

FEDERAL RESERVE BOARD

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

Continuance of the process of readjustment in business and industry, with progress toward a more stable condition, accompanied by price revisions and by the resumption of work in some branches of industry where hesitation as to future outlook had led to suspension, have been the outstanding features of the business and economic movement during the month of September. After an apparent slowing down in the price reduction movement during midsummer, it has again reappeared and the past month has seen substantial cuts in well-known automobile makes, textiles of various classes, shoes and leather goods, and in other wholesale prices. Reductions have occurred in a variety of staples including wheat. Changes in prices have tended to make business men and bankers cautious about future commitments. Accordingly, as has often been observed in the past during periods of business readjustment, business is now being done upon a shorter term credit basis than is normal, pending clarification of the current process of readjustment. Excellent crop yields have resulted in sustaining buying power, while improved movement on the railways has given assurance of steadier and earlier marketing than has been believed possible. Banking conditions in several districts have decidedly improved and from some it is reported that business enterprises are working into a position to finance themselves to a greater degree by reducing inventories and by exercising more

careful scrutiny over credits. The crop moving process has gone ahead on the whole smoothly; and the peak of the demand for funds has practically passed without serious inconvenience and with no prospect of an increase of difficulty. On September 25th the reserve ratio for the Federal Reserve System as a whole stood at 43.6 per cent, as compared with 43.2 per cent on August 27th. Speculation, both in commodities and in securities, has been at a relatively low ^{level} and there has been a gratifying diversion of banking funds to the service of

productive industry in many lines. From various Federal Reserve Districts improving conditions and growth of optimism are reported. There is indication that business conditions are now definitely on the road toward stability of as great and confirmed a nature as the disturbed position of the world at large will permit.

In District No. 1 (Boston) "New England industries and trade are still feeling their way cautiously but with confidence toward the objective of stable business and financial conditions." Uncertainty is apparently due almost wholly to the price situation. Markets for raw materials have undergone no substantial change. There is partial resumption of manufacturing activity and a hopeful outlook in retail trade. A more optimistic feeling exists than was present last month.

In District No. 2 (New York) the Reserve Bank ceased to be a lender to other Federal Reserve Banks, became a large borrower from them, and then very recently repaid those borrowings in full, thus reflecting changes in money conditions in the District. Improved railroad operation has resulted in much better marketing of goods. "A notable change appears to have taken place in the efficiency of labor," twenty-one out of thirty-one of the largest corporations in the country reporting improvement,

while none report any decrease. Stock market conditions have partially recovered, corporate financing has fallen off, European exchanges have continued weak, and price declines have gone further than a month ago. Some reductions in manufacturing activity are reported.

In District No. 3 (Philadelphia) "a material improvement in transportation * * * has taken place." Readjustment of textiles to post-war conditions is still proceeding. The banking situation is sound. "The labor situation grows more reassuring as time goes on," while "retail trade has continued active and it is expected that a large volume of fall and winter business will be done."

In District No. 4 (Cleveland) there has been some improvement in banking conditions accompanied by "liquidation of frozen credits," an increase in demand for acceptances, marked improvement in transportation and shipping conditions, but a falling off in new business, in all quarters of the iron and steel market.

In District No. 5 (Richmond) "reports indicate improving conditions in labor fields and transportation, ^{with} evidence of a downward trend in many prices." Complaint of tight money is general, but on the whole efforts of banks to restrict loans to necessary work is commended." Slackness of new business and continued work in factories on accumulated back orders represents the situation in the textile field as well as in some others.

In District No. 6 (Atlanta) the crop moving season is entered "with no cause for alarm." No anxiety is being felt for the financing of the current crop. Caution is being exercised in many lines on account of price changes. Deterioration in the cotton condition indicates the probability of a reduction in yield. A serious situation has developed in

the Alabama coal mines, but iron and steel production "is reported as very satisfactory."

In District No. 7 (Chicago) it is stated that "primary wealth, which has been vastly increased * * * by the magnificent crops of 1920, is contributing much to the stabilization of economic conditions in the process of business readjustment * * *" "There is still sufficient in the existing situation to call for the continuation of conservatism." There is a general belief that serious transportation troubles are over and while some signs of slowing down in a number of industries are noticed there is improvement in the labor situation and growth of optimism in manufacturing.

In District No. 8 (St.Louis) "the predominating trend is in the direction of further readjustment, but the processes involved in this change have been gradual and orderly enough to produce only minor disturbance in business and finance." Price declines have taken place but they have been sporadic. The public is still in need of goods and has strong purchasing power. Merchandise, however, is more abundant. "Agricultural results in the District continue the basis for optimism." Fuel conditions show improvement.

In District No. 9 (Minneapolis) price declines have been quite general. A falling off in earlier crop estimates places the expected production (combined) of wheat, oats, barley, rye, corn and flax at 822,000,000 bushels, a decline of about 34,000,000 bushels from the predictions of a month ago. This decline has "not been large enough to undermine business confidence." Effort is still being made to move grain more rapidly and the fuel situation is still a problem.

In District No. 10 (Kansas City) there is "good progress toward a return to normal conditions." Exceptionally large crops are being harvested.

Production has about caught up with demand and there is less difficulty in obtaining supplies of manufactured goods. The demand for money and credit continues strong and sales of merchandise by wholesalers to retailers and by retailers to consumers have advanced somewhat.

In District No. 11 (Dallas) the credit situation shows but little change. There is "a spirit of unyielding optimism" and trained authorities are counting strongly upon a heavy fall business. Cotton harvesting is making good progress. Transportation has shown improvement, but retail trade is still quiet.

In District No. 12 (San Francisco) favorable crop conditions are prevalent, harvesting is making good progress, and business generally "while indicating the hesitancy natural under present revisions in wholesale prices of numerous commodities, is reported to be satisfactory and sound." Failures are fewer, labor fully employed, and strikes or disturbances unimportant.

The Government crop report for September 1 showed an increase in the estimated production of corn and oats of 128,000,000 bushels and 40,000,000 bushels, respectively, over the August 1 estimate, both figures being above the five year average, while there was a decrease of 24,000,000 bushels in the estimated production of spring wheat and the figure is below the five year average. Harvesting is generally making good progress.

In District No. 9 (Minneapolis) expected grain and flax production, as estimated by the Federal Reserve ^{Agent} is 34,000,000 bushels less than estimated about a month ago, an increase of 19,000,000 bushels for corn being more than offset by decreases in all of the other cereals. The figure for wheat shows a decrease of about 7,000,000 bushels in each of the four States of Minnesota, North and South Dakota and Montana, in the last of which a decrease in all of the grains is noted. The hay crop throughout

the District has been large and satisfactory. In District No. 10 (Kansas City) the September government estimate increased the figure for corn by 66,000,000 bushels and the figure for oats by 4,000,000 bushels. "Moderate to heavy rains, accompanied by much cloudiness and low temperatures" during August and the first half of September resulted in a continuance of the growth of vegetation from two to four weeks later than usual, but retarded the threshing of the 1920 wheat crop, more wheat being stacked than usual, and has delayed the preparation of seed beds. In District No. 7 (Chicago), Iowa has "never had such a corn crop" and in the District a considerable percentage has gone or will go into silage. In District No. 8 (St. Louis) the combined condition of all crops on September 1 was 106.03, as against 103.4 on August 1, and "fall farm operations have been pushed on an unusually large scale." On the Pacific Coast "favorable crop conditions continue to prevail." Harvesting of grain and picking of remaining fruits are in progress, reports of good yield, both in quantity and quality, are in the majority, but the price outlook is uncertain. Higher prices prevailed for tobacco at the opening of the South Carolina markets in August 1920 than during August 1919, but North Carolina opening prices were "keenly disappointing to the growers." It is stated that some manufacturers are still carrying considerable stocks of leaf tobacco, while farmers planted in expectation of continuance of last year's active demand. Excessive rainfall during the early part of September has done more or less damage to the Kentucky burley tobacco crop.

In District No. 11 (Dallas) "excessive rains and the decline in the cotton market which occurred in August created for a time widespread pessimism among the cotton growers and not a little apprehension on the part of business and financial circles." Improvement, however, is noted since the

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commencement of a period of clear weather about September 10. Deterioration was noted up to that time in North and East Texas, but in South and West Texas "a good yield seems to be assured." Efforts are being made in the District to perfect an organization of growers, the majority apparently being in favor of a plan for gradually marketing the crop throughout the year, and preventing general dumping of cotton ^{in advance} of active

demand. Harvesting, while delayed on account of wet weather, is now making good progress, but there is some scarcity of labor for picking. "Marked deterioration" in the condition of cotton was also shown in the August 25 report for District No. 6 (Atlanta) in all states except Tennessee, where the decline was only one point. Weather conditions in many sections have continued unfavorable and the boll weevil is active. It is stated to be "fairly certain" that the crop in District No. 8 (St. Louis) has gone backward since the August 25 report, but "prospects are still good" and "less apprehension is felt just now relative to yield than to ultimate prices and movement of what remains of last year's crop."

In the live stock industry reports from all sections of District No. 10 (Kansas City) state that "live stock is in excellent condition, that animals on farms and ranges are generally free from disease, and that there is an over-abundance of feed for fall and winter and for months to come." In both that District and in District No. 11 (Dallas) rainfall has been sufficient to put the ranges in excellent condition. It is stated from the latter District that "the present condition of live stock and ranges in all parts of the District is exceptionally good, and prospects for an abundance of winter feed were never more encouraging." A strong movement of stockers and feeders to farms and ranges is noted in the Kansas City District, although some nervousness is exhibited on the part of farmers over the future of prices, and indecision as to the extent of feeding to be done. An increase in the movement of stockers and feeders from the South St. Paul market is reported. Receipts of cattle and calves for fifteen western markets during August were 1,459,056 head, corresponding to an index number of 145, an increase over the figure for July, which was 1,188,019 head, corresponding to an index number of 118, but less than the figure of 1,541,133 head, corresponding to an index number of 153, for August, 1919. Receipts of sheep at these markets show similar changes, being 1,688,719 head during August, as compared with 1,301,458 head during July and 2,220,229 head during August, 1919, the respective index numbers being 124, 95 and 162. Receipts of hogs, however, declined from 2,115,639 head in July to 1,818,245 head in August, corresponding to index numbers of 96 and 83, as compared with 1,595,759 head during August, 1919, corresponding to an index number of 73. Cattle receipts at six leading markets in the Kansas City District were the largest this year, with the exception of January, although much lighter than anticipated, "the

supply of calves was the heaviest ever yarded in one month," the supply of hogs was moderately heavy, while sheep receipts were uneven, though the broadest demand of the year developed for feeders to ship to the country. The preponderance of grass cattle resulted in frequent breaks in prices, while there was weakness in prices of medium and common grade hogs. Livestock markets in the Dallas District were again dull, demand being small, although August cattle receipts were 35 per cent less than those for July, and "beef steers, calves and butcher cows showed a steady depreciation throughout the month of August." The recent declines in hide and wool prices, it is stated, "may be plausibly cited as an important factor in the present prices of cattle, sheep and lambs."

The movement of grain to market has been less than the extremely heavy movement last year. Crop marketings in District No. 10 (Kansas City), while "somewhat reduced from the abnormally heavy marketings at this time last year, were sufficient in August for trade requirements." While "the transportation service is still far from adequate, there is less complaint of car shortage, delayed freight and congestion at terminals," and "a freer movement of all freight is reported." Car shortage and a determination on the part of growers to hold the wheat on the farms instead of selling at prevailing prices are said to have curtailed receipts. Grain receipts at Minneapolis during August showed an increase of 32 per cent over July, due to increased barley and oats receipts, although corn and flaxseed receipts decreased. The total figures were, however, only two-thirds of receipts a year ago, and the falling off is ascribed to wet weather delaying threshing in some districts, car shortage in a few instances, a desire to go ahead with plowing, and a desire in some sections to hold grain for possible higher

prices. The Northwest, it is stated, has not received the number of empty grain cars which were promised. Receipts during the four weeks ending August 1 were 52.5 per cent and during the four weeks ending August 28, 61.2 per cent of the number provided in the Interstate Commerce Commission orders.

Flour production in District No. 9 (Minneapolis) during August was much less than both a month ago and a year ago, the decrease between the two four-week periods in July and August being 15 per cent. The flour situation in District No. 10 (Kansas City) was quiet during August, sales being scattered and mostly in small lots, as buyers anticipated lower prices.

The textile situation during the month has been of unusual importance in all of the producing districts. An outstanding event has been a reduction of $33 \frac{1}{3}$ per cent by the Amoskeag Mills of Manchester, N. H., while the action of the American Woolen Company in cutting its ^{prices} from 15 to 25 per cent and resuming operations after a two months' shutdown establishes a new level of basic values in an important branch of the woolen industry. Corresponding reductions in the prices charged by important wholesalers and retailers in different parts of the country are tending to transfer the benefits of price reductions from manufacturers and wholesalers to consumers. In this connection the reductions made by the two largest mail order houses in the country are symptomatic of general conditions. Some lines of textile production are showing considerable depression on account of failure of demand to revive.

In District No. 1 (Boston) prices for raw wool have dropped slightly during the past month and there have been some sales, but not in large quantities, mostly domestic wool coming on a consignment basis.

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Private sales of British wool have occurred and the stock is reduced to about 7,000 bales, while the government still has about 59,000,000 pounds left. The woolen and worsted goods industries in the district are stated to be "probably looking to the future somewhat more hopefully", but in spite of gratifying sales which it is represented that the American Woolen Company made as a result of price readjustments, "business in woollens is slower, possibly because of changing public preference for harder-faced goods, and the effect on the industry at large appears not to have produced as yet any general stimulus." Nevertheless, there is still an impression that stocks of dealers are low, and that a revival of activity cannot be indefinitely delayed. In District No. 3 (Philadelphia) "the entire woolen industry is showing signs of recovery," and a 25 per cent reduction for spring lines is bringing buyers into the market. Jobbers in an effort to force business here and there have been selling stocks at prices below recent quotations and some are now raising them again. Clothing manufacturers have, however, come into the market only slowly. The worsted yarn market is taking on a firmer tone. There is generally throughout the industry a rather better feeling and in some quarters machinery is being started up in the hope that it may be kept running, even though full time operation may not be possible for some weeks to come. On the Pacific Coast trading in wool has recently shown more activity than at any time since May when the decline in prices began. Many operators believe that the low level has been reached and that trading will be more active from now on. The estimated 1920 wool clip for District No. 12 (San Francisco) is 81,000,000 pounds, of which 24% has been sold, while the balance has been consigned to warehouses

in Portland, (Oregon), Chicago, and Boston.

In cotton goods it is reported from District No. 1 (Boston) on the authority of local cotton brokers that "never in their experience has there been such an unsatisfactory situation in their line." The variations in prices for cotton of different grades have produced an irregular market and created a feeling of uncertainty. While New England cotton mills have in many cases been operating on full time, or nearly so, some are beginning to consider a curtailment policy. This curtailment is expected to grow further unless there is a turn for the better in the situation. For the month of August there was a consumption of 168,000 bales in New England mills, while the stock held in the mills was reported as 610,000 bales. Prices are quoted higher than a year ago in some lines, but this is not generally the case. In District No. 3 (Philadelphia) the raw cotton market continues weak with a like condition in cotton yarns. There is practically no demand for cotton yarns with quotations at from 50 to 60 per cent below the peak prices of the year. "The knit goods industry * * * is making no commitments." No demand for cotton goods exists and "production is at the lowest possible point." Cancellations in the cotton goods industry continue. Collections are far from satisfactory. In small wares there is a tendency to the reduction of prices. The level of values for men's shirts is moving downward. The outlook in the industry for the remainder of the year is entirely dependent upon the demand from consumers. Retailers are refraining from buying.

In District No. 5 (Richmond) it is believed that present prices for cotton are below cost of production, but despite the trade lethargy letters received are optimistic.

The boot and shoe situation is still passing through a transition stage. In New England it continues to feel the result of heavy cancellation of orders, but nevertheless the dominant note is one of optimism, though buyers are postponing the placing of orders as late as possible. Factories are operating conservatively, expecting to run for a while on shorter time or lower quantity of production, and under these conditions there has been an ample supply of labor for current operating requirements. The condition in most places has tended to bring about abandonment of demands for higher wages. The movement toward lower price levels is proceeding gradually. In District No. 7 (Chicago) the leather trade is feeling the effect of curtailment of automobile demand, while the tanning and shoe business "has been exceedingly dull during the past month, with tanners operating about one-half of capacity." In the shoe trade wholesalers and retailers are proceeding cautiously, "buying only for immediate needs." In District No. 5 (Richmond) shoes are moving freely but with more sanity shown in buying than in the past two or three years. In District No. 3 (Philadelphia) fall and winter shoes are on a retail price basis about equal to 1919. Shoe salesmen report rather limited sales, buyers being cautious. Manufacturers, however, see no prospect of an early decrease in price. Although leather has fallen off, other materials and labor have tended to advance. Manufacturing conditions are satisfactory but there is little improvement in the tanning industry and prices are irregular. There is fair business in leather belting. Conditions in other parts of the country are not materially different.

In the iron and steel trade the month has been a period of change. Production of iron and steel in August was the largest of any month in

the present year, with the exception of March, and output has continued to rise steadily. According to District No. 4 (Cleveland) general reduction of accumulated stocks of iron and steel is reflected in the position of the Carnegie Steel Company which has reduced its yard piles to about 200,000 tons and of finished material to about 150,000 tons, a reduction of approximately 30 per cent from the high point. "Present steel stocks in the Mahoning valley are estimated at 100,000 tons." Coincident, however, with the increase in shipments "a material falling off of new business has been noted in all quarters of the iron and steel market." Consumers show greater caution. There is small future buying. However, with the exception of the automobile industry, "from which cancellations and suspensions of iron and steel have been received quite freely, the absorptive power of consumption appears to have been little altered." The decline in orders has been viewed by many producers without especial concern and they are welcoming the opportunity to convert their unfilled obligations. Railroad buying is developing slowly. Prices are showing no general weakness. The ore movement is improving, interior furnaces being much better supplied as cars are much more numerous. In District No. 3 (Philadelphia) the improvement in transportation conditions has been of great assistance to manufacturers in iron and steel, the accumulated stocks are being reduced, and demand for iron and steel and their products is still regarded as strong, although there is a diminution in new business. Reports indicate a marked falling off in foreign business. Bad conditions abroad and difficult foreign exchange quotations hurt the prospects of exportation. There has been a considerable decline in the output of structural steel. In District No. 6 (Atlanta) iron and steel production is satisfactory,

car supply is better, production of pig iron in Alabama for the month of August was fully equal to that of July, activity at by-product plants in Birmingham has kept production up, cast iron pipe shipments are proceeding rapidly, and the market for scrap iron and steel is strong, with prices high and the demand steady.

The unfilled orders of the United States Steel Corporation at the close of August were 10,805,038 tons, corresponding to an index number of 205, as compared with 11,118,468 tons at the close of July, corresponding to an index number of 211. Steel ingot production shows an increase from 2,802,818 tons during July to 3,000,432 tons during August, the respective index numbers being 116 and 124. Pig iron production shows a similar increase, being 3,147,402 tons during August and 3,067,043 tons during July, the respective index numbers being 136 and 132.

In coal production there is a somewhat "spotty" situation. District No. 3 (Philadelphia) reports that the anthracite output has been decreased by the strike but is again about approaching normal. The cumulative production of anthracite coal from January 1, 1920, to September 11 was 59,160,000 tons as compared with 57,376,000 tons last year. In bituminous coal there was a reduction of output about the middle of the month of September, but a high daily average is being kept up. There has been marked improvement in car distribution. During the first 217 working days of this year the output was 369,000,000 tons as compared with 318,000,000 tons in the same period last year. Bituminous coal prices have eased off from the exceedingly high levels of recent times. In the Lake region it is reported from District No. 4 (Cleveland) that coal is moving better than a year ago.

In the Birmingham coal and iron district the strikes are having some effect in reducing the coal output, but the large iron and steel industries which own their mines, coal cars, etc. have not been affected. In District No. 10 (Kansas City) miners are at work in all of the fields of the district and "no strikes are now threatening," so that operators and dealers are more confident of their ability to supply the demand for coal in the fall and winter months. Taking the country as^a/whole, the production of bituminous coal for August was 48,389,000 tons as compared with 45,523,000 tons during July and 42,883,000 tons during August, 1919, the respective index numbers being 131, 123 and 116.

Metal mining during the period in question still shows some stagnation. The output of gold in California and Nevada continues to fall off on account of the low purchasing power of the metal. Silver mines in Utah and Idaho are working on a basis which will probably be slightly ahead of 1919. Higher prices of silver early in the year probably stimulated production somewhat as compared with present conditions. Copper from the Arizona region will probably be produced in larger volume than in 1919. Elsewhere there is no substantial change. The lead output in Utah and Idaho has been small but some mines which were idle are now resuming operations, so that the yield for 1920 may exceed that for 1919. District No. 10 (Kansas City) reports that in the Colorado district there has been very little change during the month of August, but the recent advance in freight rates has produced some discouragement, while increased costs of supplies may further lower production. Zinc and lead, however, have shown considerable improvement in August, both in the volume shipped and the price paid, in the Missouri, Oklahoma and Kansas fields. Shipments of zinc ores increased 20% over the preceding month and lead 12%, the average price of zinc ore advancing \$1.00 and lead \$14.00 per ton. Stocks, however, have increased about 2,000 tons during the month in spite of increased shipments. A car shortage continues to be a serious problem in the shipments of ore, while the new freight rates will result in an increased cost of \$4.00 per ton for slab zinc.

The petroleum situation in District No. 10 (Kansas City) has been characterized by high production during August both in Kansas and Oklahoma. In the first eight months of 1920 these two States produced approximately 91,361,000 barrels of crude oil, as against 73,492,000 barrels for the corresponding months of 1919, an increase of nearly 25 per cent. Wyoming production is now approaching 2,000,000 barrels per month. On the Pacific Coast the average production of petroleum in August was 4 per cent ahead

of that of July, but the stored stocks continued to decline, indicating heavy consumption. In District No. 11 (Dallas) oil wells showed an increased production. The total output during August was 12,343,886 barrels, a gain of 6 per cent over July. Several important wells have been completed. The price of crude oil has not materially changed in the Kansas City district, while gasoline continues in strong demand, with the supply limited.

The labor situation for the month has presented considerable variation. In the manufacturing regions employment has been less steady owing to short-time operations or suspensions in some quarters. In New England (District No. 1 Boston) it is reported that relations between employers and operatives in the leading manufacturing districts "would appear, on the surface at least, to be more harmonious than for some time." During the month agreements have been reached in various branches of the shoe industry. At Lynn and Haverill an arrangement which contemplates an amicable method of settling difficulties until May 1 has been partially agreed to, although official acceptance is still lacking. Unemployment, however, exists in various quarters. Wage increases are still to be noted here and there, the most conspicuous one in the Boston District being that accorded to street railway employees in Eastern Massachusetts outside of Boston. In District No. 3 (Philadelphia) conditions are improving and disputes are few. An increase in efficiency is noted. There has been dissatisfaction in the anthracite coal region because of the decision of the Wage Scale Commission, but many of the miners are now returning to work. In the middle west it is reported "from all parts of the district and all industries" that there is "increasing efficiency on the part of labor." This is coupled with an increase in supply. In District No. 8 (St. Louis) there are "further well-defined evidences of easier labor conditions." Unemployment, however, is

slight, wages are steady, although there are sporadic reductions. The principal unemployment is in the factories. Strikes have decreased in number and several formerly in progress have terminated. Among the latter may be mentioned the furniture workers' strike in Evansville/^{Indiana} which lasted about four months. In District No. 6 (Atlanta) disorders have occurred in the Alabama coal mines. Reports as to the number of men who are idle vary. The supply of farm labor shows improvement, although wages are high. On the Pacific Coast labor is well employed and there is little controversy. In District No. 2 (New York), although there were marked declines in employment in several branches of the metal manufacturing industries, as well as in textiles and clothing, the total average decrease was only 2 per cent, as between July and August. The most serious labor difficulty in the District has been the strike on the Brooklyn Rapid Transit lines, affecting several thousand employees. The average weekly earnings of factory employees show an increase. There has been a notable advance in the number of immigrants to the United States passing through the Port of New York. Those who entered in August numbered 57,874, while emigrants numbered 36,982.

The situation in the retail trade is essentially the same as last month. The volume of sales continues moderately large. Practically everywhere sales in terms of value are greater than those during the same month last year. Sales of essential commodities in terms of physical amounts are probably fully as great and in some cases exceed those during the same period last year. The demand for luxuries and semi-luxuries continues far less^{active} than at the same time last year. The attitude of the purchasing public continues to be characterized as conservative, being far more exacting in its demands as to quality and prices than was the case some months ago. This attitude on the part of the public and a general feeling of uncertainty as to prices is said to be causing merchants to continue the attitude of caution in

replenishing their stocks, purchases in most cases being chiefly for strictly current needs.

Reports on wholesale trade made by Agents in seven of the twelve Federal Reserve Districts show an improvement in the volume of trade in August as compared with July in all lines investigated except groceries, automobile supplies, and drugs. The activity of the hardware trade was especially emphasized, although it was reported from Atlanta that retailers in this line, in contrast with the wholesalers, were buying cautiously. Reports from Dallas and Kansas City state that manufacturers are unable to supply in needed quantities commodities made of steel. San Francisco and Atlanta reports show improvement in the shoe trade as compared with July of this year, but in the former case a 15 per cent decrease from the trade of a year ago. Although a 0.4 per cent increase was reported for the month, the Federal Reserve Agent at Atlanta states that grocery firms report that great caution is being exercised by both wholesale and retail stores and that the trend of prices is definitely downward, although some items show increases. In Dallas and Kansas City the slowing up of buying demand in groceries is attributed by dealers to unsettled prices.

The housing shortage continues to be acute in the principal cities. In New York the bulk of the new building is on contracts executed last spring or late in the winter. However, building at prevailing prices has reached or passed its peak. There has been continued wrecking of houses to be supplanted by business buildings. For August, 1,010 contracts were awarded in New York and Northern New Jersey, the valuation of which was \$38,000,000, as against \$36,000,000 in July. In Chicago easing is noted in the building trades. Building enterprises all through the Chicago District are still practically at a standstill. Net costs of building are now 15 to 20 per cent lower than they were a month ago. On the Pacific Coast there was a falling off in building permits from \$15,582,000 in July to \$13,526,000 for August, but the number of permits issued was larger. The failure to build more freely is still assigned to the high costs of building which are estimated at from two to four times the pre-war costs.

Financially the month has been comparatively quiet. There has been a contraction of loans in New York City and "for a time at least * * * a noteworthy easing of credit." Considerable movements back and forth between the New York District and other parts of the country were effected as usual through the gold settlement fund. The Federal Reserve Bank has recently repaid its borrowings at other Federal Reserve Banks in full. In District No. 7 (Chicago) money is in strong demand, but customers in some parts of the District are reducing their loans. The marketing of grain is tending to lower the call for funds in agricultural districts. In the South the credit situation is widely discussed, but it is reported by District No. 11 (Dallas) that there was "but little change in the month of August, although there was another moderate

increase in the volume of bank loans and some decline in deposits." In District No. 6 (Atlanta) effort to curtail expansion and to retrench has had a good effect. On the Pacific Coast there was a decline in clearings and there has been a slight easing in the rates charged for secured loans, together with an increase in some parts of the District for loans on commercial paper. An increase of \$15,623,000 of total bills on hand, accompanied by a decrease of \$2,080,000 in total reserves "are the significant changes in the position of" the Federal Reserve Bank of San Francisco "during the past month." A somewhat improved condition of the investment market is reported from various parts of the country, Chicago stating that an encouraging sign is the "growth of thrift on the part of the public" as shown by an increase in savings deposits and "the large number of small investors in prime securities." In New York the demand for bills fell off during the past thirty days and the market has been quiet. The distribution of commercial paper continues fairly good, although almost entirely with country banks. Dealers report a more encouraging outlook in the Middle West. Stock market requirements have been much reduced. Call money continues available at relatively moderate rates. Time money has loaned at $8\frac{1}{4}$ to $8\frac{1}{2}$ per cent, but the amounts involved are small. Collection conditions are somewhat variable. On the Pacific Coast reports received from 85 firms show that 50% have experienced no declines whatever. In other cases collections declined, the falling off beginning in the months of May and June and were exhibited partly in the declining number and volume of accounts which took advantage of cash discounts, while there was an increase in the number of accounts running past due. In District No. 8 (St. Louis) conditions have not materially altered. District No.

5 (Richmond) reports a variable condition with nine out of eighteen reporting firms complaining definitely of slowness in payments. Conditions, however, are in general "not far below normal for this season of the year." Taking the country as a whole, conditions as illustrated in the extensive inquiry into collection conditions made by the Board a month ago, ^{which} e results were published in the Bulletin for September, shows no material change. Foreign exchange has been somewhat irregular and it is reported by District No. 2 (New York) that declines in the principal Continental exchanges have been more pronounced than in sterling, francs and lire being "erratic" with a general downward tendency. This is due to seasonal offering of bills. Far Eastern exchanges have been apathetic and speculative. Rates on Argentina have continued to recede.