

STATEMENT FOR THE PRESS.

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The following is a review of general business and financial conditions throughout the several Federal Reserve Districts during the month of October, as contained in the forthcoming issue of the Federal Reserve Bulletin:

Great general prosperity throughout the country, with strong demand for commodities verging at times upon recklessness in buying, is the general business situation as reported by Federal Reserve agents in the several Federal Reserve districts for the month of October. Crop returns have been good in most sections, and even where decline in output has brought the total yield below the forecasts, prices are reported as the highest on record, the money returns being thus largely augmented in spite of the decreased volume. Staple commodities have moved satisfactorily to market during the month, although the volume of grain thus shipped is smaller than last year, while shortage in some commodities, such as sugar, has brought about unusual care in the distribution of existing supplies. Production of coal has been on the increase, while the demand has been unusually strong, owing to the fears of consumers concerning the prospect of a strike to date from November 1. There has been no decline in general manufacturing, while prices continue firm. The upward movement of trade usually noted in the autumn has been in evidence during the month. Speculative activity has been extensive throughout the country and is reaching dangerous levels. This and the prevailing high prices have led in some quarters to a further development of the spirit of conservatism noted in the last issue of the Federal Reserve Bulletin, and in some important lines of business leading factors forecast the possibility of a shrinkage either of prices or of volume of business, or both. A troublesome factor in the industrial situation is seen in the existence of a widespread condition of industrial and social unrest, and while disturbances growing out of strikes have not increased during the month, prospects for a growth in this direction have been such as to cause some anxiety.

General business conditions in district No. 1 "continue to reflect unprecedented prosperity as defined in terms of high wages and purchasing power, high prices, complete full time employment in all lines of industry, orders booked by manufacturers in some cases far into 1920, projected plans for expansion of plants and equipment, and the absence of serious or widespread dislocation of working relationship between employer and employee in any of the great basic industries; although industrial unrest lies very close to the surface." In district No. 2 the financial situation is characterized by heavy demand for funds and increase in speculative activity, wholesale and retail trade is in large volume, and labor conditions are distinctly unsettled, finding particular expression in several great strikes. In district No. 3 the demand for commodities of all kinds continues unabated, prices display great firmness, and labor troubles have not proved very disturbing. In district No. 4 "most concerns are operating at capacity," although in jobbing and wholesale trade there is some hesitation due to uncertainty of labor conditions. Retailers report strong demand. In district No. 5 crop returns, owing to the high prices realized, have been abundant, business is active, and "unfavorable factors have had little deterrent effect." In district No. 6 general business conditions "show no outstanding change," and "fall retail trade is opening up in large volume," although both corn and cotton crops are poor. In district No. 7 "business generally

"continues to reflect the greatly increased buying power growing out of the high wages and agricultural prosperity of the last three years." In district No. 8 "most lines of wholesale and retail business show increases over the corresponding period in 1918" and "optimism still prevails." In district No. 9 general business is active, the unusually good corn crop has been harvested, and the general outlook is good. "Reports from all trade and industrial centers" of district No. 10 "tell of continued activity in practically all lines of business in the face of such discouragements as would at other times be calculated to bring business to a standstill. Apparently there is a determination on the part of business to carry on, and there is a growing feeling of confidence that efforts now being made will bring an amicable adjustment of the differences between labor and capital." In district No. 11 there is "an auspicious opening of fall activities in all lines of trade," the disappointing outlook for cotton is offset by excellent yields and adequate prices realized on other farm products, the production of the oil fields is steadily increasing, and conditions on the whole are sound and prosperous. "Active trade in large volume, labor disturbances to a large extent around San Francisco Bay, with full employment elsewhere, and harvesting and movement of crops" have characterized the situation in district No. 12.

During October the labor situation has occupied a position of primary importance. The reports of Federal Reserve agents show that there has been an increasing degree of general unrest throughout the country, which has culminated in a series of strikes, either actual or seriously threatened. The steel strike, which has already been long drawn out, although with production well maintained, is apparently approaching its end. This strike has not in recent weeks seriously hampered production, and the report from district No. 4 is to the effect that its influence "has been on a steadily declining scale. Certain districts and plants from the beginning were able to maintain their organizations almost intact, and in other cases the defection was not of proportions to cripple general operations." On the other hand, serious labor difficulties in New York, prominently among the longshoremen and in the printing trades, have resulted in extensive unemployment. More serious, perhaps, in its possibilities than any other labor disturbance was the threat of a general coal-mining strike to be called on November 1, negotiations for an adjustment having apparently been brought to nothing during the latter part of the month. Hopeful indication in the labor difficulty is the fact that in some districts a smaller number of actual strikes, or a smaller number of men out of work as a result of strikes, is reported. Unfortunate, on the other hand, has been the fact that the industrial conference at Washington, from which much was hoped, partially disintegrated, thus disappointing the expectations of many who had believed that it would be productive of great and immediate good. From several districts it is reported that current opinion had strongly inclined to the view that a satisfactory solution of the difficulties would result from the meeting, and disappointment in the outcome was accordingly keen. Summing up district labor situations, it would appear that in the New England region there is no general or serious dislocation of working relationships, although there is unusual caution among employers, while in Philadelphia but little disturbance has been experienced. Conditions in the South, at Atlanta and the adjacent region, are fairly satisfactory, while in Minneapolis and the Northwest there is full employment at good wages. Unrest exists in New York and Chicago, while the labor situation in the Southwest and on the Pacific coast is still unsettled, although some controversies heretofore in progress are now apparently approaching adjustment or are actually disposed of.

Commodity prices show a recession from the high levels reached during the month of August. The general index number of the Bureau of Labor Statistics stands at 221 for the month of September, as compared with the revised figure of 226 for the month of August, a decrease of 2.6 per cent. The downward tendency noted in

Some of the leading staples during the month of September has continued during the present month, in particular corn and livestock, though increases are noted in the prices of other staples, such as raw cotton and silk and various of the nonferrous metals. Scarcity of merchandise in certain leading lines, and insufficiency of anticipated output to meet demand is a factor tending to keep these prices at present high levels. While there is a widespread belief that the peak of prices has been reached, in certain quarters no great declines in the near future are anticipated, but rather comparative stability. Producers' goods remained unchanged in price, the index number being 212, while decrease in price occurred for both the groups of raw materials and consumers' goods, the respective index numbers decreasing 1.7 per cent, from 218 to 214, and 6.3 per cent, from 241 to 226. Among the subgroups included in the group of raw materials, the index numbers for farm and animal products show considerable decreases, from 251 to 240 and from 235 to 215 respectively, while the numbers for forest and mineral products show increases, from 193 to 213 and from 180 to 184 respectively.

In agriculture there has been a further increase in the estimated yield of corn, as against small decreases for spring wheat and oats. Both wheat and oats show low yield per acre, and the quality is poor. In district No. 9 "the unusually good corn crop has been harvested, but the rather unsatisfactory yield of wheat, which is both light and shrunken, has presented difficulties in connection with seed supplies for next spring." Reports indicate a slight reduction in the acreage of wheat sown this fall in district No. 10, while "corn has been helped by the September moisture and has matured nicely." In district No. 7 "the corn crop is in very fine condition in most localities," and wheat sowing has been aided by the recent rains, but the acreage in the excessively dry sections is smaller than last year.

It is reported that the deciduous fruit crop in district No. 12 promises to be the largest on record. In district No. 4 "tobacco is disappointing, estimates placing the 1919 crop at 25 per cent below that of 1918." Last year's unsold tobacco is now moving at 4 to 5 cents per pound over late quotations. The crop in district No. 5 is estimated at only 60 per cent of normal, but prices are the highest ever realized, and it is being sold rapidly. The condition of cotton showed a further decline to 51.1% on October 25, and the crop is moving slowly. Deterioration in quality is also noted in consequence of the unfavorable weather conditions which have prevailed, and extraordinary prices for the choicer qualities have resulted, as well as increases in the prices of other grades. Some tendency on the part of planters to hold the staple is reported.

Movement of grain to market is in smaller volume than last year. Receipts of wheat at 13 interior centers during September were 56,480,997 bushels, as compared with 67,699,895 bushels during September, 1918, while receipts of corn and oats show a greater falling off, being respectively 12,906,830 bushels and 20,945,038 bushels, as compared with 19,309,863 bushels and 28,957,695 bushels during September, 1918. Wheat and oats prices in the Kansas City district show a slight decline up to the middle of the month, while corn prices have declined considerably. It is reported that milling operations are heavy, and that mills are well sold up as far in advance as permitted. Recent trade reports, however, indicate a decreased demand. Flour production during September, as reported by the United States Grain Corporation, was 14,087,800 barrels, as compared with 12,042,000 barrels during August.

In view of the prevailing shortage of sugar, care is being used in the distribution of available supplies; all contracts on the books of refiners will be pooled, and a zoning system will be instituted, whereby the East will be supplied by Atlantic Coast refiners, the West by domestic beet sugar producers,

and the South by Southern refiners.

Receipts of cattle at 15 primary markets during September were considerably less than for the same month last year, the respective figures being 1,871,042 head and 2,249,017 head, corresponding to index numbers of 186 and 223, while receipts during August, 1919, were 1,541,133 head, corresponding to an index number of 153. Receipts of hogs were also smaller, being 1,704,944 head during September, 1919, corresponding to an index number of 78, as compared with 1,775,842 head during September, 1918, corresponding to an index number of 81, and 1,595,759 head during August, 1919, corresponding to an index number of 73. Receipts of sheep, however, show a considerable increase, being 2,890,831 head during September, as compared with 2,220,229 head during August and 2,408,609 head during September, 1918, the respective index numbers being 212, 162, and 176. Drought conditions in the Northwest are reported to be largely responsible for the heavy movement of sheep. Decreases in the prices of the various classes of live stock are noted. It is noted in Chicago that "the average price of beef and mutton is considerably lower than a year ago," while "the prices of hogs are the lowest in two years."

The labor situation has continued the dominant feature in the iron and steel industry. Due to the fact that the strike was only called on September 22nd., little effect is shown in the September figures for the standard indexes of the industry. Pig-iron production during September amounted to 2,441,554 tons, corresponding to an index number of 105, as compared with 2,743,388 tons during August, corresponding to an index number of 118. Steel-ingot production likewise shows a decrease. The unfilled orders of the United States Steel Corporation at the close of September were 6,284,638 tons, as compared with 6,109,103 tons at the close of August, the respective index numbers being 119 and 116. Operators report continually increased production since the opening of the month.

Buying activity is reported to have centered to considerable extent in pig-iron, the prices of which, both for prompt and for forward delivery, have advanced, though trade reports indicate some tendency towards spot transactions in view of the threatened strike of the bituminous coal miners. Demand for finished products has also been heavy, but there has been reluctance on the part of producers to accept further bookings in certain lines. Increases in the prices of certain products, such as tank plates, structural shapes, and steel bars, have occurred. Premiums are largely offered for prompt delivery. The growing shortage of some forms of finished steel has resulted in depletion of warehouse stocks, but price declines for old materials in Chicago were noted during the second week of the month.

Production of bituminous coal during September was 47,403,000 tons, as compared with 42,883,000 tons during August, the respective index numbers being 128 and 116. Increased production is reported during the present month, the output for the week ending October 11 establishing a new high record for the year. While from Philadelphia it is reported that prices have sagged somewhat, due to the large tonnage thrown on the market as a result of the steel strike, consumers in general have readily taken the coal offered, in view of the threatened strike in the central competitive field. Anthracite coal shipments during the month of September were 5,687,401 tons, corresponding to an index number of 101, as compared with 6,144,144 tons during August, corresponding to an index number of 109. Active demand exists for domestic sizes, but steam sizes are weak. The wage agreement with the miners has been renewed, to continue in effect until April 1, 1920. The output of beehive coke increased from 1,733,971 tons during August, to 1,790,466 tons during September. A decrease is, however, noted since the opening of the steel

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strike, production during the third week of the strike being but 69 per cent of the prestrike average, although still above the low level prevailing during the second quarter of the year.

Relative quiet continues in the nonferrous metal industries. Transactions in copper have consisted largely of resales, while increases in the prices of lead, tin, and zinc were noted in the first half of the month. In September there was "practical paralysis of the entire shipping of ore and fuel" in the Joplin district, due to an extreme "dearth of cars," and extremely large stocks of ores accumulated before relief came at the close of the month.

No abatement in general manufacturing is noted. The cotton-yarn market continues firm, with inquiries numerous. It is reported that cotton-mill output is contracted for up to the close of the year, and that considerable orders are being booked for 1920. Fine goods continue very firm and high, but from Boston it is reported that fear exists that adjustment of prices of print goods and fancy products to meet the recent advances in the price of cotton may react unfavorably upon demand, or at least cause increased consumption of less expensive grades.

The raw-wool market continues quiet, with prices of high-grade wools firm. Lack of interest in low-grade wools continues, reflecting absence of public demand for low-priced fabrics. Considerable interest is displayed in the prospective offerings of Australian wool by the British Government, and their possible effect upon the market. In worsted yarns there is absence of desire on the part of both buyer and seller to contract ahead for the more distant future. Mill openings of both men's and women's wear wools for spring are on an allotment basis. It is reported from the Philadelphia district that "they could very easily book new business far into 1920", but that disinclination to do so exists. Marked advances have occurred in the price of raw silk, and an upward tendency in the price of fine silk goods is noted. A scarcity of merchandise is reported in knit goods, with no general contracting for spring delivery, because of price uncertainty, except in the case of silk hosiery, in which orders for next June delivery have been noted. Recent trade reports indicate little placing with manufacturers of new orders for clothing, due apparently to heavy early purchases.

The hide and leather markets during the present month have been relatively quiet, and the upward movement of prices appears to have been checked. A waiting attitude has been largely assumed by tanners with respect to hide purchases, although several large recent sales of packer hides in Chicago have been reported. In leather the between-season inactivity has been noted, but prices in general have been well maintained. Lower grades, however, have moved at concessions in price. Tanners have thus been enabled to catch up in some measure with orders previously booked. Active demand for shoes continues, in excess of the ability of manufacturers to supply. Retailers' purchases have not been restrained by the high prices prevailing. From Boston it is stated that "some of the largest concerns in the United States have reached a point where it will be impossible for them to accept additional orders for five or six months."

The customary seasonal swell in the volume of business continues. Sales, both wholesale and retail, in many sections are reported to be in excess of those for previous months and for the same period last year. Stocks of both wholesalers and retailers in leading lines are running low, and complaint is being made of difficulty in obtaining merchandise. The demand for high-grade goods continues, although in both the Boston and Kansas City districts a growing tendency is noted on the part of consumers to limit the amount spent for various articles, and from the former it is reported that "in buying wearing apparel and other articles of household use,

except food, the public in general is not paying the full amount of the increase in prices necessary to obtain the quality which it formerly bought."

A continuance of building activity is reported. Permits issued during September show a seasonal decrease from the August figures, the latter, however, being the record month of the present year. Labor difficulties and shortage and high cost of construction both for labor and material have continued to be retarding factors. Continuance of a satisfactory amount of building throughout the winter is predicted. Seasonal decrease in the demand for lumber is reported from certain districts. Slightly lower prices are reported on certain grades, such as southern pine, while others, in particular western pine, have increased in price. Increased production as yet has succeeded but little in building up stocks.

Official figures for the month of September show a decrease to \$161,100,000 in the export balance from the figure of \$338,900,000 for the month of August. This is the lowest figure for any month since July, 1917. Accompanying a decrease of approximately \$50,000,000 in exports was an increase of \$128,000,000 in imports. Interest is displayed in the foreign trade conference which assembled at Atlantic City during the latter part of the month.

Large decreases in exports are shown for meats, chiefly bacon, hams, shoulders and lard, and raw cotton, the September exports of the latter article being 50 per cent less in quantity than the month before. On the other hand exports of breadstuffs, mainly flour and wheat, were larger both in quantity and value than for the preceding two months. Of the total increase since August of about 128 millions in imports, 70 millions represent an increase in the value of crude materials imported, chiefly raw silk from Japan, Egyptian cotton, hides and skins, also fibers, and about 32 millions - an increase in the value of imported articles of food, chiefly sugar from Cuba and coffee from Brazil.

Exports to the United Kingdom, 153.7 millions, show the largest decline for the month, and account for almost the entire decrease in the total exports reported. Exports to France, 51.4 millions, show a decline of about 4 millions since August and approximate those for July. September exports to Italy, 32.9 millions, and to Belgium - 23.6 millions, on the other hand, were considerably larger than the month before. Total exports to Europe during September were about 56 millions less than in August, exports to South America fell off 9.4 millions, those to Africa 2.6 millions, and those to Oceania - 0.8 millions. On the other hand September exports to North America, largely Canada, show a gain since August of 15.4 millions and those to Asia - a gain of 3.6 millions.

On the import side all the important European countries, except Spain, are credited with larger imports than for August, imports from Great Britain alone, 34.7 millions, showing an increase for the month of nearly 10 millions, or about equal to the increase in the combined imports from France, Italy, and Belgium. September imports from Europe as a whole show a continuous increase since July. Imports from Asia were over 40 million in excess of the rather low imports for August, while considerable gains are also shown in the imports from North America and Africa.

In the stock market the present month has been characterized by a continuance of the speculative activity which commenced during the last week in September, and price advances have occurred. Bond prices have shown a tendency to rise, the returning strength of high-grade railroad bonds being especially marked. Transactions in Liberty bonds have been heavy, and they have led the rise in the general investment market. September issues of new securities were the heaviest for any month during the present year, and October issues are reported to show little or no falling off in volume. Speculation was not adversely affected by the increase in call money rates which accompanied the recent great increase in loans of the New York Clearing House banks and borrowings from the Federal Reserve Bank of New York. After touching 15 per cent at the close of September rates remained at a relatively high level throughout the early part of October, again reached 15 per cent on October 14 and 15, since which time they have declined sharply with an increase in available funds and reached a low figure of 4 per cent. An upward tendency in commercial paper rates in New York is reported, as well as a limited demand for acceptances. The customary heavy seasonal demand for funds is generally noted. Rates in other centers have been steady and have not reflected the erratic fluctuations in the New York market. The Board's figures of the volume of check transactions continue at a high level. The banking situation continues to be regarded as sound, though need of caution in loan expansion is emphasized in certain quarters, particularly in view of heavy seasonal requirements for funds and the high-price levels now prevailing. Credit and collection conditions are good and failures, while showing an increase for September over those for the two previous months, continue unprecedentedly small and few.