly well through January and has been but little weaker than it was in December. Retailers are buying steadily, but as it is too early to book future orders for the 1923 pack, all business is for spot delivery. Deliveries on the future orders placed last fall have been completed, in spite of annoying delays in shipment of freight. However, the railroad situation has somewhat improved, and although western shipments are still slow, nearby shipments are made without difficulty.

Goods in greatest demand are canned corn, peas, and tomatoes; sugar, coffee, dried and canned fruits, beans, soaps, and milk. The sale of canned vegetables has no doubt been increased by the depletion of home-canned supplies.

During the month but few radical price changes occurred, but the general trend was upward. That the same condition existed in the latter part of December is illustrated by the fact that one firm reported 46 advances and 17 declines during that period. In January, higher prices were quoted on coffee, soaps, lima and pea beans, tomatoes, and rice. Sugar, prunes, and peaches went down.

Although stocks normally reach their peak at this time of year, they are heavier than usual because of the

late arrival of many shipments. As is customary during the winter months, stocks are decreasing; but in many cases they are not disappearing as fast as their owners had expected.

Collections are slow, and the chart shown on page 9 indicates that the ratio of accounts outstanding to sales cannot be expected to decrease until March. It is significant that the trend of this ratio is upward which means that customers are now taking longer to pay their bills than they did in either 1921 or 1920.

SUGAR

The demand for raw sugar is good, and many large purchases by refiners have been made during the month. The majority of these were for shipment from Cuba during January, but some were for shipment in February and March. The market displays great firmness, considering the fact that the harvesting and grinding season is now in full swing, and only slight decreases in price have occurred. For shipment on specified dates during January, prices ranged from $37\frac{3}{8}$ cents, c & f, early in the month, to $3\frac{1}{2}$ cents, c & f, at the close of the month. For delivery at Cuban ports during the first half of February the prevailing price was $3\frac{7}{16}$ cents, c & f; for delivery in the latter half of February, the price commanded was $3\frac{3}{8}$ cents, c & f. February or March shipments have been bought at $3\frac{3}{8}$ cents, c & f, but not many sales for such late delivery have been consummated, as refiners, as a rule, do not buy more than 30 days in advance of the demand for refined sugar.

Atlantic port refiners have purchased several cargoes of Porto Rican sugar during the month at prices corresponding very closely to delivered and duty-paid Cuban. Cargoes for clearance from Porto Rico on January 20, sold at 5.34 cents delivered, and for clearance on January 24 at 5.28 cents delivered. A few cargoes for shipment during the first half of February were purchased at 5.21 cents delivered.

The outlook for the 1922-1923 world sugar crop is still favorable and promises to exceed the 1921-1922 yield by a fair margin. Cable advices received from London, however, state that Messrs. F. O. Licht, the German statisticians, have reduced their estimate of the European beet sugar crop, exclusive of Russia, to 4,450,000 tons. This is a decrease of 88,500 tons from the Licht estimate of last September, and confirms the news that has been coming from Europe during the past month concerning unfavorable conditions.

Unfavorable weather during November and December in Germany, Czecho-Slovakia and France caused a perceptible decline in the yields of those countries

at the close of the sugar-making season. In September, Licht placed the Russian sugar-beet crop at 220,000 tons, but mail advices to the *American Sugar Bulletin* state that the season is over there and that the production of sugar up to the latest recorded date was only 30,000 tons. So it seems quite likely that Licht's estimate of September will not nearly be equalled. The European outlook is not so promising as it was a month ago, and if consumption in Europe continues to be as great in 1923 as it was last year, our exports of refined sugar to the continent will not show a great decrease.

The table at the foot of this page, based on statistics compiled by the *American Sugar Bulletin*, shows that in 1922 the United States imported more sugar than during any year in the past five years. In fact, the imports of raw sugar were the greatest in our history. Those from Cuba were over one million tons more than in 1919, the previous high year for the use of Cuban sugars in the United States.

Although there has been a steady increase in the call for refined sugar since the beginning of the year, the demand has not displayed quite the strength it showed in January, 1922. The first two weeks of the year are always characterized by light buying, and some refiners attribute the decline, as compared with a year ago, to the fact that invisible supplies held by wholesalers and large consumers, though still light, are heavier than they were then. Moreover, the present policy of the trade is to buy only from hand to mouth. The export demand is showing more strength than it has for the past two months, and several inquiries for export during February and March at prices below refiners' quotations have been made. Indeed, several sales for shipment abroad have been consummated by jobbers.

Quotations by refiners show a decline of 30 points from the prices listed a month ago. Refined sugar at

Atlantic ports is now quoted at 6.80 cents per pound, as compared with 7.10 cents last month. Soft sugars are selling at 6.70 cents per pound, as against 7.00 cents. On the Pacific coast, San Francisco refiners quote refined sugar at 7.20 cents per pound, or .3 cent less than in December. Beet sugar is bringing 6.70 cents per pound, showing a decline of .2 cent.

Though the invisible stocks of sugar are light, the *American Sugar Bulletin* states that stocks at the refineries on January 1, 1923, were back to war-time size, being 680,449 tons, expressed as raw sugar. On account of the light demand in December, the American refiners began the year with considerable stocks of refined sugar on hand. This fact shows that the decreased meltings during the month were in part due to rather large stocks at the refineries and not alone to the character of the demand. In the Philadelphia district no activity was displayed at the sugar plants until the second week of the month, and one refiner did not start melting until the tenth of the month. The meltings at Atlantic Port refineries during the first two weeks of January were 17,000 tons less than in the first two weeks of January 1922.

During the year 1922, the per capita consumption of sugar in the United States exceeded that of any year in our history, and we are now the world's greatest consumer of sugar. Willett and Gray compute the per capita consumption at 103.18 pounds, and the *American Sugar Bulletin* places it at 102.04 pounds. This is an increase of nearly 14 pounds over the figure for 1921, which was computed by the *American Sugar Bulletin* at 88.26 pounds.

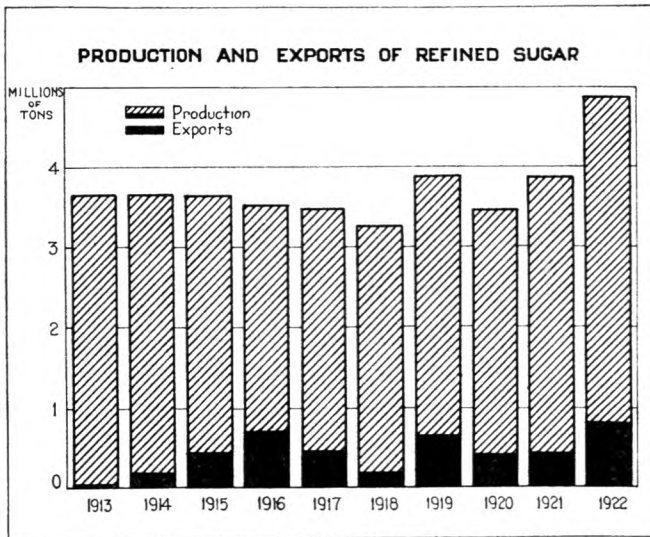
According to the per capita consumption figures of Messrs. F. O. Licht, the German statisticians, the per capita consumption of Australia was larger than that of the United States, but the year used by Licht ends on September 1, 1922. The Licht figures for 1921-1922 for the principal countries of the world, and their figures for the countries of Europe in 1914-1915, are found on page 12.

Source of supply of raw sugar used in the United States

Tons (2240 lbs.)	1922	1921	1920	1919	1918
Total Stock, January 1.....	909,645	1,182,883	375,111	685,582	420,437
Imports from:					
Porto Rico	331,122	415,470	378,250	307,653	356,357
Hawaii	499,886	484,590	487,603	529,599	464,355
Philippines	227,018	144,226	134,719	78,615	69,271
St. Croix	5,076	5,762	13,001	11,624	4,561
Total, free of duty	1,063,102	1,050,048	1,013,573	927,491	894,544
Cuba	4,009,635	2,302,665	2,526,632	2,971,680	2,205,530
Other countries.....	47,822	198,283	853,656	73,822	24,727
Total imports	5,120,559	3,550,996	4,393,861	3,972,993	3,124,801
Total United States production (Cane, beet and other).....	856,000	1,208,741	1,150,471	778,616	961,895

	1921-1922 lbs.	1914-1915 lbs.
North America		
United States	99	
Canada	97	
South America		
Brazil	20	
Argentina	57	
Europe		
Great Britain	70	90
France	35	39
Germany	54	75
Russia	5	29
Italy	12	10
Sweden	74	60
Belgium	44	43
Holland	68	53
Denmark	99	93
Czecho-Slovakia	32	37
Austria	24	37
Africa		
Egypt	27	
South Africa	56	
Asia		
British India	20	
Java	27	
Japan & Formosa	15	
China	5	
Philippines	24	
Australia	100	

The United States, Canada, Australia, and Denmark consumed more than 90 pounds per capita in 1922. Great Britain, which in 1915 consumed 90 pounds per person, consumed only 70 pounds in 1922. The per capita amount used in Germany last year was 21 pounds less than in 1915, and that in Russia 24 pounds less.



Since 1913, the annual exports of refined sugar have increased many times over. In 1913 our exports were only 23,000 tons. But in 1914 they had jumped to 174,000 tons, and in 1922 reached the enormous total of 813,000 tons

Sources—"Weekly Statistical Sugar Trade Journal" and "Monthly Summary of Foreign Commerce"

In 1922 the exports of refined sugar were the largest of any year in our history, exceeding those of the two previous best export years, 1916 and 1919. But as the accompanying chart shows, the percentage of the total amount refined which was exported was smaller in 1922 than in 1916. In 1916, one-fifth of the total amount of sugar refined was exported, but in 1922 only one-sixth.

FLOUR

Seasonal dulness now pervades the flour market, and reports from millers state that the demand is only fair. As compared with December, 1922, a sharp decline is apparent, and the business done this month is smaller than that of January, 1922. The export demand for flour is light, and the domestic market has shown little activity. The latter condition is due to the improvement in railroad transportation during the latter part of December, as a result of which many large consumers of flour who had heavy shipments in transit received sudden deliveries and as a result found themselves with large stocks on hand at the beginning of this month. Several mills report that a fair volume of orders for future delivery has been booked.

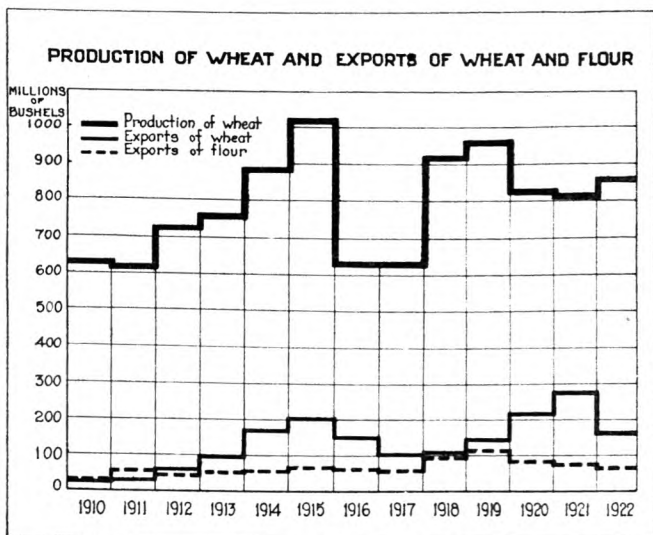
Although the export demand is rather poor, the quantity of flour shipped from the port of Philadelphia in December exceeded by a considerable amount the exports of December, 1921, and of December, 1920. Exports of wheat in December were smaller than in the same month of 1921 and 1920; but the present foreign demand for wheat is good, and the amount exported during January will probably equal that of January, 1922. During 1922, flour exports from Philadelphia decreased by 102,426 barrels, as compared with 1921; but wheat exports increased 5,903,680 bushels. The following figures, compiled by the Commercial Exchange of Philadelphia, illustrate these facts:

Exports of flour and wheat from Philadelphia

	Flour (in barrels)	Wheat (in bushels)
The year of 1922	579,568	33,960,123
The year of 1921	681,994	28,056,443
December, 1922	42,609	2,919,369
November, 1922	95,205	3,892,382
December, 1921	25,230	4,133,253
December, 1920	8,357	4,253,470

Philadelphia, however, is not alone in experiencing a decrease in flour exports, as statistics compiled by the Department of Commerce for the entire United States, show that since 1919 there has been a steady decline in exports of flour from this country. Shipments of wheat, the year 1922 excepted, however, have shown a steady increase since 1918, and thus it seems that European millers have regained their pre-war im-

portance. In 1918, as shown in the following chart, the amount of wheat exported as flour almost equaled the bulk wheat exported. At that time, owing to war conditions and to the regulation of the industry and of prices by the United States Grain Corporation, flour shipments increased. But with the reestablishment of peace and the dissolution of that corporation, American millers have been unable to compete in European markets in any large way.



Each year since 1914 the combined exports of wheat and flour have been more than double those of 1912. In 1921 about 43 per cent of the total wheat produced in this country was exported either in bulk or as flour, the greatest amount in any year of our history. Exports of flour expressed in bushels on the basis of $4\frac{1}{2}$ bushels to 1 barrel

Sources—"Statistical Abstract" and "Monthly Summary of Foreign Commerce"

The majority of flour mills in this district are operating at considerably below capacity, some at 85 per cent, others at only 50 per cent, the average being about 65 or 70 per cent. Despite the upward trend of wheat prices, because of good buying on foreign account, flour prices have shown practically no change during the past three months. Flour, today, is nearly one dollar a barrel less than it was a year ago. Flour stocks at the mills are moderate and are increasing slightly.

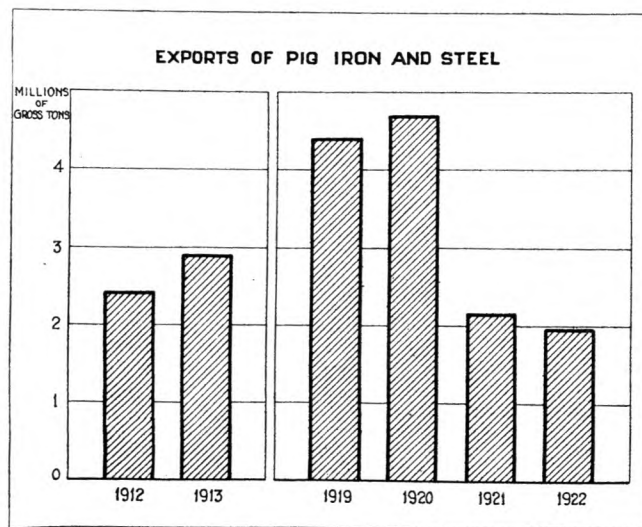
The revised estimates of the United States Department of Agriculture as shown below place the 1922 wheat crop at 46 million bushels more than preliminary estimates indicated. The 1922 wheat crop exceeded that of 1921 by 41 million bushels.

Revised estimates of the United States wheat crops		
(In bushels)		
	Crop of 1922	Crop of 1921
Winter wheat	586,204,000	600,316,000
Spring wheat	270,007,000	214,589,000
Total	856,211,000	814,905,000

IRON AND STEEL

Manufacturers of most iron and steel products have enjoyed exceptional business during the past month. The demand for pig iron was strong in late December and early January, and in most instances order-books for the first quarter are well filled. There has even been some disposition to buy for the second quarter. Iron bars and steel plates and sheets have been in great request, the principal purchasers being railroads, automobile manufacturers, and mines. Sales of structural shapes have been large, considering the season, and casting and forging plants have received substantial orders from railroads and textile plants. The building trades and mine operators have placed considerable business, largely for immediate delivery, with manufacturers of chains and wire rope. Machinery manufacturers, too, have felt the increased buying and have received attractive orders for quick delivery from oil wells, coal mines, automobile and textile manufacturers. Unfilled orders of the United States Steel Corporation, however, fell off for the second consecutive month, and at the end of December were 94,539 tons less than they were on November 30. Nevertheless, they were larger by 2,477,289 tons than at the close of last year's business. A growing feeling of optimism exists throughout the trade, but it is somewhat tempered by rather small profits.

Operations throughout this district vary considerably, but probably average about 80 per cent of capacity. That the average is not higher is due in a few cases to shortage of labor or other local conditions, but the smaller exports of iron and steel products and the growing imports have undoubtedly had their effect on production. The following chart shows the exports in gross tons for the two years prior to the war



Exports of pig iron and steel in 1922 were less than half those of 1919 and 1920, and considerably less than they were in the two years immediately prior to the war

Source—"Iron Age"

and for the last four years. It will be noted that the total for 1922 is considerably below that of the years immediately preceding the war, and is less than half that for the two years immediately following. Exports are even less than they were in 1921, which was a year of depression in the majority of countries.

Production for the entire country has continued at a high rate. Pig iron output in December totaled 3,086,898 tons, an increase of 237,195 tons over that of November and an amount greater than any monthly total since October, 1920. The total output of pig iron for the year equaled 26,880,383 tons, as against 16,543,686 tons in 1921. Several furnaces were put in blast during the month, and on January 1 the number active was 253, a gain of 11 over those on December 1. The total output of steel ingots during the month, by companies which in 1921 produced 87.50 per cent of the total, was somewhat less than the November production, the tonnage for the two months being 2,779,890 and 2,889,297 respectively. When it is taken into consideration, however, that there were fewer working days in December, it is evident that the daily output was at a higher rate than it was in November.

Prices have advanced considerably since the middle of December. Number 2 X Philadelphia iron is quoted at \$29, furnace, as compared with \$28 a month ago; and steel bars, shapes, and plates, following heavy buying since the first of the year, have been marked up \$2 to \$3 a ton. Because of embargoes upon shipments from New England, which section supplies a large portion of the old material used in this district, quotations on scrap during the past two weeks have advanced from \$1 to \$2 a ton. The rising quotations on pig iron during the past few weeks have, of course, not yet been reflected in further heavy imports from Europe, but a

certain amount of foreign iron continues to come into the port of Philadelphia. The accompanying chart shows how great has been the increase of importations into Philadelphia since the gradual advance in domestic quotations started last May. From a low point of 355 tons in February they reached the rather imposing figure of 64,055 tons in November.

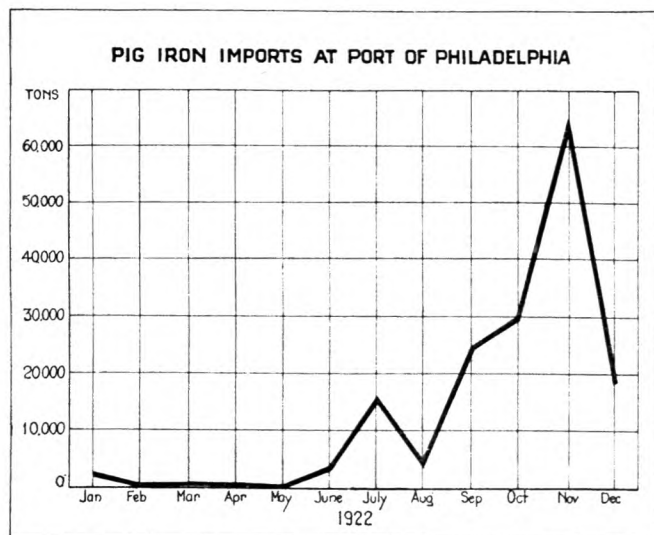
Shortage of both skilled and unskilled labor continues in certain sections, and here and there wage increases have been granted. As soon as warmer weather sets in, causing more men to seek outside employment, manufacturers anticipate even greater difficulty in obtaining sufficient laborers. Another problem facing manufacturers is the transportation situation, which, up to the present, has shown little improvement. Not only are incoming materials delayed in many cases, but deliveries of finished products are also slow. Shipments to New England, where many embargoes are in force, are especially difficult.

Collections are improving, and are said to be from fair to good.

AUTOMOBILES

Automobile dealers report exceptionally good sales for this period of the year. Although during the last quarter of 1922 demand was lighter than in the preceding three months, as was to be expected, sales in practically all instances were considerably larger than in the corresponding period of 1921. For the year as a whole, business in some instances was more than twice as large as that of the previous year. Deliveries from factories have been quite satisfactory, and although in certain cases they are several weeks behind sales, this is due rather to exceptional demand than to slow movement of freight. At the present time stocks of new cars are about normal, but they show a tendency to increase. This is customary at this period of the year, when extra cars are laid in for the spring trade. Stocks of used cars are also reported to be about normal for the season, and they too are increasing, as December and January are usually poor months for the movement of second-hand cars.

Several announcements of price reductions have been made during the past three months. It is felt in the trade that further reductions must, to a large extent, depend upon decreased merchandising costs. At present, dealers have fairly heavy expenses to meet in their used-car, advertising, and other departments, and the difference between the factory price and the dealer's price cannot be cut down greatly until some of these items are reduced. An increasing tendency is noted on the part of the public to purchase on a partial payment plan; indeed, as many as 95 per cent of certain lower-priced cars are sold on such a basis, and even some of the more expensive machines are being sold on a financing plan. Collections are good.



Since the advance in domestic iron prices commenced last May, imports of pig iron at Philadelphia have shown a marked increase, reaching a peak in November

Source—U. S. Customs Service, Philadelphia

BUILDING

After holding up remarkably well in the late fall months, building permits issued in fourteen cities of the Third Federal Reserve District declined considerably during December. Permits for the month totaled 1,639 at an estimated cost of \$10,639,801, as compared with 2,504 at a cost of \$15,357,321 in November. The estimated value for December, however, was over twice as high as that for the same month in 1921. Total permits for the year 1922 amounted to 34,660, as against 30,562 during the previous year, and the estimated value is nearly 45 per cent greater. Operations covering many of the permits issued recently have not yet been started, and for this reason the building trades are looking forward to extensive construction work as soon as open weather sets in.

Although sales of lumber have fallen off somewhat since the middle of December, as is to be expected at this season, they are, in practically all cases, in far greater amount than is customary for this period of the year. In many instances manufacturers and wholesalers describe the present demand as exceptional. Retailers are ordering their spring requirements, industrial users and furniture manufacturers are buying heavily, and railroads are purchasing in fair volume. Orders for immediate delivery still predominate, but substantial commitments are being made for future delivery. In some cases, mills and wholesalers are refusing to accept future orders because quotations are rising. All grades of lumber have been firm during the past month, and several have advanced. Certain grades of spruce, which have been quoted at \$27 a thousand since June, 1921, were raised to \$29 on January 1, 1923. And in

general the present prices of lumber are from 10 to 25 per cent above those of a year ago.

In the majority of cases, mills are working at capacity, and as transportation conditions have become easier during the past month, deliveries from southern points have improved considerably. Local wholesalers, however, are still meeting with difficulties in their New York and New England shipments because of the many embargoes in effect in that territory. But eastern Pennsylvania and New Jersey transportation is much more satisfactory.

Shipments from the west coast are large, but in many instances have been greatly delayed. Some cars are reported to have been in transit for as long as three months. Under ordinary conditions, shipment by water would have been as fast as this, but at the present time it is difficult to obtain shipping space on eastern bound vessels. As a result of these transportation conditions and of the heavy demand, stocks in the hands of wholesalers are not large, and many dealers report that it is impossible to build their surplus up to their normal spring requirements. At the mills, stocks are unusually light for this period of the year and are decreasing rather rapidly. Retailers in this district are thought to have fairly good stocks, as they have been getting deliveries on large orders placed during recent weeks.

Mills continue to report a shortage of common labor. In many of the southern fields supplying this territory, lumbermen say that their men are leaving in order to obtain work in the bituminous mines at higher wages; and in other districts not adjacent to the mines producers are bidding against each other for labor. These conditions, of course, have brought further wage increases.

It is the general opinion that collections are not as

**Building permits issued and their estimated cost
Third Federal Reserve District**

	DECEMBER, 1922			DECEMBER, 1921			JANUARY TO DECEMBER, INCLUSIVE			
	Permits	Operations	Est. cost	Permits	Operations	Est. cost	1922		1921	
							Permits	Est. cost	Permits	Est. cost
Allentown	20	20	\$126,650	23	.....	\$31,650	889	\$3,351,013	703	\$1,814,268
Altoona	67	72	267,915	32	.....	9,245	1,773	3,309,042	1,678	1,771,918
Atlantic City	313	313*	751,693	296	.....	524,751	3,878	8,975,069	2,564	7,015,332
Camden	51	56	284,295	78	.....	50,400	1,193	4,343,192	1,014	1,908,327
Harrisburg	29	38	145,500	23	.....	170,307	900	3,873,640	579	2,712,973
Lancaster	17	17	59,300	16	.....	49,350	792	2,641,065	576	1,435,386
Philadelphia	757	1,192	7,967,360	882	.....	3,070,455	14,477	114,880,540	14,184	42,790,780
Reading	37	87	80,850	94	.....	37,475	3,127	4,790,901	3,841	2,632,935
Scranton	74	74	353,300	30	.....	276,372	1,394	4,946,329	628	2,395,350
Trenton	56	64	141,085	69	.....	184,375	1,454	4,315,463	1,482	3,306,130
Wilkes-Barre	43	43*	289,374	34	.....	48,348	1,317	4,165,880	817	1,778,778
Williamsport	24	28	18,788	6	.....	7,470	1,036	1,535,615	482	1,450,788
Wilmington	63	99	130,215	48	.....	75,324	1,051	2,824,709	981	2,236,690
York	38	38	23,476	26	.....	29,385	1,379	1,286,205	1,033	1,010,196
Total	1,639	2,141	\$10,639,801	1,657	.....	\$4,564,907	34,660	\$165,238,663	30,562	\$74,259,851

* Do not report operations.

good as they were a year ago, and on the whole they show little change from last month. In general, they may be described as fair.

During the past two months cement manufacturers have noted a seasonal decline in demand, and this is expected to continue until spring buying commences about March 1. With the closing of the building season, few orders are being received for immediate delivery, but a fair amount of buying for the future is taking place. Sales are considerably better than they were a year ago, and operators are very optimistic about the coming year. As is customary at this season, several plants closed down for repairs during late December and early January, but practically all manufacturers intend to return to full-time operation before the end of the present month. Some factories have not closed down, but have attempted to build up their rather low stocks. At present, stocks are light for this period of the year, but they are increasing steadily, and most operators hope to start off the spring season with a fair surplus.

The situation as regards raw materials is satisfactory, except that coal—the principal one purchased—is about twice as high as it was last year. A few factories report some difficulty in getting deliveries on raw materials owing to the freight situation, but this condition is not general. Shipments to certain points, especially in New England, are hampered by embargoes.

Skilled labor is plentiful at this time, and no marked shortage of unskilled labor is reported. With the resumption of full-time operations, however, and with the coming of open weather, which will cause many men to seek outside employment, some manufacturers are anticipating considerable difficulty in securing their necessary supply of unskilled laborers. Several wage increases have been granted during the past year, and in some instances the wage scale is 50 per cent above that prevailing a year ago. As labor costs are among the largest in the cement industry, higher wages have naturally been reflected in advanced quotations. Prices are now about 25 per cent above those of last year, certain grades of cement, which at that time were listed at \$1.60 a barrel, now being quoted at \$2.00. Collections are good and compare favorably with those of a year ago.

Paint manufacturers have enjoyed very good business for this period of the year, and are unanimous in stating that sales are considerably better than they were a year ago. Retail dealers are now buying more heavily in order to build up stocks for the spring trade, and their orders are larger than has been usual during the past year. Sales to industrial consumers are also increasing, and this type of trade is becoming a more and more important factor. Under such conditions, operations are naturally at a fairly high rate, varying from 75 to 100 per cent of capacity. In some instances, however, operations have been curtailed by lack of labor, both skilled and un-

skilled. But on the whole the industry is not suffering appreciably in this respect.

Quotations on raw materials continue to advance. Lead products of various kinds have been increased to cover further advances in pig lead. Recent spot quotations on pig lead are 8.00 cents a pound, New York, and 7.80 cents, East St. Louis. Other raw materials have either been firm or have advanced further during the past month. Several paint manufacturers increased prices on their ready mixed paints by 25 cents a gallon on January 1, and others are planning similar increases on February 1. In those cases in which quotations had been raised late in 1922, the recent advance was only sufficient to bring the total increase to 25 cents a gallon.

Finished stocks in general are moderate. Transportation difficulties have hampered shipments somewhat in western Pennsylvania and New England, and have probably been the cause of the placing of a certain amount of the orders received. Collections show no improvement and cannot be classed as better than fair.

The majority of manufacturers of sanitary pottery are operating their plants at only a part of capacity, and some are completely closed down, owing to the strike of the National Brotherhood of Operative Potters. This strike was called on November 1, 1922, and up to the present, conferences between the union and members of the Sanitary Potters' Association, have failed to come to an agreement. The strike was caused by the attempt of the manufacturers to effect a 10 per cent reduction in wages. Although this reduction was approved by union leaders, who upon investigation decided that the competition of factories employing the casting method was such as to make reduced wages desirable in plants using the ordinary methods of manufacture, it was voted down by the union members. Since November, certain plants have attempted, with more or less success, to break in new men, and several manufacturers have adopted the casting process, for which practically unskilled labor can be used.

Although orders have been heavy, few manufacturers are able to fill them, and many are taking only future orders and making no promises as to delivery. In other cases, no orders of any kind are being accepted. Demand has been heavier than usual because many dealers are aware of the present operating difficulties and are placing large orders in the hope of obtaining some deliveries to build up their depleted stocks. As most manufacturers are operating at a low rate, stocks at the potteries are light and in some instances nil. Under such conditions, prices have advanced considerably, being at least 10 per cent above those of a year ago. Another factor causing higher quotations is the advancing cost of raw materials, including coal. Certain manufacturers are having difficulty in getting some of their raw materials because of transportation conditions, but the situation in this respect is not bad.

Collections are good and in many instances are reported to be better than they were a year ago.

Because of the decrease in building operations, the demand for plumbing supplies usually falls off at this season of the year, and although in some instances such a decline has occurred this year, sales during December and early January were in many cases larger than in the previous month, and in nearly all instances were considerably larger than they were a year ago. Orders for both immediate and future delivery are being received, approximately in the proportion of 60 and 40 per cent respectively. Some manufacturers are refusing future orders beyond a certain period, because of uncertainty regarding prices.

Operations are for the most part at capacity, but in certain instances, owing to insufficient labor or other causes, they are as low as 50 per cent. Supplies of raw materials are sufficient to maintain operations at a high rate, although some difficulties have been encountered in obtaining deliveries of certain articles such as coke and pipe. Sanitary pottery used by some manufacturers is hard to obtain because of the strike prevailing in the pottery industry. Prices on materials used in manufacture are advancing, and the present level is considerably above that of a year ago. Finished stocks are light, but in a few cases they are being gradually built up in preparation for the spring trade.

Quotations on all types of plumbing supplies are above those of last year, occasionally by as much as 40 per cent. Increased wages have been granted in some instances, and as a general rule the present wage scale is above that of a year ago. In Philadelphia no acute labor scarcity is reported, but a shortage of both skilled and unskilled workers is apparent in a few of the smaller cities.

Collections vary from fair to good.

COAL

The anthracite situation continues to hinge upon production, and except during Christmas and New Year's weeks, this has continued at a high rate. In the week ending January 13 production was estimated at 2,113,000 tons, as against 1,643,000 during the corresponding period of 1922; and in the first week of the year, 1,725,000 tons, as compared with 1,242,000 last year. Up to Christmas week, output had averaged about 2,000,000 tons a week. But though this is an excellent record, it is of course impossible to make up the loss caused by the five months' strike. How great this was is illustrated by estimates of the Anthracite Bureau of Information. Shipments in 1921 totaled 67,617,713 tons and those in 1922, 40,815,772, a difference of nearly 26 million tons, but total production in 1922 was only 52,485,000 tons, as against 90,473,000 in 1921.

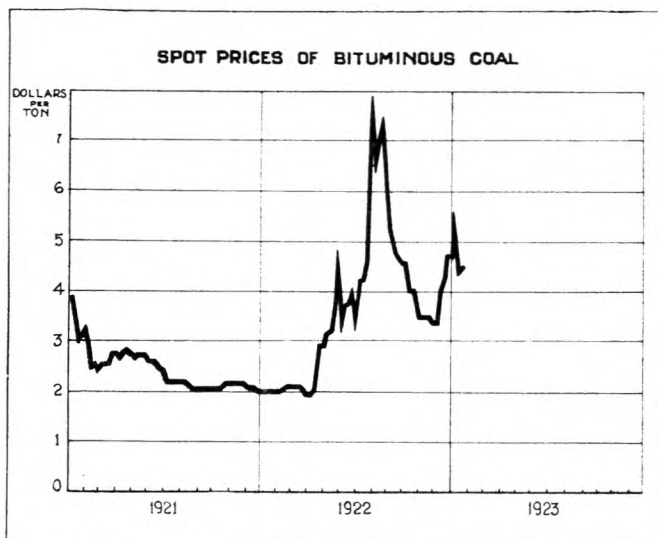
Demand has not increased, largely because it had already reached a maximum, but it has become more insistent. The colder weather of late December increased consumption, and retail dealers were besieged with orders. In many cases, householders have been obliged to buy coke, and even bituminous coal has found a ready market. Sales of steam sizes of anthracite have increased greatly, and operators who were obliged to store buckwheat earlier in the winter have been able to move a large portion of their stocks.

Except in isolated cases, quotations on domestic sizes remain unchanged. Steam sizes, however, owing to the growing demand, have advanced considerably. Number 1 buckwheat has recently been quoted at from \$4 to \$6 a ton, depending on the source of supply.

In general, miners are available in sufficient number, although one or two operators report a slight shortage owing to the high percentage of operations. Movement of cars from the mines continues to be satisfactory, shortage being reported in only one or two cases in the Scranton district.

Demand for all grades of bituminous coal was strong during the last three weeks of December and continued so until shortly after the first of January, at which time the market showed signs of weakness. Many industries that had been buying sparingly up to the middle of December suddenly placed orders, especially the steel companies, and public utilities and railroads continued to buy. Moreover, many householders were forced to accept bituminous as a substitute for anthracite, and retail dealers therefore made fairly heavy purchases. Beginning with the first week in January, however, higher prices acted as a check to buying, and a somewhat better car supply served to improve deliveries. Lack of power to move cars in the Central Pennsylvania district had kept production at about 40 per cent of capacity during December. Some operators state that the present shortage of cars is greater than they have ever experienced. That the present total output is possible under such conditions indicates the large number of small, high-cost mines that are now in operation. Estimates for the week ending January 13 show a total output of 11,172,000 tons. Production for the last week in December was 9,974,000 tons, which is larger than that for any Christmas week during the last five years. The total estimated production for the year 1922 is 407,712,000 tons, and it is expected that final returns will bring it nearly up to that of 1921, 415,922,000 tons.

As is customary during a temporary shortage of cars, spot prices advanced considerably during the last three weeks of December, the increases ranging from 50 cents to \$1.50 a ton, according to grade. After the first of the year, however, prices came down, in some cases as much as \$1 a ton. The chart on page 18 illustrates the fluctuations in the quotations on Pool 10 coal. AI-



Prices shown are for "Pool 10" grade at the mine. It will be noted that although present quotations are considerably below the peak of 1922, they are still more than twice as high as they were a year ago

Sources—"Coal Age" and "American Metal Market"

though prices are nearly twice as high as they were at this time last year, they are still only about half as high as they were in July, when the bituminous strike was in progress.

Little change is noted in the labor situation. Although the majority of mines have sufficient men to operate under present conditions, they would be unable to produce at capacity unless new men were obtained from the closing of certain high-cost mines. The small number of working days has considerably reduced weekly earnings, and some miners are said to be in sore straits. The conference of operators and miners, representing the Illinois, Indiana, and eastern Ohio districts, on January 24 renewed the existing wage contract for one year from April 1, 1923, in accordance with the recommendation of the Government Fact Finding Commission. It is expected that other districts will soon commence negotiations, and in all probability will follow the lead of the three-state conference.

The growing use of coke among householders as a substitute for anthracite brought about a greatly increased demand during the last three weeks of December. Industrial users, too, especially iron and steel manufacturers, were in the market, and as a result, quotations for Connellsville furnace coke, which were \$6.50 a ton early in December, had advanced to \$8.50 by the first of the year. Prices on foundry grade were about \$1 above those on furnace coke. Milder weather and somewhat better transportation conditions served to weaken the market after January 1, however, and on January 18, prices had receded to \$8.50 for foundry and \$8 for furnace grade.

Output of coke fell off during the holidays, but owing to heavier production previously, the total tonnage of

beehive and furnace coke for December was brought up to 3,063,000, as compared with 2,925,000 in November. In the Connellsville region, output continued to increase, and for the first week of the year was estimated at 217,850 tons, as against 192,410 tons in the previous week.

COTTON

If allowance is made for the natural falling off during the stock-taking period, the demand for cotton yarns during the past month may be described as fairly satisfactory. Even mercerized yarns, though in small request, sold about as readily as they have in like periods of previous years. Orders are being placed for both present and future delivery, but the larger portion are for delivery in March and April, because most manufacturers are covered on their immediate needs. Moreover, some dealers are unable to fill orders for prompt delivery because of their insufficient stocks. In fact, some stocks are lighter than at any time during the past three years and are still decreasing. However, supplies of mercerized yarn are moderately heavy.

On account of the strength of the raw cotton market, yarns have advanced over 10 per cent since December 1, and because of the greater demand for carded yarns, the advance on them has been proportionately greater than that on combed yarns.

Collections are very good and better than they were a year ago.

An excellent demand for staple cotton goods has accompanied the steady strengthening of quotations, but of course trading in all lines was interrupted by the stock-taking period at the end of the year. Orders booked during the holiday period were for immediate delivery, but now future orders also are being received. In contrast to the active demand for print cloths and sheetings, some allied cotton lines, such as towels, are seasonally dull.

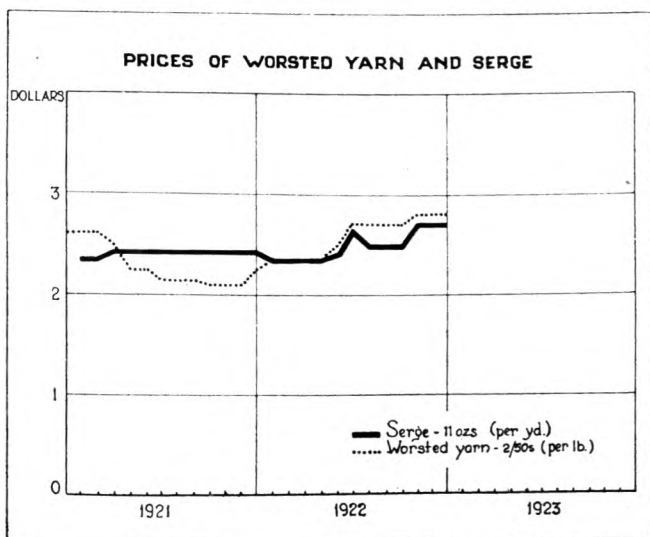
Supplies of raw materials are of average size, but except in some lines, finished stocks are light. Although many plants are producing at capacity, the average percentage of operations is about 75. In spite of some reports of a scarcity of skilled labor, most cotton mills have no difficulty in securing adequate help, and wages have not advanced. Collections are very satisfactory.

WOOL

During the past month there has been a fairly good demand for spring fabrics for both men's and women's wear, and the repeat orders have been much larger than those of a year ago. The orders being received are about equally divided between near and future deliveries, but some companies have booked so

much business that they cannot make immediate shipments. Needless to say, finished stocks are light.

The interest of the weavers is now centered in the openings of the heavy weight lines for next fall. As usual, mills waited for the American Woolen Company to announce its opening quotations before opening their own lines. The quotations of the big factor showed increases on account of the higher cost of raw material, but the advances on fabrics for men's wear, which averaged 12½ per cent for staple worsteds, and 16 per cent for staple overcoatings, were much less than had been expected. The price of Fulton serge (11 ounce), which is customarily used as an indicator, advanced to \$2.67½ from \$2.35 quoted a year ago.



This comparison of quotations on representative grades of yarn and cloth indicates that during the latter half of 1922 cloth prices were relatively low

Sources—"Textile World" and "Dun's Review"

The chart above indicates that the quotations on yarns advanced faster than the prices of cloth. Although serges are not in demand at the present time, the price of Fulton serge is one of the few cloths that are sufficiently standardized to use as a barometer. Since quotations on raw wool and tops were relatively higher than those on yarn, and those on yarn were relatively higher than those on spring goods, it was expected that fall lines would open at higher prices.

Mills in this district are operating at about 80 per cent of capacity. Some mills cannot run all their looms because of a lack of skilled men. Except for occasional advances of 10 per cent in some departments, wages have not changed.

Collections are good and are improving.

Yarns have continued in good demand from knitters and carpet manufacturers, but weavers bought little prior to January 15. Since that time, the demand has improved, and some large orders have been taken. Manufacturers of hosiery, and of men's hose

Woolen and worsted yarns

in particular, though they have made inquiries, have placed but little business.

On account of the quantity of orders booked for delivery during the next four months, spinners are operating on full time. Dependable labor, both skilled and unskilled, is scarce. In general, mills are well supplied with raw wool, but stocks of finished yarns continue to be light.

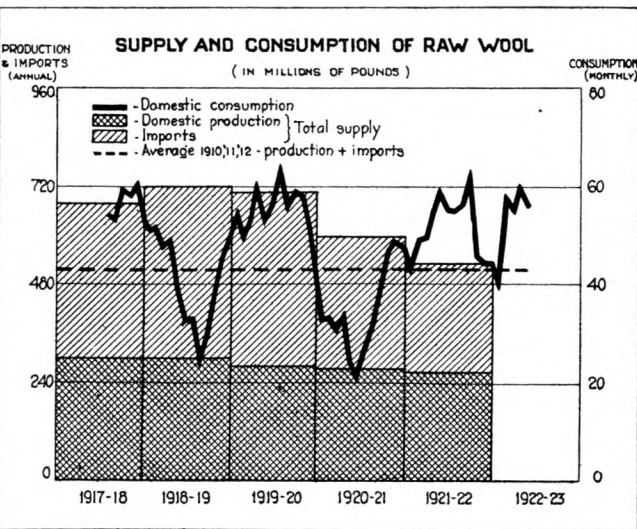
Yarn prices have been steadily advancing, and since December 1 have increased from 10 to 15 per cent. In some cases, they are almost 50 per cent higher than they were a year ago. Collections, although they have become slower since the holidays, are still good.

The fact that most spinners were supplied with sufficient wool to cover their requirements until after weavers had opened their heavy weight lines caused the customary dullness of the stock-taking period to continue late in January.

But in spite of the quiet demand, wool quotations have remained very firm on account of the advancing markets abroad. The influence of Australian and South American wools on our prices is now magnified because stocks of domestic wool have practically disappeared and what wool is bought must be imported.

It is said that dealers' supplies of domestic wools have never been smaller. In fact, good wools of all sorts are scarce the world over. With the exception of some stocks of cross-breds, the surplus that had accumulated by the end of the war, because of inadequate shipping facilities, has now been consumed.

Statistics show that the world's demand for wool during 1922 exceeded the supply, for the latter was seriously curtailed by the wholesale killing of sheep in 1921. That this excess of demand over supply during the past year has existed in the United States as well



The total supply of raw wool for each fiscal year is the sum of domestic production and imports. This is represented on the chart by the area of each of the five vertical bars, whereas the heavy line shows the monthly consumption

Source—Department of Commerce

as in the world as a whole, is shown by the chart at the foot of page 19.

During the last two fiscal years, both imports and production declined to such an extent that last year out total supply was but slightly larger than the pre-war average of the fiscal years 1910 to 1912. But since the beginning of 1921, the consumption of wool in this country has been mounting, and last year it far exceeded the supply.

CLOTHING

Clothing manufacturers find that the demand for spring lines of men's wear is good, and that the quantity of orders received is sufficient to permit production to approach capacity. Since the shipment of spring goods is just commencing, finished stocks have been increasing during the past month, but in most plants they are smaller than they were a year ago. Makers of tropical suits for mid-summer wear see indications of a good season ahead.

Spring suits are priced from 10 to 20 per cent higher than in 1922, owing to advances in the cost of fabrics and labor. Although the average level of wages is but little higher than that of last year, some establishments producing men's wear have made advances of 10 per cent. Current wages are about the same as those of 1919. Although several clothiers report that they are amply supplied with help, more than 70 per cent of those reporting to us find that experienced labor is scarce.

In the last quarter of 1922, collections were excellent, and though they became slower after Christmas, during the period when merchants were taking inventories, they are still satisfactory.

In spite of a decrease in demand during January, many shirt manufacturers report that they have orders for several months ahead, as a result of the excellent business booked prior to December 15. Many of these are for delivery in February and March, and it is significant that occasional requests are being received by manufacturers to make deliveries in advance of the specified time. In comparison with that of a year ago, spot demand has increased greatly. Factories are operating at 100 per cent of capacity in preparation for the busy shipping season, and consequently stocks at the moment are increasing. Many manufacturers have rather light supplies of raw materials, and shirtings are somewhat difficult to obtain, both because of scarcity in the market and of delays in transit. The freight congestion, though much relieved, is still a handicap.

Quotations on the silk and cotton fabrics used by shirt makers have advanced during the past three months from 5 to 15 per cent, and the trend of shirt prices is now upward. Present wages are about as high

as in the world as a whole, is shown by the chart at bottom of page 19.

Collections continue to be fair, but during the third week of January payments became somewhat slower.

SILK

Seasonal dullness curtailed the orders for broad silks between December 15 and January 15, but now the demand has revived. Much of the business booked is for spot delivery, although some orders are for the future.

Since the interest in taffetas, messalines and other yarn-dyed fabrics, which increased as usual prior to the holidays has again subsided, the crêpe weaves are once more dominant. Cantons, crêpe de chines, and the new flat crêpes are selling steadily. Although the demand for ribbons is still very quiet, the recent trend of fashions has made them slightly more popular.

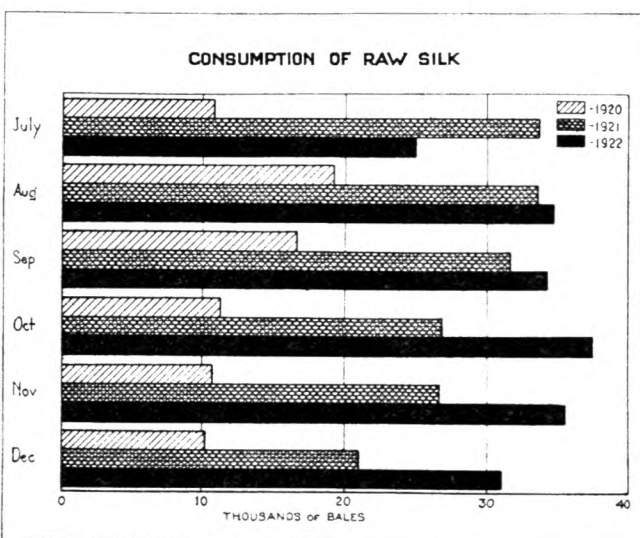
Broad-silk mills are operating nearly all of their looms except those that are adapted only to the making of plain weaves or that are idle because of lack of help. Skilled help is more scarce and in some localities is very difficult to obtain. Wages have not been advanced.

Manufacturers report that raw materials are easily obtained and that future orders for goods have been covered. Supplies on hand are moderate. Stocks of finished goods are normal. Prices of broad silks are tending upward, and although some mills have not greatly advanced prices during the past year, others have raised them 25 per cent.

Collections are satisfactory and are improving.

Men's clothing

Shirts



Increased consumption of raw silk by manufacturers reflects the revival which occurred during the latter part of 1922. Much of this gain, however, is attributable to the increased manufacture of knit goods and crepes, in which a relatively larger amount of silk is used than in other silk goods.
Source—"Silkworm"

Quotations on raw silk advanced sharply about the first of the year, and despite the quietness of the market, prices have remained near the high level of \$8.65—\$8.75 a pound for Double Extra Cracks.

The great recovery of the silk industry since 1920 is reflected by the chart on page 20. Because their products were considered luxuries, silk manufacturers were first to feel the slump in demand, followed by the tumbling of prices on raw materials, that occurred in all textile lines in 1920, and the silk consumption of that year was extremely low. Although the increasing consumption of silk in the last year may partly be accounted for by the vogue of knit goods and heavy crêpe fabrics, it also indicates renewed activity in the silk industry as a whole. Particularly significant are the large gains in deliveries to mills in October, November, and December, 1922, over those of the corresponding months of 1921. Whereas in both 1920 and 1921 the peak of consumption occurred in August, this year it occurred in October.

According to the following estimate of Henry L. Gwalter, the silk crop of 1922 was much larger than those of the two preceding years. It even exceeded the 1919 crop of 27,190,000 kilos, which had been the largest previous yield.

World's production of raw silk			
	1922 Kilos	1921 Kilos	1920 Kilos
Europe			
Italy	3,100,000	3,205,000	3,325,000
France	200,000	195,000	250,000
Spain	60,000	60,000	80,000
Total	3,360,000	3,460,000	3,655,000
Eastern Europe			
Levant and Asia Minor	500,000	550,000	750,000
Total	3,860,000	4,010,000	4,405,000
Asia			
Japan	18,000,000	16,500,000	10,890,000
China	3,910,000	3,815,000	3,550,000
Canton	2,780,000	2,530,000	1,890,000
India	100,000	105,000	95,000
Total	28,650,000	26,960,000	20,830,000

HOSIERY

The hosiery business, considered as a whole, has not shared in the improvement which in recent months has occurred in many manufacturing lines. It is true that some mills have been able to keep sold ahead and are running at full capacity, but there is no uniformity in this respect, and conflicting reports continue to be received from manufacturers making the same kind of

goods. The mills that are busy are as a rule mills that manufacture some specialty and were fortunate enough to purchase their yarns on a lower market than the present and at a figure that has enabled them to continue selling at unchanged prices. During the past month cotton and wool yarns have advanced sharply, and silk yarns are somewhat higher. Hosiery prices, on the other hand, are unchanged, and even so, a number of manufacturers report that they are unable to secure orders for staple lines. Men's wear has been more active than women's and some orders have been booked for wool and fibre socks for fall wear, delivery to be made during late spring and summer. It is reported that only the difficulty in making contracts for yarns has prevented the transaction of a considerably larger business in these goods.

Retail sales of hosiery during the holiday season were large, and stocks in the hands of retailers are thought to be light. As the season for silk hosiery is now approaching and contracts have been made for only a portion of the usual needs, manufacturers are looking for an increase in orders.

Collections by most manufacturers are reported as good, but some say they are slower than they have been for several months.

The following summary of the business done by reporting firms in the Third Federal Reserve District shows that production in December decreased and that orders booked in that month also decreased as compared with November.

Operations in the hosiery industry		
(In terms of dozens of pairs)	Dec., 1922, compared with Nov., 1922	Dec., 1922, compared with Dec., 1921
Firms selling to the wholesale trade:		
Number of reporting firms—31		
Product manufactured during December	— 10.4%	— 14.2%
Finished product on hand December 31.....	+ 4.0 "	+ 23.2 "
Orders booked during December	— 20.2 "	+ 17.5 "
Cancellations received during December	+ 7.9 "	+ 57.3 "
Shipments during December	+ .7 "	+ 1.0 "
Unfilled orders on hand December 31	— 2.4 "	+ 1.3 "
Firms selling to the retail trade:		
Number of reporting firms—12		
Product manufactured during December	— 11.2%	+ 29.9%
Finished product on hand December 31.....	+ 6.8 "	— 3.1 "
Orders booked during December	— 46.6 "	+126.8 "
Cancellations received during December	+116.7 "	+ 41.7 "
Shipments during December	— 20.3 "	+ .8 "
Unfilled orders on hand December 31	— 29.0 "	+100.7 "

UNDERWEAR

Heavy-weight underwear for the fall of 1923 has continued to sell freely and the advance business now booked is considerably larger than at the same time in the past two years. A number of mills have withdrawn their offerings, as their entire output has been contracted for. Prices obtained are in many cases higher than those of a year ago. Yarns this month have again risen, and some manufacturers state that if based on the present prices of yarns, their quotations for underwear would have to be further advanced.

Business in light-weight underwear has been quiet, and mills are working on orders previously taken. However, not all the spring business has been placed as yet, and there remains a considerable quantity of goods which will probably be bought within the next two months. The supply in jobbers' hands appears to be small, as February and March deliveries are in some instances now being called for. Labor conditions show little change, but reports are received of a shortage of skilled labor in some localities. Collections have improved and are satisfactory.

The reports received from firms in the Third Federal Reserve District, which are tabulated below, show that orders for winter underwear increased 59.8 per cent during December, as compared with November, and increased 88.7 per cent as compared with December, 1921. Production of winter underwear decreased 13.7 per cent during the month, as orders now on the books

Conditions in the underwear industry

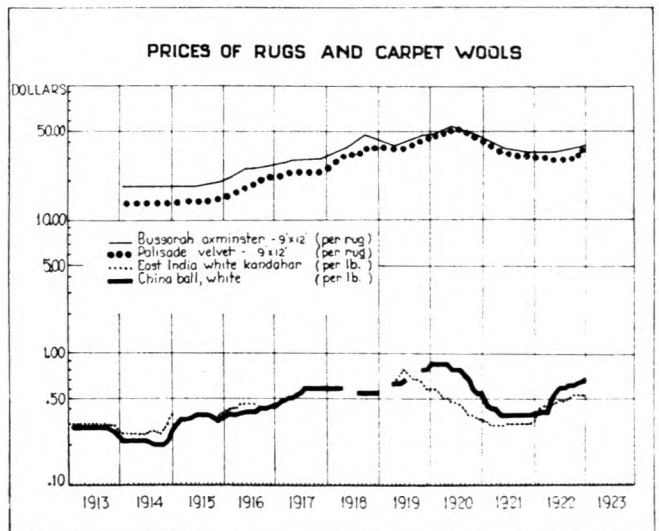
(In terms of dozens)	Dec., 1922, compared with Nov., 1922	Dec., 1922, compared with Dec., 1921
Summer Underwear:		
Number of reporting firms—13		
Product manufactured during December	— .1%	— 33.6%
Finished product on hand December 31	— 5.2 "	+ 33.6 "
Orders booked during December	+47.6 "	+ 64.1 "
Cancellations received during December .....	.....	.....
Shipments during December....	+74.0 "	— 26.7 "
Unfilled orders on hand December 31	— 9.6 "	— 11.5 "
Winter Underwear:		
Number of reporting firms—9		
Product manufactured during December	— 13.7%	+ 40.1%
Finished product on hand December 31	+224.6 "	+179.4 "
Orders booked during December	+ 59.8 "	+ 88.7 "
Cancellations received during December .....	.....	.....
Shipments during December....	— 31.8 "	+ 38.5 "
Unfilled orders on hand December 31	+116.9 "	+190.7 "

call for future delivery and therefore do not have to be made immediately. Unfilled orders for summer underwear decreased 9.6 per cent during the month, as deliveries have begun and the new business booked was not large enough to offset shipments.

FLOOR COVERINGS

The carpet and rug industry continues to be active, and plants making Wiltons, Axminsters, velvets, and tapestries are running at full capacity. The labor trouble which, during last month, threatened to curtail the production of velvets and tapestries has been settled by granting to employees an advance of 5 per cent in wages. Fibre goods, which have been extremely dull for a considerable time, are reported to be in increased demand, and mills making them show a gain in active looms. The only branch of the industry which remains inactive is that manufacturing rag rugs. Some mills producing these have fewer orders than they had a year ago, and plants are working at only a part of their capacity.

Prices of carpets and rugs were advanced on January 1 by some manufacturers of Axminsters, velvets, and tapestry, but not by all. In fact, one of the



Rug prices advanced steadily from 1914 to 1920, and carpet wool quotations rose from 1914 to 1919. Then they all fell for about two years. Of late they have risen and are now more than double the pre-war quotations

Sources—National Association of Wool Manufacturers and "Carpet and Upholstery Trade Review"

largest local manufacturers, who had previously refused to make contracts beyond January and whose prices had been expected by the trade to advance, advised buyers that orders would be booked at the old prices.

The chart above shows the range of prices of two of the principal grades of carpet wools and of a standard size of Axminster and velvet rugs during

recent years. Present prices for each of these four articles are at least double those of 1914.

Automobile manufacturers have been large buyers of rugs for their cars, and this has curtailed the yardage available for household uses. In this connection, mention may be made of the announcement that the American Woolen Company, which had previously confined its activities to the manufacture of cloths and blankets, has decided to make automobile rugs.

Linoleum manufacturers, after an unusually heavy month in December, report that their sales for the first part of January are much larger than they were in the same period of 1922. One of the local companies is planning a large extension to its principal plant, which when completed will increase its output considerably. Another favorable trade development is the gain in exports of felt-base goods, especially to Great Britain. Labor is reported to be in better supply, as regards both the number and the quality of the applicants, and some wage increases have been made.

Collections in all branches of the floor-covering industry continue to be good.

LEATHER

January is now considered a most important month in the shoe business because of the two large annual meetings held, that of the retailers in Chicago and that of the manufacturers in New

Shoes York. At the former, the style show is a leading feature, and those buyers who have not been able to decide what lines to buy for the spring trade, usually arrive at a decision at that time and place their orders either then or shortly afterwards. As Easter falls on April 1 this year, little time remains for buying for that important selling period, and it is reported that a very substantial amount of business has been placed at the show and since. Many manufacturers have now taken all the orders they can deliver during February and March.

Suede leather is at present the most popular leather for uppers for women's shoes, and gray and brown, in the order named, are the leaders. Some shoes are all suede, but the majority are a combination of suede with patent or other leather. Patent leather, after a vogue lasting for nearly three years, appears to be losing its leading place in the highest grade of shoes, except in combination with other leathers; but in the medium and lower grades it is still very popular. The cutouts which, in almost infinite variety of design, have been a great feature of the present season, are also going out, although they are still used extensively. The new season is apt to see some rather startling color combinations, especially with red, blue, and green leathers.

Shoe prices are steady and have changed only slightly during the month. Some of the cheaper lines, which

during the fall were advanced as much as 15 per cent, are now offered at concessions from the top figures; but on the other hand a few advances have been reported on very popular models made of suede. Prices of materials going into the manufacture of shoes, with the exception of cotton goods, have been steady, although the prices of some leathers, to large buyers, have been slightly shaded. Cotton goods for linings and for white shoes have advanced considerably in sympathy with the raw cotton market.

The production of shoes in this country in November, as reported by the Department of Commerce, was 30,608,948 pairs, which though nearly 500,000 less than in October, was larger than in any other month of the year. The accompanying table shows that production in the Third Federal Reserve District in December decreased 6.5 per cent as compared with November, but increased 4.7 per cent as compared with December, 1921.

Conditions in the boot and shoe industry

Number of reporting firms—41 (In terms of pairs)	Dec., 1922, compared with Nov., 1922	Dec., 1922, compared with Dec., 1921
Production	- 6.5%	+ 4.7%
Shipments	-10.5 "	+ 5.3 "
Orders booked	-38.1 "	+46.5 "
Orders on hand	- .9 "	+17.0 "
Cancellations	+51.7 "	.....
Stocks on hand	+11.0 "	-31.3 "
Number of operatives on payroll.	+ 1.9 "	+10.8 "

Sales of shoes at wholesale during January have been increasing. In most transactions delivery is specified for February or early March. The demand for four-buckle arctics has exceeded the supply, and stocks in the hands of wholesale houses have been exhausted. From the table printed on page 9 it will be seen that sales during December, although as usual smaller than in November, were 35.9 per cent larger than in December, 1921.

In the retail shoe stores January sales are in progress, and preliminary reports indicate that the volume of business is at least equal to that of last year. Sales in December, as given in the report on page 24, show an increase of 21.0 per cent as compared with those of November, and of 6.8 per cent as compared with those of December, 1921.

Sales of all leathers during January are increasing as the month progresses, and the total business transacted promises to be large. Sales of heavy leather are considerably larger than they were during the corresponding period of 1922, and the demand for belting leather continues unabated. Prices as a whole are being well maintained,

Retail shoe trade

(In terms of dollars)

1. Net sales:

(a) Dec., 1922, as compared with Nov., 1922...	+21.0%
(b) Dec., 1922, as compared with Dec., 1921...	+ 6.8 "
(c) July 1 to December 31, 1922, as compared with July 1 to December 31, 1921.....	+ 1.1 "

2. Stocks (selling price):

(a) Dec., 1922, as compared with Nov., 1922...	- 9.0%
(b) Dec., 1922, as compared with Dec., 1921...	- 9.0 "

3. Rate of turnover (times per year based on cumulative period):

(a) July 1 to December 31, 1922.....	2.9
(b) July 1 to December 31, 1921.....	2.4

Number of stores reporting above items:
1.....30 2 and 3.....26

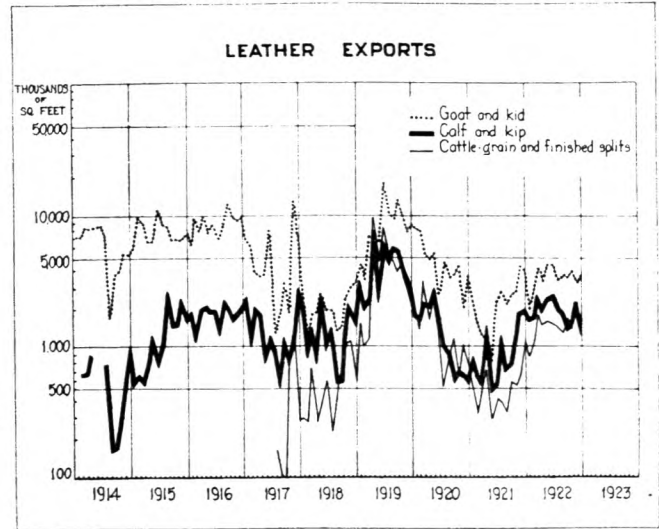
but it is reported that some shading of price has been indulged in to attract important business. Conditions are much the same in upper leathers as in heavy leathers; business is increasing and prices are fairly firm. But in certain selections of kid, of which stocks have accumulated, buyers have succeeded in securing lower prices. Calf leathers, especially suede, are in good demand. In grain-finished calf, heavy and medium weights sell freely, and light weights, although less sought after, are becoming more active. Owing to the multiplicity of shoe styles, the individual orders for calf leather are small, but they are in great number.

The following chart gives the exports of three leading upper leathers during recent years. Unfortunately, no records for cattle grain-leather were tabulated before the second half of 1917. The exports of calf and kip and of cattle-grain leathers during 1922 were larger than for any period shown except in 1919 and the early part of 1920. Foreign shipments of goat and kid leathers, however, although much heavier than in 1920, have not regained their usual volume. Great Britain during the past year has bought a fair volume of this leather, but many of the continental markets, which formerly consumed a considerable amount, have been almost entirely closed.

During November, according to the report of the Department of Commerce, stocks of finished leathers continued to decrease as is indicated in the following table giving the percentage of shrinkage:

Backs, bends and sides	-1.8 %
Belting butts	-7.4 "
Offal, sole and belting	-3.6 "
Cattle side, upper	-2.4 "
Calf and kip	-.02 "
Goat and kid	-5.7 "

Stocks of cabretta leather, rather unimportant in quantity, increased 1.7 during November.



Exports of leather decreased heavily in 1918 and again in 1920, but since then have been rising. Kid leather, however, is being shipped abroad in much smaller volume than it was before the outbreak of war in 1914

Source—"Monthly Summary of Foreign Commerce"

The continued lowering of stocks of finished leathers noticed during the past six or seven months has been accomplished notwithstanding a considerable increase in production. Sales of leather belting continue in satisfactory volume and show that in most lines production is being maintained at an average rate. Prices of belting are firm and are now based approximately on the present leather market. Little price cutting is reported.

Sales of packer hides during the past month have been large, but they were made to a comparatively few of the principal tanning interests. Early in January, prices were slightly lower than they were in December, but later they rose to about the December figures. The hides traded in, however, were not in most cases equal in quality to those which changed hands in the previous month. Argentine hides are now of the best season, and prices are firm and somewhat higher. Calf skin prices show very little change during the month, but if anything are fractionally higher. Sales have been in fair volume.

Goat skins, which a month ago were declining, are now stronger, and although tanners as a rule state that prices are too high, they have undoubtedly made considerable purchases of Indian skins. It is reported that there are more houses in India buying skins for American account than ever before. Therefore, as the season is now at its best, great activity is to be expected. China goat skins continue to be held at prices which seem high when compared with those of last season, but in China, too, an increasing business for shipment to America has been transacted, although the volume of sales reported is not large. It thus appears that

for the time being the decline in the prices of goat skins in most of the foreign markets has ceased and that some tanning interests consider it safe to buy at present levels.

PAPER

As January is always a month of slackened demand in the paper industry, some decline in business from the November and December levels was to be expected, and a slight decrease as compared with December, in the volume of orders booked for future delivery, is noted by most producers. However, they all agree that demand is much greater than it was in January, 1922, and some firms state that their orders are from 75 to 80 per cent greater than they were a year ago. Nearly all of the mills in this district are running at or near capacity. Makers of book and magazine papers have sufficient orders to maintain operations at 90 or 95 per cent of capacity. Manufacturers of wrapping papers report a sharp decline in orders during the first half of the month, but they are nevertheless running their plants at capacity and placing that percentage of product not on order in their stock rooms, being confident that the moderate stocks thus accumulated will be sold within two or three months. Producers of glazed papers report an active demand and are working at capacity on orders. The same is true of manufacturers of box-board. Makers of envelopes, however, find that the demand is only fair, and their production is about 70 per cent of capacity. Although the majority of orders are for immediate delivery, paper producers state that they are receiving more orders for future delivery than at any time during the past two years. The wholesale trade reports that the demand for all grades of paper is good, and that although it fluctuates sharply each day, the average daily total of sales is as large as it was in December.

Prices of most grades of paper are holding firm, and some increases have taken place. Paper-board and box-boards have advanced about 10 per cent since last month, and a slight advance has occurred in the cheaper papers made from mechanical pulp. Mechanical and sulphite pulps have advanced, but the prices of other pulps have not changed within the month. Ground wood pulp is higher because of the lack of adequate water supplies at many of the grinding mills. This is a temporary condition, however, and as soon as the streams rise, the supplies of mechanical pulp will cease to be scarce. All grades of imported sulphite pulps have recently advanced from 5 to 12 per cent, because of strikes in Scandinavian pulp mills, and the consequent decrease in production. Domestic strong unbleached sulphite, Mitscherlich, and Kraft pulps have reacted to the higher prices of imported sulphites, and have also advanced slightly.

On the whole, finished stocks at the mills are light, and, except in wrapping papers, are about the same as

they were in December. Stocks of wrapping paper held by manufacturers are larger than those of a month ago, but are considerably smaller than is usual at the close of January. Most paper producers have covered their requirements in raw materials, but many report that they are still unable to get more than a thirty-day supply of coal.

Transportation difficulties have been considerably lessened, and the only region in which serious embargoes still exist is New England. Heavy snowstorms in the New England states have increased the delays caused by inadequate and poor equipment on the railroads serving those states, and rail transportation there is very much demoralized.

The supply of unskilled labor is more abundant than at any time during the past three months. Skilled labor, too, seems to be sufficient, except with envelope makers, who report some scarcity. Wages are unchanged. The pay of unskilled labor is about 30 per cent higher than it was in July of last year.

Mills find collections to be good, although a trifle slower than they were last month. Wholesalers state that they are only fair.

PAPER BOXES

On the whole, the demand for paper boxes is fairly good. Manufacturers who produce boxes for the shirt, shoe, and hardware trades report that the call is better than it was in December, and the majority of these are operating at close to capacity. Those specializing in the production of hosiery boxes have found little or no improvement in demand since last month. Indeed, a few report a decrease in orders from hosiery manufacturers, and operations in these plants do not exceed 65 or 70 per cent. Makers of candy boxes note a sharp decrease in business, as compared with December, and are running their plants on a 70 per cent basis. Producers of extra fancy boxes for perfumers and makers of toilet specialties report a very good demand and state that for the first time in two years they are starting the year with enough business to maintain operations at capacity. The majority of paper box makers find the demand to be considerably better than it was in January, 1922, and anticipate substantial orders from salesmen now on the road. The average of plant operations in this district is probably from 75 to 80 per cent. Manufacturers of fibre containers and corrugated boxes report a good demand for their products and are operating at about 85 per cent of capacity. The majority of orders being received are for immediate delivery, but a few manufacturers have already booked substantial orders for delivery in March.

The prices of all kinds of box-boards advanced from 15 to 25 per cent during the month. Chip-board, which last month was quoted at \$50 per ton, has advanced to \$63; newsboard has jumped from \$55 to \$68 per ton,

and container board from \$70 to \$82 per ton. On account of this increased cost of materials, most box makers have been forced to advance their price-lists, but much price-cutting is still apparent in the industry, and several manufacturers complain that some of their competitors are selling boxes at below cost. This is especially noticeable in the cheaper grades of boxes, but competition is very keen throughout the industry.

Generally, stocks of boxes held by producers for their customers are not large. Raw material stocks, too, are light, as is shown by the big volume of orders received by paper and box-board mills.

The labor supply is now ample at most of the factories; but a few manufacturers report a slight scarcity of unskilled girl workers and of experienced skilled men workers. The general level of wages is the same as it has been for the past two months, although some increases have been granted recently to highly skilled men operatives at several factories.

Many box producers still complain of delays in railroad shipments, on inbound freight from the Western states and outbound to New England points. Delays to New England are even greater than they were in December, but freight from the West is coming through more quickly.

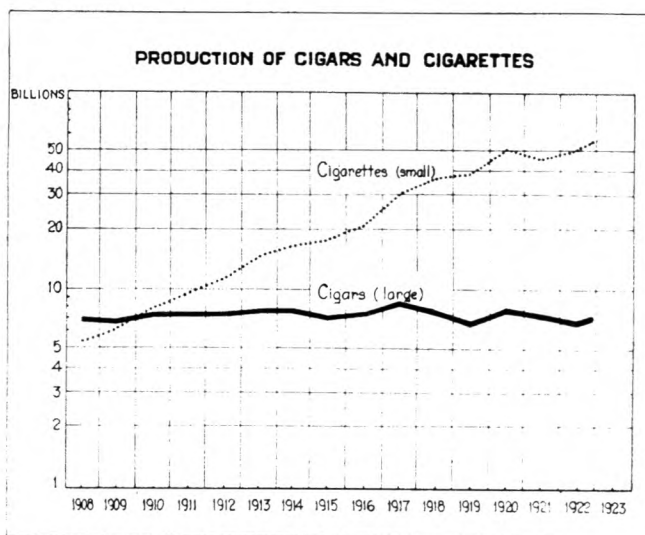
Collections are reported as being from fair to good. Several manufacturers note that they are somewhat slower than at any time since last November.

CIGARS

Considering the season of the year, the call for cigars is very good, and several large manufacturers report that they are still unable to supply the demand. January is normally the duller month of the year in the cigar industry, but many producers state that the orders now on their books are larger than in any January within their experience. All manufacturers, both large and small, are agreed that the demand is considerably better than it was a year ago. Class A and class C cigars, those retailing at 5 cents or less and at from 9 to 15 cents, are in greatest demand, and the large producers who specialize in these grades are very busy. The request for class B cigars, or those retailing at from 6 to 8 cents, is also good, and the big makers of this grade report that if the present demand continues throughout the year, the annual production will break all previous records. In general, the factories in this district are working at 90 per cent of capacity. Large manufacturers of class A and class C grades are running their plants at as close to capacity as possible and state that they still have some unfilled orders from 1922. Producers of class B cigars find that their orders are sufficient to take 75 per cent of their maximum output, but many of them are operating at capacity and placing their surplus production in stock. The smaller makers

also, with the exception of two who are operating at 60 per cent, find the demand to be good and are running at capacity. The majority of orders received are for immediate delivery, but the producers who are oversold are receiving many orders for future delivery. Several of the big cigar makers in this district are so impressed by the exceptionally good demand that they are planning further expansion of their output at an early date.

Had the production of cigars during the first six months of 1922 equalled the output of the last six months of the year, without doubt the year's production would have exceeded that of any previous year in the history of the industry. As shown in the following chart, the fiscal year ending June 30, 1917, was the banner year in cigar production. The output of cigarettes, however, for the fiscal year ending June 30, 1922, equalled that of the year ending June 30, 1920, which previously held the record:

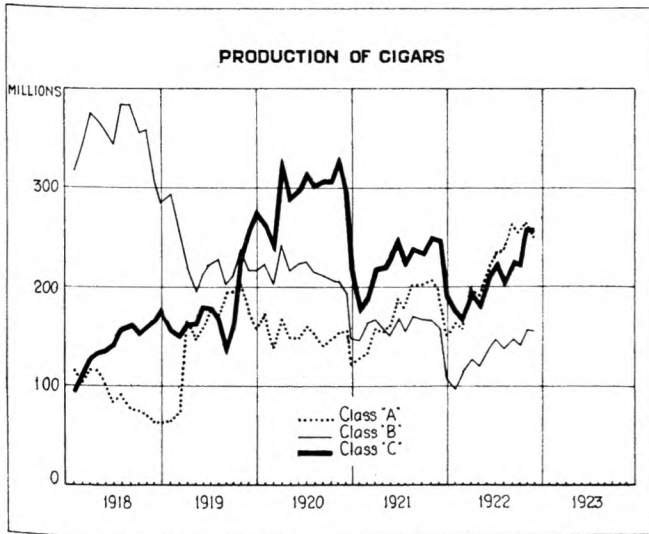


In 1908 we produced more cigars than cigarettes, being at that time principally a nation of cigar smokers. To-day the reverse is true, and cigarette consumption is seven times larger than that of cigars

Source—Commissioner of Internal Revenue

The chart on page 27 shows the output of cigars in classes A, B, and C since 1918. In 1918, class B production equalled the combined output of classes A and C. Since the summer of 1921 the output of both class A and class C has exceeded that of class B. In November of 1922 class C again assumed the leadership which it had held during 1920 and 1921.

Prices for all grades of cigars are holding firm, and reports from manufacturers state that their price lists are unchanged. The leaf market, in general, also is firm, although some very slight reductions have been made in certain grades of domestic wrapper. But the strong demand for fillers and binders has caused a slight stiffening in price on these grades, which tends to counterbalance any reduction in wrappers. The Lancaster tobacco market has been exceptionally active during the month, and Pennsylvania fillers are commanding dou-



Despite the business depression in 1921, class C (9 to 15 cents) cigars were the leading sellers; but during 1918 and most of 1919, class B (6 to 8 cents) were in heaviest demand. During the greater part of 1922 the production of class A (not over 5 cents) cigars exceeded that of the other grades; but as stogies, cheroots, etc., are included in class A it is highly improbable that the 5-cent cigar displaced class C in popularity.

Source—Commissioner of Internal Revenue

ble the price they did a year ago, and binders nearly 50 per cent more. Good grades of Havana and Porto Rican leaf are being sought by manufacturers who have not yet covered their requirements, and prices of these tobaccos have stiffened, too. The best grades of wrapper leaf from Java, Sumatra, and Connecticut have not

changed in price during the month, but the poorer grades of Connecticut shade-grown leaf have dropped slightly.

With the exception of class B grades, the stocks of cigars held by manufacturers are light. There has been an increase in stocks of 6 to 8 cent cigars at the factories, but this is a normal condition during the early winter months, and the stocks at these factories are not nearly so large as they normally are. The majority of producers have ample supplies of raw materials on hand and have their requirements well covered for months to come. Those who are not thus covered are able to secure what they need, though at slightly higher prices than prevailed a month ago.

The scarcity of skilled operatives continues, but semi-skilled and unskilled workers are more plentiful than they were last month. Usually in January manufacturers find the supply of cigar makers very plentiful; but this year the reverse is true, and this is indicative of the exceptional January activity in the industry. Wages are unchanged.

The majority of cigar producers are still adhering to express and parcel-post shipments, despite the fact that some improvement in freight deliveries is noticeable. The center of embargoes is the New England district, and to points there, freight deliveries are very slow. The industry apparently would rather pay the difference between express and freight rates than have their customers disappointed by delays.

The large manufacturers report that collections are good, but the smaller firms find them only fair.

COMPILED AS OF JANUARY 23, 1923

This business report will be sent regularly without charge to any address upon request

**OPERATIONS OF THE
FEDERAL RESERVE BANK OF PHILADELPHIA
DURING 1922**

A synopsis of the operations of the principal departments of the Federal Reserve Bank of Philadelphia during 1922 and comparative figures for 1921 are given in the table which follows. Re-discounts for member banks were less than in 1921, and currency receipts and shipments were slightly smaller, but in many other ways the member banks availed themselves more fully

of the facilities offered by the Bank. If the fiscal agency duties performed for the government be excepted, it is clear, from the figures showing the number of pieces handled, that the physical volume of work performed by the Bank as a whole in 1922 exceeded that of 1921.

	1922	1921	Per cent of change: 1922 compared with 1921
Re-discounts for member banks:			
Amount	\$2,450,843,000	\$3,872,367,000	-37 %
Number of items handled	49,019	71,054	-31 "
Number of banks accommodated	538	509	+ 6 "
Acceptances purchased:			
Amount	\$137,122,000	\$99,176,000	+38 "
Number of items	10,638	5,914	+80 "
Currency:			
Receipts and shipments	\$1,908,000,000	\$1,920,320,000	- .6 "
Pieces counted	123,686,000	104,744,000	+18 "
Coin:			
Receipts and shipments	\$49,459,000	\$36,850,000*	
Pieces counted	183,478,000	142,057,000*	
Transit—checks handled:			
Amount	\$13,576,545,000	\$13,035,022,000	+ 4 "
Number	55,215,000	52,230,000	+ 6 "
Collection items handled:			
Amount	\$452,257,000	\$364,897,000	+24 "
Number	344,000	221,000	+56 "
Government checks handled:			
Amount	\$303,678,000	\$462,551,000	-34 "
Number	1,898,000	2,066,000	- 8 "
Wire transfers of funds:			
Amount	\$2,991,481,000	\$2,144,882,000	+39 "
Number of messages handled	37,000	29,000	+27 "
United States coupons paid:			
Amount	\$63,852,000	\$69,587,000	- 8 "
Number	7,614,000	8,782,000	-13 "
Securities handled in connection with other fiscal agency activities:			
Amount	\$2,002,178,000	\$3,601,051,000	-44 "
Number of pieces	2,415,000	6,860,000	-65 "
As of December 31			
Securities in safekeeping for member banks	\$106,257,000	\$63,263,000	+68 "
State bank and trust company members	58	51	+14 "
Circulation of monthly report on business and financial conditions	12,850	9,800	+31 "

* Ten months, March 1 to December 31, 1921.