

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
DECEMBER 1, 1926

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BUSINESS CONDITIONS IN THE UNITED STATES

Industrial activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks reflecting the continued liquidation of loans on securities.

Production. Production in basic industries, as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile mill activity and the daily average output of iron and steel was maintained during October but in November there was a decrease in steel production. The output of bituminous was stimulated by export and bunker demand and attained new high records in October and November, and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January. The volume of building activity, as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn sea-

son of 1925. Residential contracts during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

Trade. Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month, and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October, but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail-order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

Prices. Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the

result of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

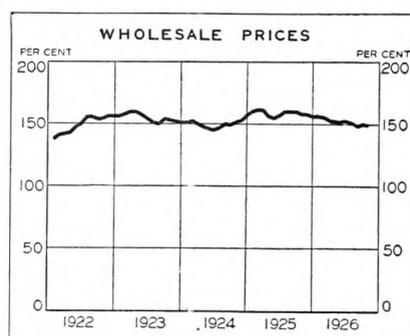
Bank credit. Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier.

At the reserve banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller.

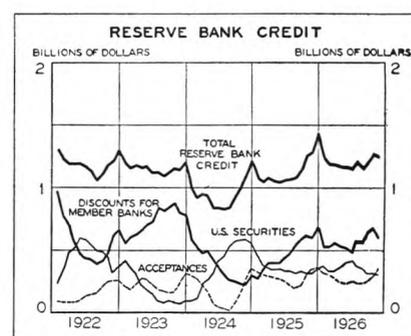
Easier conditions prevailed in the



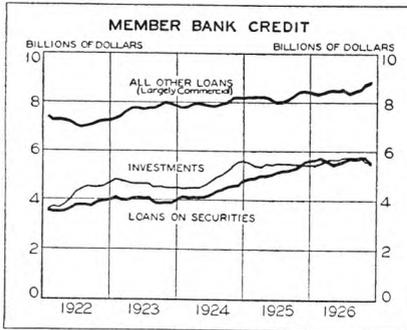
Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure—October, 122.



Index of United States Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure—October, 149.7.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in November.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in November.

money market in November. Rates on prime commercial paper declined from $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent in October to $4\frac{1}{2}$ per cent in November, and there was also a reduction of $\frac{1}{8}$ per cent in the rates on bankers' acceptances.

BUSINESS CONDITIONS IN THE PHILADELPHIA FEDERAL RESERVE DISTRICT

Business activity in the Philadelphia Federal Reserve District has reached record levels for the year in the past two months and in many lines of industry and trade the volume of transactions has been larger than in the same period of the last two years. Manufacturing activity in October, as measured by employment and wage payments, advanced to the highest level since 1923, and preliminary reports indicate a continued high rate of operations in November. Anthracite mines are working close to capacity in response to heavy seasonal demand, while bituminous mining operations have increased considerably since early fall and are well above the rate prevailing last year at this time.

The distribution of goods continues in heavy volume. Freight car loadings in the Allegheny district have shown an almost uninterrupted increase throughout 1926 and for the first ten months of the year were 4.6 per cent greater than in the corresponding period of 1925. Sales of wholesale dealers reached a seasonal peak in October and the dollar volume for that month was only 2 per cent smaller than in the same month of 1925, despite the decline in prices during the past year and the fewer business days in October, 1926. Retail trade has improved seasonally, though somewhat retarded by continued mild weather, and the total of October business was only slightly less than in 1925. A further increase in sales has occurred in November. The volume of business payments, as reflected by debits in 18 cities of the district, reached a high point for the year in October and, in that month, was one per cent larger than in October of last year although wholesale prices have declined since that time.

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BUSINESS INDICATORS Philadelphia Federal Reserve District	October, 1926	Latest figure compared with	
		Previous month	Year ago
Retail trade—Estimated net sales (142 stores)			
Department stores (64)	\$28,655,000	+40.4%	-2.9%
Apparel stores (36)	\$22,671,000	+39.8	-3.6
Shoe stores (24)	\$4,150,000	+61.7	-1.3
Shoe stores (24)	\$720,000	+32.4	+5.7
Credit stores (18)	\$1,114,000	+28.2	+1.5
Wholesale trade—Net sales (143 firms)			
Boots and shoes (11 firms)	\$11,577,431	+4.6	-2.2
Drugs (14 firms)	\$480,937	-1.7	+15.0
Dry goods (16 firms)	\$1,652,989	+0.2	-0.9
Electrical supplies (7 firms)	\$1,163,140	+10.9	-15.3
Groceries (46 firms)	\$717,904	+33.0	-12.0
Hardware (26 firms)	\$3,668,159	-3.2	+2.3
Jewelry (11 firms)	\$2,177,753	+10.6	-3.2
Paper (12 firms)	\$589,913	+13.1	-6.9
	\$1,126,636	+6.5	+3.2
Production:			
Shoes* (94 factories)	prs. 1,358,358	+2.3	.....
Pig iron	tons 329,768	+6.9	+11.5
Hosiery* (109 mills)	doz. prs. 1,173,363	+13.3	.....
Iron castings (35 foundries)	tons 6,120	+6.3	+9.7
Steel castings (11 foundries)	tons 6,952	-10.7	+2.2
Cement	bbls. 3,986,000	+1.3	+3.5
Anthracite	tons 8,675,000	+2.7	Strike
Bituminous coal—Penna.	tons 14,275,000	+14.2	+12.2%
Wool consumption* (66 mills)	lbs. 8,472,203	-2.4	.....
Active cotton spindle hours (Penna. and N. J.)	90,855,399	+8.3	-29.5
Electric power—12 systems	KWH 404,641,000	+8.7	+18.2
Distribution:			
Freight car loadings (Allegheny district—weekly average)	239,249	+4.1	+11.7
Tonnage of vessels (Port of Philadelphia)	tons 4,018,151	+12.0	+29.9
Exports of wheat (from Port of Philadelphia)	bus. 1,055,541	+25.8	-56.3
Exports of flour (from Port of Philadelphia)	lbs. 6,570,060	+25.3	+6.3
Imports of crude oil (into Port of Philadelphia)	gals. 7,014,000	+307.4	-14.1
Financial:			
Loans, discounts and investments of member banks (weekly average)	\$1,169,000,000	+0.7	+5.6
Bills discounted held by F. R. B. of Phila. (daily average)	\$49,918,000	+8.0	-6.5
Acceptances executed (9 banks for month ended Oct. 10)	\$3,938,000	+13.9	+4.5
Commercial paper sales (6 dealers)	\$5,099,600	-8.6	-27.3
Savings deposits (99 banks)	\$602,546,000	+0.3	+5.5
General:			
Debits (18 cities)	\$2,595,515,000	+11.2	+1.2
Commercial failures—number	56	-20.0	-23.3
Commercial failures—liabilities	\$2,540,877	+98.9	+42.4
Building permits (16 cities)	\$15,702,722	+8.0	-37.5
Building contracts awarded (Philadelphia district)	\$28,842,608	-26.4	-10.5
Employment—881 plants in Penna.:			
Number of wage earners	307,482	+0.8	+4.3
Total wages	\$8,220,231	+5.3	+4.4
Average weekly earnings	\$26.73	+4.5	+5.0
Sales of life insurance (Penna., N. J. and Del.)	\$78,102,000	+18.6	+5.1

* Bureau of Census preliminary figures.

Construction operations have declined seasonally, with the approach of winter, and the value of contracts awarded and of contemplated operations for which permits were issued in October was considerably below the record volume of 1925. This was true both for this district and for the United States as a whole, although the total volume of contracts for the present year to date has been larger than that for the corresponding period of 1925. The real estate market in the district is noticeably dull with numerous instances of declining rents and lower prices for houses. Industries making building materials are moderately active although current demand is somewhat smaller than it was a year ago.

The iron and steel industries of the district report a good demand for their products and a further expansion in operations. Output of pig iron and of iron and steel castings in the district has been considerably larger than in 1925 and the industry as a whole is operating at close to 80 per cent of capacity. The

production of pig iron and steel ingots in the United States was greater in October, 1926, than in the same month of the past several years.

The textile industries of the district have experienced a marked recovery from the low levels reached last summer. Employment is 9.1 per cent above that in July and wage payments have increased 17.6 per cent during the same period and now stand close to the high level of last winter. Cotton mills in the district are very active for this season and mill consumption of cotton in the United States was larger last October than for any October since the war, despite the slump in prices of goods which has accompanied the fall in raw cotton quotations. Operations at silk mills have expanded further, although the current rate of output and the level of prices are both lower than in the same period last year. Price weakness is also evident in the woolen industry although mill activity has recently expanded and the volume of sales exceeds that of 1925. Little change has

occurred in the hosiery trade; there is only a moderate demand for seamless, while an active market continues for women's full-fashioned and mills making this grade are working close to capacity. There has been some betterment in the carpet and rug business and a noticeable increase in mill operations.

The leather industries report more satisfactory conditions. Good demand exists for packer hides and goatskins, despite price resistance, and also for sole leather and for some grades of kid leather. A fairly good demand is reported for shoes, and factories in the district have increased operations.

Demand for cigars is excellent; the output of district factories has increased steadily and continues to be well in excess of that for the past three years.

Farm work in the district has been delayed by poor weather conditions and the corn, late potatoes, buckwheat and tobacco crops have sustained some damage to their quality. Fruit crops have been excellent, however, and the yield of apples, peaches, pears and grapes is the largest in several years. Farm products have suffered further price declines and the present level is lower than at any time in the past two years.

City conditions. Recent improvement in business has not been experienced to an equal extent in all parts of the district. Practically all of the cities have shown increases in manufacturing activity, retail sales and business payments, but the gains in some cases have been smaller than usual at this season. In the Allentown and Lancaster areas, industrial activity, retail business and check payments were in smaller volume than in October, 1925, while factory wage payments also declined in Johnstown, Scranton and Wilmington. In Philadelphia, Reading and York, however, factories were considerably more active than in 1925, while large gains in debits and retail sales occurred in Scranton and

CITY CONDITIONS Philadelphia Federal Reserve District	October, 1926, compared with October, 1925						
	Employment	Wage payments	Value of building permits	Debits	Savings deposits	Retail trade sales	Electric power sales
Allentown area...	- 3.4%	- 4.7%	-19.7%	- 0.4%	+ 6.2%	- 4.0%	+41.2%*
Altoona "...	.....	.....	-19.3	+ 1.6	+14.3	+ 3.3	+11.7
Harrisburg "...	- 0.5	+ 4.7	+45.2	+ 2.3	+ 9.2	- 1.8	+ 7.1
Johnstown "...	- 8.1	- 3.3	-58.3	+ 1.0	+ 4.6	+ 0.7	+16.8 †
Lancaster "...	-11.0	-11.1	-66.5	- 8.5	+ 7.8	- 9.8	+ 8.4
Philadelphia "...	+ 6.0	+10.2	-32.9	+ 0.8	+ 6.7	- 3.3	+13.2
Reading "...	+ 7.2	+ 7.8	-78.7	+ 1.7	- 6.3	- 9.3	+11.4
Scranton "...	-15.6	- 7.0	-56.6	+19.4	+ 3.9	+15.4	+35.5 †
Trenton "...	- 4.5	+ 0.5	-11.6	- 0.9	+ 5.0	- 8.1	+14.5 †
Wilkes-Barre "...	- 2.7	+ 1.8	-51.9	+ 9.3	+ 0.2	+10.5 †
Williamsport "...	- 7.3	-11.0	+18.2	- 3.2	+ 4.8	+ 3.1 †
Wilmington "...	+ 2.6	+ 2.4	- 9.6	+ 5.9	+ 6.0	- 0.3	+56.8 †
York "...	+ 3.7	+ 6.0	-89.0	- 5.3	- 0.6	- 3.6	+ 6.7

CITY CONDITIONS Philadelphia Federal Reserve District	October, 1926, compared with September, 1926						
	Employment	Wage payments	Value of building permits	Debits	Savings deposits	Retail trade sales	Electric power sales
Allentown area...	- 0.8%	+ 5.5%	+174.5%	+14.3%	+ 1.4%	+34.6%	+ 2.8%*
Altoona "...	- 1.4	+ 5.0	- 4.9	+ 7.5	+ 0.2	+28.4	+ 9.0
Harrisburg "...	- 0.2	+ 2.3	-12.5	+12.8	+ 2.8	+23.2	+ 2.5
Johnstown "...	+ 2.1	+ 1.4	+ 62.7	+ 2.9	+ 2.0	+35.3	+ 9.2 †
Lancaster "...	+ 0.4	+ 1.1	+ 7.6	+13.8	+ 2.0	+47.2	- 0.7
Philadelphia "...	+ 1.9	+ 7.4	-11.2	+11.5	+ 2.0	+37.9	+ 7.6
Reading "...	+ 1.0	+ 8.6	- 3.5	+10.5	- 1.0	+39.5	- 2.1
Scranton "...	+ 4.6	+10.7	+ 9.9	+10.0	- 0.6	+43.0	+11.0 †
Trenton "...	+ 1.7	+ 7.1	-23.4	+ 8.5	+ 0.6	+39.3	+ 7.6 †
Wilkes-Barre "...	+ 0.7	+ 7.7	+ 43.2	+ 8.7	- 0.3	+39.5 †
Williamsport "...	- 0.8	+ 0.0	+ 33.4	+ 4.2	+ 2.8	+18.8 †
Wilmington "...	- 3.8	- 0.5	- 26.4	+16.0	- 0.1	+28.6	+ 8.3 †
York "...	+ 2.2	+ 2.4	- 65.5	+ 9.5	+ 3.1	+32.9	+16.8

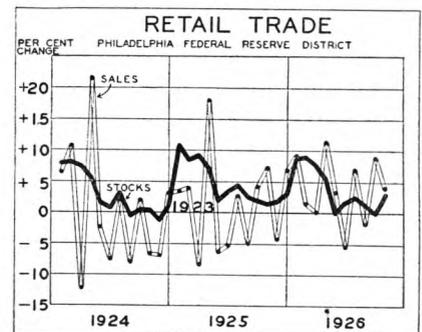
* Includes Wilkes-Barre and Williamsport areas. † Production (not sales). ‡ Includes Camden area. § Included in Allentown area.

Wilkes-Barre. Building activity was much smaller in most of the cities; only Harrisburg and Williamsport showed increases over the October, 1925, volume.

RETAIL TRADE

Business at retail in this district during the past four weeks has been more active than in the corresponding period last year, according to most reporting stores. Prices generally continue steady.

Chiefly because of the smaller number of trading days and continued mild weather in October total sales were about 3 per cent below those of a year ago but exceeded the October volume in 1922, 1923 and 1924. Sales during the first ten



Monthly sales and stocks are shown in comparison with those of corresponding months of 1923. The bulk of Easter buying occurred in March of 1924 and 1925 and this accounts for the relatively high volume in those months. Source—Federal Reserve Bank of Philadelphia

RETAIL TRADE Philadelphia Federal Reserve District	Comparison of net sales		Comparison of stocks		Rate of turnover Jan. 1 to Oct. 31	
	Oct., 1926, with Oct., 1925	Jan. 1 to Oct. 31, 1926, with Jan. 1 to Oct. 31, 1925	Oct. 31, 1926, with Oct. 31, 1925	Oct. 31, 1926, with Sept. 30, 1926	1925	1926
	All reporting stores.....	- 2.9%	+ 2.1%	+ 1.6%	+ 4.5%	2.64	2.71
Department stores.....	- 3.6	+ 1.3	+ 1.4	+ 3.7	2.62	2.68
in Philadelphia.....	- 4.5	+ 1.7	+ 3.2	+ 1.5	2.87	2.86
outside Philadelphia.....	- 1.2	+ 0.3	- 2.0	+ 8.4	2.13	2.29
Apparel stores.....	- 1.3	+ 6.2	+ 4.7	+ 8.6	3.18	3.22
Men's apparel stores.....	-10.1	- 0.2	+ 4.8	+ 4.4	2.02	2.12
in Philadelphia.....	-11.0	+ 1.6	+ 7.0	+ 3.5	2.14	2.26
outside Philadelphia.....	- 8.6	- 2.9	+ 0.9	+ 5.9	1.77	1.82
Women's apparel stores.....	+ 2.9	+ 4.7	+ 4.7	+16.3	4.31	4.42
in Philadelphia.....	+ 2.9	+ 4.8	+ 5.6	+16.6	4.44	4.52
outside Philadelphia.....	+ 2.7	+ 3.9	+ 0.5	+14.8	3.52	3.78
Credit stores.....	+ 1.5	+ 3.9	- 3.8	+ 6.3	2.12	2.38
Shoe stores.....	+ 5.7	+ 8.2	+ 4.4	+ 6.5	2.30	2.29

months of this year were 2 per cent above the total for the same period of 1925. Credit houses, shoe and women's apparel stores report greater sales, but sales by department and men's apparel stores show smaller volume of business in October than in the same month last year. Cotton dress goods, toilet articles and drugs, silverware and jewelry, leather goods, misses' ready-to-wear, juniors' and girls' ready-to-wear, radio and musical instruments were among the most active items, whereas woolen dress goods, women's suits and skirts, sweaters, floor coverings, china and glassware showed a smaller amount of business. Stocks held by retail stores at the end of October were somewhat heavier than on the same date last year. The rate of turnover from January 1 to October 31, 1926 was

2.71 as against 2.64 in the same period of 1925.

FINANCIAL CONDITIONS

Commercial loans at reporting member banks in Philadelphia, Camden, Scranton and Wilmington on November 17 totaled 383 millions, a decline of more than 6 millions in four weeks. In the corresponding period of last year, there was a decline of 10 millions, and in 1924, 7 millions. Commercial loans on November 17, 1926 were 12 millions, or about 3 per cent, higher than they were a year ago, but only two millions above those of two years ago. Loans on securities increased 8 millions in the past four weeks to 429 millions, which is 36 millions, or 9 per cent, larger than a year earlier. The percentage of total loans to total deposits (including in the latter net demand, time, and Government deposits) on November 17 was 79 per cent, as compared with 79 per cent on October 20, 78.3 per cent on November 18, 1925, and 72.4 per cent on November 19, 1924.

The Federal Reserve Bank of Philadelphia reports a decline of 6 millions in bills discounted in the period from October 20 to November 17, but an increase of 4 millions in purchased bills resulted in a decline of only 2 millions in total bills and securities. The reserve ratio increased 1.7 per cent to 73.5 per cent, owing to an increase of 10 millions in reserve cash, which was accompanied by an expansion of 8 millions in the deposit and Federal reserve note liabilities.

Federal Reserve Bank of Philadelphia (000,000's omitted in dollar figures)	Nov. 17, 1926	Changes in	
		Four weeks	Year
Bills discounted	\$ 42	-\$ 6	-\$12
Other bills and securities	51	+ 4	+ 13
Total bills and securities	\$ 93	-\$ 2	+\$ 1
Federal reserve note circulation	118	+ 5	- 24
Total deposits	138	+ 3	- 23
Reserve cash	188	+ 10	- 23
Reserve ratio	73.5%	+1.7%	-1.7%

Commercial paper sales. Six dealers report total sales of commercial paper in October to have been \$5,099,600 as compared with \$5,577,400 in September, \$7,014,000 in October, 1925 and \$9,745,000 in October, 1924. Sales in the first ten months of 1926 were 22 per cent smaller than in the same period last year. Amounts sold in Philadelphia declined from \$3,472,500 in September to \$3,280,500 in October, and outside of the city a decrease from \$2,104,900 to \$1,819,100 occurred.

Four dealers report the rates at which sales were made. Their figures show that sales at 4¾ per cent or higher

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WHOLESALE TRADE Philadelphia Federal Reserve District	Net sales, Oct., 1926, compared with		Stocks, Oct. 31, 1926, compared with		Accounts outstanding Oct. 31, 1926, compared with		Ratio of accounts outstanding to sales		
	Oct., 1925	Sept., 1926	Oct. 31, 1925	Sept. 30, 1926	Oct. 31, 1925	Sept. 30, 1926	Oct., 1925	Sept., 1926	Oct., 1926
	Boots and shoes	+15.0%	- 1.7%	- 4.7%	- 6.0%	- 1.2%	+ 6.7%	295.3%	234.6%	254.5%
Drugs	- 0.9 "	+ 0.2 "	.....	+10.3 "	- 1.2 "	+ 1.2 "	151.4 "	152.4 "	154.5 "
Dry goods	-15.3 "	+10.9 "	-24.0 "	- 8.5 "	- 9.6 "	+13.6 "	193.3 "	201.3 "	206.3 "
Electrical supplies	-12.0 "	+33.0 "	+24.5 "	- 0.4 "	- 1.3 "	+11.2 "	112.4 "	150.8 "	126.1 "
Groceries	+ 2.3 "	- 3.2 "	- 3.2 "	+11.5 "	+ 0.6 "	+ 1.8 "	108.2 "	100.2 "	108.0 "
Hardware	- 3.2 "	+10.6 "	+ 9.1 "	+ 1.4 "	+ 1.7 "	+ 3.3 "	162.1 "	182.4 "	170.7 "
Jewelry	- 6.9 "	+13.1 "	- 6.0 "	- 3.1 "	+ 6.7 "	+13.3 "	291.1 "	333.1 "	333.7 "
Paper	+ 3.2 "	+ 6.5 "	- 3.8 "	- 0.2 "	+ 2.1 "	+ 1.9 "	151.0 "	156.2 "	149.4 "

amounted to 70 per cent of the total in October, as against 82 per cent in September and 12 per cent in August.

WHOLESALE TRADE

Trading at wholesale continues at a moderate rate, and prices generally remain fairly steady. Total sales in October reached the year's peak, although they were below the October volume of last year, owing mainly to the fewer business days in October, 1926. Dealers in electrical supplies and hardware report much greater stocks on October 31 than on the same date last year, while jobbers in other lines state that their supplies are lighter, decreases varying from 3.2 per cent in groceries to 24 per cent in drygoods.

Drugs. Very little change has occurred in the wholesale drug trade since October 20, the demand continuing moderately active and prices being fairly steady. Sales during October were the largest since April; compared with those of a year ago, they were somewhat smaller, but exceeded the volume in the same month of the three years before 1925. Stocks at the end of October were about 10 per cent greater than in September.

Drygoods. The demand for piece and knit goods and notions is fair, and prices are relatively stable, except for slight reductions on cotton and wool piece goods. Despite the seasonal increase in October sales, which exceeded the peak reached in March this year, the volume of business was considerably below that for October of the four preceding years. Stocks also were 24 per cent lighter than they were at the end of October, 1925.

Electrical supplies. Business in household appliances, lighting and wiring materials, radio apparatus and supplies has increased somewhat since October 20. Sales during October exceeded those in September by 33 per cent, but were 12 per cent below the volume of a year ago. Stocks at the end of October were nearly 25 per cent heavier than those on the same date last year.

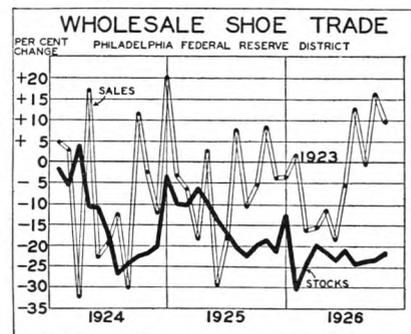
Groceries. Business in groceries continues steady and prices have shown a little change since October 20. October

sales, while slightly below those in September, exceeded the volume for any month since October, 1924. Stocks, though heavier than in September, were about 3 per cent below those of a year ago.

Hardware. The current demand for hardware, though moderately active, is a bit below that of a year ago. Prices in the main continue unchanged. Sales in October, though greater than in any month of this year, except May, were noticeably below the volume reached in October of each of the previous four years. Stocks were somewhat heavier at the end of last month than those on the same date in 1925, as also were accounts receivable. The ratio of accounts outstanding to sales in October was somewhat higher than a year ago, but was materially lower than in September.

Jewelry. With the approach of the Christmas season, sales of jewelry have increased recently. In October sales were nearly 7 per cent below last year's volume but exceeded those of October, 1924, by more than 2 per cent.

Shoes. Buying at steady prices continues active. Sales in October, though a trifle below the September volume, exceeded those of any October in the past three years. Stocks at the end of last month were considerably lighter than those on the same date in the previous month and last year.



Monthly sales and stocks are shown in comparison with those of the corresponding months of 1923. It is significant that since March, 1924, stocks have been much lower than in the same months of 1923.

Source—Federal Reserve Bank of Philadelphia

Paper. Trading in paper continues at a fairly high rate, and prices generally are steady. Sales at wholesale during October were the largest since last March, and were somewhat heavier than in October, 1925. Receivables were heavier but stocks were lighter at the end of October than those on the same date in the preceding month and last year.

Reflecting a quieter demand, production of paper has declined a little since October 20, plants now working at about 80 per cent of capacity. Unfilled orders show little change from last month's volume. Stocks held by manufacturers are moderate and are about the same as they were a year ago.

ELECTRIC POWER

During October the output of electricity in this district increased considerably over that in September and was 18 per cent greater than in October, 1925. Sales of electricity for lighting purposes exceeded greatly the volume sold in the previous month and a year ago. Gains also are reported in consumption of electricity for power purposes, October sales being over 22 per cent above those for the same month last year; purchases by municipalities alone show a material decline from the September level and that of October, 1925. Details are given below:

ELECTRIC POWER Philadelphia Federal Reserve District 12 systems	October, 1926 change from	
	October, 1925	September, 1926
Rated generator capacity . . .	+ 17.5%	0 %
Generated output	+ 18.2 "	+ 8.7 "
Hydro-electric	+521.8 "	+23.4 "
Steam	+ 12.4 "	+ 7.7 "
Purchased	+ 24.4 "	+10.7 "
Sales of electricity	+ 22.4 "	+ 6.9 "
Lighting	+ 20.3 "	+20.8 "
Municipal	+ 13.6 "	+23.6 "
Residential and commercial	+ 21.6 "	+20.4 "
Power	+ 20.5 "	+ 2.4 "
Municipal	- 29.8 "	-25.5 "
Street cars and railroads	+ 0.9 "	+ 7.0 "
Industries	+ 27.5 "	+ 1.5 "
All other sales	+ 38.7 "	+15.5 "

AUTOMOBILE TRADE

Sales of new cars, while showing seasonal decline during October, were greater than those in October, 1925, according to reports received by this bank from 17 distributors in this district. At wholesale, cars selling under \$1,000 and those over \$2,000 were in best demand. Retail sales of automobiles under \$1,000 increased over the number and value in October, 1925, but sales of medium and high priced cars showed decreases. Business in used cars during October was considerably larger than in September and that of a year ago. Deferred payment sales also showed a

EMPLOYMENT AND WAGES In Pennsylvania	No. of plants reporting	Number of wage earners— week ended		Total weekly wages— week ended		Average weekly earnings— week ended	
		October 15, 1926	Per cent change from month ago	October 15, 1926	Per cent change from month ago	October 15, 1926	Per cent change from month ago
All industries (45)	881	307,482	+ 0.8	\$8,220,231	+ 5.3	\$26.73	+ 4.5
Metal manufactures:	290	155,938	+ 0.4	4,492,411	+ 6.1	28.81	+ 5.7
Automobiles, bodies, and parts	19	6,140	-10.4	171,553	- 7.6	27.94	+ 3.1
Car construction and repair	20	20,456	+ 0.4	606,316	+ 6.3	29.64	+ 5.9
Elec. machinery and apparatus	19	11,166	+10.9	276,916	+22.7	24.80	+10.7
Engines, machines, mach. tools	39	11,939	- 0.3	361,661	+ 8.2	30.29	+ 8.5
Foundries and machine shops	58	9,503	- 1.0	288,592	+ 4.8	30.37	+ 5.9
Heating appliances and apparatus	14	3,653	+ 1.0	113,157	+ 6.8	30.98	+ 5.8
Iron and steel blast furnaces	12	13,418	+ 1.6	374,763	+ 5.0	27.93	+ 3.4
Iron and steel forgings	12	3,538	+ 0.8	93,535	-17.1	26.44	+16.2
Steel works and rolling mills	36	41,910	+ 0.3	1,236,776	+ 3.1	29.51	+ 2.8
Structural iron works	17	5,105	- 3.0	146,673	+ 5.9	28.73	+ 9.2
Misc. iron and steel products	25	20,027	- 2.2	570,699	+ 4.0	28.50	+ 6.4
Shipbuilding	3	6,375	+ 7.5	183,720	-24.0	28.82	+15.4
Hardware	8	1,790	- 1.7	45,138	+ 0.1	25.22	+ 1.9
Non-ferrous metals	8	918	+ 1.1	22,912	+ 7.3	24.96	+ 6.1
Textile products:	171	58,573	+ 3.5	1,332,122	+ 8.1	22.74	+ 4.4
Carpets and rugs	10	2,965	+ 0.6	77,308	-12.7	26.07	+12.0
Clothing	33	5,134	- 0.9	96,118	- 0.7	18.72	+ 0.2
Hats, felt and other	6	4,330	- 0.1	121,475	-12.3	28.05	-12.2
Cotton goods	16	4,405	+ 2.4	102,377	+ 5.5	23.24	+ 3.1
Silk goods	42	19,877	+ 3.1	394,650	+14.6	19.85	+11.1
Woolens and worsteds	14	5,803	+ 9.8	139,419	+17.9	24.03	+ 7.4
Knit goods and hosiery	40	14,076	+ 5.5	347,233	+ 8.6	24.67	+ 3.0
Dyeing and finishing textiles	10	1,983	+ 4.3	53,542	+ 9.0	27.00	+ 4.5
Foods and tobacco:	111	24,267	+ 2.3	509,698	+ 5.7	21.00	+ 3.2
Bakeries	36	4,709	+ 2.3	137,709	+ 4.3	29.24	+ 1.9
Confectionery and ice cream	23	6,072	+ 4.6	129,641	+ 5.7	21.35	+ 1.1
Slaughtering and meat packing	14	2,130	+ 2.2	64,032	+ 7.7	30.06	+ 5.4
Cigars and tobacco	38	11,356	+ 1.2	178,316	+ 5.9	15.70	+ 4.6
Building materials:	70	21,595	+ 0.7	647,103	+ 5.0	29.97	+ 4.3
Brick, tile, and terra cotta products	28	4,581	+ 0.3	118,806	+ 3.4	25.93	+ 3.1
Cement	24	7,898	- 0.9	256,205	+ 2.1	32.44	+ 3.0
Glass	24	8,250	+ 1.5	247,699	+ 8.1	30.02	+ 6.5
Pottery	4	866	+10.7	24,393	+13.8	28.17	+ 2.7
Construction and contracting:	42	8,566	- 5.7	238,430	- 9.4	27.83	- 3.9
Buildings	24	3,942	- 5.9	130,582	- 6.7	33.13	- 0.8
Street and highway	4	1,207	- 7.3	18,209	-35.6	15.09	+30.6
General	14	3,417	- 4.9	86,639	- 5.4	26.23	+ 0.5
Chemicals and allied products:	35	10,439	- 1.5	294,626	+ 4.3	28.22	+ 5.9
Chemicals and drugs	21	1,342	+ 3.2	36,056	+ 5.8	26.87	+ 2.5
Paints and varnishes	8	1,097	- 5.6	30,209	+ 5.1	27.54	+11.3
Petroleum refining	6	8,000	- 1.7	228,361	+ 3.9	28.55	+ 5.8
Miscellaneous industries:	162	28,104	- 0.6	705,841	+ 1.4	25.12	+ 2.0
Lumber and planing mill products	28	4,258	- 1.1	91,088	+ 1.8	21.39	+ 2.9
Furniture	20	2,440	+ 4.0	61,440	+ 8.5	25.18	+ 4.3
Leather tanning	18	5,433	- 5.2	142,427	- 2.8	26.22	+ 2.5
Leather products	9	601	+10.7	12,434	+11.4	20.69	+ 0.7
Boots and shoes	23	4,068	0.0	77,942	- 0.4	19.16	- 0.4
Paper and pulp products	19	5,025	+ 0.2	126,781	+ 1.9	25.23	+ 1.7
Printing and publishing	39	3,932	+ 1.0	133,718	+ 3.4	34.01	+ 2.4
Rubber tires and goods	3	918	- 1.1	26,516	- 3.0	28.88	- 2.0
Novelties and jewelry	3	1,429	- 0.1	33,495	+ 1.7	23.44	+ 1.8

AUTOMOBILE TRADE

Philadelphia Federal Reserve District
17 distributors

	October, 1926, change from			
	October, 1925		September, 1926	
	Number	Value	Number	Value
Sales, new cars, wholesale	+10.1%	+ 3.7%	- 7.0%	- 8.6%
Cars under \$1,000	+26.8 "	+27.3 "	- 6.4 "	- 5.9 "
Cars \$1,000 to \$2,000	-24.6 "	-25.9 "	- 7.7 "	-11.8 "
Cars over \$2,000	+10.8 "	+ 9.1 "	- 9.3 "	- 7.4 "
Sales, new cars, at retail	+ 2.4 "	+12.4 "	-20.0 "	- 8.8 "
Cars under \$1,000	+ 5.2 "	+32.4 "	-23.2 "	-22.0 "
Cars \$1,000 to \$2,000	-20.7 "	-29.0 "	-13.3 "	- 6.6 "
Cars over \$2,000	- 6.5 "	- 2.2 "	+17.7 "	+32.6 "
Stocks of new cars	+38.5 "	+30.0 "	+44.3 "	+21.9 "
Cars under \$1,000	+38.3 "	+38.2 "	+71.2 "	+70.1 "
Cars \$1,000 to \$2,000	+51.5 "	+45.5 "	+22.0 "	+23.9 "
Cars over \$2,000	+32.2 "	+17.8 "	- 6.2 "	- 8.9 "
Sales of used cars	+22.5 "	+ 2.2 "	+12.3 "	+ 6.7 "
Stocks of used cars	+ 1.7 "	- 5.4 "	- 7.8 "	+10.2 "
Retail sales, deferred payment	+ 5.4 "	+10.8 "	- 7.8 "	+10.8 "

noticeable increase over those in October, 1925.

As usual at this season, stocking of new cars by local dealers was much heavier in October than in the same month last year both in number and value, but supplies of used automobiles were over 5 per cent smaller in value.

EMPLOYMENT AND WAGES

Manufacturing industries in Pennsylvania were considerably more active in October than in September, as evidenced by an increase of 5.3 per cent in the total amount of wages paid and of nearly one per cent in the number of wage earners.

The textile group continued to increase, showing the largest gains reported by any group of industries, an advance of 3.5 per cent for employment and 8.1 per cent for wage payments. The industries in this group reporting the largest increases were carpets and rugs, silk goods and woolen goods. Other industries which reported large gains were electrical machinery and apparatus, iron and steel forgings, shipbuilding, pottery and leather products. A decrease of 10.4 per cent in employment and 7.6 per cent in wage payments was reported by manufacturers of automobile bodies and parts, and a considerable decrease in wage payments was reported by hat factories. The construction and contracting group declined in every branch of its activity, with street and highway construction showing the largest decrease.

IRON AND STEEL

In response to sustained demand and steady prices, manufacturing in this district has continued during the past four weeks at a high rate, production in the iron and steel industries as a whole being close to 80 per cent of capacity. Measured by employment and wage payments, activity in metal manufacturing industries during October, with the exception of the seasonal decline in the output of automobiles, bodies and parts, was the greatest since last April and was nearly 10 per cent above the low point of this year reached in July. Noticeable increases over the September volume are reported in operations at mills producing iron and steel forgings, electrical machinery and tools, and miscellaneous iron and steel products. This also is true of steel works, rolling mills, and car construction and repair shops. The daily production of pig iron in October exceeded that of the previous month by approximately 3 per cent and was about 12 per cent above that of a year ago. Similarly, daily output of pig iron in the United States was the highest since last June and was greater than in any October since 1918. The daily production of steel ingots was only 5 per cent below the high point in March of this year and

was the largest of any October in the past five years. Comparative data follow:

In gross tons (000's omitted)	Oct., 1925	Sept., 1926	Oct., 1926
Production in the U. S.—			
Pig iron.....	3,023	3,136	3,334
Steel ingots.....	3,889	3,931	4,093
Unfilled orders—			
U. S. Steel Corp.....	4,109	3,594	3,684

Stocks of raw materials and finished products held by manufacturers in this district vary from moderate to light, according to most firms reporting to this bank.

Steel foundries. The production and shipment of steel castings in this district during October exceeded considerably the volume in the same month last year, but unfilled orders at the end of the month were much smaller. Comparative figures follow:

Steel foundry operations	Oct., 1926	Change from Oct., 1925	Change from Sept., 1926
Capacity.....	11,840 tons	0	0
Production.....	6,952 "	+23.2%	-10.7%
Shipments.....	5,500 "	+35.2 "	+ 4.6 "
Value.....	\$880,576	+15.7 "	-13.8 "
Unfilled orders*	3,014 tons	-34.4 "	-18.6 "
Value*	\$571,914	-19.3 "	-20.1 "
Raw stock:			
Pig iron.....	1,827 tons	+ 0.9 "	-14.3 "
Scrap.....	7,138 "	-27.8 "	+ 3.0 "
Coke.....	815 "	-14.9 "	-10.2 "

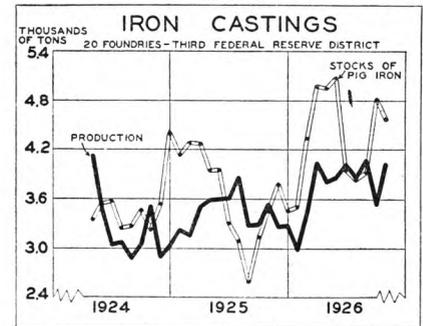
*Figures of one plant omitted.

Iron foundries. The total production and shipment of iron castings increased in October over the September volume and that of a year ago. Unfilled orders also were 20 per cent larger than those in October, 1925, but 2.2 per cent below the total at the end of September. Details follow:

Iron foundry operations	Oct., 1926	Change from Oct., 1925	Change from Sept., 1926
Capacity.....	11,926 tons	0	0
Production.....	6,120 "	+ 9.7%	+ 6.3%
Malleable iron.....	317 "	-10.2 "	-12.4 "
Gray iron.....	5,803 "	+11.0 "	+ 7.5 "
Jobbing.....	4,049 "	+ 5.4 "	+10.2 "
For further mfr.....	1,754 "	+26.7 "	+ 1.7 "
Shipments.....	5,693 "	-10.4 "	+ 1.6 "
Value.....	\$812,559	-11.8 "	- 0.5 "
Unfilled orders...	5,307 "	+20.0 "	- 2.2 "
Value.....	\$877,238	+27.0 "	+ 9.6 "
Raw stock:			
Pig iron.....	6,128 tons	+28.3 "	- 4.7 "
Scrap.....	2,878 "	+13.4 "	-15.9 "
Coke.....	1,956 "	-13.8 "	+13.9 "

COAL

Anthracite. Favored by colder weather, sales of domestic and steam sizes have increased since October 20. Prices continue strong and are somewhat higher than they were in September. Pennsylvania collieries continue to operate



Production of castings has averaged about 10 per cent higher during 1926 than in the previous year and stocks of pig iron held by these foundries have been much heavier. Source—Federal Reserve Bank of Philadelphia

close to capacity, although the United States production of anthracite during the four weeks ended November 13 fell 17 per cent under the volume in the previous month. Because of the strike in 1925, stocks at present naturally are heavier than those of a year ago. However, retail stocks of anthracite in the country on October 1 were close to normal for this season of the year, according to figures compiled by the Department of Commerce.

Bituminous. Reports from operators in this district show that the market for soft coal has improved substantially since October 20, railroads, public utilities and industries generally being the most active purchasers. Following a sustained domestic and foreign demand, spot prices are noticeably higher than they were four weeks ago and on November 2 reached the highest level since the early part of 1923. Lately, however, quotations have eased off a trifle. According to the study recently made by the Department of Commerce, stocks of soft coal held by consumers in the country in October 1 totaled 44,000,000 tons, a gain of 3,000,000 tons since August 1, and of 8,000,000 tons since May 1 when the British strike began. Exports of bituminous coal in the first nine months of 1926 amounted to 18,425,475 tons, an increase of 60.5 per cent over that in the same period last year.

Collieries run by operators in this district are working at about 75 per cent of capacity. Complaints of a shortage of labor are prevalent. The output of soft coal in the United States during October reached 54,536,000 tons, or the greatest monthly total since October, 1919. Weekly production in the country was as follows:

Week ended	In thousands of tons		Per cent of change
	1925	1926	
Oct. 23.....	12,088	12,712	+ 5.2
Oct. 30.....	12,485	13,486	+ 8.3
Nov. 6.....	12,171	13,116	+ 7.8
Nov. 13.....	12,167	13,756	+13.1

Source: The United States Geological Survey.

BUILDING

Activity in nearly all classes of building has slowed down seasonally during the past four weeks and is somewhat below the high rate of last fall. But the volume of industrial and commercial building is much larger than in 1925. Construction costs, however, have advanced recently, the Engineering News Record index number rising on November 1 to 210.8, which is the highest since September, 1924, when it stood at 211. According to permits issued in the sixteen cities of this district, the valuation of contemplated building rose from \$14,534,489 in September to \$15,702,722 in October, but in the latter month was \$9,418,057 below that of a year ago. Comparative data on contracts awarded are as follows:

Total contracts awarded	Philadelphia Federal Reserve District	United States (37 states)
October, 1925	\$32,238,721	\$530,254,000
September, 1926	39,188,640	562,371,000
October, 1926	28,842,608	515,726,000
First ten months of 1926 compared with the same period of 1925	+1.1%	+6.1%

Business in building materials has been moderately brisk since October 20, although sales have not equaled those in the same period of last year, reflecting lessened activity in construction. Prices, though a trifle easier than in September, show no pronounced downward trend. Collections as a rule are fairly prompt.

As indicated by wage payments, production of bricks, paints and varnishes has increased recently, making the total for the past ten months greater than that for the same period in the two years previous. This is also true, generally speaking, of plumbing supplies. The output of cement also increased and continues well above the level of previous years. On the other hand, the output by lumber and planing mills, though larger in October than in either of the two preceding months, was considerably below the high point reached in February this year and that in October, 1925. Operations of the industries making building materials, as a whole, now average about 75 per cent of capacity. The volume of unfilled orders on books of reporting firms is noticeably smaller than that of four weeks ago, a change that is chiefly seasonal.

FURNITURE

The market for all kinds of household and office furniture, though somewhat less active than a year ago, is fairly strong, and prices remain steady. Considerable resistance, however, is shown to the current prices. Collections are fairly prompt. As indicated by the recent increase in employment and wage payments, production is maintained at a

high rate, plant operations averaging 80 per cent of capacity. Unfilled orders are sufficient to insure production at this rate for over six weeks. Stocks are moderate and are lighter than those of the year before.

TEXTILES

Cotton. Stimulated by the increased demand, the output of cotton fabrics in this district recently has expanded somewhat and plant operations now average over 80 per cent of capacity. This is indicated by the fact that wage payments in Pennsylvania mills were higher in October than in each of the two preceding months. Despite considerable fluctuation, payrolls during the first ten months of this year show that productive activity in cotton goods has been materially ahead of that in the corresponding period of the past three years. Unfilled orders now on the books are sufficient to insure production at the present rate for nearly two months. Stocks of cotton yarns and piece goods are comparatively light and are not as large as they were on the same date last year. Consumption of raw cotton in the United States during October, though a trifle below the September total, exceeded that of any October since 1917. The supply of American cotton this season will be the greatest on record, the estimated production as of November 14 being 18,399,000 bales, which indicates a yield of 186.3 pounds to an acre, as against the ten-year average of 153.7 pounds. Ginnings up to November 14 totaled 12,953,708 bales as against 12,260,352 bales on the same date last year. The present position of American cotton is as follows:

American cotton* (thousands of bales)	Season '24-'25	Season '25-'26	Season '26-'27
Visible supply at end of previous season (July 31)	952	1,125	2,279
Crop in sight on Nov. 26	8,120	9,300	9,801
Total	9,072	10,425	12,080
Visible supply on Nov. 26	4,463	4,974	6,427
World's takings to Nov. 26	4,609	5,451	5,653

* Source: The New York Cotton Exchange.

Cotton prices, which have fluctuated with a narrow margin during the past month, have dropped to the lowest level since 1921. Lately, however, quotations have rallied a little, spot cotton selling on November 23 at 12.85 cents a pound as compared with 12.45 cents on October 26 and with the lowest mark of 10.85 cents in 1921. This decline naturally is reflected in price recessions for cotton yarns and piece goods, ranging from 5 to 10 per cent under the level prevailing in the month before. Compared with a year ago, quotations for manufactured and unmanufactured cotton are nearly 25 per cent lower. Resistance to prices continues strong. Collections are prompt.



After declining to the low level in July, activities in textile industries have increased sharply in the last three months, and in October were close to the high point in the early part of this year.

Source—Federal Reserve Bank of Philadelphia

Silk. Manufacturing activity in thrown silk and broad silks, though below the high rate of a year ago, continues fairly satisfactory, but the current market for silk goods is seasonally quiet. Reporting throwsters and plants making silk fabrics are operating at from 85 to 90 per cent of capacity. Recently, both employment and wage payments in the silk goods industry have increased noticeably over those of the month previous. Unfilled orders at throwing plants are larger, but at plants producing broad silks they are somewhat smaller than in the preceding month. Stocks at the latter plants are heavier than those on the same date last year, whereas supplies held by throwsters are a bit lighter.

Reflecting lower quotations for raw materials, prices of finished merchandise are below last year's level. Raw silk prices during the past month have fluctuated between \$6.10 and \$6.40 a pound for Kansai double-extra cracks, as against \$6.90 and \$7.15 the year before. Comparative data on raw silk movement in the United States follow:

Raw silk* (in bales)	Oct., 1925	Sept., 1926	Oct., 1926
Imports	43,530	50,415	48,403
Stocks	39,423	34,459	35,094
Mill takings	46,815	43,962	47,768

* Source: The Silk Association of America.

Wool. Business in woolen and worsted fabrics continues moderately active, sales exceeding those of the year previous. Local wool dealers also report sizeable sales at fairly steady prices. After an almost uninterrupted decline, which began in 1924 and last May reached the lowest level in the past three years, manufacturing activity recently has turned sharply upward. Unfilled orders on the books of spinners and makers of piece goods in this district are now sufficient to insure production at the present rate of about 80 per cent of capacity for about two months. Consumption of raw wool in this district was 2.4 per cent smaller in October than in September but in the country 9.2 per cent greater. Imports

into the United States during October totaled 19,213,525 pounds as against 13,996,991 pounds in September and 23,920,262 pounds in October, 1925. Stocks of finished products held by reporting firms are considerably lighter than those of a year ago. Supplies of raw wool, as reported quarterly by the Bureau of the Census, are as follows:

Raw wool stocks (in thousands of pounds)	Sept. 30, 1925	June 30, 1926	Sept. 30, 1926
Held by dealers in—			
Philadelphia....	20,009	12,888	15,186
United States...	190,504	231,670	213,770
Held by manu- facturers in—			
Middle Atlantic section.....	72,525	53,695	57,387
United States...	182,505	165,775	161,943
Total for the United States...	373,009	397,445	375,713

Reflecting a decline in raw wool prices, quotations for woolen and worsted yarns and fabrics have eased off a little since October 20 and are now from 5 to 10 per cent below the level prevailing a year ago. Resistance to prices continues strong. Collections are fairly prompt.

Hosiery. Seamless hosiery continues in only fair or poor demand, though a few firms report a good market in some lines. Prices, for the most part, are unchanged, with a very few decreases. Operations are largely unchanged from last month, the average being about 65 per cent of capacity. Unfilled orders show a slight increase over those of a month ago, permitting operations for six weeks on the average. Stocks of finished goods continue moderate and, with a majority of firms, are smaller than they were a month and a year ago.

The demand for women's full-fashioned silk hosiery is good and but little changed from that of a month ago. Operations continue at close to capacity, unfilled orders insuring activity for about three months. At this season of active demand, stocks of finished goods are moderate, though larger than they were a year ago. The demand for men's full-fashioned shows little change.

Prices, except for a few decreases, are unchanged.

Floor coverings. With civil war continuing in China, the importation of carpet wool from that country has been reduced greatly. Few of our carpet and rug manufacturers report business as good, though there has been a steady improvement since the summer. Demand is slightly better than that of a month ago. Operations average 60 per cent of capacity and unfilled orders will insure plant activity for 45 days on the average. Stocks of finished goods are lighter than they were last month and a year ago. Prices are firm and unchanged from the level of the previous month. Half of the reporting firms say that there is resistance to prices.

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Manufacturers of linoleums and felt base goods report a satisfactory amount of business, with slight price recessions in some lines.

REAL ESTATE

The real estate market in this district is dull. Houses costing less than \$6,000 are in fair demand but sales of dwellings ranging from \$6,000 to \$10,000 and upward are small and are somewhat below the total sold at the same time last year. The renting demand for houses and apartments also is less active than that of last fall, although houses leasing at \$30 to \$50 a month appear to be in fair request. Most reports indicate that in Philadelphia there is an ample supply of house and apartment space for renting, and that nearly 90 per cent of houses now being built are for the purpose of sale. During the past three months rents for houses have decreased somewhat, whereas rents for apartments have shown little change. Although office and commercial sites are not difficult to obtain, prices are high. Lots for industries are rather scarce except in places somewhat remote from the city of Philadelphia.

Compared with that of last fall, the financing of new commercial and residential buildings is in noticeably smaller volume. In Philadelphia, loans to operative builders predominate, whereas outside of the city borrowings by house owners constitute by far the greater amount of financing. The interest rate on mortgages continues at about 6 per cent. The prevailing commission rates charged by brokers on first mortgages generally range from 1 to 5 per cent, and on second mortgages the rates vary from 5 to 10 per cent.

LEATHER AND SHOES

A good market for packer hides is reported, though slight price recessions have occurred in the last two or three weeks. The goatskin market is active, and in the past month prices have advanced despite general resistance.

Colored kid is in good demand and tanners of black kid report a fair volume of business. Prices are unchanged in spite of the increased cost of raw material. Stocks of finished goods are much the same as those of a month ago and this is true also of plant operation.

There is a good demand for sole leather and price increases in some lines are reported. A decrease in stocks of finished goods is noted by a number of firms. Operations average nearly 70 per cent of capacity.

Shoe manufacturers report that demand is fairly good, showing an increase over that of a month and a year ago. Production for the month of October, in this district, was 1,358,358 pairs, as compared with 1,328,216 pairs in September. Our reporting firms state that stocks of finished goods are moderate, while unfilled orders are slightly larger than those of a month before. They will insure operations at nearly 70 per cent of ca-

capacity for about five weeks. Prices are firm and unchanged from those of the previous month, a moderate amount of price resistance being noted.

CIGARS

The cigar market is increasingly active, the seasonal demand being somewhat greater than that of a year ago. The output, which during the past ten months has been greatly above the level for the like period of the preceding three years, has risen recently from the low point in May to the highest level since November, 1925. Unfilled orders are large enough to insure plant output for more than a month at the present rate of over 80 per cent of capacity. Stocks are light and are much smaller than those of a year previous. Prices generally are firm, showing no material change since October 20.

AGRICULTURE

Unfavorable weather has continued to interfere with farm work in this district during the past four weeks. Up to November 15 only a little over 40 per cent of the total corn was husked; the quality of this crop is below the average. The prevailing rate for cornhusking—about 8 cents a shock—is a trifle higher than that in 1925. The digging of late potatoes is virtually completed and some loss from rotting, which followed blight in unsprayed fields, is reported. Buckwheat also has been damaged in certain sections. The quality of Pennsylvania tobacco, the yield of which this year is nearly 25 per cent lower than in 1925, is 90 per cent of the average. The apple crop is the largest since 1920 and the quality is high. This also is true of pears. Production of grapes is estimated to be the largest since 1922 and the quality equals the average. Changes in the yield of some of the principal crops are:

Crops (1926 preliminary estimates)	Comparison with 1925 yields—per cent change	
	Phila. Federal Reserve District	United States
Winter wheat.....	+ 3.2	+58.4
Corn.....	-14.2	- 7.3
Oats.....	- 6.4	-15.2
Tobacco.....	-24.7	- 5.1
Potatoes.....	- 4.0	+10.7

Fall plowing has been delayed considerably by rains. The acreage planted to winter wheat will be about the same as last fall, and the wheat stand thus far is fair. The present condition of cover crops is satisfactory and is somewhat better than that in November, 1925. Conditions of meadows and pastures continue good and livestock compares favorably with the normal November condition. The number of marketable hogs this fall has exceeded that of last year and sales have been greater than those of a year ago.