FEDERAL RESERVE BOARD



STATEMENT FOR THE PRESS

For release in Monday morning papers,
January 3, 1921.

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

Further progress in business readjustment has been the characteristic feature of commercial and industrial development during the month of December. Such readjustment has been accompanied by a further decline of prices, which has brought the level shown by the Board's index number to 190 per cent of the level of 1913 (a decline for the month of about $8\frac{1}{2}$ per cent). An increase of unemployment growing out of reductions of business activity, which have cut operations to figures varying from 40 per cent to 75 per cent of normal, has affected labor unfavorably. Wage cuts running as high as 20 per cent to 25 per cent in some lines have accompanied the shrinkage of demand, and there has been a falling off of export trade. On the other hand, banking power has been well maintained, normal credit accommodation has been extended to legitimate business, the reserve ratio has grown stronger, and interreserve bank borrowing has been in part liquidated. At the member banks liquidation of loans is beginning and better conditions are foreshadowed.

From District No. 1 (Boston) it is reported that the liquidation in commodities, while drastic, has been on the whole orderly, regular demands for credit have been granted, and the banking situation is stronger.

From District No. 2 (New York) it is reported that money rates have grown easier, wholesale price declines have been the sharpest of the present movement, manufacturing is in reduced volume, and export trade is declining. Retail trade has been well maintained. There has been an adequate supply of banking accommodation.

From District No. 3 (Philadelphia) it is reported that there has been but little change of conditions from the preceding month, manufacturing and wholesaling being quiet, while retail trade is larger than last year.

From District No. 4 (Cleveland) it is reported that money conditions are encouraging, prices are still receding, manufacturing continues to be restricted in volume, railroad efficiency is large, while curtailment of output and lowering of wages are in evidence throughout the iron and steel trade.

From District No. 5 (Richmond) it is reported that business in wholesale and manufacturing lines is inactive, building operations at a minimum, and unemployment prevalent, but signs of improvement are noted.

From District No. 6 (Atlanta) it is reported that most of the cotton crop has been harvested but is being largely held, while farmers generally feel the effect of low prices. Other markets are quiet. Coal production has increased. Lower prices of pig iron have not produced any great amount of business.

From District No. 7 (Chicago) it is reported that liquidation of bank loans is progressing favorably. Farmers are suffering from low prices, but effort is being made to supply the credit they require. Retail trade has held up well, all things considered.

From District No. 8 (St. Louis) apathy in buying is reported. Price cuts have gone further and there is increase of unemployment. Transportation has largely improved and banking conditions are even better than heretofore.

From District No. 9 (Minneapolis) it is reported that grain receipts have somewhat fallen off, while stocks of grain have increased. Flour production has improved. Prices in general have declined. Bank conditions are stronger. Retail trade has held its own.

From District No. 10 (Kansas City) it is reported that there is slowing down of business in nearly all lines, but there is a general belief that conditions will soon be righted and a foundation is being laid for decidedly better business. Only slight evidences of liquidation are to be noted.

From District No. 11 (Dallas) it is reported that there will be a "large carry over" both of debts and commodities into 1921. Movement of goods shows decrease pretty generally, but retail trade has held up well.

From District No. 12 (San Francisco) it is reported that retail trade is good, wholesaling less active, crops moving steadily to market, livestock and allied interests in favorable position, and financial prospects favorable.

Agriculture. - The weather conditions which have prevailed generally throughout the agricultural sections have been favorable for farm operations. The husking of corn has been carried forward rapidly and is practically finished in most districts. In District No. 4 (Cleveland), however, husking has been slow and the warm, moist weather has injured the quality of corn to some extent. The weatherconditions have also aided materially in fall plowing and the preparation of the ground for next season's crop. Winter wheat has made a good start and is in a good condition to go through the winter. In some sections there has been some damage from the Hessian fly, but the colder weather will tend to eliminate this evil.

An indication of the extent to which cotton picking has progressed is afforded by the number of bales ginned prior to December 1, which was 10,144,921 in 1920, as against 8,844,368 in 1919. In some sections rains have delayed picking to some extent, while in other sections farmers are reported to be abandoning the cotton because of the decline in price and the relative scarcity of pickers, together with the high wages demanded. In southern Oklahoma cotton picking continues, although reports are to the effect that a considerable portion of the crop will be pastured after the first picking. There has been considerable deterioration in the quality of the lint, due to the wet weather, and the bulk of the ginning is reported to be grading below middling.

Movement of cotton to market has been relatively slow; receipts showing a sharp and unseasonable falling off. In some sections it is reported that sellers have complained that they were unable to sell their cotton at any price unless it was of superior grade. However, cotton farmers in many sections show a tendency to hold as much as possible of their crop off the market, in the hope of an advance in price. Many new cotton storage warehouses have been constructed. The low prices realized for cotton have resulted in considerable attention being given to the reduction of next year's acreage, some planters proposing a decrease of one-third, and the crop rotation has been urged.

Live Stock - Live stock on farms and ranges in District No. 10 (Kansas City) is "generally healthy and in good condition". The tendency is fast disappearing to abandon the business and sacrifice the stock. As feed is cheap and plentiful, there is more of an incentive to put flesh on the animals in spite of the low prices prevailing. Southwestern ranges and live stock, with few exceptions, "are entering the winter in the best condition they have enjoyed for many years". Receipts of cattle at 15 western markets increased from 1,628,564 head during October to 1,781,261 head during November, the respective index numbers being 162 and 177, as compared with 2,038,786 head, corresponding to an index number of 202 during November, 1919. Receipts of hogs increased greatly between October and November, being 2,624,185 head during November, as compared with 1,836,748 head during October and 2,659,251 head during October, 1919, the respective index numbers being 119,84 and 121. On the other hand, receipts of sheep were less, being 1,542,477 head during November, corresponding to index 113, as compared with 1,865,330 head during October, corresponding to an index number of 136, and 1,742,668 head during November, 1919, corresponding to an index number of 128. November cattle receipts at Forth Worth, however, were the smallest on record for that month since 1912, and "were generally of an undesirable quality". With declines in the prices of hogs in December receipts for the first half of the month in the principal markets in District No. 10 (Kansas City) again fell below those of a year ago. The St. Paul cattle market was depressed to the lowest levels of this year, in part as a result of large receipts (especially of common and poor grade, which are always hard to market at this time of the year), slackened demand for stockers and feeders, inadequate stock cars for shipping, and low prices at eastern markets. Heavy marketings and declines in grains and provisions contributed to a decline in hog prices, closing prices for the highest grades on November 30, being $9 to $9.65, as compared with $12 to $12.25 on October 30.

Other Crops - The tobacco situation has shown but very little change during the past month. The opening of the western dark markets in Kentucky was disappointing to the farmers because of the prevailing low prices, together with the decreased demand. In District No. 5 (Richomnd) "the farmers have shown a tendency to sell their off-color and poorer grades, apparently holding their best tobacco until after the holidays in the hope of better prices". Export demand for leaf tobacco is very small, while manufacturers' stocks are reported large and their purchases have been kept at a minimum. The slackening of demand for manufactured goods continues, with the result that some factories are closed while others are running only on part time. The decreased demand is most noticeable in the case of cigars, and the retailers' orders are falling off in consequence.

Fruits - Shipments of California fruit have been very satisfactory, and transportation facilities have been excellent throughout the shipping season. While the boxed apple crop is placed at 27,633,000 boxes, as compared with 35,415,000 boxes in 1919, approximately two-thirds of the crop is out of the producing districts and storage holding over much smaller than in 1919. Shipments of oranges are slightly below shipments during the same period last year, but shipments of lemons have been the largest ever recorded in California.

Grain and Flour - The movement of grain to market has varied somewhat at different centers. In District No. 10 (Kansas City), November wheat receipts at the principal markets were about 13 per cent larger than the receipts for the month of October, but were 11.6 per cent below the receipts of November, 1919. On the other hand, in District No. 9 (Minneapolis) receipts at Minneapolis and Duluth were 15.5 per cent below October receipts, but were 47.1 per cent above receipts for November,

1919. It is reported that about 50 per cent of this year's crop is still on the farm as against about 35 per cent at the same time last year. In District No. 10 "notwithstanding the fact that a bumper crop of corn was raised in the big corn-producing States as compared with the small crop of last year, the primary receipts of corn at the markets of this District were about 42 per cent below the receipts in the same period of 1919". In Minneapolis and Duluth corn receipts were slightly above November, 1919, and more than double receipts for October, 1920. Receipts of oats, barley, rye, and flax decreased as compared with October, but in each case were above receipts for November, 1919. The prices of grains throughout the various markets have shown a decline with only a few minor exceptions. The closing price of cash wheat No. 1 dark northern at Minneapolis on November 30 was \$1.50-7/8 to \$1.54-7/8, while the closing price on October 30 was \$2.13¼ to \$2.17¼. In District No. 10 (Kansas City) it is reported that "wheat prices rallied the first week in December after a continued decline in November, but at the end of the second week a weakness was developed which brought wheat down almost to the low level of the last week in November".

The flour market continues dull. "Millers report conditions intheir business the most unsatisfactory experienced in recent years", states the report from District No. 8 (St. Louis). Hard-wheat patents were quoted in Kansas City on December 14 at \$8.50 to \$9, as compared with \$9.35 to \$9.50 on November 16. Aside from the absence of demand, particular complaint is made of the instability of wheat futures and the resulting disorganization of the flour market. There has been a further slowing down of milling operations in this District. The total output of a selected group of mills in November was 1,285,155 barrels, as compared with 1,970,977 in November, 1919, and operations during the six weeks ending December 11 have been at 53.3 per cent of capacity, as compared with 87.8 per cent for the same period last year. Production in District No. 9 (Minneapolis) during the four weeks ending November 27 was 2,460,495 barrels, an increase of 8 per cent over the figure of 2,279,990 barrels for the four weeks ending October 30, but was only 80 per cent of output a year ago, which was 3,012,465 barrels. Present operations are at 52 per cent of capacity, as compared with 69 per cent a year ago. Mill operations in District No. 8 (St. Louis) are only 45-50 per cent of capacity. St. Louis mills have affected a cut in wages of all operatives of 50 cents a day.

Cotton textiles. - Although a slight increase in the buying of cotton by New England mills has occurred during the past month, according to the report from District No. 1 (Boston), purchases have been much below normal, while mills in the Carolinas are said "to have been out of the market for some time" (District No. 5, Richmond). In view of the limited demand and the size of the crop, which, according to final estimates of the Department of Agriculture will amount to 12,987,000 bales, it is not surprising that price declines have been continuously recorded. From November 20 to December 20 there was a decline of slightly more than 10 per cent in the price of spot cotton in New York, while the fall from the maximum price recorded in July amounted to 63.75 per cent. For 22 towns in the Carolinas the Bureau of Markets quoted prices averaging only 14.41 on December 11, and District No. 5 (Richmond) reports that the market was limited even at this low level.

The New England mills are estimated to have been operating at even lower capacity during the middle of December than they were during the previous month, when 30 per cent to 40 per cent of operating capacity represented the average for District No. 1 (Boston). In District No. 5

(Richmond) it is stated that in Gaston County, N. C., where the fine-yarn industry of the District is largely concentrated, the mills have closed down entirely.

The report on cotton consumption issued by the Census Bureau in November reflects the cessation of manufacturing activity, the amount consumed, 332,057 bales, falling below that reported for August, 1914, by 51,943 bales. The cotton consumption of the New England mills for the month ending November 30 was only 100,422 bales, as compared with 168,167 bales reported for August. On the other hand, the reduction in cotton stocks of these mills from 610,311 bales in August to 463,369 bales in October resulted in the increased buying previously referred to and caused a slight increase in stocks held to be registered in November, when 485,651 bales on hand were reported.

District No. 1 (Boston) says that there is "a more distinct note of optomism in the Boston wool trade than for some time, it being estimated that sales for the second week in December amounted to 6,000,000 pounds, about equally divided between domestic and foreign." British Government holdings, however, offered at auction the second week in December resulted in sales of only 1,500 bales out of a total offering of 7,400 bales. While there is as yet no evidence of reaction from the depression prevailing in the market for woolen and worsted textiles, District No. 3 (Philadelphia) states that two or three large mills report increased demand for dress goods, more particularly women's wear. On the other hand, some mills in the District are further reducing the scale of operations or considering a complete suspension of operations. Yarn mills in District No. 3 (Philadelphia) report less business than during the preceding month, even with yarn prices 50 per cent to 60 per cent below the peak points. "Manufacturers of hosiery, underwear, sweaters, etc.," it is said, "have sufficient yarns to enable these who are operating at all to maintain their curtailed schedules." The American Woolen Co.'s auction sale of 9,000 pieces of overcoating (Dec. 14-16) brought prices of about 25 per cent to 40 per cent of those prevailing at the opening level for 1920.

Hosiery. - Practically no business is being transacted in hosiery lines in District No. 3 (Philadelphia), as a result of the uncertainties of price fluctuations which have been aggravated by forced sales of stocks. As a result, it is estimated that the operating capacity of the mills is less than 20 per cent of normal. Returns received for November from 34 reporting firms in the hosiery industry, which sell to the wholesale trade, show a reduction in the value of the product manufactured during the month (selling price) of 74 per cent as compared with the same month in 1919 and 18.8 per cent as compared with the previous month. The value of finished products on hand at the end of the month (selling price) was 95.2 per cent in excess of stocks held a year ago. There was, however, a reduction of 5.9 per cent as compared with the previous month. Unfilled orders on hand at the end of the month (selling price) had dropped 87.5 per cent as compared with November, 1919, and 21.1 per cent as compared with the preceding month. Six reporting firms which sell to the retail trade show a decrease in the value of the product manufactured of 64.3 per cent as compared with November, 1919, and 24.8 per cent as compared with the previous month. Unfilled orders on hand at the end of the month (selling price) were 6.2 per cent less than during the previous month, which had registered a great decrease of 71.8 per cent as compared with September.

Similar conditions prevail in the underwear industry in District No. 3 (Philadelphia), many mills being closed, while others are operating at from 20 per cent to 40 per cent of capacity. The mild weather has also interfered with the placing of additional orders for heavy-weight goods and stocks already manufactured have been sold at sacrifice. Twenty-one concerns manufacturing underwear, located in District No. 3 (P hiladelphia), record a decrease in the value of the product manufactured of 63.9 per cent during November, 1920, as compared with November, 1919, and 39 per cent as compared with the preceding month. Finished products on hand at the end of the month were 322.1 per cent in excess of amounts held at the end of November, 1919, and showed only a negligible decrease of 1.6 per cent as compared with the previous month of October. Orders booked during the month were 25.7 per cent less than during the corresponding month last year and 16.5 per cent less than in October. Unfilled orders at the end of the month were 95.8 per centbelow the amounts outstanding at the end of November, 1919.

Thirty-five firms belonging to the National Association of Finishers of Cut Fabrics, which represent 72 per cent of the white goods, 62 per cent of the dyed goods, and 32 per cent of the printed goods,. report the total number of yards finished during the month of November, 1920, as 40,591,156 as compared with 52,833,213 yards finished during the preceding month of October. The percentage of capacity operated during the month averaged 25 per cent for all reporting firms as against 35 per cent during the preceding month. The firms located in Districts 1 (Boston) and 2 (New York) had an operating percentageeslightly below the average, the figures being 21 per cent in each case, whereas District No. 3 (Philadelphia) reported operating capacity of 38 per cent. The average number of days' work ahead at the end of November was 4.3 as compared with 4.4 for the preceding month.

There has been very little change in the raw silk market during the past month, as there has been no general increase of manufacturing activity to create a buying demand. In Paterson looms are working at 6.7 per cent of their maximum capacity in terms of loom hours as compared with 8.6 per cent last month. Elsewhere in New Jersey the depression is not so extreme, however. Indeed, District No. 3 (Philadelphia) reports a renewal of interest on the part of buyers for dress and waist houses, with the result that some mills which were shut down have resumed operations, two of the largest mills at full time. Improvement, however, is by no means general, many firms in the District showing no signs of increased activity.

Shoes and leather. - Leather prices have suffered further declines, heavy native steer (packer hides) selling for 16 cents and 19 cents per pound on December 15, as compared with 53 cents in August, 1919. Calfskins selling as high as $1 in August, 1919, were quoted at 15 cents the middle of the present month. As a matter of fact, quotations are largely nominal in the absence of any general buying demand.

Reports received from 24 representative boot and shoe manufacturers of New England about the middle of November indicated that conditions were at least no worse in that industry than during the preceding month, six concerns reporting a decreased production, being offset by six which had increased their output, while the other 12 reported conditions to be unchanged. The majority of these concerns reported shipments to be either equal to or in excess of those of the preceding month.

Iron and steel. - Further decreases in the prices of iron and steel products have occurred, and in practically all items the wide "spread" which separated independent price levels from those of the leading interest has disappeared. It is reported from District No. 3 (Philadelphia) that "demand in most lines, more prominent, however, in steel plates and other finished products, is almost entirely absent," and "cancellations have become more prevalent." The unfilled orders of the United States Steel Corporation decreased from 9,836,852 tons at the close of October to 9,021,481 tons at the close of November, the respective index numbers being 187 and 171. The market situation is reflected in the continued decrease in productive activity. Pig-iron production during November was 2,934,908 tons, corresponding to an index number of 127, as compared with 3,292,597 tons during October, corresponding to an index number of 142. Steel-ingot production likewise decreased, from 3,015,982 tons during October to 2,638,670 tons during November, the respective index numbers being 125 and 109. Structural steel bookings during November were 49,200 tons, or 27 per cent of capacity, as against 45,600 tons, or 25½ per cent of capacity during October. Curtailment of operations in District No. 3 (Philadelphia) has progressed more rapidly during the current month than any time previous, and almost without exception reports indicate that present operations are only at 40 per cent of capacity, while further decrease is planned. A number of independent steel works in District No. 4 are shut down completely, as are many merchant blast furnaces which have been accumulating stocks of pig iron, while many independent steel plants are operating at not over 50 per cent to 60 per cent. A decided contrast, however, exists between the situation of the independents and the leading interest. The latter entered large orders in past months at the minimum prices and has been enabled to keep up operations on these orders, various subsidiaries now operating at about 90 per cent of capacity. Accompanying readjustment process in the industry have been wage reductions announced by various independent producers,

Coal.- Production of bituminous coal has continued upon a high level. The November figure was 51,012,000 tons, corresponding to an index number of 138, as compared with 50,744,000 tons during October, and 18,688,000tons during November, 1919, the respective index numbers being 137 and 50. The output for the week ending December 4 set a new high record for the year, but was bettered during the following week. This was in spite of the fact that on November 29 the priority in the use of open-top cars was withdrawn completely. Demand is not as insistent, with the lessened activity in various industries, and there has been a marked falling off in the export trade, in particular during the past two months. The fuel situation thus is easier in certain sections, so that, for example, in District No. 8 (St.Louis), "daily improvement is reported".

Coke has experienced a further decline in price.

Production of anthracite coal during November was 7,519,000 tons, as compared with 8,188,000 tons in October and 7,870,000 tons in November, 1919, and the respective index numbers being 102, 111, and 106. There has been virtually no loss of time from transportation difficulties. Efforts of the fair price committee are reported from District No. 3 (Philadelphia) to be holding down mine prices to a fair margin of profit above cost of production and to have been limiting the rehandling of coal by wholesalers. The market is becoming more steady and complaints of shortages from eastern cities are becoming less numerous.

Petroleum. - November crude petroleum production in District No. 11 (Dallas) was 13,347,352 barrels, a new record, as compared with 12,277,197 barrels during October. Production in District No. 10 (Kansas City), however, is commencing to show a slight decline from the peak in October. It is reported that production is in excess of the amount which can be handled readily by the pipe lines and refiners are temporarily storing some oil. Drilling activities in Texas have been steadily declining since July, and this is partly attributable to the overtaxed condition of pipe lines and storage in many of the most active fields. Operators in some of the fields in District No. 10 (Kansas City) are curtailing developments to some extent, but extensive enlargements of refineries are in progress. The petroleum market in that District is experiencing the usual seasonal dullness, "but there has been no general or sweeping decline in either crude petroleum or in its refined products." A reduction in the price of crude oil of 50 cents per barrel was announced in November in the Texas coastal fields, due to the heavily increased production. Subsequently reductions of 15 to 25 cents per barrel were reported in the fuel oil markets of north Texas.

Nonferrous metals. - Further decrease of activity was noticed in the zinc industry in District No. 10 (Kansas City) during November. Shipments of zinc ore from the Missouri-Kansas-Oklahoma southwestern district during November were 37,470 tons, as compared with 40,479 tons during the same month last year. Shipments of lead ore, however, were somewhat greater than in November 1919, being 6,368 tons, as against 6,210 tons. The average price of zinc ore was the lowest average price for any month of the year, the price being $40 per ton at the opening of the month and $32.95 at the close. Lead prices dropped $10 per ton. Additional properties shut down in the District, many for three to four months, and mines continuing to operate were forced to cut wages, beginning December 1, from 10 to 25 per cent, reductions to remain in effect as long as present zinc prices prevail. Production of refined copper in District No. 9 (Minneapolis), as reported by companies producing 75 per cent of the total output of the District, was 19,926,725 tons during November, as compared with 20, 194,498 tons during October and 25,156,563 tons during November, 1919. The decrease is ascribed to the lack of export demand and prevailing low prices. The number of miners employed decreased 12 per cent from October to November, or from 27,035 to 23,805, as compared with 29,374 for November, 1919. Wages were reduced in Michigan either in November or on December 1, although not in Montana. Trade sources indicate some recovery both in price and in demand in the nonferrous metal markets as a whole at the opening of December, but this was soon followed by a reaction, and lower price levels were reached. The price of lead was reduced by the leading interest on December 3 to five cents, which was the outside market level and on December 21 to 4.75 cents, but demand has continued light in this metal, as well as in copper, zinc, and tin.

Employment and wages. - An increasing percentage of unemployment is noted throughout the country, but the situation is most serious in the eastern districts, especially in the manufacturing centers, where mills and factories are either closed or operating on part-time schedules. Wage reductions have also become more general during the past month, especially in the textile industries, a large percentage of the New England mills having announced wage cuts of about 22½ per cent, effective December 20. District No. 1 (Boston) says: "The closing of the worsted mills in Lawrence the last week in November affected approximately 1,500 employees, while some 16,000 have been affected by wage reductions in the cotton mills; wage reductions in Lowell, Mass., in the cotton mills involve 25,000 employees and in New Bedford, Mass., about 40,000; in Manchester, N. H., upward of 16,000 are affected by reduced wage schedules announced to take effect on January 3, 1921." The Massachusetts Department of Labor and Industries estimates that 25 per cent of the membership of reporting unions were unemployed the middle of December, while in many instances working hours have been curtailed.

In District No. 2 (New York) it is stated that the number of workers is about 20 per cent below the maximum reached in the spring. The principal decline during December occurred in the metal and kindred industries in upper New York State, but in this District also the most serious conditions prevail in the textile and clothing trades, it being estimated that only 5,000 of the 65,000 normally employed in men's clothing factories in New York City are now at work. In factories engaged in the manufacture of women's clothing, about 40 per cent of the 75,000 workers ordinarily employed are still retained. In Paterson employment in the silk mills is about 10 per cent of normal. The

New York report further says: "Those idle in Rochester include 9,200 clothing factory workers and 5,000 shoe-factory workers, and the remainder are made up from those formerly employed in the building and metal trades and miscellaneous factory enterprises. In Syracuse 100 factories formerly employing 40,000 persons have laid off 18,725. Auburn, Fulton, and Oneida, providing employment for 15,000 in the early spring, now employ 10,000. The depression in the knit-goods trade has been reflected in Utica and Cohoes, where only about 10 per cent of the maximum number of such workers are now employed. In Troy eight of the nine large collar and shirt factories were closed during December, making idle 10,000 workers, mostly women and girls. In Rome, Ilion, Little Falls, and Herkimer, where about 23,500 persons were employed last spring, 8,500 are now idle. These figures and the more general data for the State as a whole refer in the main to persons working in industrial establishments who constitute in this State about one-third of the wage-earning population. Other types of workers have been much less affected by the slackening in business activity."

In the southeastern districts also considerable unemployment exists, although conditions are not so acute. The textile mills in these sections have likewise reduced wages anywhere from 20 per cent to 25 per cent. District No. 8 (St. Louis) says that although unemployment is much less marked than elsewhere in the country "it has noticeably increased during the past 30 days," the lumber, furniture, clothing, and metal industries being most affected. So far wage reductions in this District have been insignificant.

In District No. 10 (Kansas City) reports indicate "very general unemployment, due in part to the usual winter slowing down but also resulting from lack of demand for local products. The curtailment of operation has been fairly general; occurring in the mining and petroleum industries, in railroading, and to some extent in mercantile establishments." An exception to this situation is noted, however, in the coal mines of Missouri, Kansas, Oklahoma, and Arkansas, where the percentage of unemployment is less than during preceding months. Reports from 144 of the larger industrial establishments in five leading towns in Oklahoma; which employ a total of 17,000 persons, show a reduction of forces amounting on the average to about 7 per cent. Oil refineries in some instances have reduced the number of employees as much as 40 per cent. There have been some reductions in the forces of packing houses, and flour mills in certain sections of the State have reduced their working forces nearly 50 per cent. It is said that there is more unemployment in Colorado than at any time for the past three years, this being especially true for the three largest cities. The building trades, however, are said to be working steadily and the situation in the coal and metalliferous mines is good. In Kansas, although there is some increase in unemployment among unskilled workers, the situation on the whole is fairly good. In Wyoming, also, there has been some unemployment, but it has not been exceptionally pronounced. In District No. 12 (San Francisco) unemployment is increasing, the unemployed in the State of Washington being estimated at 20,000, while in Portland 10,000 laborers are stated to be without work.

Wholesale trade. - During October the decline in the volume of net sales of reporting wholesale firms had become quite general not only as compared with the preceding month, but with the same month a year ago. The downward tendency, continued during November, has become more pronounced in lines not previously so seriously affected. In District No. 3 (Philadelphia) 26 reporting hardware firms show decreases of 10.1 per cent in November as compared with the preceding month, although sales are still 10.2 per cent in excess of those for November, 1919. The sales of 51 wholesale grocery houses in the District fell 15.8 per cent as compared with a year ago, although showing a negligible increase over the preceding month. It is stated that buying in this field is largely for immediate consumption. As a matter of fact, in volume and number of sales, the wholesale grocery business is probably about as active as a year ago, but price reductions have brought about decreases in the money volume of sales. In District No. 4 (Cleveland) slight reductions are shown in volume of sales of dry goods and grocery firms amounting to 4.2 per cent and 3.8 per cent, respectively, with 3 dry-goods houses and 13 grocery firms reporting. On the other hand, hardware sales (4 firms reporting) are still 16.7 per cent above those for November, 1919, while 3 wholesale drug concerns have increased sales 45.8 per cent as compared with November, 1919. In District No. 5 (Richmond) wholesale hardware houses registered declines of 7.8 per cent in volume of sales as compared with a year ago and 14.9 per cent as compared with the month of October. In this District declines in all lines, namely, groceries, dry goods, boots and shoes, hardware, and furniture were reported, the percentage decreases as compared with November, 1919, being 5.7 per cent for groceries (9 firms reporting), 51.2 per cent for dry goods (8 firms), 35.7 per cent for boots and shoes (9 firms), and 84 per cent for furniture (4 firms). Last year it was said that: "At the close of November the reporting firms had large amounts in orders outstanding, but this year the orders reported amount to practically nothing. Back orders with which the firms began the year have been filled as new business fell off, or else have been canceled before shipment could be made. A dry goods wholesaler reported \$125,000 in outstanding orders on November 30, 1919, but only \$3,000 on November 30, 1920. Another firm selling the same line estimates that they had unfilled orders around a half million dollars at the end of November last year, but had not enough to mention this year on the same date. A boot and shoe dealer reports $15,000 in unfilled orders on November 30, 1920, compared with $200,000 on the same date a year ago. Four furniture makers reported outstanding orders as of November 30, 1920, as but $37,932, compared with $909,430 on the same date last year.

In District No. 6 (Atlanta) average decreases are shown for all reporting lines both as compared with November, 1919, and with the preceding month, the declines being especially heavy in the case of dry goods and shoes from the returns of a year ago. The 11 reporting dry goods firms show average sales decreases of 9.4 per cent as compared with November, 1919, and 12.2 per cent as compared with the preceding month. Similarly 9 wholesale shoe houses register declines of 40.2 per cent and 31.5 per cent, respectively. Twelve grocery firms give average sales 18.2 per cent below the totals for the same month last year and 11.7 per cent lower than those of the preceding month, while the corresponding figures for 9 hardware firms are 49.4 per cent and 9.5 per cent, respectively. Decreases in sales as compared with November, 1919, are heavy for all reporting lines in District No. 7 (Chicago), amounting to 16.2per cent for 23 grocery houses, 20.1 per cent for 8 shoe firms, and 29.1 per cent for 8 dry goods firms. All concerns report cautious buying and downward price trends.
In District No. 10 (Kansas City) the only exception to the downward movement is found in the case of drugs, declines being especially heavy in groceries and furniture as compared with a year ago, while furniture, grocery, and hardware sales are much below October averages.

In District No. 11 (Dallas), also, the solitary exception to the general declines reported occurs in wholesale drugs, sales being 8 per cent in excess of those for November, 1919, although 21 per cent below the average for the preceding month, with 5 firms reporting. Four grocery firms report declines of 10 per cent from November, 1920 and 34 per cent as compared with November, 1919; for 2 hardware concerns, the declines are 3 per cent and 27 per cent, respectively; for 3 dry goods firms, 13 per cent and 29 per cent; and for 2 dealers in farm implements, 37 per cent and 47 per cent. In District No. 12 (San Francisco) 137 wholesale firms reporting for 8 lines, namely, groceries, dry goods, hardware, drugs, shoes, stationery, furniture, and auto tires, show average declines as compared with the preceding month and with November, 1919, drugs again being alone in maintaining an increase, having advanced 15.7 per cent as compared with November, 1919. The declines as compared with a year ago amount to 32 per cent for auto tires, 23.8 per cent for furniture, 33.3 per cent for shoes, 21.6 per cent for dry goods, 11.9 per cent for groceries, and 8.8 per cent for hardware. Declines from the averages of the preceding month were 47.7 per cent for auto tires, 19.5 per cent for furniture, 28.2 per cent for shoes, 24.5 per cent for dry goods, 14.7 per cent for groceries, 18.1 per cent for hardware, and 11.5 per cent for drugs. Demand is reported to be restricted, buyers filling only immediate needs, while current orders are small and, in some cases, practically negligible.

<u>Retail trade</u> - The retail trade situation is characterized by a continued lowering of prices and an increased volume of business, due both to these price reductions and to Christmas shopping. The percentage increase of net sales over those of November, 1919, in Boston were 11.4, in Philadelphia 8.5, in Richmond 13.1, and in San Francisco 11.3. The cause of the comparatively large volume of business during November is well expressed in the report from District No. 10 (Kansas City) which says: "While this may reasonably be ascribed in part at least to the seasonal influences imparted by the Christmas spirit, it is quite evident that the attractive prices at which goods are offered are having a good deal to do with the increased volume of sales". It is reported in some districts that prices are now approaching the replacement values, while it is reported in District No. 8 (St. Louis) that "the past 30 days have been marked by numerous and drastic cuts in retail prices, but the reductions are in a large measure isolated and specialized." The department stores are gradually liquidating the large sums which were tied up in stocks when the present declines started, but the outstanding orders are very low and little attention has been paid to the replacement of depleted stocks because they are holding out with the view to restocking at lower figures during the early months of 1921. This is shown by the percentage of outstanding orders at the end of November to the total purchases during the calendar year 1919, which is 7.7% in Boston, 4% in Philadelphia, and 3% in Richmond.

<u>Building</u> - Causes operative in preceding months to hamper the resumption of building continued to prevent a revival of activity. The deterrent effects of high wage levels and high prices of building materials, together with restricted funds for investment have been accentuated by

the usual decline to be expected at this season. In New York State and northern New Jersey building contracts for November were $20,000,000 below the October total, but contracts within the district for the 11 months period were $579,000,000, 16 per cent in excess of totals for the same period in 1919. In District No. 4 (Cleveland) the decrease in total valuation of permits for 12 cities for the same month last year was 51 per cent and a slightly greater decline occurred in District No. 5 (Richmond), where totals were 54.6 per cent below those for November, 1919. In District No. 6 (Atlanta) a few cities show increases, but the general trend is downward. In District No. 8 (St. Louis) Louisville, Memphis, and Little Rock all report declines in the value of permits, as compared with November, 1919. More inquiries are said to have been received by architects, builders, and contractors, but actual undertakings are few. In District No. 9 (Minneapolis) the number of permits amount to 81 per cent of the total for November, 1919, and the valuation is only 33 per cent of that of a year ago. There was a decline in the number of permits in every city except Fargo and Missoula, and declines in valuation occurred in all cities except St. Paul, Missoula, and Great Falls. In District No. 10 (Kansas City) the decrease in the value of permits as compared with the same month last year was 50.6 per cent, although estimated costs of building up to December 1 were 11.5 per cent larger than during the corresponding period last year. In District No. 11 (Dallas) the value of permits issued in 9 leading cities was 42.9 per cent below valuations in November, 1919, although the total number of permits increased from 1,387 to 2,001. As a matter of fact, heavy decreases in Fort Worth, Shreveport, Dallas, and El Paso account for the drop, as elsewhere increases had occurred. In District No. 12 (San Francisco) the decline in building activity has not at all any time been so pronounced as in the other districts, and although the value of permits declined 8.7 per cent from October figures, the totals are still 1.6 per cent greater than those reported in November, 1919. It is difficult to estimate the influence of the seasonal change in bringing about the decrease since October, as last year the November figures registered an advance.

Production of lumber has declined generally. In District No. 5 (Richmond) many mills have closed entirely, and a diminished production for November is reported by four lumber associations of the San Francisco District. The largest of these, the West Coast Lumberman's Association, with 121 mills, reports for the four weeks ending November 27, orders of 182,417,000 feet against a cut of 264,305,000 feet. The decline has been due partly to seasonal curtailment of operations, as some of the larger mills are closing for the yearly overhauling of machinery, and in other sections snow has reduced operations. In District No. 3 (Philadelphia) there has been little buying of lumber because builders are unable to secure funds and because the public in general anticipate further reductions.

In District No. 6 (Atlanta) the lumber situation shows some improvement. While a number of mills in New Or[illegible]s are expected to remain closed until after the holidays, in Alabama many are resuming operations. Increased demand has taken place for southern pine, and in consequence prices have strengthened. Work has begun on the first unit of a lumber terminal located on the Hackensack River, near Jersey City, N. J. This first unit will cover an area of 50 acres, with storage sheds for 100,000,000 feet of lumber and a box factory, plan ing mill, and sash and door plant. The terminal is being erected to store, handle and sell Pacifis coast lumber brought by sea from ports in Washington, Oregon, and California.

Prices - The Board's index number of wholesale prices showed a further marked decline during November. In October the number stood at 108 per cent above 1913 prices, in November at 90 per cent. This means there has been a decline of 28 per cent from the peak of last May and of 8.5 per cent during November. Imports and exports are much nearer the prewar level than are commodities for domestic consumption. Further decreases in prices of commodities which were already affected by the decline rather than an extension of price cutting to other industries featured the month. In other words, agricultural p products, textiles, hides, and leather, and iron and steel products declined very strikingly, while coal, petroleum, gasoline, paper, brick, and cement remained largely unaffected. In the latter groups of commodities reductions are reported here and there in the open market, but quoted contract prices appear to be at approximately the same level as in earlier months. In the case of petroleum, reductions occurred in the Texas coastal field, but in other districts no important changes have been made. In the coal industry prices are reported as easier in December. Contract quotations on leading grades of anthracite and bituminous for November, however, were at the same high level as in October.

In three important industries - cotton, wool, and boots and shoes - where the liquidation process has been of longest duration, further price reductions were made in November, but it was reported from several sources in December that buying had been on a larger scale than in recent months. Falling prices for farm products has led to a withholding of commodities from market in the case of cotton, corn, and tobacco. Reports from all sections of the country are to the effect that lumber prices were heavily reduced during November. Structural steel along with other steel products likewise declined, but cement and brick prices remained firm.

Retail food prices decreased $2\frac{1}{2}$ per cent during November, according to an index number of the Bureau of Labor Statistics, computed from the prices of 22 articles of food in different sections of the country. The rate of decline was only slightly more rapid than during October and September. Federal Reserve agents also report decreases in retail prices during November and December, although in most districts emphasis was placed on the fact that in spite of extreme reductions in certain lines, notably clothing, retail prices as a whole were declining less rapidly than wholesale.