FEDERAL RESERVE BOARD

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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.

October has been a month of continued transition in business. Economic and business readjustment, which has been much in evidence in recent months, is still in process. The factors involved in the present readjustment process are essentially the same as those which have been observed and noted in the past in periods of acute transition, and include, conspicuously, price changes, uncertainty regarding future market conditions, and slackening or suspension of activity in important lines of industry. In a national survey of conditions, however, it may fairly be said that the economic and business situation in the United States is showing much inherent strength and an ability to attain a position of relative stability through an orderly transition. Considering the industrial dislocations, the commercial disorganization, and the financial derangements occasioned by the Great War everywhere throughout the world in one degree or another, recovery and restoration are proceeding apace in the United States, and the natural forces in evidence which make for stabilization carry assurance for the future.

Price revisions in textile lines and in other branches of wearing apparel, as well as in numerous staple commodities, have been the outstanding elements in the situation, just as during the preceding month. Caution in buying, due to a belief that price readjustment is not yet complete, has been a noteworthy factor, and in some quarters has tended to slow down the activity of retail trade, although more apparent in wholesale trade. Crop yields have on the whole justified the expectations expressed at the opening of the month. Banking reserves have held their own during the month and there has been a steady improvement in the liquidity of paper. Labor is less fully employed. Notwithstanding some sporadic cuts in wages here and there the general position is about as good as it has been so far as actual payments or rates of wages are concerned.

In District No. 1 (Boston) there is some curtailment of production due to the uncertainty of prices, mills in various cases maintaining their lessened schedule of hours. Nevertheless there is a general undercurrent of conviction that present conditions are temporary.

District No. 2 (New York) reports improvement in investment outlook, enlargement of savings deposits, advance in liberty bond prices, a broader bill market, better new financing, slow expansion in demand for stocks, decline in many exports, lower prices, and a tendency to recession in employment.

District No. 3 (Philadelphia) states that there is a diminution in demand for goods and that little new business is being booked. Fluctuation of prices has interfered with the restoration of stable business conditions.

District No. 5 (Richmond) states that the price recession movement has broadened and that, due to this situation and its extension to farm products, there has been some hesitation in business.

In District No. 6 (Atlanta) there is active retail trade, but the crop outlook has become less favorable for certain products, while variation in lumber prices has been reduced to a minimum and coal and iron are somewhat harassed by strike conditions.

In District No. 7 (Chicago) the business situation is still confused by counter currents of opinion, with buying somewhat restricted and price readjustments presenting some problems to be overcome by producers and traders.

District No. 8 (St.Louis) finds fundamental conditions satisfactory, but in all lines there is hesitancy in purchasing goods for future requirements. Uncertainty as to future prices is the chief obstacle in the way of recovery.

In District No. 9 (Minneapolis) crops are large, grain is moving steadily to market and railroad efficiency has improved, but there have been declines in copper and iron production, in building permits, and in lumber output. Crop-moving needs have required large note issues.

In District No. 10 (Kansas City) price recessions and readjustments have been steady but without serious disarrangements, while retail trade and consumption are proceeding quietly and the labor outlook is favorable. The coal supply is somewhat larger.

In District No. 11 (Dallas) abundant confidence in underlying conditions and in the future of trade are expressed, while the seasonal peak of credit has been passed. There has been some shrinkage in wholesale trade, but retail trade is larger, transportation is better and the labor outlook improved.

In District No. 12 (San Francisco) business conditions indicate a period of transition. Retail trade is stable, despite a waiting attitude among the public. Good crops have been grown, but in the wool and cotton regions there is dissatisfaction with prices, while lumber is in less demand than heretofore. Grain markets have been sluggish and declining.

The agricultural situation may be characterized as one of large yields and falling prices for the principal crops, accompanied by a spirit of dissatisfaction among a large part of the farming community, with a disposition in many cases to hold crops rather than to sell them at prevailing levels. The Government estimate of corn production has been further increased as of October 1 to 3,216,000,000 bushels, which is the largest crop on record. Some increase in the yield of oats is indicated, the estimate now being 1,444,000,000 bushels, but a decrease in the case of spring wheat from the September 1 estimate brought the figure to 751,000,000 bushels, which is below the 1919 estimate. Threshing is in progress, and seeding is well under way.

District No. 9 (Minneapolis) "has produced the largest corn crop in its history", estimated at over 260 million bushel, and the forecast of the oats crop, 28 million bushel, is also large., the combined crops thus being "a more important factor in the agricultural prosperity of the West than the total wheat crop", which is estimated at only 148 million bushels. Conditions in general are reported as favorable for fall plowing and seeding. In District No. 10 (Kansas City) most of the corn was mature enough to escape any great damage from the early frosts during the last week of September. Seeding of winter wheat has progressed rapidly under favorable weather and soil conditions. Threshing of this year's winter wheat from the stack is progressing slowly, while harvesting of spring wheat was generally completed in Colorado and Wyoming and threshing is in progress. In District No. 7 (Chicago) "production has been stimulated by the seasonable weather that has prevailed everywhere, except in southern Michigan." In District No. 4 (Cleveland) "the agricultural year has been very favorable", wheat being the only principal crop below the average, but "there is rather a strong undertone of dissatisfaction among farmers at the present time over the price situation." "Preliminary forecasts of good crops" in District No. 12 (San Francisco) "have been justified by the harvest, which is now practically complete." Farmers have been holding grain for better prices, while buyers have been slow to accumulate stocks.

A decrease of 75,000,000 pounds from the September 1 figure brings the October 1 estimate of tobacco production to 1,479,000,000 pounds. Prospects for the crop in District No. 8 (St.Louis) are reported "fair" and "there is less apprehension relative to yield than to marketing conditions." The tobacco crop in District No. 5 (Richmond) is estimated at 22 to 36 percent larger than last year's yield. Low prices at the opening of the markets caused many farmers to show a strong tendency to hold their crops, but prices advanced steadily during September and early October. It is stated that the best tobacco is being purchased freely, but low grades are not in demand.

The Government forecast on October 1 of the yield of cotton for the country as a whole was 12,123,000 bales, as compared with a September 1 forecast of 12,783,000 bales. The deterioration is stated to have been largely the result of the activity of weevils and worms, following "an unusually wet growing season", although in certain sections, such as Florida, it is ascribed more largely to the adverse weather conditions. In many sections there is practically no top crop. Nevertheless, it is reported from District No. 11 (Dallas) that the "most of the new crop . . . . is much superior in quality to last year's crop." Fifty-seven of seventy-six Texas counties from which data were obtained, representing 40 per cent of the estimated total production for the State, report marked improvement in the quality of the 1920 crop. Very little of the early ginnings were withheld from the market, but during October the decline in the price of the staple gave "a distinct check to the marketing movement." A goodly portion of the South Texas crop was sold before the heavy decline in the market. Picking has been practically completed in the southern tier of counties in the district and in the central zone half has been gathered, but in the northern tier the crop is about 30 days late, and picking has only "just fairly started". Little shortage of pickers is reported. Picking is proceeding well in most sections of Districts Nos. 6 and 8 (Atlanta and St.Louis). In Mississippi "ginning is slow and farmers generally are holding for better prices." In District No. 8 the crop "has moved slowly to date and at a sharp reduction in prices." September cotton on 18 markets in North and South Carolina brought about 7 cents less than four weeks previously, but cotton seed brought an average of $40 a ton as against $30 a month ago.

In connection with agricultural products, however, interest at this season of the year now centers more largely in the movement of crops to market and the prices realized. Grain in District No. 9 (Minneapolis) is "moving to market more rapidly". It is estimated that 38½% of the new wheat crop in South Dakota, 22% in Montana, 21% in Minnesota, and 20% in North Dakota had moved from the farms by October 1, and shipments from country elevators increased because of better railroad conditions. "The movement of grain from the Northwest", says the Minneapolis report, "may best be measured by combined grain receipts at Minneapolis and Duluth. During September these were 37,336,975 bushels, or double those of August and of September 1919. These figures indicate that there has been a very satisfactory movement of grain from the Northwest in the month of September, and considering the fact that a very large part of the Minneapolis receipts in August and September, 1919, were made up of southwestern winter wheat, the comparative showing for the northwestern States in the total movement for the season since August 1 is exceptionally favorable. The wheat receipts at Duluth from August 1 to September 30 included 7,564,084 bushels of durum, 2,150,606 bushels of spring wheat, and only 125,720 bushels of winter wheat.

It is estimated that between 70 and 90 per cent of the durum wheat produced in this country is exported to Europe. In view of this fact, it is plain that the European demand has fixed the durum price; and through the European demand for durum wheat the price of spring wheat has also been influenced. The continuous demand of the European market for our products is one of the most important factors for us to consider now in connection with the agricultural and business situation in the Northwest. As Europe is still buying very largely with credit, the sale of wheat will inevitably be affected by the degree of success attending the purchase of European securities in this country."

"The large production of all crops, the increased volume of grain receipts, and the difficultues attending the financing of European credits in this country, have all had their effect in depressing the price of the grains. Price changes for the month in grains and flour were uniformly downward, as is shown in the following table:

	August 31	September Daily Closing Prices High	September Daily Closing Prices Low	Sept. 30
Cash wheat No. 1 dark Nor.	2.47-2.57	2.68½-2.75½	2.35½-2.45½	2.35½-2.45½
Cash corn No. 3 yellow	1.40-1.42	1.36-1.40	1.02-1.03	1.02-1.03
Cash oats No. 2 white	61¼-63¼	61-1/8-62-5/8	52½ - 53½	52-5/8-53-5/8
Flour-Washburn Crosby's Gold Medal 98 lb. cotton sacks	13.00	13.50	12.15	12.15

The grain markets in District No. 10 (Kansas City) during September were "erratic and unsettled because of wide sweeps in prices, in which wheat, corn, and oats declined to the lowest levels since the war." Due principally to a disposition on the part of farmers, as a result of these declines, to hold wheat, September wheat receipts at markets in the District were 10% below August and 25% below September 1919. "Declines in corn prices were no less remarkable than the decline in wheat prices." In District No. 11 (Dallas) September showed a heavy increased wheat movement, and it was estimated that by October 1, 71% of the crop had been marketed. Slow movement of crops is reported in most of the States of District No. 7 (Chicago). Very little small grain has been moved in Iowa, while in Indiana restricted transportation facilities and declining markets are retarding the movement.

Flour production in District No. 9 (Minneapolis) during the four weeks ending September 25 was the same as during the four weeks ending August 28, although only two thirds of the output a year ago. In District No. 10 (Kansas City) production during the same period was likewise less than a year ago, although the decline was only 25.9%. The latter District ascribes the slowing down of milling operations "largely to the general decline of the wheat market late in September and at the beginning of October". Short patents made from hard winter wheat were quoted on October 5 at Kansas City at $10.90 to $11.10 per barrel, as against $12.60 to $12.75 on September 7.

Live-stock movements are well under the heavy figures of last year, which were swelled by the drought conditions then existing. Receipts of cattle at 15 western markets during September were 1,736,009 head, as compared with 1,459,565 head during August and 1,871,042 head during

September, 1919, the respective index numbers being 172, 145, and 186. Receipts of sheep at the markets during September were 1,893,312 head, corresponding to an index number of 139, as compared with 1,688,719 head during August, corresponding to an index number of 124, and 2,890,831 head during September, 1919, corresponding to an index number of 212. Receipts of hogs during September amounted to 1,597,622 head, as compared with 1,818,245 head during August and 1,704,944 head during September, 1919, the respective index numbers being 73, 83, and 78. "A seasonal increase in the movement of grass cattle and continued relative scarcity of corn feds" are reported from Kansas City. Grass fed cattle were anywhere from $1.50 to $3.00 lower at Kansas City than at the close of August. The movement of stockers and feeders to the country was the heaviest of the year, and materially greater than a year ago. The light receipt of hogs during September is attributed by stockmen in the District to the large corn crop. Declines in cattle prices, as well as in sheep and lambs, were reported during September. In District No. 11 (Dallas) there was a notable increase in the supply of hogs. The cattle market was "weak and listless". Hogs and sheep were in brisk demand, but at the close of the month the prices of the former declined as a result of the drop in the corn market. During September "there were heavy runs of grass cattle of mediocre quality", at St. Paul, stockers and feeders moved to the country in large numbers early in the month but later decreased, and prices as compared with August "exhibited mixed tendencies." Range and pasture conditions in District No. 10 (Kansas City) "are generally excellent for this season of the year", and all live stock is reported in favorable condition. There has, however, been some deterioration in range conditions in certain parts of District No. 11, (Dallas) due to continued dry weather, but on the whole stock men in the District "are well equipped to carry their cattle through the winter, having, as a rule, an adequate supply of stock water and an abundance of feed." Livestock men in District No. 12 (San Francisco) "have experienced an unsatisfactory year", and there has been a tendency to decrease the supply of stockers, but "some movement in the opposite direction is now evident, with cheaper feed in prospect."

In the lumber industry cancellation of orders continues and there have been further price reductions. On October 1, 135 mills reporting to the Southern Pine Association stated orders to be 44,480,224 feet, shipments 63,735,239 feet, and production 62,769,563 feet. Normal production of these same mills was given at 87,674,183 feet. In District No. 11 (Dallas) the 28 mills belonging to the Southern Pine Association located in that District report production about equal to that of August. Shipments increased as a result of an improvement in transportation. Unfilled orders of these mills amounted to only 58,448,655 feet, on October 1 as compared with 75,778,485 (August 27). It should be said, however, that four additional mills are represented in the larger total. Excepting the California redwood mills, there was a heavy falling off in amount of new business taken on by the mills in District No. 12 (San Francisco) during the week ending October 2. "The market is reported to remain generally dull, and several mills are preparing to cease operations." For the four weeks ending September 25, 32 mills belonging to the Western Pine Manufacturers Association report orders at the close of the period of only 33,075,000 feet, against a cut of 102,763,000 feet. Corresponding figures for the West Coast Lumbermen's Association, (123 mills) are: orders, 202,008,000 feet, and cut, 286,440,000 feet, while the California Redwood

Association (10 mills) shows orders amounting to 19,388,000 feet, and a cut of 26,029,000 feet. District No. 9 (Minneapolis) states that returns from a selected list of 8 lumber manufacturers show September shipments and sales about three fourth those of August and only slightly more than one-half those of September a year ago. Reduced building activity and lessening of demand in agricultural regions are the causes most frequently assigned for the falling off in demand.

Production of crude oil in Kansas and Oklahoma in September was estimated to be 12,023,250 barrels, an increase of 30.5% as compared with September, 1919. Production in the Rocky Mountain fields, amounting to about 1,600,000 barrels, showed a slight increase. The total production of the Mid Continent field for the first nine months in 1920 amounted to 104,980,717 barrels, an increase of 22,870,471 barrels, or 27.8%, over the output for the same period in 1919. Fewer wells were completed in September in the Kansas, Oklahoma, and Wyoming fields than in the same month last year, nevertheless there was an increase in new production of 83,917 barrels, as against 75,296 in September, 1919. Crude oil prices remained virtually stationary in the District. In District No. 11 (Dallas) there was a decrease in production as compared with August, the September total amounting to 11,489,510 barrels, which was 854,376 barrels less than the August total. The Central West Texas field made the best showing. The output of the Texas Coastal field was affected by the falling off in output of one of the largest wells, whose yield dropped from 20,000 to 7,000 barrels per day. Also, fewer completions of new wells were recorded, and the output was less in the District as compared with August. A total of 636 wells were completed, 435 of which proved to be producers having an output of 80,587 barrels. In August there were 441 new producers, with an output of 103,205 barrels. Rainy weather unfavorable to drilling operations is reported to be responsible for the decline. Crude oil prices remained steady in the District. In District No. 12, (San Francisco) a record production of petroleum is reported from California, the daily output amounting to 304,340 barrels. The highest previous figure was recorded in June, 1914, when the daily average was 302,400 barrels. The increase resulted from new production in the Elk Hills.

The following figures were furnished by the Standard Oil Company for California:

	Sept. 1920	August 1920	Sept. 1919
Production - daily average	304,340 bbls	290,590 bbls	279,169 bbls.
Shipments - " "	313,533 "	321,955 "	310,271 "
Stored Stocks-end of Mo.	23,158,657 "	23,434,464 "	24,406,753 "
New Wells Opened	55	56	51
With Initial Daily Prod.	21,775 bbls.	20,550 bbls	21,330 bbls.
Wells Abandoned	5	5	6

Production of anthracite coal is now being accelerated with the return of the miners to work, and with a speeding up of transport activities the movement of coal is becoming more satisfactory. The output during September, however, was 5,125,000 tons, as compared with 7,332,000 tons during August and 7,333,000 during September, 1919, the respective index numbers being 69, 99, and 99. The report from District No. 2, (New York) says that the Lehigh Valley Railroad, a heavy anthracite carrier, reports an increase of 37% in coal movement in the first 15 days of October over the first 15 days of September and 6.3% over the same period last year. The production of bituminous coal for September was 51,093,000 tons as compared with 48,389,000 tons during August, and 47,402,000 tons during September, 1919, the respective index numbers being 138, 131, and 128. The output of bituminous coal in September was the largest for any month since October 1919 and while prices remain high, slight decreases are reported. According to the report of District No. 3, (Philadelphia) highest grade coals are selling at about $11 to $12 and lower grades at $8.50 to $9 per ton f. o. b. at the mines. Bituminous coal receipts at lake ports in District No. 4, (Cleveland) were promising, amounting to 4,138,533 tons loaded into vessels as compared with 2,505,827 in September, 1919. But the movement for the season is still behind that for 1919 - being only 15,469,783 tons as compared with 18,514,130 tons in 1919. Commercial distribution within the District, however, is stated to be far from satisfactory, reasons alleged being priority orders for lake shipments and for public utilities and lack of cars. District No. 5, (Richmond) reports better output, freer car movements and fewer labor troubles. In District No. 6, (Atlanta) however, mining is interfered with by the continuance of the strike called September 8 in the Alabama District. District No. 7, (Chicago) production is increasing with improved car supply and the same is true in District No. 8, (St. Louis). There was an increase of 2262 cars of coal moved through St. Louis in September, 1920 over September, 1919. District No. 10, (Kansas City) also reports increase in efficiency of distribution. Notwithstanding the speeding up of lake shipments, coal receipts at Lake Michigan ports are not only below 1919 totals but the percentage of the total going to Lake Superior ports is less than last year, according to the report from District No. 9, (Minneapolis) which says that the average tonnage received per day at Duluth-Superior harbor during September, 1920 was 39,243 tons. To equal the tonnage received during 1919 would require an average of 60,639 tons per day, and to equal the average for the 5 year period would require daily receipts of 76,642 tons. Moreover, stocks were heavier at the beginning of 1919 than 1920. In District No. 10, (Kansas City) weekly reports show that mines in Missouri and Oklahoma operated in September at about 75% of full capacity, while the Kansas mines operated at 55.5%. Transportation difficulties and mine disability are the reasons given for the greater part of time lost and in addition labor shortage which was more pronounced in the Kansas field than elsewhere. The retail price of coal has advanced generally throughout the District, prices of bituminous coal reaching $10 to $11.50 for best grades of lump in Kansas City during the first week in October. From District No. 11, (Dallas) come reports of a fuel shortage of a serious nature in western Texas, the Interstate Commerce Commission having been petitioned to assign rolling stock to the Colorado mines in order to supply the needed coal for winter.

Increased shipments from the Joplin district in September somewhat reduced surplus stocks of zinc and lead ores in District No. 10, (Kansas City) but severe drops in the prices of both metals are recorded, leading to further curtailment of production. During the month zinc ore prices ranged from $50 as a maximum base to $40 as a minimum. Base prices for calamine ores were $30 to $35. Lead ores fell in price from $110 at the beginning of the month to $80 at the close, the drop being attributed to importations of lead ore from Australia and Mexico. In District No. 9 (Minneapolis) copper production fell below the August figures and was less than that for September, 1919. Reports from companies producing about 75% of the District output were as follows:

POUNDS OF REFINED COPPER

	Sept. 1920	Aug. 1920	Per cent Sept. of August	Sept. 1919	Per cent 1920 of 1919
Michigan	9,522,837	9,581,645	99.5	13,050,802	72.9
Montana	12,166,115	12,786,515	95.2	14,005,975	86.8
All copper	21,688,952	22,368,160	97.2	27,056,777	80.0

New business in the iron and steel industry has decreased, and "for the first time in many months, the market now shows some of the mills in earnest quest of orders". A decrease, first remarked in the demand from the automobile industry has been reflected in "a generally growing conservatism" on the part of purchasers. From District No. 4, (Cleveland) it is stated that "efforts are now being concentrated by the consumers on the reduction of inventories". Cancellations and holding back of specifications, as well as the decrease in new purchasing, have resulted in a material curtailment of production by some steel companies. At the same time, there has been a decided improvement in the movement of iron and steel products". Prices have reflected this general situation, and have also been influenced by the drop in the price of coke. A tendency exists towards easing of prices by certain independent producers in the heavier lines, such as plates, structural shapes, large bars, etc. Some purchasers, in particular automobile manufacturers, have obtained a revision of prices on existing contracts, but it is stated from District No. 3, (Philadelphia) that "in the main the producers are insisting upon the completion of the contracts". In District No. 4, (Cleveland) "the market still shows a condition of large demand and sustained prices in some other lines, notably those of a lighter character". As a result of improved transportation conditions in District No. 6, (Atlanta) "there have been heavy movements of pig iron, cast iron pipe, iron and steel products out of the District". The unfilled orders of the United States Steel Corporation at the close of September had declined to 10,374,804 tons, corresponding to an index number of 197, as compared with 10,805,038 tons at the close of August, corresponding to an index number of 205. Pig iron production during September was 3,129,323 tons as compared with 3,147,402 tons during August, the respective index numbers being 135 and 136, but daily average production in September was in excess of August. Steel ingot production during September was 2,999,551 tons, as compared with 3,000,432 tons during August, the index number for both months being 124.

Cotton mills continue to operate on part time schedules due to lack of orders, and while there are not many complete shutdowns, the percentage of operating capacity in the industry is low. District No. 1, (Boston) reports that Lowell cotton mills are operating at about 60% of capacity. Some mills in the District are said to be manufacturing for stock in the absence of orders. Census figures show that with the exception of Rhode Island, the consumption of cotton by New England mills was less in September than in August, dropping from 168,167 bales to 148,442 bales for the District.

The active spindleage fell from 17,447,279 in August to 17,056,046 in September, while the cotton held in the mills declined from 610,311 bales in August to 531,453 in September. District No. 5, (Richmond) reports no change in the textile situation in September. The mills were then working on back orders and finding it very difficult to get new ones even at the much lower quotations prevailing. Data secured from 33 firms belonging to the National Association of Finishers of Cotton Fabrics, which represent about 70% of the white goods industry, 60% of dyed goods and 30% printed goods, show an average percentage of capacity operated amounting to 41% for all Districts, the percentages for District No. 1, (Boston) being 36% and for No. 2 (New York) 33%. The average number of days of work ahead at the end of September for all Districts was 6.9 days (5.3 days in District No. 1,(Boston) and 8 days in District No. 2, (New York)).In District No. 1, (Boston) woolen manufacturers are said to be "in a state of waiting". Uncertainty prevails as to when mills which have partially closed will be able to resume on a full time basis. At present very few orders have been received and price reductions have failed to stimulate buying for the 1921 spring season. The effect of the absence of buying demand is found in the market for raw wool, representative dealers agreeing that prices for standard grades have declined since May 1 about 35% to 40%. District No. 3, (Philadelphia) reports that woolen yarn spinners are receiving practically no orders although September and October are usually the busiest months. Mills in the District are variously reported to be operating at from 10% to 80% of capacity, those more fully employed running on back orders. One factory, working at 30% of its capacity stated that from 30% to 40% of the work was being done for stock. Mills engaged in the manufacture of underwear in District No. 3 (Philadelphia) are also either shut down or running at a small fraction of capacity. The uncertainty in regard to yarn prices as well as lack of orders, helps to explain the existing situation. In hosiery lines the closing of plants is general. Instability in yarn prices has made for frequent changes in prices quoted by manufacturers, with a resultant hesitancy on the part of jobbers and retailers to place orders. Carpet and rug mills in District No. 3 (Philadelphia) are receiving practically no orders, according to reports, although some of them are manufacturing for stock.

In the shoe and leather industry as in textiles, reports bring news of curtailed operations and in some cases complete shutdowns have occurred. Data from 15 representative boot and shoe manufacturers in District No. 1 (Boston) indicate that operations are at from 40 to 60% of normal capacity with little spring business placed. In Auburn, Maine, the shoe factories have been running full time, employing ½ to 2/3 the usual force. In District No. 8 (St. Louis), there are increases both in shipments and in current business in boot and shoe lines, but marked falling off in future orders has reduced manufacturing activity. Plants ~~with~~ in the District are estimated to be operating at from 55 to 65% of capacity, the larger plants being more active than the smaller ones. Manufacturers are buying little leather, with consequent reductions in the prices of both upper and sole leathers. Tanneries have still further reduced the scale of operations or have closed down during the month. District No. 8 (St. Louis) reports that wet salted hides which sold in St. Louis at 41¢ per lb. October 15, 1919, were being quoted at 9¢ on the same date this year. District No. 3 (Philadelphia) says: "Tanners report an absence of demand for their product, which following the ever increasing lack of interest of the last few months is now at its lowest ebb. Both sales of finished stock for immediate use and orders for future delivery are decreasing and all concessions in price fail to stimulate the trade."

Reports from eight of the twelve Federal Reserve Districts giving changes in the monthly volume of net sales for several important wholesale lines, show somewhat divergent tendencies, but in wholesale drygoods and in boots and shoes the statistics fairly well reveal the lack of demand which has been responsible for the inactivity in allied manufacturing lines. In drygoods the tendency has been downward comparing sales with the previous month in the four reporting districts Nos. 5 (Richmond) 6 (Atlanta) 11 (Dallas) and 12 (San Francisco). As compared with a year ago sales show reductions in three reporting districts with the notable exception of District No. 12 (San Francisco) where an increase of 14.3% is estimated to have occurred on the basis of statistics compiled from the returns made by twelve firms. In District No. 7 (Chicago) sales showed a negligible increase. Reductions in sales of wholesale shoe houses ranging from 17.6% in District No. 12 (San Francisco), fifteen firms reporting, to 43.2% in District No. 5, (Richmond), six firms reporting, have taken place. District averages based on returns from one hundred and thirty-five wholesale grocery firms indicate increases in six out of eight reporting Districts as compared with September 1919 excepting District No. 6 (Atlanta), seven firms reporting, and District No. 11 (Dallas), with five reporting establishments. Generally speaking there have been considerable increases in wholesale hardware sales over September a year ago. In District No. 11 (Dallas), with three reporting firms, sales show a decline. Obviously price changes, especially in lines in which pronounced reductions have been experienced, make it impossible to estimate changes in the physical volume of business done by the reporting groups of wholesalers.

The retail trade situation shows a moderate increase of net sales over the same period last year but it does not show the usual Fall activity. The unseasonable weather conditions throughout the country have had an appreciable effect upon the buying of certain articles, such as men's clothing. Accompanying this relatively light demand is a tendency on the part of the retailer in many cases to reduce prices in order to stimulate buying. This, it is reported in certain Districts, has had some effect. On the whole, however, "the consumer is not buying very actively." In some of the agricultural sections the unsettled price situation relative to the principal crops, as well as the tendency often found to hold instead of marketing, has helped retard full purchasing. Reports from almost all Districts state that the retailer is purchasing very conservatively, outstanding orders being very small, in spite of the fact that at this time of the year "many fall and winter goods are ordinarily received."

Information received from the several Federal Reserve Districts, brings evidence of further recessions in building activity for the country taken as a whole. In District No. 12 (SanFrancisco) however, the situation is exceptional, in that local reports show that both in number and in value of permits issued, September was ahead of August and for the nineteen principal cities, total valuation of permits was 50% greater than in September a year ago. But the Northwest is not sharing in these increases, both Portland and Seattle showing marked reductions in the value of permits as compared with a year ago, amounting to 41.7% and 35.4% respectively. On the other hand, Los Angeles registered a 195.5% increase and San Francisco, 62.1%. In the other Districts with the possible exception of District No. 6 (Atlanta) however, there is fairly universal testimony to a general decline in both number and in value of building permits as compared with September 1919. Although there is an increase in building activity in District No. 6 (Atlanta) as compared with a year ago, in a majority of the eighteen cities from which reports are received, it is noticeable that three large cities - New Orleans, Atlanta and Nashville - report decreases in value of permits. In District No. 1 (Boston) the value of permits for new construction amounted to only $2,580,313 in September 1920, against $5,673,930 in September 1919, for the same cities. Boston showed a decline from $1,273,157 to $592,115 in new construction, but there was an increase in other permits over the same month of the preceding year, the respective totals being $1,455,270 and $637,767. For the rest of the District the totals for other construction remained almost the same.

In District No. 2 (New York) little change in the building situation is reported. Building projects in contemplation decreased in number and value, although the value of contracts awarded rose largely because of expenditures for public works and public utilities. The estimated cost of permits issued in District No. 3 (Philadelphia) in September 1919 was $8,633,827, while the total was $4,936,379 in September 1920. The Number of permits likewise declined from 2,268 to 1,943. There is also less building in progress in District No. 4 (Cleveland) although labor is more plentiful and the transportation situation is improved. In twelve leading cities of the District with the exception of Columbus, declines are recorded both in number and in value of permits issued. In Cincinnati and Toledo slight increases in value of permits for alterations are more than offset by reductions in value of projected new construction. In District No. 5 (Richmond), the decrease in the value of building permits in twenty-three cities amounted to 13.5% as compared with September of the preceding year, the total figures being $1,000,599 less than the total for September 1919. There was likewise a decrease in number of permits issued both for new buildings and for alterations and repairs. The decline in valuation of permits from the preceding month - 23.4% - was in part due to seasonal factors. District No. 7 (Chicago) also reports little building in progress, and in the five leading cities of District No. 8 (St. Louis) a shrinkage occurred in number and value of permits as compared with September a year ago. The heaviest decreases took place in St. Louis, where new construction permits in September 1920 amounted to only $519,010, as compared with $2,662,430 in September 1919. In District No. 9 (Minneapolis) all important cities show a decline in the valuation of permits, except Fargo and Grand Forks. As compared with a year ago, the decline in valuation amounted to 44.3% and there was a reduction of 31.3% from the preceding month. District No. 10 (Kansas City) reports severe declines in the value of building permits as compared with September 1919, the reduction being 53.4%. On the other hand, building operations for the first nine months of 1920 were ahead of those for the corresponding months of last year. In District No. 11 (Dallas), although Shreveport, Beaumont and El Paso show an increase in the value of building permits as compared with September a year ago, six other cities from which reports are received record declines, especially marked in the case of Fort Worth and Houston. The opinion most generally advanced as to the causes of hesitancy in undertaking new construction in the face of the prevailing need is: first, uncertainty regarding the prices of building materials; secondly, existing high labor costs and finally, difficulty in securing capital for financing new projects and the prevailing high interest rates. Financially the month has shown comparatively few outstanding developments. There has been an upward tendency in the prices of bonds including both the Liberty issues and corporate securities. Discount rates have continued practically unaffected in most parts of the country. Movements of gold into the United States have been accelerated through the action of the Federal Reserve System in bringing home deposits which have been held "ear marked" abroad. Some inward shipments of gold have occurred as a result of the operations connected with the Anglo French maturities. One or two small foreign government offerings have been successfully made in the New York market but the cost has continued around 8%. There has been a somewhat broader demand for prime acceptances by outside banks and a rather better distribution of commercial paper. Corporate financing has somewhat revived but the stock market has been during most of the month in a rather depressed condition. Call money rates have been steady, most of the time, around 7%, but during the latter part of the month have at times risen to 9 and 10%. Foreign exchange has been not far from stable but rather depressed with a declining tendency which is attributed to the large outstanding balance of unfunded indebtedness which gives rise to offerings on the New York market from time to time whenever quotations show improvement.