FEDERAL RESERVE BOARD X-3034

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

The business developments during the month of January have shown a slight but unmistakable turn toward a better state of affairs. At some plants where considerable numbers of men have been unemployed, industrial operations have been resumed in whole or in part. The Bureau of Labor, however, reports a total of 3,473,466 unemployed for the country as a whole. Prices in many lines have gone no lower than the level which had been established at the close of 1920. Banking conditions have materially improved, partly through the steadier and more rapid movement of agricultural products to market and partly through the more rapid liquidation of paper already held by member banks. As a result the reserve ratio of the Federal Reserve System has risen to 49 per cent at the last reporting date in the month (January 28th). Member bank conditions also show improvement in liquidity and increasing strength. Failures have been relatively fewer. There are signs of a distinct improvement in certain branches of the textile trades while retailers are now beginning to buy much more freely and actively than heretofore due to the depletion of the stocks on their shelves. Transportation supply has been fairly equalized with demand and there is now little or no delay of goods going from producer to consumer. Farm products, although fluctuating more or less widely, have maintained themselves at prices substantially equivalent to those established during December. There has been little or no gain in export trade conditions but preparations for the placing of export financing upon more satisfactory basis was believed to lay the foundation for a distinct improvement of the outlook. Retail prices have shown during the month of January a much greater tendency to reflect the changes that had already occurred in wholesale prices. While, therefore, it cannot be said that very material alteration of fundamental conditions has occurred enough progress has been made to give assurance of a steady movement toward sounder conditions in business. There is a wide demand for American goods, the difficulties connected with marketing being found in the question of prices and of terms to be required of purchasers.

AGRICULTURE. As is usual at this season of the year, developments in the agricultural situation have been few and of little importance. Prevailing temperatures throughout the agricultural sections have been mild and comparatively uniform and very little damage has resulted from alternate freezing and thawing except in District No. 4 (Cleveland) where some damage has been done to the wheat crop due to the lack of a covering snow. Snows have fallen in many sections and have been of great benefit to the winter grain, but as yet there is still in general an insufficient amount of moisture. In District No. 8 (St. Louis) it is reported that "On the whole the condition of winter wheat is fair to good," and "Thus far there have been fewer complaints than usual of damage from inclement weather," while District No. 10 (Kansas City) states that "wheat generally is reported to have a fine green color and excellent condition, furnishing much good pasturage." The mild and uniform weather which has prevailed on the whole throughout the winter has been favorable for out door farm work and in most sections good progress has been made in plowing for spring crops.

The close of the year found a considerable amount of cotton still unpicked in District No. 11 (Dallas) but it is generally believed that most of the unpicked crop will be saved. In District No. 10 (Kansas City) "The Oklahoma report for the week ending January 4th said 20% or more of the cotton crop, all very low grade, was still in the fields" while District No. 8 (St. Louis) reports that "belated picking has been stimulated by a temporary market for weather stained cotton." Some low grade cotton has been left ungathered in District No. 5 (Richmond) but "due to favorable weather and a slight stiffening in prices, more cotton has been picked during the last two weeks." Little cotton was sold in that district during December, due to the unsatisfactory prices, but around the opening of the new year prices showed an upward tendency. There is still much evidence of the holding movement among cotton producers in District No. 11 (Dallas) but receipts at Galveston as compared with ginnings in Texas to January 1st would indicate that the rate of marketing is "not so far below normal." "Evidence continues to accumulate" that crops will be more diversified in the district in 1921. A heavy increase in winter grain acreage is reported, and many farmers it is believed will either curtail or eliminate the land thus released to raise a larger supply of their own necessities. Much talk of reduced acreage, both for cotton and tobacco continues in District No. 5 (Richmond).

Conditions in the several tobacco sections continue unsatisfactory. Farmers in District No. 8 (St. Louis) are unwilling to accept the prices offered, claiming that they do not cover the costs of production. It is stated however, that "the best grades are selling at reasonably fair prices, while the inferior grades, of which the crop is largely composed, are bringing unusually low figures." Little tobacco was sold in District No. 5 (Richmond) during December, and "many of the markets were closed a good part of the month or until after the holidays." In District No. 4 (Cleveland), many of the markets closed shortly after the opening, due to the low price offered. A general sentiment in favor of a reduction in the tobacco acreage apparently exists in all the sections. "Much talk is heard of raising no burley crop in 1921" in District No. 4, "numerous plans to enforce a reduction of acreage have been advanced" in District No. 5, and farmers in District No. 8 "are agitating to hold last year's crop and plant none this year." The above are all tobaccos of the so-called manufacturing and export types. The quality of Pennsylvania cigar leaf is considerably lower than last year, and manufacturers are reluctant to use this grade of leaf. Except for brands for which there is an established trade, demand has decreased within the past 60 days in the industry. The usual dullness during the first week of January has continued in District No. 3 (Philadelphia), and both dealer and buying public display a waiting attitude.

Until December 20th the movement of grain in District No. 9 (Minneapolis) was heavier than last year, but thereafter a "decided slump" occurred. Total December receipts of all grains at Minneapolis and Duluth thus were 24,078,849 bushels as compared with 32,227,544 bushels during November and 21,714,154 bushels during December, 1919, the December receipts at Duluth being over 5 times as large as a year ago, although the Minneapolis receipts showed a decline of almost 10%. Combined December corn receipts at both centers were double those for November, while those of wheat, barley and rye were about two thirds as large. "An improved demand for wheat and more liberal supplies were outstanding features of the opening week of the new year" in District No. 10 (Kansas City). Receipts of wheat during the first 15 days of January were 20% larger than a year ago, and corn receipts were 30% larger, but receipts of oats decreased 20%. During December price declines prevailed in District No. 9 (Minneapolis) "with but minor exceptions," and a narrower range was exhibited. Thus the high and low prices of No. 1 dark northern cash wheat in December were $1.87-7/8 and $1.52, as compared with $2.22 and $1.81½ during November. In early January, however, increase was found in general in the markets in many sections. From mid-December to mid-January the grain markets in District No. 8 (St. Louis) were subject to frequent and broad fluctuations, the character of which reflected unusually heavy speculative activity." Cash hard winter wheat at Kansas City sold on January 14th at $1.81 - $1.85 as compared with $1.69 - $1.70 around Christmas.

FLOUR MILLING. Milling operations in the first part of January increased materially over those during December, but were still considerably lower than a year ago. Kansas City mills during the first week of January were operated at 67% of capacity; during December at 58% and during the first week of 1920 at 81%. Interior mills, however, continue to operate at below 50% of capacity. In District No. 9 (Minneapolis) present operations are at about 43%, as compared with 65% a year ago. Production of mills representing 75% of the total output of the district, was 2,024,470 barrels during the 4 weeks ending December 25th, as compared with 2,460,495 barrels during the 4 weeks ending November 27th, and 2,497,507 barrels during the 4 weeks ending December 27, 1919. In District No. 12 (San Francisco), 78 millers were operating at 26.7% of capacity during December, as compared with 34.7% during November and 88.9% during December 1919, the total December, 1920 output being 399,692 barrels. Mill operations in District No. 8 (St. Louis) are only at about 50 to 60% of capacity. Bakers in Kansas City were more active purchasers at the opening of January than were jobbers. Prices in District No. 8 (St. Louis) have fluctuated considerably, but with an upward trend, principally in sympathy with the advance in wheat futures. Country mills are relatively busier than the larger city plants in that district, due to the fact that the former sell their product locally, and thus do not feel the present lightness of foreign buying.

LIVESTOCK. In livestock, the exceptionally mild winter has made possible a large amount of grazing, so that little feeding has been necessary in many sections, and conditions have been beneficial to the stock. Throughout District No. 10 (Kansas City), precipitation was very light during December, and at the end of the month most of the range country was in need of moisture. In New Mexico, also, stock water is becoming scarce in some sections, and the drouth is beginning to cause some apprehension on the part of cattle interests. District No. 12 (San Francisco), however, reports that "range, feed and moisture conditions continue favorable in practically all sections, and livestock is generally reported as thriving." In California, green feed is abundant except in a few southern counties, but in the inter mountain country a layer of winter snow over most of the winter feeding area made necessary a considerable amount of feeding of hay. Hay, however, is plentiful, and the price low. The movement of livestock to market has been lighter. Receipts of cattle at 15 western markets during December were 984,309 head, as compared with 1,781,261 head during November and 1,641,731 head during December, 1919, the respective index numbers being 98, 177 and 163. Receipts of sheep likewise decreased from 1,542,477 head in November to 942,858 head in December, as compared with 1,588,661 head in December 1919, the respective index numbers being 113, 69, and 116. December receipts of hogs, however, were 2,932,052 head, corresponding to an index number of 133, an increase over the November figure of 2,624,185 head corresponding to an index number of 119, but much less than the December, 1919 figure of 3,708,409 head, corresponding to an index number of 160. Similar testimony comes from the individual Federal Reserve Districts. Total receipts of livestock at South St. Paul during December were only about one half of those during November, and less than three quarters of those a year ago. The receipts of cattle and sheep in particular were affected, amounting only to about one fourth of the November receipts, and cattle receipts were less than one half of the December, 1919 figures. In District No. 10 (Kansas City), receipts of cattle during December were about 50% of those during November and during December, 1919, and receipts of hogs, while showing a slight increase over the November figures were about 35% less than during December, 1919. Cattle receipts at Fort Worth were the smallest for any

December in 13 years. In District No. 10 (Kansas City) the markets from mid-December to mid-January were irregular, and there was a narrowing of the range of cattle prices. Prices of hogs and sheep advanced after the opening of the year. Prices at Fort Worth were at exceptionally low level during December, in spite of the small receipts. In District No. 9 (Minneapolis) lower prices prevailed throughout December, due primarily, it is stated, to the great reduction in demand for foreign export while there was also a substantial decrease in the demand for beef to be placed in freezers. In District No. 12 (San Francisco), however, prices "were generally maintained at November levels," and in District No. 8 (St. Louis) "the average shows very little change from the preceding month."

LUMBER. Lumber prices as yet show no tendency to advance. Indeed in District No. 3 (Philadelphia) there has been a general drop with the exception of the better grades of white pine which advanced $5 per thousand. In District No. 6 (Atlanta) the average prices realized from December sales was probably 15% less than in November and fully 50% less than for December of last year. Consumers demand further reductions from retailers who have already received substantial reductions from the manufacturers. The latter claim that the present prices for lumber at the mills will not pay for the cost of production.

In view of the lack of demand, production of lumber continues to decline. A large proportion of the Southern Pine mills located in District No. 6 (Atlanta) are running on part time or shut down altogether and production as reported by 125 mills belonging to the Southern Pine Association showed for the week ending Friday January 7th an actual production 51.5% below normal. Orders were 57% below normal production. Twenty-four mills belonging to the Southern Pine Association located in District No. 11 (Dallas) reported actual production 47% below normal while orders are 54% below normal production. While some part of the general decline in production is partly due to closing for annual repairs, overhauling, and inventories, it is due mainly to the reduction in orders caused by the general depression in business. In District No. 12 (San Francisco) production has receded gradually since May 1920, reaching the low point of the year in December when according to the figures of the 4 lumber associations, the output was 34% less than in November. For the first time since July 1920 the cut of the principal producers in the district, the West Coast Lumbermen's A

Association, was less than shipments and 61% below normal. The San Francisco report says, "both the orders received by, and the shipments of the 4 associations combined, touched the low points of the year during December. The total volume of new business booked by all reporting mills was 37% less than that of the preceding 4 weeks and the shipments showed a decrease of 17%.

COAL. Production of bituminous coal during December was 52,560,000 tons as compared with 51,012,000 tons in November and 36,612,000 tons in December 1919, the respective index numbers being 142,138, and 99. The average production per work day however, has been steadily downward since mid-December, and the present daily rate is lower than in the corresponding period during any of the four previous years, except 1918, when a severe storm caused railroad congestion and thus affected production. Present curtailed production is attributed to lack of orders. The characterization of the present situation in the soft coal trade from District No. 3 (Philadelphia) is typical of the reports received from other Districts also. It states that business is "comparatively dull, owing to smaller domestic demand incident to the curtailment of industrial operations, the decline in the export trade and finally the elimination of speculation which was so pronounced about two months ago." In consequence, prices have shown a decline. Mining and shipping in District No. 4 (Cleveland) have been affected, but there has been a very large movement. In District No. 10 (Kansas City), however, after the usual slowing down during the holidays, operations during the first two weeks of January were little if any below those for the first three weeks of December. Prices are "a shade easier" than one month ago, but up to the present time no material changes in wages have been reported. Supplies of coal and coke are "ample" in District No. 8 (St. Louis), and surpluses are reported in a number of localities. Prices of coal to ultimate consumers have been reduced slightly in St. Louis and other large cities of the District. Reflecting the industrial situation, the production of beehive coke has continued to decline. Prices have been affected correspondingly, the lowest point being reached as a result of the holiday accumulations, and an increase was again shown as these were worked off.

Anthracite coal production during December was 8,469,000 tons, as compared with 7,519,000 tons during November and 8,089,000 tons during December 1919, the respective index numbers being 114,102, and 109. During January, however, there has been continued recovery from the holiday depression, and the weekly output is again approaching the two million ton mark. A strong consumers' demand exists, it is stated from District No. 3 (Philadelphia), in spite of the exceptional mildness of the winter. Steam sizes, however, are "draggy." Two large railroad company producers have raised stove and nut sizes 15 cents per ton.

CRUDE PETROLEUM. The production of crude petroleum has shown a decrease. In District No. 10 (Kansas City) refiners reduced purchases of crude oil from 30% to 50% during the past 30 days. In consequence, average daily production in Kansas and Oklahoma fell from 386,000 barrels during the week ending December 24, to 347,000 barrels during the week ending January 14. Production in District No. 11 (Dallas) during December was 12,833,574 barrels, as against 13,347,352 barrels during November, the heaviest decline being reported in the Texas coastal fields. In both Districts the decline in production is attributed in part to the inadequacy of pipe line and storage facilities. Some of the refiners and large users of crude oil are increasing their capacity for transportation of oil to market centers in District No. 10 (Kansas City) while new pipe lines are being completed in Central West Texas. Drilling activities in Texas were sharply curtailed, while fewer wells were completed in December in Oklahoma and Kansas than in November altho Wyoming showed an increase. The prices of both crude petroleum and various refined products have declined.

IRON AND STEEL - New business in the iron and steel industry continues light, and as a whole, it is stated from District No. 3 (Philadelphia), that the industry continues in the "lethargic" state which has existed for several months. This is in spite of "a marked increase in the competition for new business" which has closely accompanied the downward trend in prices. The decline in prices in that District, however, is "at a slower rate than at any time since the recession started". Declines are found both in the raw materials and finished products, and independent producers are reported to have shaded the general market level in some lines, such as plates and sheets. Many independent companies in Districts No. 3 (Philadelphia) and No. 4 (Cleveland) have reduced wages 15 to 20%, and a general reduction of 15% will be put in effect February 1 in the Lake Superior ore district by those operators who have not taken this step already. The United States Steel Corporation, however, has made no changes in wages in its ore mines or plants. The situation is reflected in the continued difference in operating position between the independent companies and the United States Steel Corporation. The latter is reported to be operating at practically full capacity in the Pittsburgh District, and at over 80% of finishing capacity in the Chicago District. On the other hand, in District No. 4 (Cleveland) "it is doubtful if the independent capacity is more than 30 to 40% active", and "at mid-January but 12% of the independent steel capacity in the Mahoning Valley was in commission," while in District No. 3 (Philadelphia) "operations represent only 35% of capacity as compared with 40% a month ago". Sharp inroads have been made on unfilled orders, and those of the United States Steel Corporation at the close of December had further decreased to 8,148,122 tons from 9,021,481 tons at the close of November, the respective index numbers being 155 and 171. Only a few concerns in District No. 3 (Philadelphia) "have more than enough orders to enable them to continue operations longer than two or three months". Several which produce finished and semi finished products are now operating at full capacity in order to restore depleted stocks. Cancellations in the District, which were quite prevalent a month ago, have tended to decrease in number. Steel ingot production during December was 2,340,365 tons, corresponding to an index number of 100, as compared with 2,638,670 tons during November, corresponding to an index number of 113. Pig iron production also showed a falling off, from 2,934,903 tons during November to 2,703,855 tons during December, the respective index numbers being 127 and 117. The blowing out of merchant blast furnaces has continued in District No. 4 (Cleveland) until the smallest number of this class in about two years now is producing. Production of pig iron in Alabama is being held to a minimum. It is reported that blast furnace companies in their inventories have marked down their iron ore on hand from 50 cents to $1.50 a ton, but the ore selling companies have not as yet announced ore prices for 1921. The amount of fabricated structural steel for which contracts were made during December was 47,000 tons or 26% of the country's capacity, as compared with 49,200 tons or 27½% during November. While both orders and shipments of the Bridge Builders and Structural Society, representing 40% of the total fabricating capacity of the country, increased for December over the November figures, work ahead decreased from 134,200 tons, at the close of November to 112,525 tons, at the close of December.

NON-FERREOUS METALS. A somewhat better tone to the non-ferreous metal markets was reported at the opening of the month, and the markets have been helped by the recovery in sterling exchange. Lead was most active and strongest, the open market level being somewhat over the figure of $4.75 quoted by the leading interest, but towards the middle of the month was somewhat quieter. Foreign demand for copper was somewhat better than the domestic demand. As the cheaper lots were eliminated, prices became somewhat firmer. Tin became decidedly firmer at the opening of the month, but subsequently declined in sympathy with the London market. Consumers' demands have been light. The zinc market has been very restricted with demand light and prices low. December copper production reported in District No. 9 (Minneapolis) amounted to 20,608,819 lbs., as compared with 20,842,897 lbs., in November, and 16,516,308 lbs., in December 1919, an increase of about 25% over the last figure, due largely to the shut-down of one of the leading Montana producers for a part of the month of December 1919. In District No. 12 (San Francisco), however, copper production was substantially curtailed during December, several mines having shut down, while others reduced their operations to

50% of capacity. The average price of blend ores in the Kansas City District was $31.51 per ton during December, the lowest prevailing in the zinc ore market for many years.

COTTON. The Census Bureau reports consumption of cotton by the mills of the country in the period from August 1st to December 31st to be 1,967,000 bales as compared with 2,554,000 bales for the corresponding period a year ago. Only 294,800 bales were consumed in December 1920 as compared with 511,500 bales in December 1919 and 332,000 bales during the preceding month. A slight advance in prices occurred after the opening of the new year but was followed by declines. The total cotton exports during December were 788,578 bales as compared with 685,323 bales in November and 876,852 bales in December 1919.

There has been some improvement in the cotton textile industry of New England during the past month, especially in the market for yarns for which there has been an increased demand and a resultant increase in prices. The report from District No. 1 (Boston) says; "As a whole a very real effort has been made to place values on such a level that buyers will feel that the stabilization so necessary to attract a normal demand, has been attained. Quotations upon standard cloths for the second week in January indicate, in fact, that price reductions in manufactured goods have outrun the decline in the raw material. Upon comparable dates, spot middling upland cotton had declined 54% from its quotation a year ago, while 28-inch print cloths 64X60's were quoted at 6 cents as against $14\frac{3}{4}$ cents, and $38\frac{1}{2}$ inch 64X60's gray goods at 8-5/8 cents in comparison with 23 cents in January 1920 -- reductions averaging over 60%. In like manner brown sheetings,

4 yard,

56X60's, had fallen from 29 cents to 11½ cents, and reductions of 58 per cent in tickings, 62 per cent in denims, and approximately 50 per cent in dress ginghams and standard prints, indicate the breadth and severity of price readjustments made by manufacturing interests."

On the other hand, the situation in District No. 3 (Philadelphia) has remained virtually unchanged, the report stating that: "The market for heavy cottons is exceptionally dormant, and as a consequence every plant in the district making the fabrics is either completely shut down or operating but 2 or 3 days a week at reduced capacity in order to retain its working organization." Cotton yarn mills have further curtailed operations and it is estimated that hardly 20% of capacity is being maintained in the district and even then the output is not being disposed of. During the third week in January there was a slight increase in quoted prices. In North and South Carolina signs of recovery were much more in evidence, some of the textile mills having resumed operations on approximately full time. In a majority of the southern mills wage reductions averaging about 25% have become effective.

WOOL. There are some evidences of a slight improvement in the market for raw wool. To be sure it is estimated that over 70% of the wool clip of District No. 12 (San Francisco) is still in the hands of the growers or held for them on consignment in the eastern markets or at Portland but the late December wool movement was reported to be heavier than for many weeks and it was significant that a disposition to make further price concessions was then lacking. A slight increase in prices of raw wool was noted in the Boston market at the end of December, where the Government auction of carpet wools brought prices from 5 to 10% above those immediately preceding. On the other hand, the English Government auctions during the middle of January resulted in the sale of only 25% at open market rates. There has been an increased importation of wool tops made in England which at current exchange rates can be imported into the country and sold in competition with the domestic product. There has been no particular change in the goods market and no new developments to report as mills are still running much below capacity. District No. 1 (Boston) calls attention to the fact that the total amount of wool consumed by manufactures in November was only 38.3% of the amount used in January 1920, the high point of the period of activity. In District No. 3 (Philadelphia) woolen yarn mills are said to be operating at approximately 50% of capacity with about half the usual number of employees.

About the middle of January hosiery mills in District No. 3 (Philadelphia) began to receive orders from jobbers for immediate delivery with the result that prices of particular numbers advanced somewhat. Thirty firms selling to the wholesale trade reported production for December (selling price) to be 70.3% below December 1919 but 29.4% greater than in the preceding month of November. Finished products on hand at the end of the month (selling price) were also 15.8% less than in November although 57.5% greater than they were at the end of 1919. Unfilled orders at the end of the month (selling price) were 88.4% below the totals for last December and 23.3% less than at the end of November. One of the largest hosiery manufacturers in the United States in District No. 5 (Richmond) states that in the first two weeks of January he secured more orders than during the entire three months preceding.

In the underwear industry likewise some increase in orders for both immediate delivery and for early spring shipment have been received. The orders for spring delivery are very limited, however, notwithstanding the fact that the stocks held by retailers and jobbers are very small. Eighteen underwear firms located in District No. 3 (Philadelphia) report production in December (selling price) to be 42.6% less than during the preceding month and 74.7% less during the same month a year ago. Finished products on hand at the end of the month, although showing a slight decrease of 3.7% from the preceding month were 474.8% in excess of stocks held in December 1919. Orders booked during the month, however, had increased 38.8% as compared with November, but were 14.8% below the totals for December 1919. Unfilled orders on hand at the end of the month were 58.6% greater than in November; but 93.4% less than the amounts outstanding in December 1919.

Carpet and rug mills in District No. 3 (Philadelphia) have so far experienced no revival of demand. A very few mills are operating at full capacity for stock, about one third of those reporting have retained their full working force on part time, the rest are either completely shut down or else maintaining a skeleton working organization but doing practically nothing. Salesmen sent out in November and early December are reported to have been unable to secure orders.

SILKS - There have been practically no changes in the raw silk markets during the month, the price being stabilized around $6.20 per pound as compared with $18.00 a year ago. Stocks in the warehouses in District No. 2 (New York) decreased about 8% during December and on January 1 amounted to about 44,536 bales. There is reported to be an increase in the demand for silk piece goods from retailers and from dress and waist manufacturers with the result that piece goods manufacturers have entered the raw silk markets to fill immediate needs. A few manufacturers have likewise increased the scale of their operations but there has been no resultant increase of activity in this field. In Paterson, New Jersey, silk looms are now running at about 14% of capacity in terms of loom hours as compared with 7% in December. It is said, however, that 10,000 of the 24,000 looms in the city are entirely idle while the rest are running at about 25% of capacity. Elsewhere in New Jersey reports from factories with about 4600 looms show operations to be at about 34% of capacity.

HIDES AND LEATHER - The drastic declines in the prices of hides appear to have been arrested during the past month and calf skins have even advanced slightly. Shoe factories in District No. 1 (Boston) have been reopening with the result that the leather market has also registered some price advances. The increase in production both in December and in January was stated to be "perceptible" although not large. Manufacturers in the District did not hold large stocks either of leather or of finished shoes. On the other hand, tanners' stocks of leather were still large, and tanneries in the District were being operated at only about 30% capacity. In District No. 3 (Philadelphia) shoe manufacturers have received more orders for immediate delivery and some for spring shipments, and the result has been a slight increase in operations of plants already active, while some which had been closed down, have again resumed operations. Many tanneries in the District have also opened, although the percentage of capacity being operated is much restricted, in view of the large amounts of finished stock on hand. Sales of shoe houses located in District No. 8 (St. Louis) in December were far below totals of the same month in 1919 and shipments had decreased anywhere from 28 to 42%. Since January 1, however, two leading manufacturers reported slight increases. The percentage of plant capacity in operation in this District was decidedly above the average for the country at large being estimated at 50%.

UNEMPLOYMENT - There has been no revival of industrial operations on a scale to reduce materially widespread unemployment which was prevalent a month ago. It is probable, however, that the slight increase in activity in leading New England industries during the month has brought a measure of relief, but that would not be reflected in the latest statistics at the end of December. In the south and west furthermore, the situation has become more acute, while in District No. 12 (San Francisco), previously only slightly affected, unemployment is stated to be abnormally great for this season. Wage reductions have likewise continued to be announced and have spread to sections of the country where wage rates have hitherto been maintained at high levels. In the New England District probably 100,000 operatives in the textile mills have been affected by wage reductions which on the average amount to about 22½%. Although reductions have not been quite so large in the boot and shoe industry, they have been extensive, but so far the wage cuts have not stimulated employment to any marked degree. At the end of December, the Massachusetts Department of Labor and Industries on the basis of returns from unions having a membership of 199,022, reported over 57,000 persons or 28.9% without work. The returns from the textile unions showed 48.2% of the membership unemployed, while in the boot and shoe industries 47.3% of members of reporting unions were unemployed. Public employment offices in the state noted a slight increase in the demand for labor in January, but the Boston office stated that the number of applicants was the greatest in record in the first days of January.

In District No. 2 (New York) unemployment increased in January and numbers of workers employed were about 4% below December figures. The New York State Industrial Commission estimates that the factories of the State were employing 300,000 fewer wage earners than last spring. Some textile mills have reopened and there has been greater activity in the men's clothing industry of Rochester, but on the other hand transportation companies dropped a considerable number of employees in January; unemployment was likewise widespread among longshoremen, freight handlers, dock workers and seamen while there were further reductions in iron and steel plants. A survey made by the United States Department of Labor of the industries of New York State most seriously affected show for a selected list of firms with 2,258,963 persons on their payrolls January 1, 1920, a reduction to 1,611,920 persons employed January 1, 1921 - a drop of 32%. In District No. 3 (Philadelphia) unemployment is prevalent as a result of the continuance of shut-downs of plants or curtailment of operation in many lines of industry. In January work was resumed in some of the textile mills of District No. 5 (Richmond) but in the building trades and in the ranks of unskilled labor, there is a serious lack of employment. In District No. 6 (Atlanta) a large number of blast furnaces and some mines have closed down entirely while others are operating only two to four days a week. Mills and factories are also operating on greatly reduced scales and the number of unemployed has increased decidedly, idleness being most widespread in the ranks of the unskilled. In many lines wage reductions have already been made or have been announced. An attempt of building trades employers in Atlanta to put a reduced wage scale into effect has met with union opposition, however, and a projected reduction in wages of the Atlanta, Birmingham and Atlantic R.R. equal to 50% of increases granted employees since 1917 has likewise been resisted. Conferences are being held between representatives of the employees and company officials. Unemployment has become more pronounced in District No. 8 (St. Louis) during the past month being especially felt in industries such as iron and steel, automobiles, shoes, furniture, clothing and lumber. So far wages have remained fairly steady despite the decline in numbers employed. A return flow of labor from cities to the farms is especially noticeable in this District.

A recent survey by the Minneapolis Civic & Commerce Association covering 116 manufacturers employing 26,703 workers a year ago, showed a reduction of 22½% in numbers employed, decreases being greatest in the wood working and paper industries which had about 64% of the number of men employed a year ago. Iron and steel industries had retained 67% of the working forces of a year ago and clothing firms, 71%. In food and food products lines, however, the reduction had only amounted to 9% as compared with January 1920. Elsewhere in District No. 9 (Minneapolis) unemployment is also increasing. No work is in progress at the Duluth shipyards and it is stated that "reports from a selected list of mining operators indicates that in Montana the number of men employed was only 70% of those employed in December 1919, while in Michigan the corresponding figure was 66%. Among the lumber manufacturers reporting directly to the Federal Reserve Bank of Minneapolis, the numbers were 66% of the totals of a year ago. In California apparently, employment conditions are not unfavorable, but elsewhere in District No. 12 (San Francisco) numbers out of work are abnormally large. In Portland 11,000 were unemployed as compared with a normal figure of 5,000, in Spokane 2,500 (normal 1500) and in Nevada, 3000 were unemployed in the mines as compared with a year ago. Wage reductions of 10% to 20% have occurred in various parts of the District.

WHOLESALE TRADE - The decrease in wholesale trade activity continued throughout December. Sales as measured in terms of values were extremely light and losses were reported both as compared with the preceding month as well as with a year ago. Reduced activity was particularly marked in the southern and southwestern sections of the country. Retailers generally have placed few orders and have shown extreme caution - a policy reflected in the buying operations of wholesalers. In wholesale grocery lines, demand is very restricted, although there has been a halt in the severity of price declines, and in some cases minor advances have been noted. The 51 reporting firms in District No. 3 (Philadelphia) had average net sales during the month 13.1% below November sales and 22.3% less than during December 1919. In other Districts from which data were secured decreases as compared with December 1919 ranged from 18.8% for District No. 4 (Cleveland) to 43% for District No. 11 (Dallas). In District No. 11 (Dallas) the drop was also especially pronounced as compared with the preceding month. Changes in wholesale drygoods sales varied from totals 19.5% below those for December 1919 in District No. 7 (Chicago) to an average decrease of 60% in District No. 11 (Dallas) - the averages showing great diversity for the 6 reporting Districts. All Districts report a falling off in hardware sales as compared with the preceding month, but District No. 3 (Philadelphia) is unique in showing average sales for 25 reporting concerns substantially the same as a year ago, whereas in the other districts, declines have ranged from approximately 17% to about 39%. Reporting shoe firms in District No. 6

(Atlanta), No. 7 (Chicago), and No. 12 (San Francisco), record declines varying from 37.7% to 47.9%. But District No. 5 (Richmond) reports a reduction of 78.8% in sales as compared with December 1919.

RETAIL TRADE - The general situation in retail trade has been characterized by considerable buying, but this has been of a careful and discriminating nature. Thus it is stated from District No. 8 (St. Louis) that "the public is as discriminating as heretofore, but is purchasing where prices seem to square with its idea of cheapness". As would be expected in view of the holiday season, December sales in general have increased over those for November, although not to the same extent in all sections. In District No. 7 (Chicago) the December volume of sales "seems to have held its own with that of last year," although many stores attribute this to " a heavy mark down in prices." Retail trade in December "took an upward turn of substantial proportions" in District No. 11 (Dallas), having increased 26.3%, while in District No. 12 (San Francisco) an increase of 54.1% was shown. In both these Districts, however, a decrease from last year is shown, amounting to 2.9% in District No. 11 (Dallas) and 4.3% in District No. 12 (San Francisco), but in District No. 7 (Chicago) there was an increase of 10.6%. December sales of Boston stores increased 1.4% over a year ago, but sales of outside stores decreased 6.4%. Many of the latter are located in "one industry" cities, and they promptly feel the effect of business depression in that industry. Retail trade since Christmas on the whole has been better in Boston than it was a year ago, although country stores generally report a slight falling off in sales. In general throughout the country, however, merchants have not restored depleted stocks. In practically all Districts stocks at the close of December were considerably less than at the close of

November. The decrease in District No. 1 (Boston) amounted to 18.3%, in District No. 5 (Richmond) to 25.9%, in District No. 11 (Dallas) 28.8%, and in District No. 12, (San Francisco), 14.3%. No tendency exists to place new orders for future delivery, further recessions of outstanding orders being those of 2.5% in District No. 5 (Richmond), 2.7% in District No. 11 (Dallas), and 5.8% in District No. 12 (San Francisco).

BUILDING - For the first time in some months, an increase in the value of permits issued is shown in some Districts in December. The number of permits issued, however, with the exception of scattered centers has continued the decrease characteristic of preceding months. The building contracts awarded in New York State and northern New Jersey, District No. 2 (New York), according to the reports of the F.W. Dodge Company were 616 projects at a cost of $17,000,000 for December while in November there were 694 projects at a cost of $29,500,000. In District No. 3 (Philadelphia), the decrease was largest, the decrease being from $2,303,445 to $1,443,715. In District No. 4 (Cleveland) the number of permits issued decreased, but there was a very large increase in value, this being $8,976,700 in December as against $5,901,026 in November. The value of permits issued in Cleveland increased from $2,402,100 in November to $6,391,994 in December. During December a decrease was shown in practically every city in District No. 5 (Richmond) when compared with the same month a year ago, the value being only about 40 per cent. In District No. 6 (Atlanta) large decreases were noted in the leading cities, while some increases were noted in some of the smaller cities. It is reported in District No. 8 (St. Louis), that "a heavy slump in number of building permits and dollar values involved is shown in reports of leading cities of the District for December.

Virtually nothing in the way of new construction is being undertaken at the moment." In District No. 9 (Minneapolis) December building operations, when measured by number of permits, decreased one third from the November figures, but the valuation increased 21%, due entirely to Duluth and Superior operations, which cities alone showed an increase in valuation. Minnesota alone showed an increase in the number of permits issued. District No. 10 (Kansas City), states that "The showing made by the December reports on building was somewhat better than anticipated," There was a decrease in every leading city of District No. 11 (Dallas), with the exception of Shreveport, La. as compared with the previous month. When compared with the closing month of 1919 there was a decrease of 66.8% for the nine leading cities, Austin and Beaumont being the only cities showing increases. District No. 12, (San Francisco) reports that, "Building activity in this District during December 1920 was 5.8% greater than that of November. Each of the principal centers except Los Angeles, where a decline of 39.3% in the value of permits occurred, reported an increase in value but a decrease in the number of permits issued.

PRICES. In early January certain staples - notably grains, cotton, and other agricultural products rose in price but later in the month declined again. At the same time other leading commodities such as crude and refined oils and bituminous coal which had not been greatly affected in earlier months were increasingly weak, while iron and steel products and many less important commodities continued to decline.

One of the striking features of the early period of the present price movement was the difference in the degree to which individual commodities were affected. Textiles and leathers were practically without a market at the same time that steel products, gasoline, kerosene, etc. were in heavy demand. By January, however, this situation had changed and practically all industries - the unimportant as well as the important - had begun to make price revisions. In some cases, notably iron and steel, copper, coke and live stock, the reductions in the course of the last three or four months have been very heavy, while in others such as anthracite coal, comparatively slight changes thus far have been made. In the wool and silk markets something more nearly approaching stabilization of values existed in January than in earlier months. Although there was thus established a more satisfactory trading basis in these raw materials markets, the same was not the case as regards finished piece goods. In these lines trading continued on a very limited scale.

A compilation of the Bureau of Labor Statistics shows an average reduction in the cost of living for the whole country of about 7% between June and December of last year. This estimate is based upon a study of prices in 32 leading cities, the greatestdecline in any city amounting to 10%, the least to $2\frac{1}{2}$%. Nevertheless the December level of the cost of living in the country as a whole is still approximately twice as high as before the war.

FINANCIAL. Financially the month has been encouraging. The improvement in the Federal Reserve ratio which brought the percentage up to about 49 at the close of January was due to steady liquidation of loans by member banks and to reduction of rediscount accomodations at the Federal Reserve Banks. Slackening in the demand for credit resulted in a material reduction in the total outstanding volume of circulation, amounting in the month to about $50,000,000, while gold holdings increase to $25,000,000 net. In private finance the month has been a period of improvement of value in most classes of securities. Various minor issues of foreign public bonds have been floated with success and a number of relatively important private issues have been sold to the public, although all of these sales have taken place at rates which indicate a continuation of high levels of interest. Although during the month the call money rate was for a short time as low as 6 per cent in the New York market, it promptly reacted to 7 per cent, while time funds have been relatively scarce. The shrinkage in business has been accompanied by a comparative decline in the activity of the use of bank deposits. Demand for the best class of bankers acceptances has continued good and while export trade and paper growing out of it have been in an uncertain condition there has been a somewhat unexpected but nevertheless gratifying improvement in the values of nearly all foreign currency, sterling especially making a notable gain and reaching a level higher than any attained since July, 1920. The events of the month, therefore, are regarded by financial observers as having on the whole been of an encouraging nature.