

# BUSINESS AND FINANCIAL CONDITIONS

THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
JUNE 1, 1923

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## SUMMARY OF BUSINESS CONDITIONS IN THE UNITED STATES

Production and trade continued in large volume during April. There was some slackening of business activity in the latter part of the month and during the early weeks of May, partly on account of seasonal influences.

The Federal Reserve Board's index of production in basic industries declined about 1 per cent in April.

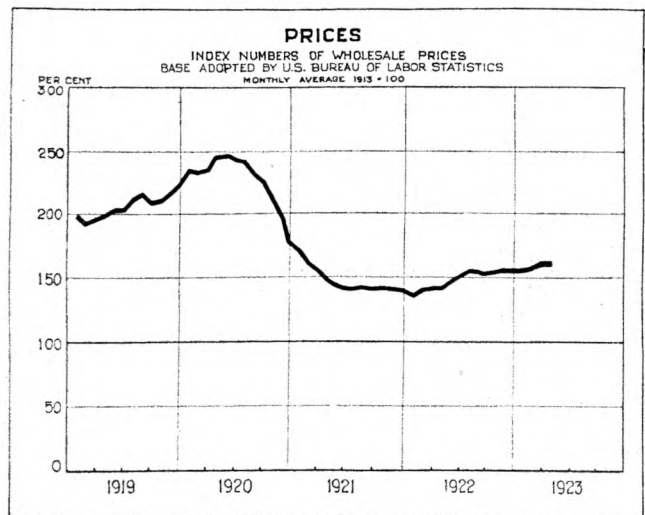
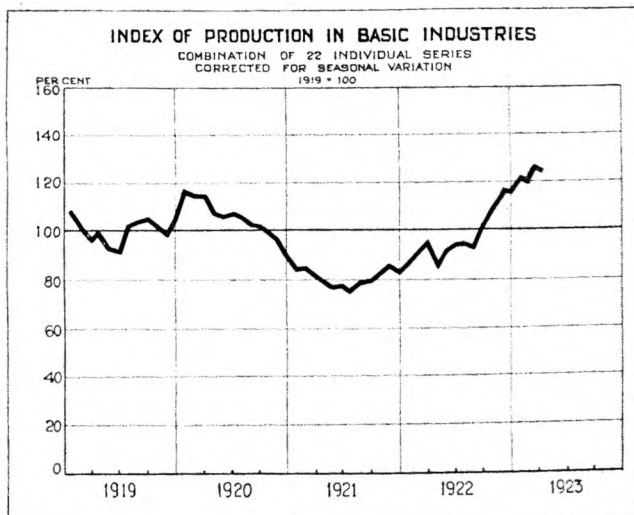
**Production** Production of lumber, anthracite coal, and mill consumption of cotton decreased, while there were increases in the output of pig iron and petroleum. There was a further increase in the value of building contracts awarded in April, but the value of building permits issued in 168 cities was 16 per cent less than the record figures of March. The decrease was due chiefly to a curtailment of new projects in New York, as the aggregate value of permits at other reporting cities showed an increase of 20 per cent. Car loadings continued to be much larger than in the corresponding

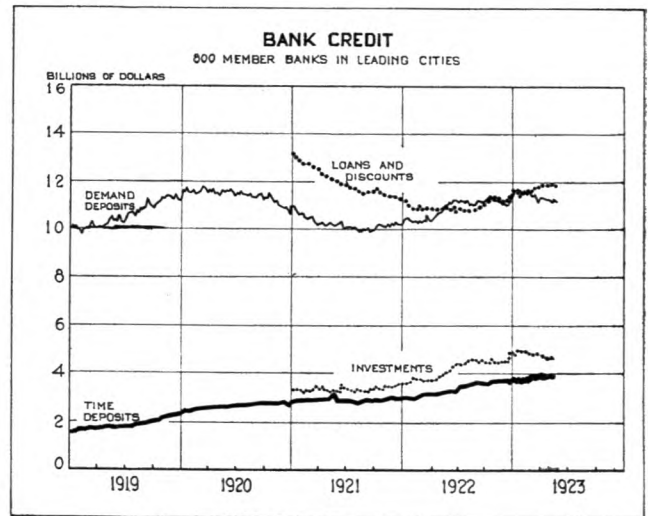
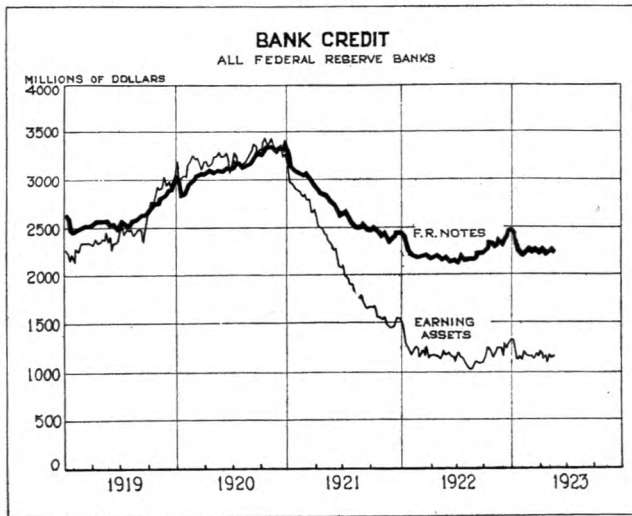
weeks of previous years, owing chiefly to heavy shipments of manufactured goods. In spite of present heavy traffic, the shortage of freight cars has largely disappeared.

Employment at industrial establishments continued to increase during April, although plants in Eastern states reported some reductions in their forces, and there was an increase in those states in the number of concerns working part time. Increases in wage rates were announced by many concerns, and average weekly earnings of factory workers increased about 1 per cent.

Wholesale and retail trade were somewhat smaller in April than in March, which is the customary trend at this season of the year. Both were well

**Trade** above the level of a year ago. Decreased sales by department stores in April, as compared with March, were in part due to the fact that Easter purchases were made in March and to unseasonable cold weather in many localities. Mail order sales





during April were 10 per cent less than in March, but 32 per cent larger than a year ago.

Prices of certain basic commodities declined during April and the early part of May. The general index of

**Wholesale prices**

wholesale prices of the Bureau of Labor Statistics, it is to be noted, showed no change between March and April.

Prices of building materials, metals, cloths and clothing were higher in April than in March, these advances being offset by declines in prices of fuel, and of farm products, especially live stock and dairy products.

Since the middle of April the volume of bank credit in use has remained relatively constant. Between April

**Bank credit**

11 and May 9 loans of member banks in leading cities showed an increase of nearly \$100,000,000, a large part of which occurred

in the Chicago district. These increases in loans were

accompanied by a somewhat larger liquidation of investments, which was general throughout the country. Partly through the sale of these investments, reporting member banks have met the demand for additional loans without obtaining increased accommodation at the reserve banks. The volume of Federal Reserve Bank credit has, consequently, continued to remain fairly steady at the level which has prevailed since the middle of January, and the volume of Federal Reserve Notes in circulation has remained practically unchanged.

Somewhat easier money conditions are indicated by slightly lower rates on commercial paper and lower yields on outstanding Treasury Certificates. The Treasury offering of approximately \$400,000,000 4¾ per cent Notes, maturing March, 1927, was heavily oversubscribed, and the issue was subsequently quoted at a slight premium in the open market.

**TABLE OF CONTENTS**

	PAGE		PAGE		PAGE
Agriculture .....	30	Financial conditions .....	6	Securities .....	7
Bankers' acceptances .....	8	Floor coverings .....	21	Shipbuilding .....	15
Bricks .....	13	Foreign exchange .....	8	Shoes .....	23
Building .....	12	Furniture .....	22	Shoes, wholesale .....	10
Chemicals .....	12	Groceries, wholesale .....	10	Silk goods .....	19
Cigars and cigarettes .....	28	Hardware, wholesale .....	11	Silk, raw .....	20
Coal .....	15	Hides and skins .....	25	Silk, thrown .....	20
Coal, anthracite .....	15	Hosiery .....	20	Steel .....	14
Coal, bituminous .....	15	Iron .....	14	Sugar, raw .....	27
Coke .....	16	Leather .....	24	Sugar, refined .....	28
Commercial paper .....	8	Lumber .....	13	Summary, district .....	3
Cotton goods .....	16	National summary .....	1	Summary, national .....	1
Cotton, raw .....	17	Paint .....	14	Synopsis of business conditions .....	4
Cotton, yarns .....	17	Paper .....	26	Tobacco leaf .....	29
District summary .....	3	Paper boxes .....	27	Underwear .....	21
Drugs, wholesale .....	11	Retail trade .....	9	Wholesale trade .....	10
Drygoods, wholesale .....	11	Rubber, crude .....	26	Wool, raw .....	19
Electrical supplies .....	13	Rubber, mechanical goods .....	25	Woolen and worsted goods .....	18
Employment and wages .....	5	Rubber, tires .....	25	Wool yarns .....	18
		Savings deposits .....	7		

**Special Article: How the bank reserves of the Federal Reserve System affect the average bank depositor . . . . 32**



## SUMMARY OF BUSINESS CONDITIONS IN THE THIRD FEDERAL RESERVE DISTRICT

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**T**HE past few weeks have witnessed a definite slackening in wholesale buying, further price recessions on many commodities, and to a certain extent a slowing down of industrial operations. Much of the change, it is true, is of a seasonal nature, as a lull usually occurs in April. But the curtailment of purchasing is probably in large measure attributable to the unwillingness of buyers to meet the steadily advancing prices. As a result of this resistance, the prices of many commodities that had reached new high levels in February and March have declined substantially during April and May. Copper, tin, and lead have declined from one to four cents a pound since March, and even some of the iron and steel products, which had been in excellent demand, have recently displayed a trend toward lower levels. Bituminous coal has been falling in price steadily for the past two months, and quotations on crude petroleum and refined oils receded during May in spite of the record-breaking consumption of petroleum products. Other commodities, including sugar and rubber, have also declined in recent weeks, the latter being quoted on May 18 at 26 cents, or more than 30 per cent below the 1923 peak.

This falling off in prices has naturally led to reduced ordering of manufactured goods, and in some instances to cancellation of orders or to requests for postponement of shipments. Textile mills in this district, with the exception of those making carpets and rugs, are busy on old orders, but are receiving little new business, and in some cases note a few requests for cancellations. Underwear manufacturers report dull business and a number of cancellations, but hosiery mills, especially full-fashioned mills, are receiving a fair volume of business. Iron and steel plants are very active in filling existing orders, but there have been few inquiries for future delivery, and some slight price concessions have been made. Building material manufacturers, in general, are well supplied with orders and have been especially active during the spring months. But in the case of certain materials, notably, bricks and lumber, some firms report a falling off in inquiries of late.

Industrial operations, on the whole, are still being maintained at a high rate, and the recent decline in

buying is not an unfavorable development, as it reflects a healthy feeling of conservatism which should prevent anything in the nature of a runaway market. This caution has been shown by the reluctance of both buyers and sellers to contract for distant delivery and by an almost total absence of the duplication of orders, which was so largely responsible for the subsequent wave of cancellations and the business collapse of 1920. Moreover, there is considerable evidence that consumption is keeping pace with production. Stocks of goods in the hands of manufacturers and dealers are comparatively light, and in most cases are not accumulating. Except in a few instances the resistance to prices and curtailment of purchases encountered in wholesale buying, has not been manifested in buying at retail. The volume of sales by department stores, mail order houses, and chain stores, during 1923 has far exceeded that of the same period of last year, and sales by wholesale dealers have also been unusually large for the season. April sales by department stores in this district, it is true, did not equal the 1922 figures, but that was due to the fact that Easter purchases last year, were made in April. For the first four months of this year, however, retail merchants in this district and throughout the country report sales from 10 to 15 per cent larger than those for the same period last year.

Exceptionally active distribution of commodities is seen also in abnormally large freight-car loadings, especially of merchandise and miscellaneous freight. In the first four months of the year the number of cars loaded exceeded the previous high record, that of 1920, by nearly 11 per cent, and during the four weeks ending April 28 total loadings were nearly 30 per cent greater than those of the same period of 1920. During the latter period, however, loadings were reduced by the switchmen's strike.

One factor that is responsible for considerable apprehension on the part of manufacturers is the increase in manufacturing costs resulting from the continued rise in wages. Competition between employers for the limited existing supply of labor has caused a further bidding-up of wages during the past month, and many factories are still operating on reduced schedules, owing

## SYNOPSIS OF BUSINESS CONDITIONS

Compiled as of May 23, 1923

Third Federal Reserve District

Business	Demand	Prices	Finished stocks	Labor situation		Collections
				Supply	Wages	
Bricks	Good	Firm	Light	Some scarcity	Higher	Fair to good
Chemicals	Fair	Firm to lower	Light	Some scarcity	Higher	Fair to good
Cigars	Fair to good	Firm	Moderate	Sufficient	Unchanged	Fair
Coal, anthracite	Good	Firm	Light	Some scarcity	Unchanged	Fair
Coal, bituminous	Poor	Lower	Moderate	Sufficient	Unchanged	Fair
Coke	Fair	Lower	Moderate	Sufficient	Unchanged	Fair
Cotton goods	Poor to fair	Lower	Moderate	Some scarcity	Some advances	Fair to good
Cotton yarns	Poor	Lower	Moderate			Fair to good
Drugs, wholesale	Fair to good	Unchanged	Moderate to heavy			Fair
Dry goods, wholesale	Fair	Strong	Moderate to heavy			Fair
Electrical supplies	Good	Firm	Moderate	Some scarcity	Higher	Fair
Floor coverings	Good	Firm	Light	Sufficient	Unchanged to higher	Good
Furniture	Fair	Firm to higher	Moderate	Scarce	Higher	Fair to good
Groceries, wholesale	Fair to good		Moderate, decreasing			Fair
Hardware, wholesale	Good	Firm to higher	Moderate to heavy			Fair
Hosiery, full-fashioned	Fair	Increasing	Moderate	Some scarcity	Unchanged to higher	Fair to good
Hosiery, seamless	Fair	Firm	Moderate	Some scarcity	Unchanged to higher	Fair to good
Iron and steel	Fair to good	Fairly firm	Light to moderate	Scarce	Higher	Fair
Leather belting	Good	Firm	Moderate	Some scarcity	Unchanged	Fair to good
Leather, heavy	Fair	Barely steady	Heavy	Some scarcity	Unchanged to higher	Fair to good
Leather, upper	Fair	Firm	Moderate	Some scarcity	Higher	Fair to good
Lumber	Fair to good	Firm	Light to moderate	Some scarcity	Higher	Fair
Paints	Good	Higher	Moderate	Some scarcity	Unchanged to higher	Fair
Paper	Good	Firm to higher	Light to moderate	Scarce	Higher	Fair to good
Paper boxes	Fair to good	Firm	Light	Scarce	Unchanged to higher	Fair to good
Rubber tires	Fair to good	Firm	Heavy	Some scarcity	Higher	Fair
Rubber, mechanical goods	Fair	Firm	Light to moderate	Some scarcity	Higher	Fair to good
Shipbuilding	Poor	Firm		Scarce	Higher	
Shoes, manufacture	Fair	Firm	Moderate	Scarce	Unchanged to higher	Fair to good
Shoes, retail	Good	Firm	Moderate			Fair to good
Shoes, wholesale	Fair	Firm	Moderate			Fair
Silk goods	Fair	Firm	Moderate	Scarce	Higher	Fair to good
Silk, thrown	Poor	Firm	Moderate			Fair to good
Sugar, refined	Fair	Firm	Heavy	Scarce	Higher	Good
Underwear, heavy weight	Poor	Firm	Light to moderate	Some scarcity	Unchanged to higher	Fair to good
Underwear, light weight	Poor	Firm	Light to moderate	Some scarcity	Unchanged to higher	Fair to good
Woolen and worsted goods	Fair to good	Strong	Light to moderate	Scarce	Higher	Fair to good
Woolen and worsted yarns	Poor to fair	Firm	Light to moderate	Some scarcity	Higher	Fair to good



to the scarcity of both skilled and unskilled workers. The high wages paid in the building industries have drawn many workers away from the factories and farms. Indeed, the agricultural sections in the district have suffered from this industrial and building competition to such an extent that an acute shortage of farm labor has developed which will seriously interfere with the harvesting of crops. In the building industry wages and other costs are so high that many contracts have been postponed indefinitely. In Philadelphia and other eastern cities the value of building contracts and permits issued in April was considerably less than in March, in spite of the fact that a seasonal increase usually occurs at this time. Building costs have now reached a level 30 per cent above that of last spring.

### EMPLOYMENT AND WAGES

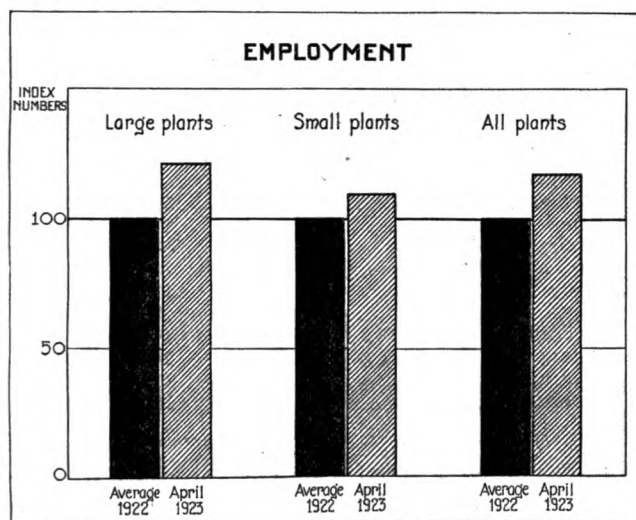
Evidence of a slackening in the rate of industrial expansion is seen in the employment reports received from representative manufacturing establishments in this district. Employment increased from March to April, it is true, but only by .8 per cent, a smaller increase than in any previous month of this year. In March, employment at the 502 establishments reporting to this bank was 1.7 per cent larger than in February, and in the latter month it was 2.6 per cent greater than in January. Furthermore, only 14 of the 31 industries included in our index contributed to the advance; in 11 industries decreases were reported, and 6 showed no change. Many of the changes, however, were of a seasonal nature. Canneries reported the

usual expansion in preparation for the busy summer season, and employment at cement mills and petroleum refineries also increased seasonally. Foundries and machine shops, iron and steel plants, shipyards, paper mills, and bakeries, all showed increases, while sugar refineries, most of the textile mills, and glass plants reported smaller employment in April than in March. On the whole, the changes in the other industries were inconsequential. The accompanying tables show our revised index numbers of employment and wages in 502 manufacturing establishments in the Third Federal Reserve District.

General industrial employment in the district is now more than 5 per cent greater than in January and 20 per cent larger than the 1922 average. It is significant that the bigger establishments in the district have shown a greater percentage increase in employment since 1922 than the smaller. Seventy-six of the 502 reporting establishments are large plants employing more than 500 workers. Employment at these plants is now 22 per cent greater than the 1922 average, whereas the smaller plants, i. e., those employing less than 500, have increased only 9 per cent. This is illustrated in the accompanying chart, which shows the percentage increases since 1922 in employment at the two groups of plants.

Employment in reporting plants in principal cities  
Third Federal Reserve District

Cities	Number of reporting firms	Index numbers Average 1922=100				Number employed April
		Jan.	Feb.	Mar.	April	
Allentown . . .	18	102	102	101	98	3,512
Bethlehem . . .	4	112	114	113	112	505
Bloomsburg . .	4	113	111	111	113	1,447
Bridgeport . . .	3	103	107	95	95	1,577
Camden . . . .	16	107	108	109	111	16,335
Chester . . . .	6	108	125	119	128	5,177
Columbia . . . .	3	90	102	111	114	924
Easton . . . . .	8	101	103	105	104	1,937
Harrisburg . . .	8	110	109	118	122	2,789
Hazleton . . . .	3	120	123	128	130	2,543
Lancaster . . . .	7	112	106	106	103	1,849
Lebanon . . . . .	4	113	113	131	140	1,172
Norristown . . .	3	112	110	111	114	649
Philadelphia . .	190	117	120	123	122	89,382
Pottstown . . . .	4	109	114	116	108	1,183
Reading . . . . .	17	119	117	120	115	8,461
Scranton . . . .	14	109	106	110	112	2,495
Trenton . . . . .	18	100	104	111	113	7,042
Wilkes-Barre . .	5	102	103	107	108	1,070
Williamsport . .	12	106	109	116	113	2,635
Wilmington . . .	13	115	115	117	119	8,631
York . . . . .	18	114	113	112	114	2,217
All others . . . .	124	111	112	113	115	39,102



Employment in the large plants, i. e., those employing more than 500 operatives, has shown a much larger increase since 1922 than that in plants with less than 500 workers. The increases were 22 per cent and 9 per cent, respectively, causing a general increase of 20 per cent  
Source—Federal Reserve Bank of Philadelphia

Numerous wage advances were made in factories in the district during April, and the weighted average of weekly per capita earnings increased to \$25.61, as compared with \$25.47 in March. As in the case of employment, however, the increase in earnings was much less pronounced than in the preceding month, owing largely to decreased operations in many industries. There is now little or no surplus of industrial labor, and in most

**Wages and Employment**  
Third Federal Reserve District

Industries	Number of reporting firms	Average weekly wages					Employment				
		Index numbers Average 1922=100				Actual April	Index numbers Average 1922=100				Actual April
		January	February	March	April		January	February	March	April	
<b>All industries</b>	<b>502</b>	<b>109</b>	<b>112</b>	<b>115</b>	<b>115</b>	<b>\$25.61</b>	<b>114</b>	<b>117</b>	<b>119</b>	<b>120</b>	<b>202,634</b>
<b>Metal products:</b>											
Automobiles and parts.....	19	110	108	114	112	26.84	121	127	131	129	7,353
Electrical machinery.....	18	105	108	108	100	19.80	112	114	123	124	3,442
Foundries and machine shops...	37	112	115	122	124	26.34	113	116	120	121	6,415
Iron and steel products.....	32	125	127	132	134	28.47	121	122	128	131	22,072
Car construction and repair....	9	109	114	118	119	29.89	162	170	176	175	27,866
Shipbuilding.....	5	99	102	101	104	26.46	112	118	117	121	11,425
<b>Textile products:</b>											
Carpets and rugs.....	14	99	104	104	101	26.61	111	113	113	115	4,174
Clothing.....	22	107	115	117	115	19.80	98	100	103	101	3,631
Cotton goods.....	17	103	105	107	107	22.44	104	103	104	103	6,983
Felt hats.....	4	98	103	96	94	23.24	119	121	121	120	4,764
Knit goods.....	26	103	109	111	111	20.68	103	105	107	107	5,748
Silk goods.....	37	109	115	110	113	19.27	105	105	107	107	12,870
Worsted and woolsens.....	24	98	104	110	110	22.07	101	102	98	97	9,666
<b>Food products:</b>											
Bakeries.....	18	105	105	103	103	27.07	102	103	102	106	2,886
Canneries.....	8	85	82	131	107	19.65	109	110	105	115	2,548
Confectionery and ice cream....	20	110	105	111	107	19.68	96	98	98	98	4,506
Slaughtering and meat packing.	12	104	104	103	104	27.34	105	104	101	100	1,753
Sugar refining.....	3	99	98	110	112	30.14	88	102	103	100	2,309
<b>Building Materials:</b>											
Cement.....	15	122	114	131	140	30.97	103	104	108	110	7,465
Glass.....	7	126	119	132	130	34.46	95	108	115	106	867
Pottery.....	10	77	81	86	87	28.43	88	90	94	95	1,843
<b>Miscellaneous:</b>											
Boots and shoes.....	16	105	103	109	103	18.47	106	104	101	102	2,536
Leather.....	29	109	111	113	106	22.97	104	104	105	105	8,488
Chemicals and paints.....	17	114	111	115	121	30.45	123	125	126	126	4,970
Cigars and tobacco.....	14	107	115	112	110	15.49	102	96	93	91	5,684
Furniture.....	17	105	107	110	109	23.82	113	113	115	114	2,735
Musical instruments.....	2	96	99	102	104	26.82	109	109	111	112	8,007
Paper and pulp.....	13	116	111	117	125	26.53	106	106	104	106	2,700
Printing and publishing.....	20	108	108	106	106	33.29	100	105	105	106	4,683
Petroleum refining.....	5	108	112	113	115	26.48	103	105	106	107	6,271
Rubber tires and goods.....	12	100	106	106	107	25.81	105	110	118	118	5,974

industries a pronounced shortage, especially of common labor, exists. The higher wages offered in the construction and manufacturing industries have caused a widespread migration from agricultural districts to the cities, so that a serious shortage of farm labor is being felt throughout the district.

Reports received by the Bureau of Labor Statistics from more than 5,000 establishments throughout the United States, employing over 2,000,000 workers, show much the same trend in employment and wages as reports show in this district. General employment increased less than one per cent in April, as compared with March, and only 19 of the 43 industries represented contributed to the advance. The Bureau also states that wage increases were reported in each of the

43 industries by a total of over 800 establishments. Average weekly earnings, however, increased only .9 per cent, or slightly more than the amount as reported in this district.

### FINANCIAL CONDITIONS

Total loans, discounts, and investments of reporting member banks in the Third Federal Reserve District, totaling 933 millions on May 9, were practically the same as they were a month previous. Investments declined 1 million, and secured loans 7 millions, but other loans, principally commercial in character, increased from 333 to 342 millions. Figures for reporting member banks in all districts show an increase in other loans, and a considerable falling off in investments; but se-

cured loans increased. Changes by districts are given below :

Increases or decreases in loans and investments from April 11 to May 9 (All figures in millions of dollars)			
District	Secured loans	Other loans	Investments
1. Boston .....	+ 4.3	+ 8.6	- 2.1
2. New York .....	+32.6	-32.3	- 58.1
3. PHILADELPHIA .....	- 7.6	+ 9.4	- .9
4. Cleveland .....	+19.3	+ 7.2	- 7.4
5. Richmond .....	- 2.4	+ 1.6	+ .3
6. Atlanta .....	+ 3.2	- 7.0	- .6
7. Chicago .....	+29.1	+24.1	- 22.1
8. St. Louis .....	- 2.3	+ 7.1	- 4.5
9. Minneapolis .....	- .3	- 4.8	- 5.4
10. Kansas City .....	- .1	- 1.9	- 2.9
11. Dallas .....	- 2.0	- 9.2	- 1.5
12. San Francisco .....	+ 1.7	+18.5	- 1.9
All districts .....	+75.5	+21.3	-107.1

The Federal Reserve Bank of Philadelphia reports an increase in total earning assets from 100 millions on April 18 to 109 millions on May 16, owing to an increase of 12 millions in discounted bills and a decrease of 3 millions in purchased paper. The reserve ratio declined from 74.2 to 71.2 per cent as a result of an increase of 5 millions in note circulation and of a falling off of 1 million in deposits and of 7 millions in total reserves. As compared with the beginning of the year, discounted bills of this Bank have increased from

#### Banking statistics—Third District

(000,000's omitted)	Latest *	Four weeks ago	Eight weeks ago
<b>Reporting member banks:</b>			
Loans and discounts:			
Sec'd by U. S. securities....	\$18	\$18	\$18
Sec'd by other stocks and bonds .....	269	276	262
All others (commercial)....	342	333	332
Total .....	\$629	\$627	\$612
Investments .....	304	305	302
Total deposits .....	801	795	795
<b>Federal Reserve Bank:</b>			
Discounted paper .....	\$62	\$50	\$62
Purchased paper .....	22	25	28
United States securities .....	25	25	29
Total earning assets .....	\$109	\$100	\$119
Federal res. note circulation..	203	198	198
Total deposits .....	119	120	119
Total reserves .....	229	236	216
Reserve ratio .....	71.2%	74.2%	68.1%

\* For reporting member banks May 9; for Federal Reserve Bank May 16.

48 to 62 millions, the holdings of purchased paper remain unchanged at 22 millions, and the Government securities owned declined from 34 to 25 millions.

Stock prices fell off sharply in the past month, carrying the average of 20 industrials from 101.10 to 92.77 and of 20 rails from 86.75 to 80.13.

**Securities** Bonds did not share in this weakness, but on the contrary all groups except the public utilities are higher. Call money renewals were quoted at 4½ per cent during the ten days ending May 21. Transactions in stocks for the month up to that date were even lighter than in the same period in April.

Comparative averages of prices follow :

	May 21, 1923	Month ago	Two months ago
<b>Securities (average prices):</b>			
20 industrial stocks .....	\$92.77	\$101.10	\$105.23
20 railroad stocks .....	80.13	86.75	89.67
10 first-grade rail bonds .....	86.24	85.47	84.59
10 second-grade rail bonds...	82.71	82.27	81.40
10 public utility bonds .....	86.40	86.86	87.04
10 industrial bonds .....	93.49	92.51	93.01
4 Liberty bonds .....	97.71	97.57	97.77

An increase of 0.9 per cent in savings deposits during April is reported by 80 banks in this district. This compares with decreases of 0.2 per cent and 0.5 per cent in April of 1922 and 1921 respectively. Deposits increased from \$449,252,000 on April 1 to \$453,217,000 on May 1, a net gain of \$3,965,000. Only \$176,000 of interest was credited during the month. Percentage changes by cities follow :

#### Savings deposits in the Third Federal Reserve District

	Number of reporting banks	Per cent increase or decrease May 1, 1923, compared with—		
		April 1, 1923	May 1, 1922	May 1, 1921
Altoona .....	5	+1.4	+11.4	+ 16.9
Chester .....	5	+ .1	+ 8.4	- 3.2
Harrisburg .....	4	+8.2	+43.2	+110.0
Johnstown .....	6	+1.9	+ 8.2	+ 2.4
Lancaster .....	3	+3.0	+38.2	+ 49.7
Philadelphia .....	9	+ .3	+ 5.0	+ 6.0
Reading .....	3	-1.3	+ 6.1	+ 11.0
Scranton .....	6	+3.7	+ 6.4	+ 20.0
Trenton .....	6	+2.6	+12.1	+ 12.4
Wilkes-Barre .....	5	+1.3	- 2.5	+ 9.0
Williamsport .....	4	-1.0	+ 7.8	+ 12.9
Wilmington .....	5	+ .3	+17.8	+ 18.6
York .....	5	- .2	+14.0	+ 23.9
Other cities .....	14	+1.2	+ 5.5	+ 11.8
District total..	80	+ .9	+ 6.4	+ 9.0



The supply of bankers' acceptances is said to be small by the five dealers operating in this district who report to this Bank. Their sales show a falling off from last month, occasioned entirely by a decline in purchases by the Federal Reserve Bank. Sales to other banks and investors, although not large, increased materially over the previous period. The consolidated figures of these dealers, reduced to weekly averages, follow:

Weekly averages for period—	Sales to F. R. Bank	Sales to others	Purchases
<b>1923:</b>			
April 16 to May 16.....	\$646,000	\$337,000	\$260,000
March 12 to April 15.....	1,208,000	116,000	525,000
February 12 to March 11....	2,424,000	182,000	642,000
January 15 to February 11..	2,815,000	135,000	299,000
<b>1922:</b>			
April 17 to May 14.....	2,208,000	444,000	790,000

Twelve banks in this district executed acceptances to the amount of \$3,767,000 in the month ending May 10, against \$4,240,000 in the previous month, and \$3,274,000 a year before. Wool, cotton, sugar, coffee, hides and skins, grain, and silk are some of the principal commodities involved in recent acceptance transactions in this district and elsewhere.

Offering rates for maturities up to 90 days are generally  $4\frac{1}{8}$  per cent.

The demand for commercial paper, though spotty, has improved. Some of the city institutions which until recently have been out of the market have purchased in a limited way, and more country banks are showing an interest than heretofore. Little change has taken place in rates during the past month, and the bulk of the sales is still at 5 and  $5\frac{1}{4}$  per cent. A number of names, however, are offered at  $4\frac{3}{4}$  per cent, and a few sales are reported at that rate, although some transactions are still being made at  $5\frac{1}{2}$  per cent. The offering by the Government of a new loan at  $4\frac{3}{4}$  per cent has, in the opinion of certain dealers, acted as somewhat of a check upon business. The supply of paper has not increased materially, and dealers' lists are not large. It seems that borrowers continue to use the banks in preference to the open market.

During April, six dealers in this district sold paper to the amount of \$7,932,500, as compared with \$5,932,000 in March; and the sales by five of these dealers totaled \$5,937,500 in April, 1923, as compared with \$4,657,570 in April, 1922. The banks outside of Philadelphia continue to buy the majority of the paper sold, as is seen in the fact that sales within the city were \$3,582,500, as against \$4,350,000 outside.

Prices at which the above transactions were made varied from  $4\frac{3}{4}$  to  $5\frac{3}{4}$  per cent, but the sales at the out-

side quotations were only slightly over 1 per cent of the total. About 50 per cent of the business was at  $5\frac{1}{4}$  per cent, and the balance was almost equally divided between 5 and  $5\frac{1}{2}$  per cent.

The foreign exchange market has been rather quiet during the past month, and trading for the most part has been confined to routine buying and selling. American banks in general are carrying moderate balances abroad, according to some observers, largely because of the uncertainty as to European conditions. Sterling continued its downward movement, and on May 10 touched \$4.6077, a new low point for this year. Since then, however, it has recovered somewhat. At \$4.6077, sterling was about five cents below the rate prevailing a month ago. Heavy buying of both government and private securities in the United States has been partly responsible for this, and also funds have been drawn to this country by the higher interest rates. Call loan rates in New York are around 5 per cent, as against  $1\frac{1}{2}$  per cent in London. In addition, it is believed that the British Government is accumulating credits in this country in anticipation of the debt payment due on June 1.

French and Belgian francs have fluctuated within narrow limits, and even the rejection of the German reparations offer by the French Government had little effect upon them. In some quarters it is thought that the comparative stability of francs is partly because recent French imports have been purchased largely by drawing on foreign balances. In addition, receipts from tourists' expenses are commencing to attain fair proportions, and an improvement is noted in the recent statements of the Bank of France. Lire lost a few points, but on the whole they have been steady and rather inactive. German exchange continues to be unsteady, with marks falling almost daily. The efforts of the German Government to stabilize rates have had little effect, as circulation is increasing rapidly, and holders of marks are making heavy offerings. These influences, together with limited buying support and the failure of the recent German reparations offer, have tended to depress quotations.

Among the former neutral exchanges, Norwegian, Swiss, and Spanish currencies have been especially weak. Lower rates for kroner are attributed to the banking crisis in Christiania, and the decline in pesetas and Swiss francs was probably due, to some extent, to sales by German interests.

Of the South American exchanges, Argentine pesos were weak, and lost over two cents during the month. Brazilian rates dropped a few points, but Chilean pesos were somewhat stronger. With the exception of yen, which advanced slightly, Far Eastern currencies have changed but little since last month. Canadian dollars have hovered around \$.98.



**Foreign exchange rates**

Noon cables	Par value	May 21, 1923	April 21, 1923	May 21, 1922
London .....	\$4.8665	\$4.6296	\$4.6552	\$4.4492
Paris .....	.1930	.0667	.0666	.0897
Antwerp .....	.1930	.0574	.0575	.0827
Milan .....	.1930	.0486	.0495	.0508
Berlin .....	.2382	.000020	.000038	.003165
Vienna .....	.2026	.000014	.000014	.000102
Amsterdam .....	.4020	.3915	.3914	.3883
Copenhagen .....	.2680	.1861	.1888	.2132
Stockholm .....	.2680	.2669	.2674	.2595
Madrid .....	.1930	.1525	.1534	.1600
Berne .....	.1930	.1804	.1814	.1906
Buenos Aires .....	.9648	.8174	.8300	.8250
Shanghai .....	.7082	.7438	.7407	.8136

**RETAIL TRADE**

Preliminary reports of retail sales during May indicate that they will total considerably more than those of May, 1922. Prices at retail continue to advance slightly, but the changes in quotations on spring goods are small as compared with those on goods now being purchased by retailers for the fall trade. For exam-

ple, men's and women's ready-to-wear clothing in heavier weights shows advances of from 10 to 15 per cent over last autumn's prices, and carpets, silks, hosiery, and some grades of furniture are higher. An exception to the general advance is cotton goods, which have recently been quoted at below March prices.

Reports are almost unanimous that retailers are purchasing cautiously and are offering strong resistance to advances in the prices of the goods which they buy. Store managers throughout the district express the fear that higher prices will be followed by lessened buying by the public. They report, too, that the consumer is cautious and is not spending money recklessly on luxuries as he did during the last period of active employment and high wages.

In nearly all parts of the district a scarcity of employees is noted, and in a number of stores, especially outside of Philadelphia, wages have been increased and, according to some, are now higher than ever before.

The following table, compiled from reports of retail merchants in the Third Federal Reserve District, shows that the decrease in sales during April, as compared with April, 1922, was 2.7 per cent. Sales in department stores decreased only 2.2 per cent. But

**Condition of retail trade during April, 1923**

	COMPARISON OF NET SALES		COMPARISON OF STOCKS		RATE OF TURNOVER*		Percentage of orders outstanding April 30, 1923, to total purchases in 1922
	April, 1923 with April, 1922	Jan. 1 to April 30, 1923 with Jan. 1 to April 30, 1922	April 30, 1923 with April 30, 1922	April 30, 1923 with March 31, 1923	Jan. 1 to Apr. 30, 1923	Jan. 1 to Apr. 30, 1922	
<b>All reporting firms</b> .....	- 2.7%	+13.9%	+10.1%	+1.9%	3.1	2.9	8.4%
Firms in—Philadelphia .....	- 3.5 "	+11.8 "	+ 6.3 "	+1.2 "	3.8	3.6	8.5 "
—Allentown, Easton and Bethlehem.....	+ 1.5 "	+16.1 "	+ 4.1 "	-3.3 "	2.5	2.2	.....
—Altoona .....	- 1.1 "	+14.2 "	+ 3.7 "	+3.8 "	2.6	2.4	8.3 "
—Chester .....	+ 3.5 "	+49.5 "	.....	.....	.....	.....	.....
—Harrisburg .....	+ 4.7 "	+16.6 "	+34.1 "	+5.2 "	2.5	2.6	.....
—Johnstown .....	+ 3.6 "	+23.9 "	+13.1 "	+ .6 "	2.9	3.0	.....
—Lancaster .....	- .2 "	+18.9 "	+11.3 "	+1.4 "	2.5	2.2	12.5 "
—Reading .....	- 1.9 "	+17.3 "	+11.4 "	+2.1 "	2.2	2.0	4.7 "
—Scranton .....	- 5.7 "	+17.9 "	+18.2 "	+5.1 "	3.4	3.1	.....
—Trenton .....	- 7.0 "	+10.2 "	+ 2.5 "	+3.2 "	3.1	2.9	.....
—Wilkes-Barre .....	- .2 "	+19.1 "	+30.9 "	+2.4 "	2.9	2.9	.....
—Williamsport .....	- 7.5 "	+ 6.8 "	+13.6 "	+ .8 "	2.2	2.4	.....
—Wilmington .....	- 7.9 "	+15.1 "	+15.5 "	+3.5 "	1.6	1.5	.....
—York .....	- 8.2 "	+13.9 "	+ .39 "	+2.0 "	2.4	2.1	.....
—All other cities.....	- 1.5 "	+13.5 "	+23.7 "	+6.5 "	1.9	1.9	8.9 "
<b>All department stores</b> .....	- 2.2 "	+13.0 "	+11.3 "	+1.9 "	3.0	2.9	9.4 "
Department stores in Phila....	- 2.6 "	+11.5 "	+ 7.9 "	+ .9 "	3.6	3.4	9.9 "
Depart. stores outside Phila....	- 1.7 "	+15.1 "	+16.2 "	+3.3 "	2.5	2.4	8.4 "
<b>All apparel stores</b> .....	- 8.5 "	+13.6 "	+ 4.2 "	+2.1 "	3.4	3.2	4.0 "
Men's apparel stores							
—in Philadelphia .....	- 8.8 "	+13.0 "	+12.1 "	+9.4 "	2.8	2.8	.....
—outside Philadelphia .....	-16.6 "	+17.3 "	+ 8.9 "	+4.5 "	1.8	1.6	.....
Women's apparel stores							
—in Philadelphia .....	- .6 "	+17.5 "	- 9.7 "	+ .5 "	6.8	5.4	3.3 "
—outside Philadelphia .....	-10.6 "	+ 4.6 "	+ 4.9 "	-4.0 "	3.4	3.4	4.2 "
<b>Credit houses</b> .....	+11.4 "	+28.8 "	+26.9 "	+1.3 "	2.6	2.2	2.1 "

\* Times per year based on cumulative period.

sales in apparel stores decreased 8.5 per cent. Credit stores, however, continued to gain, and show an increase in sales of 11.4 per cent. Cool weather has, of course, retarded business, especially in the cities and towns outside of Philadelphia. But the chief cause of the poorer showing is that this year all of the pre-Easter business fell in March.

### WHOLESALE TRADE

In all of the wholesale lines except hardware, sales were smaller in April than in March, because of seasonal influences. Exactly the same was true last year. And in spite of this seasonal decline, the gains over last year have been remarkable. Sales of boots and shoes were smaller, it is true, but in the other lines the volume of sales increased by from 16 to 32 per cent. Part of the gain in sales in dollars was due, of course, to the advance in wholesale prices. The indexes compiled by the Bureau of Labor Statistics are shown below:

Index numbers of wholesale prices			
	April, 1923	March, 1923	April, 1922
Chemicals and drugs .....	136	135	124
Cloths and clothing .....	205	201	171
Food .....	144	143	137
All commodities .....	159	159	143

In all lines, collections were less prompt in April than in March.

Sales of shoes at wholesale usually decrease during May, as compared with the previous months. A large part of the business is normally in white shoes and in repeat orders on lines in which sales at retail have been large and stocks have become depleted. This year the sales of white canvas shoes for women have been poor, but for children they have been normal. White leather lines are

in fair request, but some dealers say that the demand has been considerably retarded by the vogue for colored shoes. Repeat orders are chiefly for the latter, but unfortunately for the dealers, their stocks of these were very slight. In the early season no one was willing to buy heavily of colored shoes, for at that time they were a very doubtful novelty, though later they proved to be the best sellers of the season in women's lines. Men's shoes, though moving from wholesalers to retailers in fair quantity, have not been active.

Stocks in wholesalers' hands are said to be fairly large for this period of the year, and purchases for fall have been confined mostly to standard lines, especially felt slippers and rubbers; as have sales for fall. Collections, although reported by some to be slow, are generally regarded as fair.

During April, sales in this district, as reported to the Federal Reserve Bank, decreased 31.5 per cent as compared with March, and 6.6 per cent as compared with April, 1922. The ratio of accounts outstanding on April 30 to sales was 265.7. This compares with 187.9 on March 31, and with 235.0 on April 30, 1922.

Although grocery sales at wholesale were 1.8 per cent smaller in April than in March, they show a remarkable gain over the figures for last year. The index of sales compiled by this bank was 113 in April, as compared with 115 in March and with 83 in April, 1922. The improvement over last year reflects the gain in employment and the higher wages. The demand is now from fair to good; in fact, a third of the reporting firms find it to be good. Over 90 per cent of the orders booked are for spot delivery. As is to be expected at this time, canned goods are the best sellers. Of these, canned vegetables rank first, with canned fruits second, and evaporated milk third. Dried fruits, cereals, and soaps are also reported active by some wholesalers. The table on page 11 shows the number of firms, out of a total of 63, who report the above items as being in demand:

### Condition of wholesale trade during April, 1923

	Number of reporting firms	Percentage of increase or decrease in—				Ratio of accounts outstanding to sales		
		Net sales April, 1923, compared with—		Accounts outstanding April, 1923, compared with—				
		Mar., 1923	Apr., 1922	Mar., 1923	Apr., 1922	Apr., 1923	Mar., 1923	Apr., 1922
Boots and shoes ....	14	-31.5%	- 6.6%	- 3.7%	+13.1%	265.7%	187.9%	235.0%
Drugs .....	15	- 5.4 "	+16.3 "	- 1.1 "	+25.2 "	139.9 "	131.7 "	131.7 "
Drygoods .....	20	-20.3 "	+32.4 "	- 2.4 "	+21.0 "	258.0 "	210.6 "	282.4 "
Groceries .....	61	- .8 "	+29.6 "	+ 4.1 "	+27.0 "	108.8 "	105.8 "	112.3 "
Hardware .....	34	+ 6.0 "	+19.4 "	+ 4.1 "	+22.5 "	157.7 "	156.6 "	151.2 "

Canned vegetables .....	18
Canned fruit .....	7
Evaporated milk .....	5
Canned goods, in general .....	12
<b>Total canned goods .....</b>	<b>42</b>
Cereals .....	5
Dried fruits .....	5
Soap .....	3
Salt, coffee, and flour .....	2 (each)

Wholesale stocks are moderate, and on account of the movement of canned goods, the supplies of 75 per cent of the wholesalers have been decreasing.

During the past month, prices have varied on many kinds of merchandise. The rapid advance in sugar, which attracted much attention, ceased during the first week in April, but the subsequent decline was not great, and was followed by another advance. The trend of sugar prices will have considerable influence on the cost of canned goods during the coming season. Prices of canned vegetables and fruits, of syrups and candy, have increased, but quotations on dried fruits have become weaker. Dried beans, coffee, and cheese have also declined.

Collections in April were less prompt than they were in the month before. The ratio of accounts outstanding to sales increased from 105.8 for March to 108.8 for April.

Because the movement of goods at retail was retarded by unfavorable weather, wholesalers have found the demand for drygoods to be only fair. Although 32.4 per cent larger than those of a year ago, the sales in April were 20.3 per cent smaller than those in March. In spite of the rather poor spot demand, the booking of orders for fall delivery has been fairly satisfactory. Drygoods houses in general report that such orders are larger than they were a year ago. In fact, the volume of sales for the first four months of 1923 is much in excess of the corresponding figures for 1922, as is shown by the table below. Part of the increase, of course, has been caused by the advance in wholesale quotations on cotton goods, which since January 1, 1923, have risen about 10 per cent.

**Wholesale drygoods sales in 1923 compared with sales in 1922**

January	February	March	April
+23.8%	+24.6%	+28.6%	+32.4%

The merchandise that has been selling most rapidly is wash goods, such as dress ginghams, poplins, voiles, and denims, overalls, and work shirts. The arrival of fall goods has caused some wholesale stocks to increase,

but in the majority of cases they have been decreasing, and now range from moderate to heavy.

Collections are about the same as they were a year ago, but in April they were slower than in March. The ratio of accounts outstanding to sales was 258.0 per cent in April and 210.6 per cent in March.

Sales in April, as reported by 34 wholesale hardware firms, were 6.0 per cent larger than those in March and 19.4 per cent above those in April, 1922. Our index of sales for the past two months and for the corresponding months of 1922 is as follows:

Average monthly sales in 1922=100	1923	1922
March .....	122	103
April .....	125	111

Demand has been good for practically all products, and builders, contractors, and factories have been especially heavy buyers. Farmers and coal mining companies have also been buying. Stocks in the majority of cases are heavy, but a few firms report them to be only moderate. With about 50 per cent of the dealers, stocks are decreasing, but in the remaining cases they are either steady or increasing. Many firms note a greater resistance to price advances on the part of buyers, but others have encountered no resistance at all.

Collections vary considerably, but in general they may be classed as fair. The April ratio of accounts outstanding to sales was 157.7, as compared with 156.6 in March and with 151.2 in April, 1922.

A slight falling off in the demand for drugs at wholesale caused sales to be 5.4 per cent smaller in April than in March, but at this season of the year, sales are normally expected to be slower than during the winter. Half of the reporting firms have experienced some improvement in demand since May 1, but others have found no change. In comparison with the business transacted last year, the sales this spring, estimated in dollars, show a considerable gain, as may be seen from the table below:

**Drug sales in 1923 compared with sales in 1922**

January	February	March	April
+21.6%	+9.9%	+5.8%	+16.3%

During May, the crude drug market has been quiet because of the approach of the new crop of botanicals. Owing to the short supply of many items, particularly those of European origin, the carry-over will not be large. In the botanical market, price changes have



been of little importance. The trend of prices during the past month is shown by the following indexes:

	* Price index of 40 botanical drugs	* Price index of 35 drugs and fine chemicals
Week of May 1.....	151.8	171.5
Week of May 7.....	152.0	171.4
Week of May 14.....	144.8	171.5
Week of May 21.....	149.9	171.5
Last year .....	106.6	159.9

\* Compiled by "Oil, Paint and Drug Reporter."

Stocks of drugs in the hands of wholesalers are moderately heavy, but in the majority of cases they are not increasing. Heavy and increasing supplies are reported by a third of the reporting firms. Collections are fair.

### CHEMICALS

The great industrial activity of the first third of the year has been reflected in a strong demand for many chemicals, but the alkali group has been inactive. In general, sales are heavier than they were a year ago, but they have diminished within the past month. On account of the lack of orders for the alkalis, such as caustic soda, dealers are reselling at considerable losses the shipments delivered to them on contract. Consequently, manufacturers of heavy chemicals find difficulty in obtaining new orders. Manufacturers of prussiate of soda complain that dealers are not taking their full quotas on their yearly contracts.

Hydro-sulphites and sulpho-oxalates have been bought in large quantities by dyers and printers of fabrics respectively. The use of the latter for discharge printing has been increased by the call for "King Tut" fabrics. Lithopone has been in excellent demand by manufacturers of paint and linoleum. Sales of linseed oil have also been heavy, but some transactions are reported at prices about 10 cents below the crushers' quotations of \$1.19 per gallon for carload lots. For a time crushers had difficulty in making deliveries on contracts, owing to the scarcity of flaxseed, but this has been relieved by liberal shipments from Argentina. The new American crop will be ready in September. Crushers are offering future contracts for delivery from June to September at prices about 10 cents below spot quotations. While the Emergency Tariff was in force, American crushers were at a distinct disadvantage because the duty on seed was high and the duty on oil was only 10 cents per gallon. Now that the duty on oil is 24 cents a gallon this situation is corrected. Although the volume of sales of ammonia is smaller than it was at this time last year, it is fairly heavy.

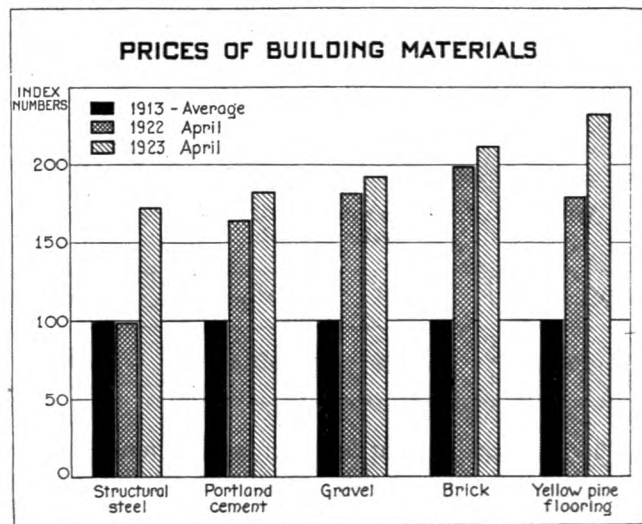
Finished stocks in the hands of manufacturers are light and are decreasing. Supplies of raw material are

likewise decreasing and are moderate in size. Plants in this district are operating at about 90 per cent of capacity, their chief production difficulties being the continuance of shipping delays to some sections and the increasing scarcity of unskilled labor. Wages for the latter have been advanced about 10 per cent, and some establishments have also raised the pay of their skilled help.

Collections are fairly good and are about the same as they were a month ago.

### BUILDING

The value of building permits issued in April, as reported by fourteen cities in the Third Federal Reserve District, declined \$3,063,587 from the total for March, but was \$11,758,744 greater than that for April, 1922. In the table on page 13 will be found the number of permits and their estimated value for April, 1923, and for the corresponding month last year, together with the cumulative totals for the first four months of both years. Usually, April permits are considerably larger than those of March. Last year, for example, there was an increase of nearly \$3,000,000. The decline this year is generally attributed to higher costs of materials and labor; indeed, numerous cases are reported of contracts being postponed because of these factors. The accompanying chart shows the price index of five of the principal building materials in 1913, in April, 1922, and in April, 1923, calculated upon the basis of 1913 prices. Structural steel, it will be noted, shows the greatest advance during the past year. It must be remembered, however, that the rising cost of materials is not the sole factor that tends to check operations, but that the scarcity and high wages of labor also are having their effect.



Source—Bureau of Labor Statistics



Although the great majority of brick manufacturers report a good demand, and in a few cases a demand so

good that they have been forced to refuse orders, certain others have noticed a falling off during the past month. In cases in which business has decreased, this is attributed to the suspension of building operations because of higher costs of material and labor. Many manufacturers, however, have sufficient orders on their books to insure operations for several months. In some localities, bricks are so scarce that they are being brought in from other districts that hitherto have not been considered a source of supply. Operations are at capacity in practically all cases, the exceptions to this being caused by a shortage of help. Unskilled labor is especially scarce, and numerous operators report also a lack of skilled labor. Nearly all manufacturers have granted wage increases of from 10 to 15 per cent to unskilled workers, and many have made similar advances to skilled. The hourly rate for unskilled men is now from 45 to 50 cents an hour, as compared with 35 and 40 cents last fall.

Stocks in general are light and are decreasing; and raw materials are in adequate supply. Prices for the most part have not changed since last month, as the manufacturers have absorbed the increased cost of labor. In Philadelphia, common bricks are quoted at \$22 a thousand, and although prices vary in different cities, that may be considered a fair average for the entire district. Little resistance has been offered to the increased quotations that have been made during the past two or three months; in fact, certain manufacturers state that they would have no difficulty in obtaining higher prices than they are asking.

Collections vary from fair to good and show little change from last month.

With the majority of dealers, sales of building lumber are good, but some wholesalers have noted a distinct decline in orders during the past few weeks. They believe that this is because many retailers have fairly heavy stocks, which, although contracted for, have not yet been moved from the yards. In most cases, however, business is brisk, and most orders are for immediate delivery. Certain dealers have even been forced to refuse further orders and are limiting their sales to old customers. Sales to industrial users continue to be heavy.

Although a few advances have been made on certain classes of lumber, the general level of prices has been steady. Mills are carrying only moderate stocks and these are tending to decrease. The average percentage of operations is over 90, the limiting factor in most cases being shortage of labor. Numerous reports are made of scarcity of both skilled and unskilled labor, and many manufacturers have given both classes of workers increases varying from 5 to 20 per cent.

Transportation conditions have improved considerably, and only in a few cases are embargoes causing difficulties. Collections vary from fair to good, being about the same as they were last month.

Dealers in electrical supplies are continuing to enjoy good business, except in the case of radio equipment, in the sales of which there has been a seasonal decline. The majority of orders are for immediate delivery, and in practically all cases it is possible to meet the demand. Stocks in most instances are moderate and are decreasing. Some dealers are having difficulty in obtaining

Building permits issued and estimated cost—April, 1923  
Third Federal Reserve District

	1923			1922			January to April inclusive			
	Permits	Operations	Estimated cost	Permits	Operations	Estimated cost	1923		1922	
							Permits	Estimated cost	Permits	Estimated cost
Allentown .....	156	225	\$950,160	142	158	\$495,080	331	\$2,414,505	302	\$870,275
Altoona .....	321	341	799,333	292	292	279,079	584	1,253,539	557	663,506
Atlantic City .....	408	408*	1,053,656	404	...	802,424	1,134	4,004,725	1,263	3,115,172
Camden .....	104	127	1,784,601	95	102	721,445	309	3,180,462	335	1,724,460
Harrisburg .....	148	190	841,020	190	244	415,005	334	4,029,125	335	1,320,380
Lancaster .....	128	128	371,340	115	144	286,750	302	1,119,535	311	829,500
Philadelphia .....	1,540	2,984	19,729,815	1,415	2,033	11,363,610	4,414	54,098,560	5,097	30,366,375
Reading .....	462	512	649,875	484	510	331,135	1,014	2,083,930	1,096	1,678,071
Scranton .....	214	214*	465,195	187	187	237,409	416	1,359,908	369	699,731
Trenton .....	226	299	647,435	200	202	419,196	502	2,626,051	451	1,055,399
Wilkes-Barre .....	154	154	506,536	253	253	817,110	327	958,437	442	1,505,907
Williamsport .....	135	135*	51,615	170	170	506,411	217	574,740	318	716,596
Wilmington .....	136	268	570,682	110	123	202,831	366	1,501,638	279	1,450,675
York .....	218	218	359,781	230	230	145,015	467	1,065,476	393	296,606
Total for April....	4,350	6,203	\$28,781,244	4,287	4,648	\$17,022,500	10,717	\$80,270,631	11,548	\$46,292,653

\* Do not report operations.

delivery on equipment bought in New England, because of the freight situation there, and others report slow delivery on their orders for copper wire and conduit pipes. Prices are rising on many materials, and lists are higher than they were last month and a year ago. Quotations on specialties, however, have changed but little recently. Electrical contractors are busy on work placed some time ago, but they report that although they are receiving numerous inquiries, few contracts are being closed at this time. Competition in many localities continues to be very keen.

Collections in practically all cases are fair, and although they are little changed from last month, in some instances they are slower than they were last year, and in others more prompt.

As is to be expected at this season, sales of paint have been heavy. In many localities "paint up and clean up" weeks have been held, and these **Paint** have added to the demand that was already coming from operators engaged in new building. Practically all orders are for immediate delivery.

Although quotations on pig lead have declined during the past month, this has not yet been reflected in lower prices for lead pigments; leading corrodors, however, have given price guarantees to the end of August. On May 1, many manufacturers increased quotations on their ready-mixed paints by from 15 to 25 cents a gallon.

Finished stocks range from moderate to heavy and are either steady or decreasing. Manufacturers are carrying only medium-sized supplies of raw materials, and these are gradually being diminished.

Operations vary from 80 to 100 per cent of capacity, and although there is some shortage of both skilled and unskilled labor, in the majority of cases the labor supply is adequate. The freight situation is now causing little or no difficulty.

Collections are from fair to good, and several manufacturers consider them to be more prompt than they were a year ago, although during the past month they have changed but little.

## **IRON AND STEEL**

In certain lines of the iron and steel industry, notably in pig iron, buyers have become cautious, and are making few inquiries and placing little business. Buying of pig iron for the third quarter has recently been slight, and purchasers are holding off in the hope that the easier coke prices now prevailing will be reflected in lower quotations. Many eastern furnaces, on the other hand, have considerable business that will carry them over into the third quarter, and under such conditions they are not disposed to make concessions. Although plates, shapes, and iron bars are moving well, there has been a falling off in inquiries, and consider-

ably less future business is being placed. Deliveries at earlier dates on these products are more possible at this time, but several mills are not yet accepting orders for the third quarter. Most manufacturers of iron and steel castings have continued to receive substantial business from the machine tool and various other industries, and factories making machinery and machine tools have, in general, been busy on orders from textile plants, automobile manufacturers, sugar refineries, and the building trades. It is apparent that the demand for heavy products is considerably easier, but the lull in buying has as yet affected few of the specialties. Although hardware manufacturers report fairly substantial business, some of them find it spotty, with orders fluctuating greatly. This is attributed to the caution that buyers have adopted, in an attempt to avoid loading up with goods at present prices. The decreased buying is reflected in the unfilled orders on the books of the United States Steel Corporation, which fell from 7,405,332 tons on March 31 to 7,288,509 tons on April 30, a decline of 114,823 tons. This decrease is the first one reported this year.

In spite of the easier demand in some lines, production has been maintained at a high level. Output of pig iron set a new record in April, the tonnage reaching 3,547,551, as against 3,523,868 in March. At the end of the month, 310 furnaces were in blast, a gain of 14 from the total of the previous month. Output of steel ingots, too, was heavy, and although the total of 3,321,275 gross tons, produced by the 30 companies that in 1922 made 84.13 per cent of the total, was less than that for March, the April rate was somewhat higher, when the number of working days is taken into consideration. In this district 41 furnaces were in blast on April 30, as compared with 39 on March 31. The average percentage of operations in the various branches of the industry is about 90.

As far as can be determined, finished stocks in most cases are only moderate and are decreasing. This gives strength to the view that consumption has kept pace with production. In many instances production schedules continue to be curtailed by lack of labor. Manufacturers are almost unanimous in their reports of shortage of workers, and numerous advances have been made of from 5 to 15 per cent in wages. In many instances, however, these increases have not appreciably relieved the shortage. One manufacturer reports that lack of men limits his operations to only 50 per cent of capacity, although he has sufficient orders to warrant a 200 per cent schedule. Not a few men have been attracted to the building and allied trades by the higher wages that contractors are offering.

The advance in quotations that continued during the first three months of the year, came to a stop in April and prices became steady. And during the second week in May several items showed a tendency to de-

cline. In the Pittsburgh district certain grades of pig iron fell off from \$1 to \$3, but the price of 2 X Philadelphia iron has been maintained at \$32. Scrap has been especially weak, and present quotations are from \$2 to \$4 a ton below those prevailing a month ago. Premiums have disappeared on most steel products, and certain independents are even naming prices somewhat below the recent level. The composite price of pig iron, as calculated by the "Iron Age," was \$29.29 on May 15, as against \$30.79 on April 17, and during the same period the composite price of finished steel declined from 2.810 cents to 2.789 cents.

Collections are about the same as they were last month, and may be classed as fair.

### SHIPBUILDING

Shipbuilders report few new orders during recent months, and yards are using only about 30 per cent of their capacity for ship construction and repairs. Several operators are engaged in other types of work, such as the manufacture of paper and laundry machinery, car and locomotive repairing, and general jobbing and foundry work. Most of the ships under construction are of special types, such as ferry boats, floating grain elevators, and river passenger boats. Shipbuilders are unanimous in their opinion that the present outlook for the industry in this district is poor. It is believed that construction of special type of vessels will be the only business available for some time.

The value of old ships has changed little, if any, during recent months. Tankers, however, because of their growing use in the California petroleum trade, have advanced considerably. The Shipping Board is offering various types of vessels at prices below replacement value, and this has tended to hold down rates in spite of rising costs. Practically all commodities entering into shipbuilding are higher than they were a year ago, especially lumber and steel. It is said that American builders cannot compete with British and continental yards at present rates, owing to the higher costs of materials and labor in this country. This has little effect, however, as few contracts are being bid upon.

Practically all yards are short of both skilled and unskilled labor. Wages were advanced by about 10 per cent in February, and additional increases of from 2 to 15 per cent have been made during the past month.

### COAL

Householders, with the memory of last winter's experience fresh in their minds, have been laying in domestic sizes, and as a result, sales have continued at an exceptionally high rate.

**Anthracite** The beginning of the Lake season has tended to make demand even more insistent. Steam sizes, however, are still moving slowly, and some operators have accumulated fair sized stocks.

Production is being maintained at a high rate, and

car supply is ample. Estimated output for the past four weeks, together with that for the corresponding weeks of 1922, was as follows:

	1923	1922
April 21 .....	2,065,000 net tons	6,000 net tons
April 28 .....	2,116,000 " "	5,000 " "
May 5 .....	2,021,000 " "	6,000 " "
May 12 .....	1,903,000 " "	7,000 " "

The decrease during the second week of May was caused largely by the holiday observance of Ascension Day. The reduced production last year was, of course, due to the strike that started on April 1.

Quotations on domestic sizes, for the most part, have been firm during the past month, but those on smaller sizes have continued to decline. Certain retailers have made reductions of 50 cents a ton, but the majority are holding to prices that prevailed during the winter.

Operations are at capacity in practically all instances, except where they are curtailed by a shortage of miners' helpers and even of miners themselves. Several local strikes have occurred, but these have been settled within a few days, and the labor situation is fairly satisfactory, although in certain instances miners are said to be restless. No steps have yet been taken by the United Mine Workers Union as regards the renewal or revision of the present wage agreement, which expires on August 31. In past years, when agreements expired on March 31, it was customary to start negotiations in January or February. If a similar length of time is allowed this year, negotiations should commence within the next few weeks.

Collections with retailers are from fair to good.

The bituminous market has been sluggish during the past month, and all classes of consumers are buying but sparingly. A few railroad contracts **Bituminous** were placed recently, but in general buyers prefer to purchase in the spot market, where quotations are below contract prices. The movement to the Great Lakes, which had been held up on account of ice, is now commencing, but so far this has had little effect upon coals produced in this district. Export inquiry is slight, and although numerous shipments have been made from the port of Philadelphia, these were for the most part to cover orders placed several weeks ago.

Falling prices have forced additional mines to close down, but the surplus of cars gained in this way has been shifted to the remaining mines, and this has permitted heavier operating schedules. Operations in this district average well over 60 per cent of capacity, the highest point in many months. Because of the better transportation conditions, production has fallen off but

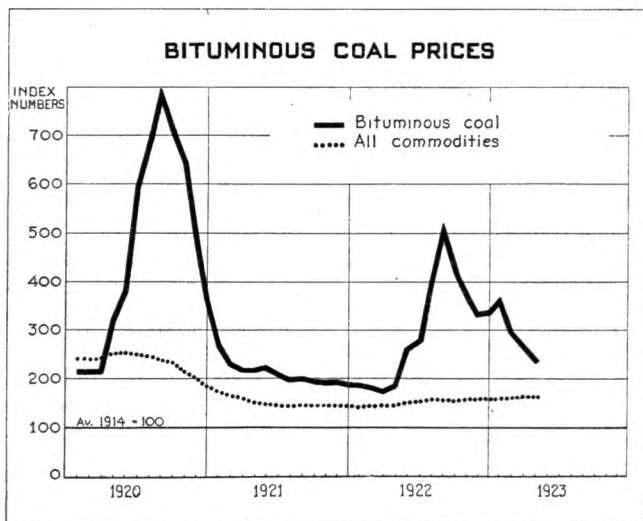


slightly, in spite of the numerous shut downs. Estimated output during the past four weeks and for the corresponding weeks of 1922 was as follows:

	1923	1922
April 21 .....	10,221,000 net tons	3,575,000 net tons
April 28 .....	10,103,000 " "	4,175,000 " "
May 5 .....	10,061,000 " "	4,164,000 " "
May 12 .....	10,211,000 " "	4,433,000 " "

The relatively low production in 1922 was because of the miners' strike.

Prices have continued to weaken, and nearly all grades are lower than they were a month ago. Pool 10 grade, on May 14, was quoted at from \$2.20 to \$2.60, as compared with \$2.45 to \$2.85 on April 16. The chart below shows the index of bituminous coal quotations, together with the index for all commodities—1914 averages being used as a base.



The index of bituminous coal prices, which has been above the general commodity index since the early part of 1920, now occupies nearly the same relative position as it did a year ago

Sources—Bureau of Labor Statistics, "Coal Age"

Although bituminous prices are still relatively higher than the general commodity index, they are in some instances probably below the cost of production. Many operators consider it more advisable to sell at a loss than to close down completely and receive no return at all.

Labor conditions on the whole have been satisfactory. Where mines closed down, the men found work with little difficulty in nearby mines that continued operations, or else sought other lines of employment.

The coke market has been comparatively inactive and most purchasers have filled only their immediate needs, hoping that prices would continue to decline. Spot sales predominate, and few contracts are being closed. Export inquiry has fallen off considerably, but shipments are still being made on past orders.

### Coke

Connellsville furnace coke is freely offered at \$5, and some distress coke has been on sale at a lower figure. Foundry grade is quoted at \$6.

Production has decreased slightly during the month, although it is still at a high rate. Output of beehive coke for the past four weeks was as follows:

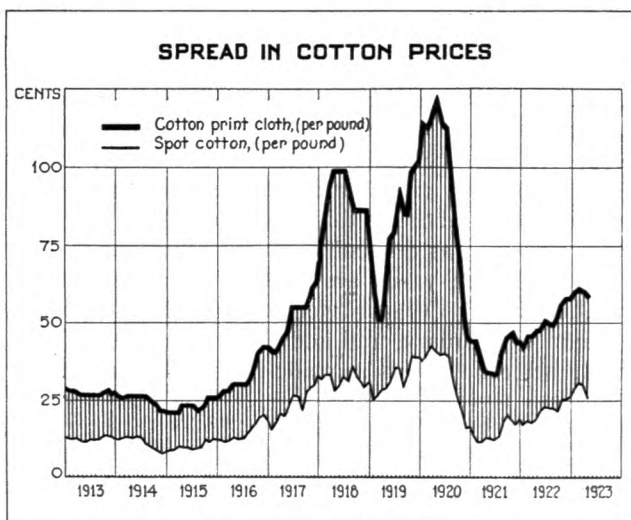
April 21 .....	437,000 net tons
April 28 .....	424,000 " "
May 5 .....	407,000 " "
May 12 .....	403,000 " "

Certain producers have suspended operations in some of their ovens because of lower quotations and lighter demand.

## COTTON

The past month has been a period of readjustment for the entire cotton trade. During the early part, the demand for grey goods was greatly curtailed by the fear of buyers that yarn prices would be reduced. The underlying cause of the lack of confidence was the fact that quotations on October cotton were lower than those on the old crop. When raw cotton prices began to fluctuate

### Cotton goods



The increased costs of spinning and weaving and the strong demand for goods during the period from 1917 to 1920 caused the spread between the prices of print cloth and raw cotton to widen greatly. But during 1921, quotations on cotton goods fell so rapidly that the price of print cloth per pound was less than the cost of the cotton from which it was made. The spread at present reflects the higher labor cost now, as compared with 1915

Sources—"Bradstreet's," "Cotton Facts"



tuate violently, customers refused to buy until the market became more stabilized. As a result of the poor demand, prices on all cotton cloths were reduced during the first half of May, and the more attractive quotations then induced some resumption of buying.

This downward trend of prices is shown by the chart on page 16, which gives the prices per pound of spot cotton and print cloth (28", 64x64, 7 yards per pound). It will be noted that the spread between the cost of raw cotton and the price obtained per pound for the cloth varies greatly. The largest difference occurs in periods of strong demand.

The demand for flannels was good in the first quarter of the year, but during the past month it has been adversely affected by the break in raw cotton prices. The call for towels continues poor, and manufacturers report great difficulty in obtaining business at prices that will cover the increased cost of yarn. The fact that style has favored mohair plush as a furniture covering has made the demand for tapestry meagre. Sales of auto robes have been good, but like those of many other textiles, they have been retarded by the late spring. Of the orders on the books, about 65 per cent, on the average, are for delivery within 60 days, and about 25 per cent for shipment during the month thereafter. Some mills report that from 10 to 20 per cent of their orders are for shipment later than 90 days.

Owing to the lack of demand for grey cloth, mills at Fall River have curtailed production. In this district, towel mills are running at about 65 per cent of capacity. Mills making mohair plush are operating at capacity on orders taken some time ago. The supply of labor, especially of skilled help, is reported to be scarce in many sections. Numerous manufacturers of draperies and furniture coverings have made 10 per cent advances, but manufacturers of towels have in general made no changes.

Mill stocks of finished goods range from moderate to heavy and during the past month have been increasing. Towel stocks are heavy. However, supplies of yarn in the hands of weavers, though moderate in quantity, have been decreasing.

Collections have remained good during the past month, and show a slight improvement over those of the same period last year.

The fluctuations in the price of raw cotton, which began in March, curtailed the future demand for cotton yarns. However, the spot demand continued, although to a decreasing extent, until the sharp break in raw cotton prices on May 2nd, when that demand also was checked. Buyers at present do not appear to be interested in cotton yarns even at concessions, except to fill immediate requirements. Of the orders on the books of yarn manufacturers about 65 per cent are for delivery within 60 days and about 25 per cent for delivery in from 60

### Cotton yarns

to 90 days. The demand for combed yarns has been even smaller than that for carded, owing to the fact that the hosiery trade is not brisk and automobile tire manufacturers have been using less combed and more carded yarn. As a result of the slack demand, prices on several staple numbers during the period from May 2nd to May 9th fell 3 or 4 cents. A comparison of present prices of the same numbers with those prevailing a month ago shows a decline of about 15 per cent from the peak quotations in March.

Prices of carded yarns declined more than those of combed yarns, because prices for the former had previously advanced more than those for the latter. If anything, the weakness in knitting yarns has been more pronounced than that in weaving yarns. Stocks of yarns in the hands of dealers are moderately light, but owing to the slack demand are apparently increasing in some cases.

Collections are fairly good.

In common with the stock market and the sugar, grain, and metal markets, the cotton market began to fluctuate violently when in March the bearish sentiment became dominant. Chief among the influences that affected it were the falling off in exports and in mill consumption, and the pressure from all sides discouraging speculation and high prices. Reports of curtailed operations in mills in Fall River and North Carolina, in addition to reductions in the quotations on cotton goods to bring them on a parity with October cotton, caused much apprehension, and when all of these factors were combined with the uncertainty regarding the coming crop, cotton prices advanced and declined sharply. Spot sales became very small, and on May 3 the heavy liquidation of long interests caused a break of 85 points in the old crop and of about 37 points in the new. But the position of the old crop is still strong statistically. Even though the exports and mill takings are seasonally smaller, the visible stocks are steadily falling. That they are much smaller than the stocks a year ago may be seen by the table below. The quantity of cotton

### Raw cotton

Supply and takings of American cotton \*

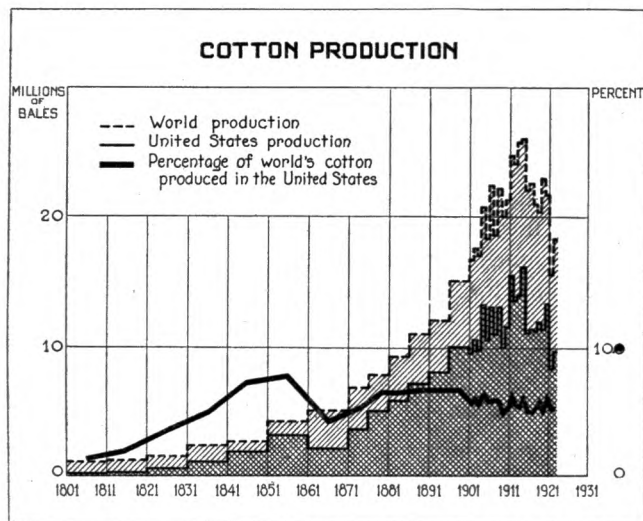
In bales	Season of 1922-1923	Season of 1921-1922	Season of 1920-1921
Visible supply, American, at end of previous season (July 31) ..	1,968,159	4,112,651	2,943,882
Crop in sight, American, to May 18 .....	10,542,001	9,715,728	9,991,404
Total .....	12,510,160	13,828,379	12,935,286
Visible supply, American, on May 18 .....	1,624,183	3,162,663	4,592,890
World's takings of American to May 18 .....	10,242,561	9,727,719	7,620,131

\* Compiled by New York Cotton Exchange.

used by spinners continued to be heavy in April; and although the figure of 577,396 bales, reported by the Bureau of the Census, is smaller than the March consumption of 623,105 bales, it exceeds the April figures of 443,509 in 1922, 419,247 in 1921, and 566,944 in 1920.

After being delayed in some sections by unfavorable weather the planting of the new crop is now completed. It is too early to determine the acreage accurately, but the Government's estimate of intended plantings showed an increase of 12 per cent, and the estimates of private agencies indicate a gain of about 10 per cent. In spite of the larger quantity being grown, the activity of the boll weevil will again be the chief determinant of the size of the crop. Even if it were profitable to use poison on farms where the productivity is not high, the quantity of calcium arsenate available this year would be sufficient to protect only a small part of the acreage planted.

In connection with the constantly recurring talk in the English cotton trade of developing sources of raw cotton within the British Empire, it is of interest to note that the percentage of the world's supply grown within the United States has varied but little during the past fifty years. As will be seen in the chart below, the United States produced about 65 per cent of the world's cotton during the last two decades of the nineteenth century, but since 1900 the ratio of the American crop to the total production has tended downward.



Because of the increasing importance of other sources of cotton, the proportion of the world's supply that is grown in this country has been tending downward since 1900  
Sources—Department of Commerce, "Journal of Commerce"

## WOOL

During the past month, the demand for nearly all wool fabrics, except coatings and cloakings, has declined decidedly, and the call for suitings and dress goods is now from poor to fair. Manufacturers of

men's wear have been troubled by cancellations requested by clothing manufacturers on account of returned goods from retailers.

### Woolen and worsted goods

The latter have been unable to sell their spring suits because of the cold weather. The demand for coatings has been excellent ever since these lines were opened. Fancy-backs are again in great request, but they no longer dominate the field to the exclusion of other coatings. Fabrics for infant wear have been active all spring. Woolen suitings are still sluggish. Of the orders on the books, those that are scheduled for shipment within 60 days average about 65 per cent of the total, and those to be delivered during the month following, about 30 per cent. Over a third of the mills in this district have taken orders for delivery further than 90 days ahead, and this business represents approximately 20 per cent of their total.

In spite of the advance in the cost of labor and yarn, weavers report great difficulty in booking business at prices higher than their opening quotations. Prices are tending upward, but during the last month few mills have actually made any increases.

Production is continuing at an abnormally high rate, and over 90 per cent of the looms in this district are in operation. But in a few cases, some machinery has been idle because of a lack of skilled help, which only 30 per cent of the mills report is in adequate supply. Nearly all woolen and worsted mills have raised wages. With this high rate of production, stocks in some cases are tending to increase, but in half of the reporting mills shipments are causing them to decline. Finished stocks range from light to moderate, and supplies of raw material are light and are decreasing.

Although collections are more prompt than they were a year ago, they have not changed since last month, and are still fairly good.

Although worsted spinners are operating at about 95 per cent of capacity, mainly on old orders, very little new business is now being booked. However, mohair and carpet yarns are in excellent demand. Sales of wool yarns for the

hosiery trade have been small, especially for women's hosiery. But some orders are being booked in men's wool hose. Although their buying has been retarded by cold weather, bathing suit and sweater manufacturers have re-entered the market during the past month. Weavers of men's wear have been buying considerable quantities of yarn, but the demand from mills making women's dress goods has been quiet. About 70 per cent of the orders on the books call for delivery within 60 days, and 25 per cent for delivery in from 60 to 90 days.

Prices in general have increased since last month, but owing to the lack of new business, there has been in some cases a wide range of spinners' prices. Some

delay is still reported in shipments to New England, but the freight situation is in general improved. Skilled labor, especially female, is tending to become scarce, and wages for both skilled and unskilled workers have been increased. Many of these advances have been made on an hourly basis, but if reduced to a percentage basis, they would average about 10 per cent.

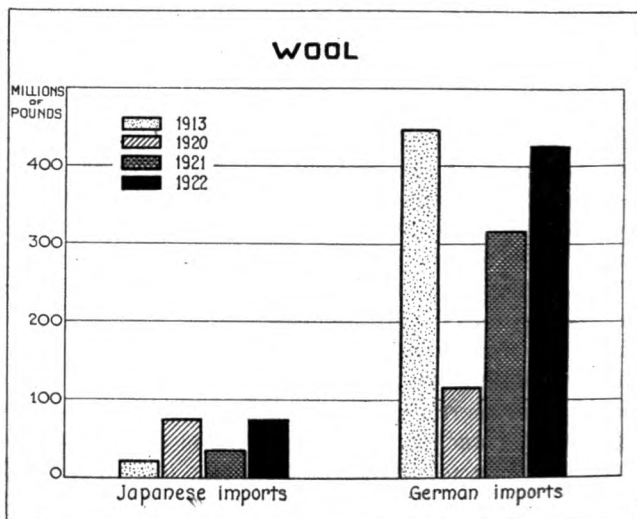
Stocks of worsted yarns are still moderately light because mills are making shipments as fast as yarns are spun. In the majority of cases they are tending to decrease. However, some woolen yarns have accumulated. Stocks of raw wool in the hands of spinners are decreasing, and, although our reports are conflicting, they seem in general to be moderately heavy.

Collections are fairly good.

In contrast to the extreme quiet that has prevailed since May in the Philadelphia wool market, the purchasing of the new clip in the West, both shorn and on the sheep's back, has attracted much attention. Encouraged by the strength of foreign markets, western growers have placed their asking prices so high that many dealers have not cared to buy; but the shortage of fine wools has made mills anxious to obtain a supply of them. The buying in all parts of the world has favored wools of the finer grades, such as merino and crossbreds higher than 50's.

During this spring, there has been much interest in the buying of fine wools for Japanese account, but Japan's imports comprise only about 2.8 per cent of the world's supply. Germany, however, is a much larger consumer, and as shown by the chart below her imports during the past two years have advanced to surprisingly near their pre-war level.

During the past month, quotations on domestic wools have advanced, but the large quantity of foreign wools



In spite of the adverse exchange rate, Germany imported almost as much wool in 1922 as in 1913. Although Japanese buyers have purchased considerable quantities of fine wool this spring, Japan's imports last year were small as compared with those of Germany

Sources—Government reports of Japan and Germany

in the hands of dealers has caused some business to be sought at concessions. Certain low-grade South American wools are reported to have been re-shipped abroad.

Although mills have not been buying additional supplies of wool, they have been using up their raw stocks with rapidity. In March, the quantity of wool entering production in the mills reporting to the Bureau of the Census was 53,790,287 pounds, as compared with 52,361,000 pounds in March, 1922. Of this, 71.9 per cent was of foreign origin. Spindle and loom activity for the country as a whole was higher in April than at any time since early in 1920. Owing to the activity of worsted spinners, the supply of noils has been heavy, and their prices have been low.

## SILK

Because of the resistance to advancing prices, together with the ending of the spring season, manufacturers of silk goods have found that as compared with those of the previous month, their sales for the period from April 15 to May 15 were decidedly smaller. The current demand may be described as less than fair, but it is still better than it was at this time last year. The crêpes, both printed and in solid colors, continue in favor, and there is but little call for yarn-dyed fabrics. The openings of fall silks began about the first of May, but buyers hesitate to go ahead at current quotations. Several mills report that 100 per cent of their orders are booked for shipment during the next two months, but the average is only 55 per cent. Of the mills reporting to this bank, one-half have orders for delivery in from 60 to 90 days, and almost one-quarter have orders for shipment later than 90 days. The percentages of total orders on the books for delivery during these two periods average 25 and 20, respectively.

Although some weavers that are equipped with box looms report that all of their machinery is in operation, the majority are running at from 60 to 70 per cent of capacity. The curtailment, however, has not been sufficient to prevent some accumulation of finished goods, though manufacturers are making a strong effort to avoid the danger of making up silk at present prices to put into stock. Finished stocks range from moderate to light, and supplies of raw material are light and are decreasing. A third of the reporting firms have sufficient labor, but the remainder find both skilled and unskilled labor to be scarce. In nearly all cases, wages have been raised, and although it is difficult to express a change in piece rates on a percentage basis, the advance has been about 10 per cent.

Owing to the increased cost of raw materials, of labor, and of dyeing, prices during the month have advanced. But manufacturers complain that it is impossible to obtain prices commensurate with the higher costs.



Moreover, buyers are seeking fabrics of lower quality.

Collections are fairly good, and are more prompt than they were a year ago. But in the past month they have become somewhat slower.

Because raw silk prices during the past month were extremely high, having reached the highest level since January, 1920, manufacturers of silk goods are attempting to keep stocks at the lowest possible working basis, and consequently the demand for thrown silk is still dull. Mills in general are buying to fill immediate requirements only, and as a result throwsters report that orders on their books are for delivery within sixty days. Severe competition makes it almost impossible to advance throwing prices, although costs for wages and materials are steadily mounting. These factors are tending to reduce production schedules of throwsters, and as a result less than half the spindles are in operation. Collections were excellent during the preceding months, but are beginning to slow up perceptibly.

The interest of the silk trade is centered in the probable future trend of raw silk prices. Since mills have refrained from buying in the hope that prices would drop, the demand for raw silk has been quiet. The bullish factors that now influence the market are:

1. The visible stocks in Yokohama are small. On May 15, these were reported by H. L. Gwalter to amount to 18,000 bales.
2. Stocks in American warehouses fell from 39,436 bales on April 1 to 28,657 bales on May 1.
3. The present high prices of silk seem likely to increase the cost of cocoons to Japanese filatures, and this in turn would tend to raise quotations on new-crop silk.

4. Weavers will need silk to manufacture silk goods for fall.

The elements in the present situation that are of a bearish nature are the following:

1. Although the unsold stocks in Yokohama are low, considerable supplies of the present crop are reported to be available in Japanese filatures.
2. Since sales have been greatly diminished by the high prices prevailing during the past month, there is little likelihood of the present stocks being exhausted before the new crop of silk is ready.
3. Consumers may refuse to buy hosiery and broad silks priced on the basis of prevailing quotations in the raw silk market.

The trend of current prices as compared with those before the war is shown by the accompanying chart.

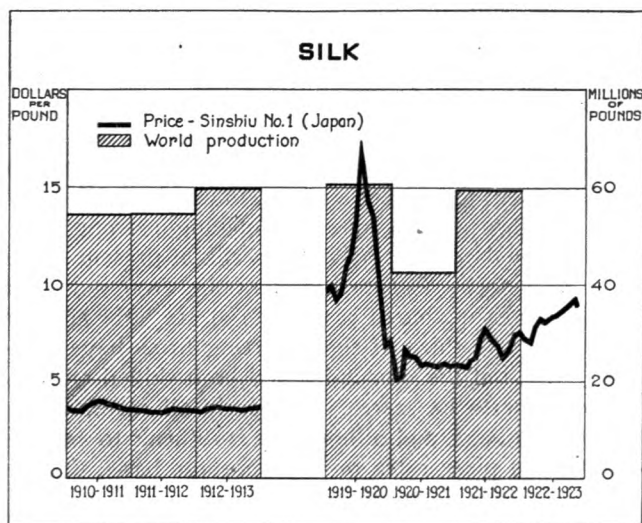
### HOSIERY

Full-fashioned hosiery mills are for the most part running at capacity. In some of them, all orders are for shipment before the end of June, and no prices have been named for delivery in the second-half of the year; but in others, new quotations for July to December shipments have been made, and a considerable business has been booked, although not as much as at this time last year. On silk hosiery to retail at \$2.00 per pair, prices are either unchanged or increased, the increases ranging up to 4 per cent; on the more expensive lines, they are up to 15 per cent higher.

Mills making seamless hosiery are operating on the average at about 65 per cent of capacity, and with the exception of some orders for wool hosiery or wool mixtures for next autumn, nearly all orders are for shipment within sixty days, and prices are in most cases unchanged. Some manufacturers, however, report an advance in price, and a few have reduced quotations. The largest demand in both the full-fashioned and seamless trade is for silk hosiery for women, in red, green, and nude, for early shipment.

Cotton yarns are much lower in price, and silk tram, too, has eased off slightly; but prices on wool and worsted yarns hold firm. Labor continues to be scarce in some localities, and a number of firms have increased wages. Collections range from very good to slow.

Reports received from manufacturers in the Third Federal Reserve District, tabulated on page 21, show that during April, among firms selling to the wholesale trade, production decreased 5.5 per cent, as compared with March, and increased 6.4 per cent as compared with April, 1922; and orders, largely because of the sales made for July to December shipment, increased 32.0 per cent, as compared with March, but were 5.6 per cent smaller than in April, 1922. In mills selling to the retail trade, production in April was 9.0 per cent less than in March and 15.2 per cent greater than in April, 1922. Orders booked fell off 10.5 per cent as



Although the world's production of silk last season was as large as the pre-war output, it has failed to keep pace with the heavy consumption, and the price is now about 150 per cent higher than it was in 1912-1913

Sources—Silk Association of America, "Boston Evening Transcript"



compared with March, and increased 6.6 per cent as compared with April, 1922.

**Conditions in the hosiery industry  
During the month of April**

In terms of dozens of pairs	April, 1923, compared with March, 1923	April, 1923, compared with April, 1922
<b>Firms selling to the wholesale trade:</b>		
Number of reporting firms—33		
Product manufactured during month .....	— 5.5%	+ 6.4%
Finished product on hand at end of month .....	— 1.8 "	+21.6 "
Orders booked during month....	+32.0 "	— 5.6 "
Cancellations received during month .....	— 5.4 "	—72.5 "
Shipments during month .....	— 1.2 "	+ 6.9 "
Unfilled orders on hand at end of month .....	+ 5.4 "	+45.0 "
<b>Firms selling to the retail trade:</b>		
Number of reporting firms—12		
Product manufactured during month .....	— 9.0%	+15.2 "
Finished product on hand at end of month .....	— 4.4 "	—21.2 "
Orders booked during month....	—10.5 "	+ 6.6 "
Cancellations received during month .....	—12.4 "	+16.3 "
Shipments during month .....	—17.0 "	+ 9.1 "
Unfilled orders on hand at end of month .....	— 2.9 "	+99.2 "

**UNDERWEAR**

The violent drop in the raw cotton market was reflected in the prices of cotton yarns, which have declined on an average of about 15 per cent during the past two months. These changes have completely unsettled the underwear market, and buying has come almost to a standstill. The spring season is about over, and retail sales have been smaller than was anticipated, because of the unusually cool weather. Reports have been received of requests by retailers to wholesalers to hold back shipments of spring goods. Jobbers are showing no interest in fall underwear; in fact, some cancellations and some requests to postpone delivery have been received by manufacturers. Lines for next spring are being prepared in some mills, but prices have not yet been quoted, as manufacturers believe it is impossible to make satisfactory prices until the market becomes more stable. Collections are from fair to good.

Returns from manufacturers in the Third Federal Reserve District, tabulated below, show that production of summer underwear in April decreased .3 per cent as compared with March, and 13.0 per cent as compared with April, 1922; and that unfilled orders on hand

on April 30 were 16.5 per cent smaller than in March, but 181.7 per cent larger than April, 1922. In winter underwear the production increased 3.7 per cent as compared with March, and decreased 17.1 per cent as compared with April, 1922. Unfilled orders on April 30 were 1.0 per cent less than in March and 171.4 per cent greater than in April, 1922.

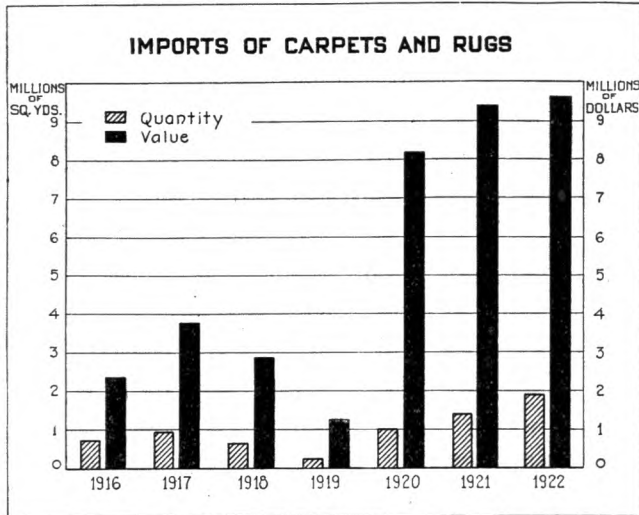
**Conditions in the underwear industry  
During the month of April**

In terms of dozens	April, 1923, compared with March, 1923	April, 1923, compared with April, 1922
<b>Summer underwear</b>		
Number of reporting firms—12		
Product manufactured during month .....	— .3%	— 13.0%
Finished product on hand at end of month .....	—27.1 "	— 38.5 "
Orders booked during month....	—44.5 "	+ 62.9 "
Cancellations received during month .....	—83.9 "	— 85.0 "
Shipments during month .....	— 3.9 "	+ 16.9 "
Unfilled orders on hand at end of month .....	—16.5 "	+181.7 "
<b>Winter underwear</b>		
Number of reporting firms—5		
Product manufactured during month .....	+ 3.7%	—17.1%
Finished product on hand at end of month .....	+ 4.3 "	0.0 "
Orders booked during month....	—35.1 "	+44.7 "
Cancellations received during month .....	.....	.....
Shipments during month .....	+11.1 "	+ 43.8 "
Unfilled orders on hand at end of month .....	— 1.0 "	+171.4 "

**FLOOR COVERINGS**

Manufacturers of the principal weaves of carpets and rugs, as stated last month, were in nearly every case able to book all the yardage they desired to contract for and in many cases were forced to divide their output pro-rata among their customers. Manufacturers of Wiltons have now named their new prices, and in a majority of cases these show advances of from 5 to 10 per cent; but a number of makers of wool Wiltons have not changed their quotations. It is reported, however, that some of these latter manufacturers will produce more worsted and fewer wool Wiltons than they have during the past season. It is reported also that new Wilton looms are being added to the equipment of local mills and that in the near future a considerable gain in yardage may be expected.

The accompanying chart shows that though importations of carpets and rugs fell off sharply in 1919, in 1920 they were larger both in quantity and value than during the years preceding 1919, and since then they

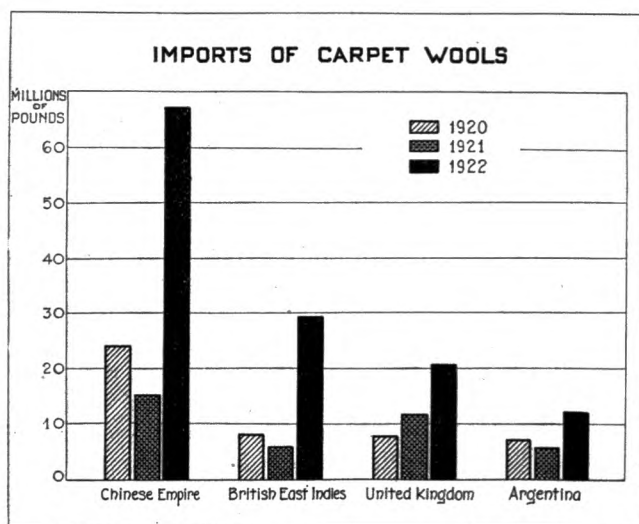


That foreign rugs and carpets shared in the demand experienced by domestic manufacturers during 1921 and 1922 is shown by the large gain in the quantity of imports in those years  
 Source—Department of Commerce

have continued to increase steadily. The years shown are years ending June 30.

Some manufacturers who market their product through salesmen and therefore do not dispose of their entire season's output at the opening, report a slight decrease in new business and that the higher prices are meeting with considerable resistance. Instances of overbuying are so few as to be almost negligible, and payments continue to be made promptly. Labor, both skilled and unskilled, is in short supply, but up to the present, mills have been able to secure sufficient to maintain production. Wages in most parts of the district have risen during the past sixty days.

The accompanying chart shows the imports of carpet



The heavy demand for carpets and rugs which kept the mills busy throughout 1922 is reflected in the large gain in the importations of carpet wools during that year  
 Source—National Association of Wool Manufacturers

wools from the largest foreign markets during the past three years. Shipments from the United Kingdom are largely composed of East India wools that have either been trans-shipped at some British port or have been purchased in the London market. The years shown are years ending June 30.

Linoleum manufacturers report that production difficulties caused by the scarcity of labor are their chief care at present, for the number of orders on hand is large and the demand continues good, although not so urgent as in March. Some cancellations are reported. Linseed oil, which for some months past has been advancing, has now eased somewhat in price, and offerings are freer. Collections are good.

### FURNITURE

The majority of furniture manufacturers report that the demand for their products is only fair and is practically the same as in April. Since March, when production reached the highest point of the year, the call for furniture has been rather light, and only those mills that have large contracts for the furnishing of hotels, clubs, hospitals, and apartment houses state that the demand is good. Retailers have been purchasing very cautiously, as this is between seasons, and increases in price made by several manufacturers are meeting with determined resistance. However, most of the factories find that the present demand is better than that of May, 1922. The call for phonograph and radio cabinets is good, but makers of kitchen and household cabinets report a noticeable falling off in orders. The demand for parlor, living room, dining room, and bed room suits and other home furniture is only fair. Orders for desks, chairs, and other office furniture are smaller than they were in March, although since April the demand has been steady. Production throughout this district, however, continues at a high rate, and the average of factory operations is about 80 per cent. About 90 per cent of the orders on the manufacturers' books are for prompt shipment, and only those firms that have large hotel contracts have any considerable amount of business for future delivery.

On account of higher costs of labor and raw materials, several manufacturers advanced their prices by from 5 to 10 per cent at the beginning of the month, but the advance has not been general. The sharp resistance to higher prices by many retailers and the present character of the demand have probably prevented the movement from becoming widespread. Although lumber prices have remained steady and are the same as in April, varnishes, veneers and paints have gone up during the month. Plate glass prices, too, still show a tendency to rise. One large manufacturer states that the cost of materials used in the making of furniture is now 110 per cent higher than the 1913 cost.

Stocks of finished furniture at the factories are mode-

rate, and at many plants are increasing. The supplies of raw materials held by manufacturers are likewise moderate, but are decreasing, as nearly all are buying conservatively.

Almost all factories, both in the cities and the smaller towns, report a scarcity of skilled and unskilled labor. The building trades and automobile body builders are attracting some of the cabinet workers into other industries. In order to hold their men, practically all of the manufacturers in this district advanced wages from 5 to 15 per cent early in the month.

The general freight situation shows improvement and is satisfactory, except to New England points, to most of which embargoes are still in force. Shipments to New England may be made only on permits and consequently are frequently subject to long delays. Collections, in general, are fair and the same as in April.

### LEATHER

Conditions in the shoe factories have changed but little during the past month, and the slackening which was then becoming evident has continued. A fair number of novelty shoes for women have been produced, but as the majority of orders for these call for shipment before Memorial Day, the deliveries by factories during June will be smaller. This, however, is usual in June. The success which shoes in bright colors have met has exceeded all expectations, and although recent orders for them are reported by some to be decreasing, others anticipate they will continue to be the vogue during the early part of the summer at least, and that then other colors somewhat more subdued—such as beige, camel, and grey—will be popular.

The sale of white shoes made of leather, although fair, has thus far been somewhat retarded by the rush for colors; and white canvas shoes for women have sold very poorly. Many of the factories in New England that are usually burdened with orders for canvas shoes up to July 4, are now making other lines because of lack of orders.

A number of factories in this district report that they have booked some business for July, August, and September delivery, and that the orders on hand show an increase over those of a month ago. But these orders are, of course, in more staple lines for infants and children. It is yet impossible to form any opinion as to what will be the prevailing style for women for next autumn, and therefore jobbers and retailers are holding back, and the trade expects that the bulk of such business will not be placed before July.

Production of shoes in this country, according to figures issued by the Department of Commerce, was larger in March than ever before. In that month, 34,355,833 pairs were made, bringing the production for the first quarter of the year to 95,315,374 pairs. These

figures compare with 29,350,306 and 79,021,470 pairs for the same periods of 1922.

Stocks of shoes in the hands of both jobbers and retailers, perhaps as a result of this heavy production, appear to be increasing, but they cannot be called burdensome. The rapidity with which styles are changing, however, tends to increase the stock of slow selling lines.

A strike which has been declared by some of the workers in the shoe factories in Brockton, Massachusetts, will result in a considerable decrease in the production in that district.

Prices for the most part are unchanged, but some advices of small increases have been received. Collections are in a number of instances reported as slower than they were a month ago, but in the majority of cases are said to be from fair to good. In the Third Federal Reserve District, as shown in the following table, production decreased 15.0 per cent as compared with March, but increased 15.3 per cent as compared with April, 1922. Orders on hand at the end of April were 10.0 per cent larger than at the end of March, and 102.8 per cent larger than on April 30, 1922.

Conditions in the boot and shoe industry

Number of reporting firms—34 (In terms of pairs)	April, 1923, compared with March, 1923	April, 1923, compared with April, 1922
Product manufactured during month	-15.0%	+ 15.3%
Shipments during month	-23.2 "	+ .6 "
Orders booked during month	+27.6 "	+ 50.8 "
Orders on hand at end of month	+10.0 "	+102.8 "
Cancellations received during month	+69.4 "	+ 20.1 "
Stocks (unsold) on hand at end of month	+ 5.3 "	- 26.3 "
Number of operatives on payroll	- 1.8 "	+ 5.6 "

Except of extreme novelties, retailers appear to have sufficient stocks, as wholesalers report that repeat orders have been few. Unfortunately, the supply of the novelties called for are small in jobbers' hands, and therefore sales by them during May have decreased. From the table on page 10 it will be seen that sales in April decreased 31.5 per cent as compared with March, and 6.6 per cent as compared with April, 1922.

With the retail dealers, although some complain that the unseasonably cool weather during May has retarded business, sales have been increasing, and the demand for bright colored shoes for women has so far exceeded early expectations that stocks were found to be insufficient and all available supplies in the factories or in jobbers' hands have been eagerly purchased.

As shown in the following table, sales in April decreased 18.3 per cent as compared with March, and 17.5 per cent as compared with April, 1922. When con-



sidering these figures it must be remembered that in 1922 the bulk of the Easter purchases were made in April and that in 1923 they were made in March. Therefore, to arrive at a fair comparison of the two years, March and April should be thought of together.

**Retail shoe trade**

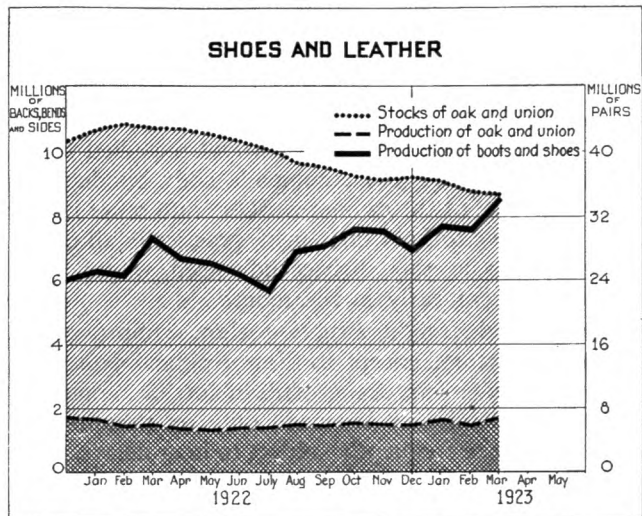
(In terms of dollars)

1. **Net sales:**
  - (a) April, 1923, as compared with March, 1923. —18.3%
  - (b) April, 1923, as compared with April, 1922. —17.5 "
  - (c) January 1 to April 30, 1923, as compared with January 1 to April 30, 1922..... + 8.0 "
2. **Stocks (selling price):**
  - (a) April, 1923, as compared with March, 1923. + 4.2 "
  - (b) April, 1923, as compared with April, 1922.. —11.3 "
3. **Rate of turnover (times per year based on cumulative period):**
  - (a) January 1 to April 30, 1923..... 3.3
  - (b) January 1 to April 30, 1922..... 2.7

Number of stores reporting above items:  
 1.....29      2 and 3.....26

The decrease in sales of leather which was noted last month has continued, and although some reports of a fair volume of sales have been received, the majority of the tanners are experiencing a period of considerable dullness. Heavy leather sales are, if anything, more satisfactory than those of upper leathers. This is a time of the year when shoe manufacturers are endeavoring to secure their orders for next autumn, and as these orders increase, the gain in business will be shown in increasing leather sales.

Production of heavy leathers has changed but little, and stocks are reported to be increasing. Belting butts are not meeting with the active demand of the past few months, and manufacturers of belts have an increased stock of leather on hand. Shading of price by some sellers of butts has failed to stimulate buying. The finding trade continues dull, and even the sole leather trade is feeling the development of the trade in novelty shoes, and only certain lines are showing any activity. Harness leather, especially in the middle west, is more active, and some advances in price have been made. Labor, both skilled and unskilled, is scarce in a number of tanneries, and wages have in most cases been advanced. The following chart shows that in the past year the production of shoes, except for a period of



An almost steady increase in shoe production has been accompanied by a steady reduction in the stocks of sole leather  
 Source—Department of Commerce

seasonal decrease in the late spring and early summer of 1922, has steadily increased, and that the stocks of oak and union, backs, bends, and sides has steadily decreased. Not all shoes, however, have leather soles, nor are all the leather soles made from union and oak, backs, bends, and sides; but both these exceptions represent a comparatively small part of these industries.

In upper leathers the demand for bright colors in kid and calf has continued to be the feature of the business. Recently, however, some tanners report a decrease of orders in these lines and a tendency to change to the more subdued shades of beige, champagne, camel, and grey. Black kid, except in the low grades, and black calf are not moving actively, and as the production continues unchanged, stocks continue to grow larger. Brown calf in the lower grades and in the lighter weights is in greater request, and brown kid, especially in the medium grades, is also wanted. Prices of kid are unchanged, but a slight advance in price has been made by some tanners of calf skins.

Patent leather in the low grades and top grades is selling freely, but the second grade, which is the largest in quantity, is not active. Prices of patent leathers are firm and in some cases higher.

Wages in nearly all the kid and calf tanneries in this district were advanced 10 per cent during the month. Sheep leathers are in good demand. Glove, hat, chamois, and lining leathers continue to be wanted, and further price advances for them are recorded.

In March, consumption about kept pace with the increased production, as is shown by the following table of the changes during that month in the production and stocks of the leading leathers.

	Production during month	Stock at end of month
Back, bends and sides .....	+17.2%	-1.2%
Belting butts .....	+14.2 "	+1.6 "
Offal, sole and belting .....	+ 6.7 "	-1.0 "
Cattle side, upper .....	+ 3.5 "	-1.3 "
Calf and kip .....	+ 3.4 "	+1.9 "
Goat and kid .....	* +17.2 " {	+ .4 "
Cabretta .....		-4.1 "

\* Production figures not separated.

Collections are reported as from fair to good.

The market for domestic hides has been quiet and sales have been small. The expected advance on April and May hides, because of their superior quality, has not been realized. The Argentine hide market has been weak, and although prices have at times rallied, the trend appears to be downward.

### Hides and skins

Calf skins, on the contrary, have been quite active, and a considerable number have been sold. The prices of 18 cents for Chicago city skins and of 19 cents for packer skins are firmly maintained. Goat skins have been dull, but prices for most varieties remain about the same as they were a month ago. Some activity is reported in lots of European chevrettes and other skins especially suitable for the production of colored kid. Lots of such skins, if in this country, have been readily disposed of at prices fully equal to those of previous sales. Sheep skins continue to be in small supply, and prices are still rising. The advances have now carried the quotations of some kinds to more than 250 per cent of the price at the opening of 1922.

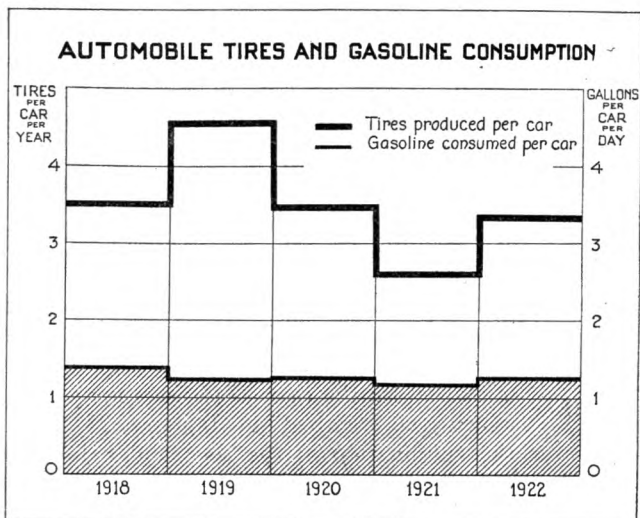
## RUBBER

In 1923, tires have been produced at the highest monthly rate ever known in the early part of the year.

If the output were to continue at this rate, this year's total production would be over 11 million tires greater than the peak production of last year, which was about 41 million tires.

The demand in March was good because of the 10 per cent advance in quotations that became effective on April 1. But since that time it has slackened considerably. The outlook for the coming months is considered good by manufacturers who sell to dealers only, because as in the past the summer demand should increase after July. However, those who sell original equipment for automobiles expect a slackening of orders after the spring season has passed.

The accompanying chart shows the number of tires produced per car during each of the last five years. Since consumption figures are not available, the ratio of tires produced to cars registered is the best indication we have of the number of tires consumed each year



The number of tires produced per car in the United States fell from 4.5 in 1919 to 2.6 in 1921, but increased again in 1922. This large decrease in 1921 is attributable to less mileage per car, shown by the drop in gasoline consumption, to a heavy carryover from 1920, and to an improvement in the quality of tires.

Sources—"National Petroleum Magazine," National Automobile Chamber of Commerce

by the average car. However, this ratio, which is shown by the heavy black line, takes into account neither the tires that are held in stock by dealers and manufacturers, nor variations in the distance which the average car may run in different years. In order to correct the latter defect, the average consumption of gasoline per car is indicated by the shaded area. By comparing the consumption of tires and gasoline per car, the variations in the mileage given by tires in different years may be seen.

The demand for mechanical rubber goods during the first quarter of 1923 has exceeded that of the same period in 1922. Although, in general, it is still fair for this time of year, orders have greatly diminished since February. But many manufacturers of hose are working their plants at night in an effort to make deliveries on orders taken some months ago. Both steam and garden hose are in request, but the call for belting has been disappointing. In mechanical goods factories as a whole, operations average 85 per cent of capacity. The scarcity of labor that is felt by many plants has, in a few cases, curtailed production. Although skilled help is somewhat scarce, common labor is still more so. Wages have been advanced about 10 per cent for skilled workers, and from 10 to 15 per cent for unskilled.

Of the orders now on the books, about 85 per cent are scheduled for delivery in the next two months. Much of this business was taken months ago, when prices and costs were lower than they are at present. Owing to the advance in crude rubber and cotton fabrics since the first of the year, prices are tending upward, but no changes have occurred during the past

month. Keen competition in many lines has prevented a price increase equivalent to the higher costs. Stocks are light and are decreasing. Supplies of raw materials are moderate, but reports conflict as to whether they are increasing or decreasing.

Collections are fairly good, but not as prompt as many manufacturers would desire. Although the same as they were a month ago, they are much better than they were last year.

A sharp decline in the crude rubber market during May carried the price of First Latex Crêpe to a point more than 27 per cent below the highest quotation for the year,  $37\frac{1}{8}$  cents per pound, which was reached on January 23. The latter was the culmination of the spectacular advance which began in October, 1922, largely as a result of the Stevenson restriction plan. The chief causes of the decline were a lessening of demand and an increase of supply. For the most part, the latter was caused by the smuggling of rubber from the areas under British control. However, the average price for the three months of February, March, and April, was sufficiently high to permit the release, after May 1, of 65 per cent of the "standard" production in Ceylon and Malaya, instead of the 60 per cent which had been released previously.

As shown by the table below, the American imports of crude rubber have been higher this year than in 1922.

American imports of crude and waste rubber *		
In tons	1923	1922
January .....	31,197 tons	21,867 tons
February .....	24,220 "	28,973 "
March .....	33,916 "	28,702 "

\* Compiled by the Rubber Association of America.

## PAPER

Although the demand for all grades of paper is still good, many manufacturers report a marked decline in the orders received during the month. This has been most noticeable in the call for wrapping papers and tag stocks, but the majority of the mills making these grades are still operating at capacity on orders. Some decrease has also occurred in the demand for magazine and book papers, and the mills, which two months ago were from five to six weeks behind in deliveries, are now only from ten days to three weeks behind. Orders for writing, ledger, and fine papers, too, are smaller than they were a month ago, but the mills are still well supplied with orders and are operating at close to capacity. Envelope manufacturers report that the call for their products is well sustained and shows little change

since last month. They are operating at about 80 per cent. Crêpe towels and toilet tissues are in less request than they were a month ago, but the demand for other grades of tissues has improved. Converters of paper state that the call for tablets, writing pads, stationery, etc., is very good, particularly from schools. The demand for manila papers, building papers, building boards, and card boards continues to be good, and mills making these are operating at, or near to, capacity. Boxboards, particularly news and chip, are in better request than they were last month, and board mills are operating at from 85 to 100 per cent. About 95 per cent of the orders booked by paper mills are for delivery within 60 days, as few buyers care to make commitments for beyond that period and manufacturers desire to avoid any pyramiding of orders. Wholesalers state that, in general, the demand is good but that there has been a falling off in the call for wrapping, fine, and book papers. Some cancellations of orders have been noted by a few jobbers for the first time in many months, and an air of caution pervades the trade. Wholesalers report that practically no business is being booked for future delivery and that paper consumers are buying very conservatively.

A few fine and book-paper mills have advanced prices from an eighth to a quarter cent per pound during the month, but all advances have been confined to these grades. Prices of wrapping, manila, tissue, crêpe, and other papers are firm and unchanged. Early in the month news and chip board quotations were increased \$2.50 per ton, or  $4\frac{1}{2}$  per cent; but container board, straw board, and jute liner remain at the April levels. Imported chemical pulps, particularly sulphite pulps, have gone up, and are from 3 to 7 per cent higher than they were a month ago. Domestic mechanical pulp is now quoted at from \$37.50 to \$40.00 per ton, or from  $2\frac{1}{2}$  to 7 per cent less than on April 23.

Stocks of finished paper at the mills are reported as being from light to moderate and are decreasing. Supplies of raw materials are moderate, except at chip and newsboard mills, where they are light. Chip and newsboard plants are buying waste papers very conservatively, because of the uncertainty of prices. Most of the large users of chemical pulps have contracted for supplies of these for from three to five months ahead. Wholesalers' stocks on hand are moderate and about normal.

Unskilled labor is in scant supply at many mills, both in country and city districts; and at some plants, skilled labor likewise. A general wage advance of from 10 to 15 per cent has taken place at most mills throughout the district.

The freight situation is better than it has been for months, as all embargoes, except to some New England points, have been lifted. Manufacturers report collections as being good and as unchanged since last month;



but wholesalers find them to be slower than in April and only fair.

### PAPER BOXES

In general, the demand for paper boxes is good and is about the same as it was in April. Some manufacturers report an increase in orders and some a decrease, but the majority state that there has been no change since last month. The hardware, auto accessory, electrical and radio supply, and food products industries are still buying heavily; but the shirt, underwear, shoe, and candy trades are purchasing only moderately. Specialists in hosiery boxes report that the demand continues to be fair and well sustained, and although not so heavy as they desire, it is much better than it was a year ago. One large maker of hosiery boxes states that his April output was 25 per cent greater than that of last April. Mailing tubes, fancy perfume, specialty, and folding boxes continue in steady request, as has been the case during the past three months. Although operations vary considerably, they continue at a high rate and in this district average about 80 per cent of capacity. Makers of corrugated boxes and fibre shipping containers report that the demand is good and slightly greater than it was last month. However, they state that all orders are for immediate shipment and that buyers show no disposition to make contracts for the future. In this branch of the industry production is at about 85 per cent of capacity. Approximately 90 per cent of the orders booked by box manufacturers are for prompt shipment, but some candy-box makers have received considerable Christmas business.

Many manufacturers have advanced prices during the month, because of rising production costs, the increase varying from 5 to 8 per cent. On the first of the month, chip and newsboard prices were advanced \$2.50 per ton and they are now back at the March levels. Strawboard, jute liner, and container board prices have held very firm and are unchanged.

Finished stocks at the factories are light and are increasing slightly. Manufacturers' stocks of paper board, glue, and other raw materials are moderate, but are decreasing, as all box makers are buying cautiously and for immediate needs only.

The majority of manufacturers report that both skilled and unskilled labor is scarce, and on May 1 many advanced wages from 5 to 15 per cent. Girl operatives are especially scarce. The turnover of labor continues to be heavy, and manufacturers complain that many of their employees are taking one or two days off per week. One large box maker states that for the past two months he has never had more than two-thirds of his force at work on Monday.

Transportation by rail shows improvement despite heavy car loadings, and scarcely any complaints of shipping delays are now audible. Collections show no

change since last month and are reported as being from fair to good.

### SUGAR

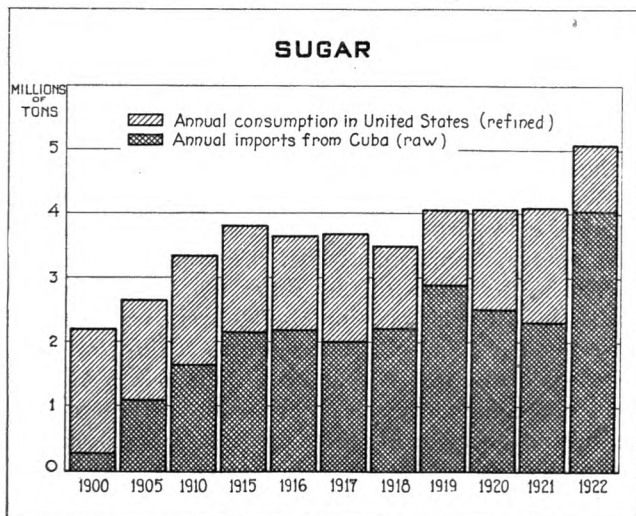
The purchasing of raw sugars for prompt shipment during this month has been relatively light for this time of the year, and refiners have shown little inclination to buy. On the other hand, holders of raw sugar have not been anxious to sell, and the spot market has held relatively firm. Early in the month, when the boycotting movement of various women's associations was first announced, and just before the Department of Justice attempted to secure a temporary injunction against the New York Sugar Exchange, the prices of raw sugar fell. On May 4, a small sale of Cuban raw for May delivery was made at  $5\frac{5}{8}$  cents, c & f, but only one sale was at this low level. Prices soon rose to 6,  $6\frac{1}{8}$  and  $6\frac{1}{4}$  cents, c & f, Atlantic ports, and some large sales were made at these prices. Further advances in the price of Cubas have occurred, and present offerings are being made at a range of from  $6\frac{1}{4}$  cents to  $6\frac{1}{2}$  cents, c & f, for prompt shipment. Porto Rican sugars have sold at prices ranging from 7.78 cents to 8.28 cents, delivered, the equivalent of from 6 to  $6\frac{1}{2}$  cents, c & f, for Cuban.

United Kingdom refiners bought 15,000 tons of raw sugar in Cuba early in the month at 6.25 cents, f. o. b., but since then they have bought at prices ranging from 6.35 to 6.48 cents, f. o. b. However, their purchases have been moderate. Canadian refiners bought a few cargoes of Santo Domingan sugar at prices ranging from 6 to  $6\frac{1}{8}$  cents, c. i. f.

The grinding season in Porto Rico and Santo Domingo is reported as practically completed, and the production of both islands is smaller than it was last year. No official estimates of this year's output, however, are yet available, but the production at all of the centrales which have closed was less than that of 1922.

In Cuba, too, the grinding season is drawing to a close. A large number of centrales have already closed because all of the available cane has been delivered to the mills. Some, however, shut down before all of the cane had been delivered, on account of the difficulty of getting deliveries because of the heavy rains late last month and early this month. Central Cunagua, which closed on May 7, produced more sugar than ever before in its history. Its output was 37,000 bags more than was estimated last December, and 155,000 bags greater than in 1922. Its 1923 production is reported as being 587,000 bags. Although all of the recognized authorities have reduced their estimates of the Cuban crop from the first figure of about 4,000,000 tons to 3,700,000 or 3,500,000 tons, there is yet no certainty that the lowest of these revised estimates may not be actually exceeded.

How great has become our dependence upon Cuba as a source of supply for sugar, can be seen from the following chart. In 1900 only about 290,000 tons of raw sugar were imported from Cuba; in 1922 slightly more than 4,000,000 tons came from that island.



In 1922 our imports of raw sugar from Cuba almost equalled our entire consumption of refined sugar in each of the three preceding years. In 1922, Cuba supplied 67 per cent of the total amount of raw sugar used in this country, whereas in 1900 it furnished only 12 per cent  
Sources—Department of Commerce, "Weekly Statistical Sugar Trade Journal"

The amount of raw sugar received at the ports of Baltimore, Boston, New York, and Philadelphia during the first three weeks in May was considerably smaller than the imports for the same period of last year. The following data, compiled by the "American Sugar Bulletin," reflect to a considerable degree the relative inactivity prevailing in the spot market during the month.

#### Receipts of raw sugar at Atlantic ports

Receipts (tons 2240 lbs.)	April 27 to May 18, 1923	April 28 to May 19, 1922
From Cuba .....	169,206 tons	226,039 tons
From Porto Rico .....	40,245 "	30,081 "
From Philippine Islands .....	11,534 "	8,960 "
From other countries .....	774 "	—
Total receipts .....	221,759 "	265,080 "

Refiners report that the demand for refined sugars has been considerably below normal for this time of the year. The unseasonably cool weather, the housewives' boycott, and the rather heavy offerings of refined sugar from second hands undoubtedly curtailed the demand at the refineries. **Refined sugar** However, the refiners are very doubtful whether the comparatively light buying has been due to much of a decrease in consumption, and are of opinion that the unfavorable weather has merely deferred purchases.

Late in April, large quantities of refined sugar were bought on deferred shipment contracts, but the buyers have been very slow in making withdrawals. As a result, stocks at the refineries have accumulated, and all of the refiners have been pressing their customers to take deliveries. This heavy accumulation of stocks induced the refiners to make price concessions on prompt shipment sales, and at various times during the month they have sold at prices from 15 to 40 points below their listed quotations.

In the closing days of April, quotations for fine granulated at the refineries jumped to over ten cents and varied from 10.05 to 10.25 cents per pound at the different plants. But on May 3, under the heavy selling pressure of sugars held by second hands, prices dropped, and refiners soon revised their quotations to from 9.50 to 9.90 cents. Nearly all of the refiners now quote 9.90 cents for fine granulated, but two of the New York producers quote 9.50 and 9.75 cents respectively.

Meltings for the first three weeks of the month at the refineries at Baltimore, Boston, New York, and Philadelphia were about 9 per cent smaller than for the same period last year.

#### Meltings of sugar at Atlantic port refineries

Tons 2240 lbs.	April 27 to May 18, 1923	April 28 to May 19, 1922
Total meltings .....	232,000 tons	254,000 tons

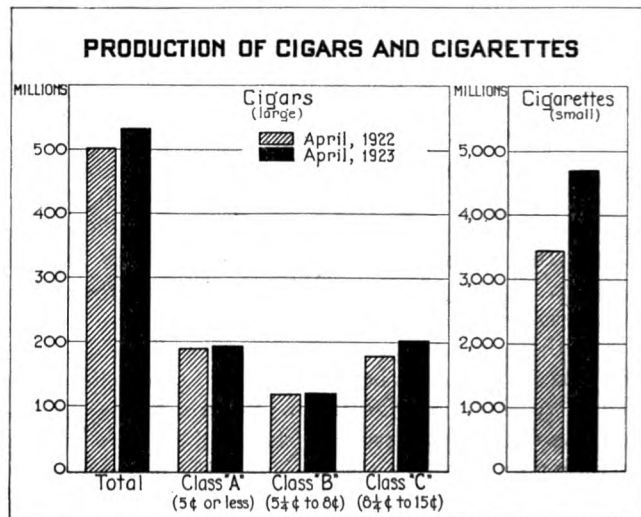
Export buying, particularly from second hands, has been heavier this month than in any month of the year. But this is normally expected in May, and the foreign purchases of refined sugar are not nearly as heavy as they were last year. Italy and the United Kingdom have been the principal buyers in eastern markets.

#### TOBACCO

On the whole, the demand for cigars is fairly good and shows little change from that of April. Usually the month of May is the beginning of the active season in the cigar industry, but **Cigars and cigarettes** nearly all manufacturers report that buying this month, although somewhat heavier than it was a year ago, has not been up to expectations. Many makers are inclined to believe that retailers are rather heavily stocked up and for this reason have deferred purchasing until their shelves become depleted. The large manufacturers of the better grades of cigars, which retail at from 8 1-3 to 15 cents each, find the demand to be good and are operating at close to capacity. The call for Class B and Class A cigars, however, is only fair, and both large and small manufacturers report that it is little if any greater than it was a year

ago. The factories making these classes are running at an average of 80 per cent of capacity. Practically all of the orders booked are for prompt shipment, less than 5 per cent being for delivery beyond 60 days. Manufacturers of Turkish cigarettes report that the demand is fair and much the same as in previous months of this year; but it is considerably better than it was a year ago. Production of Turkish cigarettes is at about 60 per cent of capacity. The call for American cigarettes continues to be good, and production is well above 85 per cent of capacity. Severe price cutting in retail stores is on the decline. Manufacturers of scrap and chewing tobaccos report that the demand is only fair, and some even characterize it as poor. Production in the tobacco factories varies from 30 to 90 per cent of capacity.

The following chart, based upon sales of internal revenue stamps, shows that the output of large cigars and small cigarettes in April, 1923, despite the dullness prevailing early in that month was greater than in April, 1922.



The total production of large cigars in April was 6 per cent greater than in April, 1922, but 8 per cent smaller than in March of this year. Cigarette output in April was 6 per cent less than in March, but 36 per cent larger than in April, 1922.

Source—Collector of Internal Revenue

In the closing days of April one of the largest manufacturers of cigars announced an increase of \$1.00 per thousand on their Class B brands, but the other cigar makers in this district have not followed this example. In general, prices of cigars are firm and unchanged. Cigarette prices, too, are firm. Tobacco leaf prices are exceedingly steady, and as each new crop comes into the market, it is quickly bought up at prices well above those of a year ago.

At the majority of factories, the stocks of cigars are moderate and are again increasing, but a few manufacturers report that their finished stocks are light. Some

cigar makers are operating on order only and are thus keeping finished stocks low. Supplies of tobacco leaf at most factories are moderate and are increasing, as many packings of both foreign and domestic leaf are now being bought by manufacturers.

The supply of skilled operatives at most plants is sufficient, but a scarcity of unskilled workers is noted. In general, wage scales for skilled workers are unchanged, but several manufacturers have advanced their rates of pay for unskilled labor from 10 to 20 per cent.

To some points in New England, manufacturers are still resorting to express shipments, because of embargoes on cigars via freight; but the general transportation condition is improving. Collections are slower than they were a month ago, and the majority of firms report that they are only fair.

With the exception of Sumatra leaf and the pool-controlled Wisconsin and Connecticut tobaccos, purchases of tobacco leaf have been light during this month. The Lancaster market has been very inactive, but packers report that this is to be expected at this time of the year, as the 1921 crop has practically disappeared from the market, and 1922 packings are not yet completed. A few large factors made some purchases of 1922 Pennsylvania packed wrappers at from 28 to 30 cents per pound in the middle of the month. The 1922 Pennsylvania fillers in the bundle have been practically absorbed at prices ranging from 5½ to 8 cents per pound.

Dealers report that there is a scarcity of good Wisconsin and Connecticut binders because of the short crop in those states last year, but they believe that there will be enough to go around. Ohio, Wisconsin, and Connecticut tobaccos are fully 25 per cent higher in price than they were a year ago, and although pool control of the Wisconsin and Connecticut crops may have caused some of the increase, a general short crop last year is chiefly responsible.

Manufacturers have made large purchases of Sumatra from New York dealers and brokers during the month at record prices. The fancy grades of Sumatra wrapper are commanding prices ranging from \$8.00 to \$13.00 per pound. The quality of this year's Sumatra tobacco is reported by dealers to be as good as that of any crop ever imported.

American packers and dealers have been active buyers in Porto Rico, and growers on the island are quickly disposing of their crop. Those districts which last year were selling their tobacco at from 28 to 30 cents per pound are this year receiving 35 and 36 cents, and prices show no tendency to soften. The outlook for Porto Rican tobacco growers is brighter than ever before, and already forecasts of a bigger acreage of the next crop are being made.



## AGRICULTURE

### Condition and estimated yield of some important crops

	Condition on May 1 (per cent of normal)					Estimated yield (1922=100%)					
	CROP					CROP					
	Winter wheat	Rye	HAY			Asparagus	Straw- berries	Apples	Peaches	Pears	Plums
Clover			Alfalfa	Timothy							
Pennsylvania (avr. 11 counties).....	84	88	90	91	89	90	108	118	115	105	100
New Jersey .....	84	90	82	82	82	90	No data yet available				
Delaware .....	89	90	83	83	83	80-90	120	120	100	150	100

Continued cool weather in the first half of the month further retarded the early crops and the setting of fruit in many parts of the district. Reports from agricultural agencies state that all crops are from ten to twenty days behind their normal development at this time of the year. Fortunately, except in a few of the mountainous counties, there have been no killing frosts, and a much larger fruit crop than was harvested last year is in prospect for 1923. The spring thus far has been rather dry, and as a result the condition of hay and grain crops and pasture lands is only from 80 to 90 per cent of normal. The Department of Agriculture estimates the acreage of winter wheat to be harvested in Pennsylvania, New Jersey, and Delaware as being 5 or 6 per cent less than that of last year. The estimated production of winter wheat is considerably lower than the output of 1922 and than the ten-year average. The acreage planted to rye is slightly larger than it was last year, but the indicated yield per acre is smaller than that of 1922 and a smaller crop of this grain is in prospect. The above table, based upon reports from county agents and state departments of agriculture, shows the condition and estimated yields of the various crops.

From the condition on May 1 the U. S. Department of Agriculture estimates the yield of winter wheat and rye in 1923 will be as shown in the table below.

It will be seen that the production of winter grains

in all three states will in all likelihood be lower than it was last year and than the ten-year average.

Practically all of the early crops are now planted, and reports from agricultural bureaus indicate that in nearly all parts of the district the acreage of truck and other money crops will be from 5 to 10 per cent smaller than last year's. On account of the general scarcity of farm labor, the majority of farmers are cutting down their plantings and leaving some of their fields idle or for use as pasturage. A few county agents, especially those in important industrial and manufacturing regions, state that farm labor is even more scarce than it was during the war. Undoubtedly labor is the deciding factor in reduction of acreages, as the farmers believe that good prices for farm products are in prospect. Practically the only important crop for which the acreage will be reduced solely because of low prices, will be the potato crop. Last year most of the bumper crop was sold at prices below the cost of production, and for this reason many farmers will decrease their plantings. As the chart on page 31 shows, the prices paid to producers for potatoes almost invariably determine the acreage planted the next year. When prices are low at harvest time, the acreage planted the next year is smaller; but when prices are high, the acreage is increased.

In Pennsylvania, about 65 per cent of the steers fattened during the winter have been marketed, and the

### Estimated yield of winter wheat and rye

	WINTER WHEAT (yield in bushels)			RYE (yield in bushels)		
	1923	1922	10 year average	1923	1922	10 year average
	Pennsylvania .....	21,109,000	25,234,000	24,311,278	3,550,000	3,740,000
New Jersey .....	1,288,000	1,540,000	1,555,000	1,141,000	1,159,000	1,213,000
Delaware .....	1,589,000	1,766,000	1,838,000	71,000	70,000	32,000



## HOW THE BANK RESERVES OF THE RESERVE SYSTEM AFFECT THE AVERAGE BANK DEPOSITOR

The man who has money in a bank has always been interested in the reserve the bank carries, because it is these reserve funds that the bank depends upon to meet the ordinary deposit withdrawals that occur day by day in the banking business. The plan provided by the Federal Reserve Act for the treatment of these reserves should be even more interesting to the bank depositor, because it not only provides for a custodian of these reserves but also sets up machinery through which certain classes of a bank's investments can be turned into currency when additional funds are needed to repay depositors.

Just how this reserve plan works out can be considered in the case of the average country bank. This bank receives the deposits of the community and may pay the depositors a certain rate of interest on their money, depending on the terms under which it was deposited. Then the bank will have to earn this interest by loaning or investing a sufficient portion of these funds. In making these investments, the banker will bear in mind, among other things, the necessity of being in a position to repay deposits as they are demanded by his customers. For this reason the banker keeps certain funds uninvested as a reserve, but this reserve is a relatively small part of the total amount of deposits because only a small number of depositors are likely to make withdrawals at any one time.

One of the functions of public service assigned to the Federal reserve banks by the Federal Reserve Act is that they serve as custodian of the reserves of member banks; this is to make these reserves *true reserves*, as in view of banking experience in the leading countries of the world, it has been considered wise that the reserves be held in the Federal reserve bank rather than in the vaults of the banks to which they belong.

These member banks have resources comprising about 70 per cent of the total banking resources of the United States, exclusive of mutual savings and private

banks, although they are only about one-third of the total number of banks in the United States. All national banks must be members of the Federal Reserve System, and state banks are allowed to become members upon compliance with the requirements placed upon the national banks.

The reserves carried by member banks in the Federal Reserve banks are over 1¾ billion dollars. No interest is paid on these deposits, and so the Federal reserve banks can hold them uninvested, if they wish, as true reserves and are not forced to invest them merely for the purpose of making earnings. At the present time the Federal reserve banks hold gold reserves amounting to considerably more than the total amount of member bank reserves on deposit. The Federal reserve banks themselves are required to set aside in gold or lawful money in the United States an amount equal to 35 per cent of the deposits from member banks.

After the reserve against these reserve deposits has been provided for, the Federal reserve banks still have a large amount of gold that is available as partial security for the issuance of Federal reserve notes. The twelve Federal reserve banks are the only institutions in the United States, which can issue currency to member banks in exchange for certain of their self-liquidating loans and investments. Thus, a bank belonging to the Federal Reserve System, which has exhausted its cash on hand and depleted its reserve, can apply to its Federal reserve bank for currency in exchange for such of its paper as is eligible for rediscount at the Federal reserve bank. This makes it possible for a bank to turn its assets into currency to repay depositors, without depending upon the condition of the investment and money market as in the old days before we had the Federal Reserve System. In this way, the plan provided by the Federal Reserve Act for holding bank reserves has worked to the benefit of the bank depositor.