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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 August, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Continued readjustment of economic and business conditions generally has been the characteristic feature of the month of August. There are already indications that the transition period is nearing a halt and that an improvement of the general situation is in sight. Nevertheless, there is still much to be done before business, prices, and industry can be regarded as having settled down upon a stable basis. In manufacturing districts Federal Reserve Agents report dullness of business accompanied by unusual reaction and hesitation on the part of middlemen and dealers. This is the result of reaction among consumers who have refused to pay excessive prices and of some tendency to unemployment in various directions due to the letting down of demand. In the agricultural regions the promising crop prospects have given a much more hopeful turn to affairs and have tended to minimize the broader questions of price adjustment, money rates, and industrial unrest. In those parts of the country the paramount idea is production upon a large scale accompanied by improvement of transportation and better labor conditions. Where the processes of distributing and financing are more important, the prospect of improvement is less immediate, although fundamental conditions are slowly improving and the underlying business situation is usually described as sound. Prices still show a tendency to fall, and for the month of August the Board's index number of wholesale prices has shown a reduction of seven points. While differences

were noted between the indexes of some of the price-reporting agencies early in the year, there is now practical uniformity, although some show greater or more rapid declines than others.

In District No. 1 (Boston) business conditions generally have been characterized by "dullness to a degree rather more than usual," a fact which is assigned to the "wide-spread and undoubtedly heavy liquidation* * * on the part of merchants" with the result of cancellation of orders and "almost universal curtailment of production" by establishments engaged in producing wearing apparel. The effect of the situation has been modified by the fact that reaction has been so closely restricted to a particular field. Retail merchants show great caution.

In District No. 2 (New York) it is found that "the period from July 1 to August 20 has been one of shifting credit, but with no substantial change in the volume of bank loans." The number of banks borrowing from the Federal Reserve Bank has decreased from 380 early last November when the discount rate was raised, to 313 on August 1 of this year. "Manufacturers and merchants have at last realized that the period of constant expansion * * * has about reached the limit of its possibilities". As to the price situation, the opinion is expressed that "while some prices were increasing and many remained stable, so large a number of important commodities have declined" as to indicate that "with further credit inflation checked * * * natural laws are once more operating."

In District No. 3 (Philadelphia) prices in textiles, leather and shoes continued to drop and the same is true of cloths and clothing, while there seems to be some ground for fearing a recurrence of labor unrest. Slight improvement in transportation is encouraging, but inadequate. Retail trade shows a favorable prospect.

In District No. 4 (Cleveland) the demand for funds is still heavy, collections are somewhat variable, but "satisfactory when all circumstances are considered", and lake trade ore movement and coal shipments are improving.

In District No. 5 (Richmond) the outstanding feature of the information received by the Reserve Bank is "optimism and confidence in the basic soundness of general conditions." It is nevertheless admittedly hard to specify definite developments which justify this confidence. Manufacturers are receiving insufficient orders to keep them running steadily in all cases, but they are taking a more hopeful view.

In District No. 6 (Atlanta) improvement in crop prospects which was so strong a factor during July has been somewhat offset by reaction in August. Prices are moving downward. Some wholesalers show reductions in sales but retailers report an increase of 16.3 per cent in net sales. On the whole, the position is hopeful.

In District No. 7 (Chicago) "caution rules in business." Retailers have found limits in the popular purchasing power and business is "slowing up a little" with the net result of "a waiting attitude." "Dearth of liquid capital" is largely responsible for the situation.

In District No. 8 (St. Louis) "the volume of trade holds up well as contrasted with the corresponding period last season and to date there has been no marked decline in the purchasing power of the public." There is evidence of "more definite and significant steps in the direction of readjustment than has been observed up to this time." Greater optimism and a greater disposition to economy and caution are observed both among the public and among merchants. Crops are large and prices for them are high.

In District No. 9 (Minneapolis) "the slowing up of business which was noted during June has been offset to a considerable extent during July

by the rising tide of business confidence." However, "stringent money conditions prevail" and "liquidation of merchandise has progressed very slowly." Some food prices have fallen. There has been no shortage of labor to handle the crop. Transportation conditions * * * are the keystone to the business" side of agriculture.

In District No. 10 (Kansas City) business men "see no cause for serious apprehension on account of * * * price adjustment, money tightness or industrial unrest." They have produced this year the largest all-round crops of food products in history and believe that improvement of transportation and the rapid movement of the goods to the consumer is the urgent need of the case.

In District No. 11 (Dallas) favorable factors, include "further improvement in the condition of crops and ranges; increase in volume of wholesale and retail trade; increase in building activity; increase in farm granaries for the storage of wheat awaiting shipment; and improved movement and supply of freight cars." As against these desirable factors there is noted "excessive rains in the cotton belt, conducive to depredations of insects; further inflation of credit; increase in business failures; depression in demand for products of the livestock industry; and shortage of labor for harvesting cotton." Trade has reacted well from seasonal dullness, but it is believed that "the margin of surplus income from production this year will not be sufficient to support any radical expansion of industry and commerce" in the year 1920-21.

In District No. 12 (San Francisco) it is reported that "favorable growing conditions during the past month have improved the prospects for good crops in all sections * * * except some of the dry farming sections." Labor is well employed and only one considerable strike is in progress.

Harvesting is progressing satisfactorily with fairly adequate labor, but car shortage is present.

The agricultural situation has during the month of August reached a point at which returns can be counted upon with much more certainty than heretofore and the outlook has continued to be in the main favorable. In District No. 9 (Minneapolis) the Federal Reserve Bank's own estimate of crop yield shows much larger production of wheat, oats, barley, and flax than in 1919, with rye only a little behind last year's. There is "a total production of 610,000,000 bushels of small grains as compared with 421,000,000 bushels in 1919. The corn crop prediction of 245,400,000 bushels on August 1st is about 3,000,000 bushels better than a year ago." In District No. 10 (Kansas City) the situation is equally favorable. "All in all, the reports now show that 1920 is one of the best, if not the very best, crop in years." The Bank is disposed to believe that the Government's estimate of 261,226,000 bushels of wheat as compared with 301,000,000 bushels last year is too low, while oats will be hardly less than 200,000,000 bushels and corn has made remarkable progress, the estimated yield now being 483,000,000 bushels. Other crops are in excellent condition, especially hay. On the Pacific Coast the total estimated yield of wheat is a little under 100,000,000 bushels for the district, as compared with 101,000,000 bushels in 1919. Corn, oats and hay show good advances over 1918 and 1919. The hop crop is much larger than last year and 75 per cent of it has been sold. While the deciduous fruits on the Pacific Coast are expected to be greater than was anticipated. In the Pacific Northwest the yield of apples is estimated at 25,500 carloads as against 32,600 carloads in 1919. In the middle west, District No. 7 (Chicago) reports that crops "promise well with indications for a larger production than a year ago in all excepting wheat."

Accompanying the generally favorable July outlook for cotton was a decrease in price. In District No. 11 (Dallas) the "cotton responded wonderfully to the best July weather that the crop has enjoyed for several years," but subsequent excessive rains are conducive to depredations of insects. This is reflected in the figures of condition on July 25 as against June 25, while the Federal Reserve Bank's own detailed survey of counties as of August 1 seems encouraging. District No. 6 (Atlanta) reports the condition of cotton not very different in July from that of June and states that the boll-weevil is now present in practically all of the cotton counties of Georgia. While the Florida cotton crop has improved slightly, that of Louisiana has deteriorated, but the Mississippi and Tennessee crops show improvement. As for August developments, "the reports of damage by excessive rains during the first two weeks in August have been somewhat discouraging."

In livestock, District No. 11 (Dallas) reports that ranges are in fine condition, the stock itself being "prime" and the situation generally favorable. ^{In} District No. 10 (Kansas City) fine pasturage has tempted many growers and feeders to hold their stock, and car shortage has tended to accentuate the same situation.

The movement of agricultural products to market is still affording the basis for more or less anxiety and uncertainty. There has been improvement in railroad conditions, but it has been insufficient. In District No. 9 (Minneapolis) the agitation for empty cars suitable for grain has brought substantial results, but not all that had been expected. Receipts of empty grain cars for the five weeks ending July 3 averaged 1,629 cars per week or 35 per cent of those ordered sent, while in the four weeks ending August 1 the weekly average was 2,427 cars or 53 per cent. "This improvement of 800 cars per week is encouraging, although

not sufficient to meet the needs of moving the new crop." Total grain receipts during July, 1920, are reported by the Minneapolis Chamber of Commerce as about 10,000,000 bushels, while shipments were 8,061,000 bushels. On the whole there has been an increase of about 10 per cent in the receipts and a decrease of about 17 per cent in the shipments, as compared with June, while there is a decrease of about 5 per cent in total receipts and shipments of flour for the same period. The amount of wheat in terminal elevators in Minneapolis and Duluth on July 31 was 2,145,000 bushels, as against 912,000 bushels on the corresponding date a year ago. In District No. 10 (Kansas City) the movement of grain to the markets of the District has been in greatly reduced volume as compared with a year ago, notwithstanding larger crops. During July, 1919, receipts of grain and flour at Kansas City were 13,841,550 bushels, but for July, 1920, 6,770,250 bushels. Shipments in July, 1919 were 3,132,000 bushels and in July, 1920, 4,498,000 bushels. Figures of July receipts and shipments at Omaha, St. Joseph, and Wichita and Oklahoma City were less than a year ago by 40 to 60 per cent, due to the car shortage. It is now thought that it would be better for the grower to provide storage for himself and to distribute the marketing of grain over a longer period. Grain markets during the month have been active. Prices declined substantially at Minneapolis during July and the early part of August, while at Kansas City "there were sensational declines in prices." This is ascribed to "favorable crop reports." Reports from mills representing 75% of the flour producing capacity of the Minneapolis District show operations at 44.6% of full capacity during the four weeks ending July 31, as compared with 46.8% in the four weeks ending July 3, and 40.5% one year ago. Recent trade reports indicate sales are still small though

inquiry is fairly large.

Livestock prices also show a downward drift in some branches, Minneapolis reporting substantial reductions in beef prices and a moderate reduction in lambs. Receipts of cattle and calves at fifteen principal markets during July were 1,188,019 head, as compared with 1,290,265 head during June and 1,527,881 head during July, 1919, the respective index numbers being 118, 128 and 152. Receipts of hogs amounted to 2,115,639 head during July, corresponding to an index number of 92, as compared with 2,746,390 head during June and 2,411,539 head during July, 1919, the respective index numbers being 125 and 110. Receipts of sheep for July were 1,301,458 head as compared with 1,006,528 head during June and 1,558,767 head during July, 1919, the respective index numbers being 95, 74 and 114. District No. 10 (Kansas City) reports that "the July movement of livestock to the six markets of this District was 8 per cent less in volume than in June and 23.5 per cent less than in July, 1919. A total of 1,459,891 animals were received at the markets during the month, as against 1,586,193 in the previous month and 1,909,890 in the corresponding month last year. A large part of the losses in receipts was on hogs.

The heavy declines indicated, especially in the movement of cattle, calves, and sheep, are generally attributed to the smaller movement from areas affected by the drought at this time last year.

An important situation has developed in connection with the marketing of grain. According to District No. 7 (Chicago) "it will be recalled that last year there was a heavy carry-over of grain, farmers starting out with the intention of holding for a few months for a more favorable price level. They encountered an extremely bad transportation situation which prevented the marketing of grain when prices did improve. The

result was rather disastrous, as in many instances farmers were forced to carry grain for many months against their wish and to borrow at the banks. Much of this is still being carried by the banks, either on farms or in country elevators. This tends to make the farmer cautious. If cars are obtainable the farmer as a rule is not delaying shipment of his grain to market. Another factor militating against widespread storage of grain is the uncertainty as to the future course of the commodity markets."

The iron and steel situation during the month has not materially changed. Railroad conditions are somewhat better but advances in freight rates have introduced a new factor into the price prospects. Pig iron has advanced during the past few weeks and Bessemer iron, as well as other products, has also risen. The movement of iron and steel from the mills and furnaces has continued on the increase and the leading producer in the Pittsburgh District has reduced its accumulations by about 65,000 tons. The trend toward the easing up of congestion at the works is more pronounced in some cases than in others. In District No. 3 (Philadelphia) iron and steel producers "still suffer seriously from transportation inadequacy". In some lines a slackening of demand has been noticed. Higher freight rates are expected to add considerably to manufacturing costs. Both in Districts No. 3 and No. 4 there is a falling off in the daily output of pig iron and the same is true of some steel products. In District No. 6 (Atlanta) "the shortage of freight cars has, however, grown more serious during the past month." Pig iron is piling up in the District and iron and steel movements are greatly delayed. Consumption of pig iron is holding up well and steel mills are working at more than 80 per cent of capacity. Taken all in all, the outlook of the industry is favorable. In District No. 3 (Philadelphia), for instance, a large

manufacturer whose principal product is bar iron is optimistic about

conditions for the rest of the year, while rails are in strong demand and miscellaneous steel products are finding a good market. The unfilled orders of the United States Steel Corporation at the close of July were 11,118,468 tons, corresponding to an index number of 211, as compared with 10,978,817 tons at the close of June, corresponding to an index number of 208. Steel ingot production during July was 2,802,818 tons, as compared with 2,980,690 tons during June the respective index numbers being 116 and 123. Pig iron production during July was 3,067,043 tons, as compared with 3,043,540 tons during June, the respective index numbers being 132 and 131, although the average daily output was somewhat less during July.

Lake ore shipments from the Superior region in July were 9,638,606 tons, bringing the total to August 1 to 26,079,111 tons which compares with 25,181,848 tons on the corresponding date in 1919, and 26,608,933 tons in 1918. The 1918 tonnage is that which the producers have set out to duplicate during the present season, and it is shown that they are only slightly below their goal."

Congestion on the railroads, which was the source of so much anxiety and difficulty during the earlier part of the summer is gradually yielding to special effort to relieve it and more progress has been made in connection with coal than with any other product. District No. 4 (Cleveland) reports that the outlook in the lake trade is a little better than a month ago. The coal movement has shown a steady gain since the recent orders of the Interstate Commerce Commission. In District No. 3 (Philadelphia) "moderate improvement * * * has taken place during the past month. * * * Cars are moving a little more freely to destinations." There has been no reduction in prices for spot coal. New freight rates are expected to add from 65 to 85 cents a ton to the cost of anthracite

to the retailer. In District No. 6 (Atlanta) Alabama coal production shows a little improvement but strikes are still on in various fields. Coke production is below the demand and car shortage is still felt. The movement of bituminous coal to New England has been improved in order to relieve the shortage which threatened in that section. There has been a large movement of cars during the late July and early August to the New England factory region and this has included both bituminous and anthracite coal. It is expected that the distribution will improve steadily from this time forward. In District No. 4 (Cleveland) coal movement is showing a steady gain all round. There is still shortage in various parts of the country, not for immediate needs but as compared with the estimated demand of coming months. The bituminous output is estimated by the Geological Survey as 226,000,000 tons for the first half of this year (1920) as compared with 218,000,000 tons in the corresponding period last year. Allowing for importation and exportation there is an indicated balance for domestic consumption of 215,000,000 tons, against 211,000,000 tons last year. Production of bituminous coal for the country at large during July amounted to 45,526,500 tons as compared with 44,462,500 tons during June and 42,698,000 tons during July, 1919, the respective index numbers being 123, 120 and 115. Sporadic labor difficulties in the coal industry have to some extent retarded production, but in the main the figures show that conditions have been reasonably favorable. Production of anthracite coal during July amounted to 7,785,000 tons, as compared with 7,754,000 tons during June and 7,803,000 tons during July 1919, the index number for all three months being 105.

In petroleum there is a growth in production, both in Kansas, Oklahoma, Wyoming and Colorado. For the two first-named ^{states} there is an increase during the first seven months of 1920 as compared with the same period in 1919 from 64,189,000 barrels to 79,360,000 barrels. Developmental operations in the Oklahoma field, including Kansas, Oklahoma and Wyoming, have been very satisfactory during July.

The stock of oil in storage in District No. 10 (Kansas City) on July 1, 1920, was 60,712,000 barrels as against 61,604,000 barrels on January 1st. On the Pacific Coast the daily production during July averaged 279,000, barrels as compared with 273,000 in June. Stored stocks were 24,405,000 barrels on July 31, a decrease of 964,150 barrels during the month. Shortage of gasoline continues to be general on the Pacific Coast, while in District No. 10 (Kansas City) the summer demand is at its height and shipments to the Pacific Coast are being made from the mid-continent and Rocky Mountain fields. The market for petroleum during the month of July was steady and quiet, with the price of crude oil generally subject to little change. In District No. 11 (Dallas) drilling results improved during July and for the District as a whole 868 wells were completed as compared with 650 in June. The daily average output during July was 375,000 barrels, a decrease of 7,500 from June. The outlook in the Texas field is regarded as very promising.

In metal mining there was curtailment of production at the opening of July with regard to zinc and lead, but later there was a partial resumption of work, resulting in an average weekly output of about 10,000 tons at the end of the month. Curtailment and rearrangement of production has helped to adjust the labor situation. There has developed a relative reduction of output, but a deficiency of cars has continued to be marked, even as compared with the supply of ores on hand. Cars intended for other products are now being used to ship ores. The price of zinc ores has increased from \$45 at the opening of July to \$47.50 for 60 per cent concentrates. Lead ore prices also showed a decided advance for the month

from \$90 to \$100 per ton on 80 per cent lead. The average output has fallen off in the Colorado metal mining district. Production reported during July by reduction plants in the Cripple Creek district totalled 38,222 tons or a gross value of \$468,568. Some indications of improvement in mining activity are reported. With the exception of zinc, however, recent trade reports indicate extreme quiet in these industries, little interest being shown by consumers.

General manufacturing has varied widely in different parts of the country during the months both of July and August as a result of sporadic depression and suspension of work, coupled with difficulties of various kinds in connection with the continuation of production. There is still depression in woolens and cottons, knit goods and underwear, wearing apparel, shoes, leather, and various other articles. Resumption of activity immediately after Labor Day is promised in a number of sections and it is held that there is some indication that retailers' stocks are becoming so reduced that active buying must soon be resumed. District No. 1 (Boston) reports that tanneries in the District are still closed or operating up to about 50 per cent basis. While there has been some resumption of shoe manufacturing, numerous large concerns are still either wholly closed down or operating on short time and they have curtailed their purchases of leather. Prices for side leathers are off 10 to 13 per cent, but still 50 to 100 per cent higher than in 1913-1914. Hides are accumulating. District No. 5 (Richmond) reports that shoes are moving from manufacturer to retailer slowly, while buyers are holding off in the hope of reductions. Leather has weakened but there is little

prospect of the saving reaching the consumer for a good while owing to the length of time required in the shoe production. In District No. 7 (Chicago) first hands are holding leather and are finding more than usual difficulty in financing it. Cancellations are still active. Sales are 50 per cent off from 1919 for the first seven months of 1920. The automobile demand for leather "is the only really rosy spot in the picture". In District No. 3 (Philadelphia) shoe manufacturing plants have been shut down or running at minimum capacity, but have now resumed operations preparing samples. Orders are slow in being placed. The public has been refraining from purchasing high priced shoes but have bought freely of reductions. Stagnation still exists in leather. Few tanneries are operating and the transportation situation is in part blamed. From District No. 8 (St. Louis) it is reported that business in shoes is steady, prices are definitely lower, but the decline is not as marked as had been looked for (except in a few special grades), and that the country merchants are in a somewhat more steady frame of mind.

As for wool and woolen goods, District No. 1 (Boston) reports that the situation in the wool industry is difficult to diagnose, the Boston market being dull, although the supply, especially of the finer grades, available for use is not excessive, if production should become normal. Woolen mills in New England are either closed or running on part time with no intimation when they will resume on full time. Returned goods are stated to be insufficient to meet the public demand when it revives. "Briefly, therefore, the wholesale situation is one of waiting and caution with hand to mouth buying on the part of the manufacturer". In District No. 3 (Philadelphia) "there is an unprecedented situation " with "an absence of activity such as has never

been known." There is practically no market for raw wool and as a result there are no regular price quotations. The public has refrained from buying and retailers have had to resort to special sales. "Such is the apathy shown in the market that samples for spring (1921) materials which in normal times would have been displayed in July have not been prepared in numerous instances." In clothing trade, District No. 5 (Richmond) states that "clothing manufacturers report dull business with a decided reluctance on the part of the retailer to enter into further contracts." A change in the demands of customers is noted and it is believed that lower priced goods made of coarser wool may figure more largely during the coming season. District No. 7 (Chicago) finds that "fine wools are scarce and coarse wools are a drug on the market." There has been "a flood of cancellations, slow payment for goods already delivered, and a general slowing down of the apparel industries."

In cottons, District No. 1 (Boston) reports that "dullness in ^{is} cotton this month/fully as pronounced as during *** June and July and dealers report only buying by the mills in small lines for immediate requirements." Nevertheless, there has not been as general curtailment in production as had been anticipated. According to United States cotton statistics, cotton held in mills in July was 660,893 bales, while the amount consumed during July was 198,000 bales. Prices for combed and carded yarns were lower at the middle of August than earlier, and as consumers of spot yarn have found their supply was plentiful they have been in no mood to buy in advance of current needs.

In District No. 3 (Philadelphia) further curtailment of operations has been noted among cotton yarn manufacturers. Spinners are accumulating large stores of finished products. The acute situation of the cotton yarn industry is attributed to the restriction of credit by the banks, although the policy of the banks is believed by larger manufacturers to be correct. In knit goods the deadlock between underwear manufacturers and jobbers still continues -- jobbers waiting for lower prices while manufacturers make no attempt to sell their product. The situation in hosiery is but little better, while in underwear the only buying demand is for export. In District No. 1 (Boston) small wares are reported lower in price than a month ago, and there is a feeling among wholesalers that retailers might well sell cheaper and still make a good profit.

In other manufacturing lines there is more or less difference of condition. District No. 3 (Philadelphia) reports activity in broad silks, although the buying movement was not general and few silk mills continued open. In paper and twine, District No. 1 (Boston) finds that there is still difficulty among dealers in procuring sufficient supplies to meet the demand of the trade. Stocks are small. Prices continue from 100 to 400 per cent higher (wholesale) than in prewar times and are still tending upward. District No. 3 (Philadelphia) finds that production of paper for the first six months of 1920 exceeded that of the same period in 1919 by about 9 per cent. Prices have advanced in most grades of paper. Hope for a new source of supply of wood-pulp from Alaska is entertained in various quarters. The outlook is said to be encouraging in drugs and chemicals although the

inactivity of the textile and tanning industries has reacted upon the trade. There is a plentiful supply of most raw materials for drug making, but American crude drugs are difficult to obtain. Sales are far in advance of this time last year. In rubber there is some anxiety. District No. 3 (Philadelphia) reports that there is "a decreasing demand for tires." No difficulty exists in getting raw materials. In District No. 8 (St. Louis) there is "overwhelming demand."

In lumber and building material the situation is also variable. In some Districts the expectation that heavy buying would develop in anticipation of higher freight rates has been disappointed. Stocks are small in numerous quarters. In District No. 6 (Atlanta) the lumber market is still dominated by the transportation situation. Curtailment of production is becoming more general, but apart from a continuous scarcity of cars the immediate outlook is satisfactory. In the middle west high costs of lumber, mill work and other materials have seriously retarded building. In District No. 10 (Kansas City) lumber and material markets have been inactive with lowered demand due to unsatisfactory distribution. In New England, District No. 1 (Boston) dwelling house construction is still backward, partly due to the increased cost of material and labor. On the Pacific Coast, District No. 12 (San Francisco) car shortage restricts lumbering operations and 20 per cent of the mills are closed, while those that are running are operating at only 75 per cent capacity. For the last four weeks in July reports from 122 mills operating on Douglas fir show production 31 per cent below normal, as compared with 7.5 per cent

during the preceding four weeks. Unshipped orders amounted to 330,000-000 feet as compared with 343,000,000 feet. Building, however, is active. In District No. 9 (Minneapolis) lumber cut and shipped by producers increased about 50 per cent during the month. While average orders on hand by Southern pine producers decreased from 502,927,000 feet for July 9 to 389,850,000 feet for July 30, production during the same period shows an increase, the average figure for the week ending July 30 being 468,983,000 feet, which is about 75 per cent of normal.

The labor situation is reported generally favorable. In District No. 1 (Boston) employment in the textile industries is somewhat depressed and the same is true of the shoe factories. Returns from public employment offices show that the number of positions reported filled suffered a loss of 34 per cent from June of this year and 34 per cent from July of last year. There is also noted in spite of a current belief that there has been a decrease in the productivity of labor, an inquiry made by the Massachusetts Department of Labor based on returns from seven establishments shows a more productive situation in five for 1919 than for 1918. It does not appear that increased wages uniformly resulted in increased production per employee. In spite of curtailment of output and reduction in number of operations in certain industries, the report of the New York State Industrial Commission shows a decrease of only one half of 1 per cent between June and July in number of factory workers. District No. 7 (Chicago) reports the labor situation "distinctly better though there is some shortage." On the Pacific Coast "the supply of labor about equals demand throughout the District."

The volume of trade, both wholesale and retail, is reviewed as usual in the Board's special reports on that topic. Generally speaking, retail trade is fairly satisfactory. The Board's systematic report on wholesale trade conditions has not been extended throughout all Federal Reserve Districts. The data at hand, however, indicate an interesting and, on the whole, promising situation. Price reductions have evidently led to a revival of buying activity on the part of retailers in the South and West. Reports from wholesale dry goods firms in the Atlanta District show average increase in sales of 79.1 per cent in July as compared with June. Nevertheless, the sales of these same firms were still 26.6 per cent below the figures for July a year ago -- a vivid illustration of the extent to which buying activity had fallen off in preceding months. The Dallas District reports also indicate increased activity in wholesale dry goods, although sales are slightly below July, 1919. San Francisco District reports show increases of about one-third in value of sales over the preceding month for twelve wholesale dry goods houses, while the sales exceeded those for a year ago by nearly 32 per cent. Wholesale grocery firms reporting show only slight increases in sales during the month, in some instances recording decreases, while the same is true for hardware and shoe lines. In the San Francisco District, returns based on sales of 23 wholesale hardware concerns indicate average declines of 7.7 per cent as compared with June, while thirteen wholesale shoe establishments showed reductions of 10 per cent in volume of sales. Reports uniformly testify, however, to the fact that hardware sales have averaged much above those for July a year ago, while the limited data available for wholesale shoe houses shows that in this line the volume of sales is below that of last year. Downward

tendencies in wholesale prices are noted for groceries, dry goods, and shoes, but no evidence of weakening is found in wholesale hardware or furniture lines. It is probably significant that so important a jobbing center as St. Louis reports good buying activity on the part of retailers to meet heavy current needs, although here as elsewhere there is an indisposition to make commitments for the future.

The situation in the retail trade has not changed in any essential way since last month. The volume of sales continues moderately large. In all Districts sales in terms of value are greater than those during the same month last year. In many Districts sales of essential commodities in terms of physical amounts are said to be fully as great and in some cases to exceed those during the same period last year. These results however have to a large extent been accomplished by means of reduction sales. The demand for luxuries and semi-luxuries has everywhere notably fallen off. Merchants are maintaining an attitude of caution in replenishing their stocks, apparently waiting for prices to reach a position of greater stability.

Financially the month has been quiet. Interest and discount rates have continued high with general scarcity of funds. The reserve position of the Reserve Banks has been well maintained. The Federal Reserve Bank of Boston reports that conditions are improving and that the expected stringency in the money market usual during the fall months will not be greater than last year. The bill market for bankers' acceptances in New York has continued active with supply more plentiful toward the end of the period and demand fairly well sustained. There is

evidence that investors are taking up Liberty bonds and Victory notes for permanent absorption. Sales of new securities continue to fall off and financial operations are postponed whenever possible because of the difficulties arising out of high rates of interest. There is some slowing down of collections and this has been an unfavorable element in the financial position of some lines of business. On the whole it is believed in most Districts that more favorable financial conditions are in sight and that merchants and manufacturers, while drawing heavily upon the resources of the banks, are doing so primarily for productive purposes and not for speculative or non-productive objects. Liquidation has been carried still further in the stock market and prices have reached in New York levels lower than those of February or May. The news of the higher railroad rate decision caused only a temporary recovery. Call money rates have generally been moderate, ranging from 7 to 9 per cent practically throughout the period. Time money has been scarce and the charge for it has been high.

On the Pacific Coast member bank conditions are not far from stable. Interest and discount rates, however, have shown some tendency to harden during the past month. Some of the Southern banks show a considerable increase in their accommodations to member banks. An increased strain has been imposed upon the present situation as the result of active harvesting. From the grain districts (Minneapolis) it is reported that moderate liquidation of loans was made by customers during July, although an actual calculation of the extent of it is said to be difficult to make.

Money rates have remained firm with little change.

The collection situation has been the subject of a special inquiry during the past month and the results of it are presented elsewhere. In a general way, the situation is fairly favorable with collections slowing down in a number of instances due to desire on the part of people to conserve their funds in order to avoid borrowing at high rates from banks as well as to lack of funds in other cases, due to slow movement of commodities. Some increase in commercial failures is noted practically throughout the country, but there are many lines in which the change, if any, has been small.