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## F E D E R A L R E S E R V E B O A R D

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

Slow but greatly retarded recovery in production and distribution has been in progress during May. What appears to be a definite turn for the better has been taken by some branches of domestic industry, but foreign trade is still arrested or depressed. The more hopeful attitude which showed itself among business men during April has continued; and in some industries is preparing the way for active development. Gains made during the preceding month or two have been generally retained, reaction being only sporadic.

Foreign trade continues its movement toward a more nearly equal balance of imports and exports. There has been a further falling off in our foreign shipments and some increase in receipts from abroad; the figures being especially noteworthy when stated as physical volumes of goods. Failure to recover normal industrial conditions in foreign countries and special causes of trade impairment, such as the British coal strike, have hampered progress; while disturbed exchange and inadequate financial facilities have made resumption of activity a matter of special difficulty in some directions.

Readjustment in wages which was given special consideration a month ago has proceeded but has been slow; while adjustment between wages and prices (especially retail prices) is exhibiting special difficulties.

Irregularity and lack of uniformity still exists in marked degree over large sections of the retail price field and qualified observers forecast serious obstacles to the final adjustment of wages to permanent levels, unless retail prices move much faster to their final basis. Settling of prices has proceeded in various wholesale lines to an extent that is reflected in less noteworthy average changes; but this process is apparently more truly an "evening up" or adjustment to a level already reached than it is a new dip or downward movement toward generally lower values. Basic commodities have shown ability to hold their own at levels already established. High costs of transportation, to which reference was made a month ago as one of the elements retarding readjustment continue to produce a restrictive influence and are the subject of active investigation and discussion.

The uneven character of the business readjustment of the month is illustrated by conditions in the various individual industries. In some of the latter an approach to stabilization has been made. This condition notably exists in the textile trade and in the boot and shoe industry. Contrasted with industries of this type are several that are either at low level or moving further downward. In iron and steel reaction is still progressing. Buying is confined largely to immediate needs and as a consequence both unfilled orders and current production show declines.

So long as prices are still in an unstable condition, buying for future delivery is necessarily retarded in many lines. This holds good both of industries where recovery is in progress and in those which are still declining. In some branches of textile production, for example, manufacturers report that while the volume of current trade is good, advance orders continue small, most buyers declining to commit themselves far in advance.

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In wholesale and retail trade, there has been some recession, although such recession has been much more pronounced in the wholesale than in the retail field. It is worthy of note that the month of May falls between two seasons of major productive activity. In most highly seasonal industries a recession naturally occurs just after the earlier spring increases. This accounts for current seasonal declines in activity both in manufacturing and in trading businesses.

The anticipated improvement in the labor market due to the opening of spring agricultural activities has not proved sufficient to absorb the surplus resulting from the reduced employment attendant upon present industrial conditions. In the eastern sections of the country as a whole the employment situation has attained some degree of stabilization. Growth of unemployment is therefore more pronounced in those regions in which industrial readjustment has not been so long in process. Voluntary unemployment, however, has been considerably augmented during the month as a result of the increase in labor difficulties which has accompanied wage reductions.

Agricultural developments of the month are of a somewhat uncertain character. Whereas climatic and soil conditions had previously been favorable, the wet cold weather of May interfered with crop development and as a matter of fact great damage has been done in certain sections of the country. The fruit crop over wide areas has suffered severely.

Financially, May has been a month of increasing strength and of more prosperous outlook. There has been, in various sections, an easing of the demand for funds which has resulted in part from the acceptance of lower price levels and in part from the adjustment of business to new

conditions. Federal Reserve Banks have received large new accessions of gold and have in many parts of the country reduced their bill holdings and other commitments. Rates of discount at Reserve Banks have been reduced 1/2 to 1% but commercial and market rates have shown only a slightly easier tendency. Foreign exchange rates have been generally stable and higher, corresponding to the hopes raised by the German Reparations Settlement.

The business outlook for the season thus continues on the whole more favorable, but with little prospect of immediate sharp improvement of conditions.

AGRICULTURE. The agricultural situation during the month may be characterized as unfavorable and backward. Although the unusually mild winter was exceptionally favorable for the preparation of the ground for the 1921 crops and permitted a rapid growth of all the grains, the unseasonable spring weather has been injurious to all crops. The weather has had an ill effect upon the maturing of winter wheat, while it has retarded the growth of spring wheat. District No. 8 (St. Louis) reports that, "condition of the growing winter wheat crop in this District is still favorable, despite the fact that the growth has been checked somewhat by the recent cold, wet weather". Although the condition of winter wheat is reported to be fair in Arizona and New Mexico, the Texas crop has shown a considerable deterioration, which is attributed to drouth, high winds, and the incursions of green bugs and rust. In the central and western spring wheat belts showers have occurred and the temperature has been generally favorable, aiding the growth of wheat; the seeded grains are up to a satisfactory stand. Although District No. 9 (Minneapolis) reports, "plowing and seeding of corn is progressing nicely in Minnesota and South Dakota", in most sections the plant has been retarded. Thus District No. 8 (St. Louis) states that "corn planting in the north has been retarded by excessive moisture and due to the same cause considerable replanting has been required in the south". In District No. 11 (Dallas) likewise, "not only has the weather been too cool for the best growth of cotton, corn, and small grains, but these crops have been adversely affected by the extremely uneven rainfall throughout the district". The cold weather has not only retarded the growth but has prevented germination of the seed. In many instances replanting of the various crops has been necessary, while in other sections where replanting was avoided, a poor stand has been the result.

COTTON. The development of the cotton crop throughout the southern area has been retarded by unfavorable weather conditions. Thus, in District No. 11 (Dallas), "the effect of the cold wave occurring in April and May was to check the growth of cotton where the plant had germinated and to retard its germination elsewhere. In West Texas plowing and planting have been delayed by drought, while in many sections the cold, wet ground has delayed the necessary replanting." District No. 8, (St. Louis) reports that "planting, cultivation and replanting of cotton has been seriously delayed by the over-abundant precipitation". Information received from all Districts indicates that the acreage planted in cotton has been considerably reduced. The results of a recent survey in 150 Counties of Texas made by the Federal Reserve Bank of Dallas show that the reduction in that area is about 30 per cent. District No. 8 (St. Louis) reports that "the Arkansas Cotton Trade Association estimates that the acreage reduction in that state will amount to 35.3 per cent".

TOBACCO. The new tobacco crop has been transplanted in South Carolina and in District No. 8 (St. Louis) tobacco beds are reported in good condition awaiting favorable weather for transplanting. In this District "the acreage to be planted is generally reported short," and reports from District No. 5 (Richmond) indicate reductions in both North Carolina and Virginia, but the acreage in South Carolina has been slightly increased. The leaf tobacco situation has been very quiet. District No. 8 (St. Louis) reports, "tobacco markets are practically all closed for the season, leaving a large amount of the leaf in farmers' hands, most of which is of inferior quality". It is reported from District No. 3 (Philadelphia) that manufacturers are not buying the new tobacco on any large scale. Thus it is stated that "purchasing by manufacturers has not been increased within the past

month, and the price trend continues to be lower". The cigar business appears to be in a rather satisfactory condition. Although the demand is small and for the cheaper grade of cigars, District No. 3 (Philadelphia) states, "in most cases operations and sales have about reached a point of adjustment which prevents overstocking and at the same time furnishes a supply of cigars sufficient to meet ordinary needs".

FRUIT. Although every fruit section has suffered from cold weather and frost, the extent of the damage varies with the different sections. District No. 11 (Dallas) reports that "fruit prospects indicate a larger and more satisfactory yield than that of 1920". On the other hand, District No. 8, (St. Louis) states, that "prospects for fruit in all states of the District are probably the poorest on record". In District No. 12 (San Francisco) deciduous fruit crops have all suffered from frost damage but "a greater new acreage coming into bearing this year and an exceptionally heavy set of fruit, have offset the effect of frost damage, and the reduction in total yield this year as compared with 1920 will not be so marked as was expected from earlier reports". The report further says that "in the Pacific northwest present indications are for the largest apple crop in the history of that section". However, "the stone fruits suffered approximately 30 per cent damage".

GRAIN MOVEMENTS. The movement of grain to market during April has reflected a seasonal decline. The receipts of wheat, however, have been an exception. At Minneapolis and Duluth wheat receipts were 21.7 per cent larger than last month and 31.1 per cent larger than receipts during April, 1920. The receipts at the four principal markets in District No. 10 (Kansas City) were unusually heavy for the season of the year, being 6,307,300 bushels or 136.4 per cent larger than receipts during April, 1920. Minneapolis and Duluth receipts of corn, oats, and barley have all showed

very large decreases from last month, namely, 64.4 per cent for corn, 67.2 per cent for oats, and 39.9 per cent for barley. Decreases in the receipts of these grains were also noted at the four principal markets of District No. 10 (Kansas City). This District reports, "the farmers are apparently holding much of their corn until a good crop is assured for this year". On the other hand April shipments of grains from Minneapolis and Duluth were 35.9 per cent larger than last month, but were 16.8 per cent smaller than shipments during April, 1920. Stocks of all grains at the close of April in the terminal elevators at these cities were 15.3 per cent smaller than at the close of March, but were 14.8 per cent larger than at the close of April, 1920. The price of grains during April generally ruled lower than during March, the April median price of cash wheat No. 1 Dark Northern at Minneapolis being \$1.57 per bushel as against \$1.72 during March. Prices have taken an upturn during May as a result of continued reports of crop deterioration.

FLOUR. Somewhat greater demand for flour is reported in certain sections. In District No. 8 (St. Louis) an increase in domestic sales is ascribed to "low stocks in the hands of retailers and consumers generally," although trade as a whole is far below normal. In District No. 10 (Kansas City), there is a slight improvement in the bakery demand, although jobbers are buying flour sparingly. Export demand has been sustained in the latter District, while in District No. 8 (St. Louis) "has evidenced decided symptoms of improvement". Production during April showed some increase over March. Although average April production in the United States for the past six years has decreased about 4 per cent from the March figure, output of mills manufacturing 75 per cent of the flour production in District No. 9 (Minneapolis) during the five weeks ending April 30 increased 4 per cent



over the output during the five weeks ending March 26 (from 2,220,685 barrels to 2,312,385 barrels). This was 28 per cent greater than the output of 1,814,180 barrels during the corresponding period of 1920. These mills were operating at about 43 per cent of capacity during April, 1921. Output of reporting mills in District No. 10 (Kansas City) increased 19 per cent in April, 1921 over the April, 1920 figure (from 998,981 barrels to 1,193,081 barrels), and the mills operated at 54 per cent of capacity. Although the output fell off during the first week of May, it was again higher during the second week than during the corresponding week last year. Mill operation in District No. 8 (St. Louis) during the 30 day period ending May 15 was at from 40 to 50 per cent of capacity. On the other hand, millers in the Pacific Northwest, due to the lack of demand for flour, have been more active during the past few months in exporting wheat than in manufacturing flour. None of the mills in that section are heavily stocked with wheat, and the reports of 13 representative firms show 610,502 bushels on hand May 1, as compared with 1,024,522 bushels on April 1 and 1,039,605 bushels on May 1, 1920. Output decreased from 629,417 barrels reported by 76 mills in March to 563,166 barrels reported by 75 mills in April, and the mills operated at 34.5 per cent of capacity during April as compared with 45 per cent during March and 69.8 per cent during April, 1920. The price of flour showed a downward tendency during April, but since the opening of May has again increased with the increase in the price of wheat.

LIVESTOCK. As a result of the cold weather, both ranges and stock have undergone some deterioration in various sections, but the adverse effect in general has not been pronounced because of the fact that stock had been in good condition as a result of the mild winter and plentiful supply of feed. There has, however, been a serious shortage of moisture in the Texas Panhandle, eastern New Mexico and Arizona. Stock in that section

is reported in poor condition and there has been considerable feeding in New Mexico. Cattle in large numbers have been moved from the drought stricken areas into Texas pastures that have been recently vacated in "what is said to be the heaviest grass cattle movement in many years." Receipts of each of the three principal classes of livestock during April show a falling off from the March figures, but in the case of cattle and calves alone are they less than for the same period last year. Receipts of cattle and calves at 15 western markets during April were 994,916 head, as compared with 1,119,548 head during March and 1,037,350 head during April, 1920. The respective index numbers are 99, 111 and 103. Receipts of hogs decreased from 2,390,480 head during March, corresponding to an index number of 109, to 2,279,495 head during April, corresponding to an index number of 104, as compared with 2,109,195 head during April, 1920, corresponding to an index number of 96. April receipts of sheep were 1,077,806 head, as compared with 1,161,549 head in March and 927,800 head in April, 1920. The respective index numbers are 79, 85 and 68. In District No. 12 (San Francisco) there has been an increase in shipments of grass fed steers and spring lambs to eastern markets, while in District No. 11 (Dallas) the spring market movement "has been slow to materialize." The average price of cattle and hogs during April was decidedly lower than in March. The most recent quotations appear to show prices at approximately the same levels. Sheep prices during April and May showed little change. Production of packing house products continues on a greatly curtailed scale, but some improvement was noted in April business. There were signs of a revival of buying for export account.

PETROLEUM. Petroleum production continued to increase during April and the early part of May, despite the fact that the March output was larger than that recorded in any previous month. The Kansas-Oklahoma field, which

showed the most important increase in production, had an average daily production of 386,000 barrels during the four weeks ending May 13, as compared with an average daily production of 370,500 barrels for the four weeks ending April 18, and an average daily production of 356,000 barrels for the corresponding period in 1920. The average daily output of California was 338,981 barrels during April, as compared with 337,683 barrels in March. In contrast to these increases the average daily production of the oil fields in District No. 11 (Dallas) continued to decline from 403,243 barrels in February and 394,174 barrels in March to 386,249 barrels in April. Drilling operations decreased during April, although there is normally a considerable increase at this season of the year. District No. 11 (Dallas) led in this decline with an initial average daily production of 97,176 barrels in April, as compared with 139,413 barrels in March. The number of wells completed in that District dropped from 395 to 359. However, an entirely new field was opened by the discovery of 5,000 barrel well near Haynesville, Louisiana. The number of wells completed in District No. 10 (Kansas City) declined from 768 in March to 588 during April, but the average daily initial production only declined from 71,460 barrels to 65,147 barrels. Fifty-eight new wells with an initial daily output of 18,470 barrels were opened during April in California. Pipeline companies during April announced a cut of 25 cents in the price of crude oil in Texas. This reduced the price to \$1.50 in North Texas fields and to \$1.00 in the coastal section. The same reduction was made in prices of all grades of crude oil in certain of the California fields, but there was an increase in the price of Pennsylvania crude oil. The prices of most of the leading petroleum products declined during April, but the declines were more marked in the case of those products which are used purely for industrial purposes than in the case of those required by automobiles.

COAL. Demand for bituminous coal is still very slack in all sections of the country. However, production is running considerably below consumption as is evidenced by a decline in stocks from about 45,000,000 tons on January 1 to 37,000,000 tons on April 1. Production for April amounted to 27,875,000 tons, as compared with 30,328,000 tons during March and 37,939,000 tons during April, 1920. The respective index numbers are 75, 82, and 102. Many mines in Alabama and Tennessee are shut down for lack of orders, and others are operated only two or three days a week. District No. 10 (Kansas City) notes an improvement in production, but reports a great lack of market demand even in the case of railroad fuel. Production of anthracite coal increased somewhat during April and amounted to 7,914,000 tons, corresponding to an index number of 107, as compared with 7,603,000 tons during March, corresponding to an index number of 103, and 6,225,000 tons during April, 1920, corresponding to an index number of 84. Reports from District No. 3 (Philadelphia) show an increase of nearly 50 per cent in the stocks of retailers between January 1 and April 1, and a considerable decline in consumers supplies. Leading retailers in that District announced advances of 25 cents per ton for domestic sizes during the first two weeks of May, but this action has failed to stimulate the demand. Business in steam sizes continues to be very stagnant, as a result of curtailment in industrial operations and severe competition from bituminous sources. In District No. 2 (New York) demand for egg and stove sizes of anthracite is reported fair, but other sizes have almost no market. Beehive coke production is still very low, and ovens in the Connellsville district are operating at less than one-fifth of capacity. By-product coke production is at a higher rate, but this is due in part to the demand for the by-products. Accumulation of stocks of coke has resulted in strenuous price cutting.

IRON AND STEEL. - The iron and steel industry continues in an unsettled condition. The volume of new business is small and largely for immediate needs, in spite of the price reductions announced some time ago. In fact, it is stated that when there have been larger tonnages to distribute buyers are usually shopping extensively, with the result that some concessions in prices have developed, e.g., on wire nails. Export trade, it is stated, continues dull. Seasonal increases in purchasing, however, are shown by the automobile and oil industries. These have given rise on the one hand to some demand for sheets, bars and strip steel, as well as to release of orders on which deliveries had been suspended, and on the other hand, to some demand for tubular goods. Automobile manufacturers, it is stated from District No. 3 (Philadelphia) are however apparently drawing heavily on their accumulated stocks, and the demand in both industries is reported to be far from normal. There has been some increase in demand for fabricated steel for structural work. Thus the report of the Bridge Builders and Structural Society shows a further increase in orders placed with its membership from 29 per cent of capacity in March to 32½ per cent in April. The unfilled orders of the United States Steel Corporation, however, show a further falling off, reflecting the conditions indicated above. At the close of April they were 5,845,224 tons, as compared with 6,284,765 tons at the close of March. The respective index numbers were 111 and 116. It is estimated that in general the industry is now operating at from 35 to 40 per cent of capacity. The number of furnaces in blast further decreased during April from 103 at the opening of the month to 96 at the close. Pig iron production during April was 1,193,041 tons, corresponding to an index number of 51, as compared with 1,595,522 tons during March, corresponding to an index number of 69. Nevertheless, it is stated from District No. 3

(Philadelphia) that stocks of pig iron are undoubtedly accumulating. Many blast furnaces in that District are being operated merely to utilize the coke output of by-product ovens, which have been kept in operation as a result of the demand for the by-products and because of the danger of ovens deteriorating if closed. Steel ingot production has likewise decreased, from 1,570,978 tons in March to 1,213,958 tons in April. The respective index numbers are 67 and 52. In District No. 6 (Atlanta) alone steel mill operations are reported to show improvement.

NONFERROUS METALS. - Copper production declined very considerably during April, as a result of the closing of most of the large copper mines. Production of reporting companies in northern Michigan amounted to only 4,282,414 pounds in April, as compared with 11,201,915 pounds in March and 11,907,128 pounds in April, 1920. District No. 12 (San Francisco) reports that for those mines which are still operating copper production is approximately 47 per cent of capacity. As a result of the curtailment of mining operations the price of copper (New York, net refinery) rose from 12.375 cents to 12.75 cents during May, but volume of demand has not shown any noteworthy improvement. The price of zinc increased slightly during the latter part of April, but receded during May to a level only slightly higher than that recorded in the middle of April. Zinc production during April amounted to 16,550 tons, as compared with 15,741 tons in March. Stocks of zinc on April 30 totaled 79,581 tons, as compared with 80,990 tons on April 1. Lead prices continued to advance during April and May, both for ore at the mine and for refined lead at New York and St. Louis. District No. 10 (Kansas City) reports that as a result of the increase of lead ore prices, additional properties are opening each week

and a considerable portion of the labor surplus is being absorbed.

COTTON TEXTILES. - Prices of raw cotton advanced somewhat during April and quotations manifested less instability from day to day. Consumption during the month amounted to 408,882 bales, or 29,000 bales less than in March. A drop in consumption is, however, usual at this season of the year. There has been an increase in activity of the cotton yarn mills in Districts No. 1 (Boston) and No. 3 (Philadelphia). The Philadelphia report states that the greatest part of the business comes from the hosiery and light weight underwear trade. Orders still remain small and there is little inclination to place them far ahead. More mills resumed operations in April, and production varied from about 50 per cent to 75 per cent of capacity. The situation in District No. 6 (Atlanta), so far as indicated by returns made by 10 representative yarn mills showed contrary tendencies. These mills reported a decrease of 13.4 per cent during April in the quantity of their output as compared with March, while production was 38.8 per cent below that of April 1920. Shipments fell off 33.5 per cent from the preceding month, while orders on hand at the end of April were 12.3 per cent below these for the end of March. On the other hand, 14 cloth mills in District No. 6 (Atlanta) had a yardage 0.8 per cent in excess of that for March, and orders on hand at the end of the month showed an increase of 8 per cent. District No. 1 (Boston) states that buying is so close and such little margin is left for securing profits that manufacturers are unwilling to accept orders far in advance, so that in print cloths more particularly contracts of longer duration than July are the exception. In the case of ginghams and sheetings, which were early subjected to price revisions, sales have been well sustained and in some instances the gingham output has been taken for a four months' period. Sales of print cloth at Fall River amounted to about 550,000 pieces for

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the 4 weeks ended May 14 - an increase of 28 per cent over the preceding period of 4 weeks.

FINISHING OF COTTON FABRICS. - Thirty-four of the 58 members of the National Association of Finishers of Cotton Fabrics reported total finished yards billed during the month at 86,311,438 yards, as compared with 86,732,621 yards in March. The total average percentage of capacity operated was 66 per cent for all reporting Districts, as compared with 67 per cent during the preceding month. The total gray yardage of finishing orders received amounted to 92,920,824, as compared with 88,342,599 in March. The total average work ahead at the end of the month amounted to 10 days for all reporting districts, as compared with 8.4 days during the preceding month.

HOSIERY. - The continuance of the strike in Philadelphia full-fashioned hosiery mills resulted in insistent demands upon other centres. But most mills, having booked orders for 3 to 4 months in advance were unable to accept new business. As a result seamless and mock fashioned/<sup>silk</sup>lines have been doing unusually well, and some mills have been using night shifts.



The demand for seamless cotton hosiery is not so great as for other lines - in fact in some instances business is dull. Twenty-three firms selling to the wholesale trade, which regularly report to the Federal Reserve Bank of Philadelphia, report an increase of 13.3 per cent in the value of the product manufactured during April as compared with March. Orders booked during April declined, however, 28.3 per cent, while unfilled orders at the end of April registered a fractional increase of 0.3 per cent. The eight firms selling to the retail trade had increased the value of their output 43.3 per cent during the month. Orders booked during the month were 0.7 per cent larger than those of March and unfilled orders on hand at the end of the month were 15.7 per cent in excess of those on hand at the end of March.

UNDERWEAR.- District No. 3 (Philadelphia) reports that although orders for fall are being placed with the underwear mills, they are so small that they barely amount to 20 per cent of what is normal for this season of the year. The cool and wet weather of early May caused an immediate falling off in orders for current delivery, good evidence of the uncertain state of the market. "In the main however the market displays considerable activity, and manufacturers in many lines are unable to meet the present demand for short time deliveries." The 21 firms which make monthly reports showed an average output 5.7 per cent less in April than during the preceding month. Orders booked during April fell 20.7 per cent as compared with March and unfilled orders on hand April 30 were 5.3 per cent less than at the end of the previous month.

The 61 mills making reports to the Knit Goods Manufacturers' Association of America had an output in April of 109,937 dozens of winter underwear which was 35.6 per cent of normal. The production of summer underwear amounted to 292,001 dozens or 58.3 per cent of normal. Thirty-two representative mills which furnished data for both March and April had a production of 275,382

dozens during the latter month as compared with 285,515 dozens in March.

Unfilled orders on the 1st of April rose from 361,076 to 423,727 dozens. New orders received during the month of April rose from 354,959 dozens to 363,543 dozens. There was a slight drop in cancellations which fell from 4,937 dozens to 4,279 dozens.

WOOLEN TEXTILES. - The new wool clip is now being gathered and sales in District No. 12 (San Francisco) are reported at prices of 10 cents to 16 cents per pound in the grease as compared with 50 cents per pound last year. The District clip will probably be somewhat below that of the preceding year. On the basis of estimates given by representative wool growers and warehouse companies it is thought that the 1921 clip will be anywhere from 75 per cent of the 1920 clip in the States of Arizona and Washington to 100 per cent in Oregon and Utah. Estimates for California and Idaho are put at 90 per cent and at 80 per cent for Nevada. Unsold holdings in all sections of the country are thought to approximate 65 per cent to 75 per cent of the 1920 clip. Western holdings have been moving eastward by water in considerable volume for the past two months. District No. 1 (Boston) reports that the wool market is even more of a buyers' market than it was in March as the large stocks of raw wool have been augmented by further importations of wool and tops which have depressed prices. The finer counts of woolen and worsted yarns are in demand in District No. 3 (Philadelphia) but no substantial price changes have occurred since April, although some buyers have asked concessions from the contract prices of March, in order to meet current quotations. The cloth mills in all sections are exhibiting a fairly high degree of activity, although there appear to have been no developments of particular interest during the past month.

MEN'S CLOTHING. - District No. 7 (Chicago) has secured returns from clothing five representative/manufacturers and nine tailors to the trade and those statistics are sufficiently comprehensive to give a fairly complete picture of the clothing industry for the city of Chicago. Orders for fall suits received by the clothing manufacturers to date were 27.5 per cent less in terms of suit units than those for the same season during the previous year while the number of suits made in April was 29.9 per cent less than during the same month a year ago. The tailors to the trade reported 42 per cent fewer orders (expressed in suit units) in April than during April 1920 and 23.8 per cent less than during March of this year. Suits made in April were 40.8 per cent below the numbers for the same month a year ago and 20.2 per cent below the totals for March.

SILK TEXTILES. - Districts No. 2 (New York) and No. 3 (Philadelphia) both mention the fact that the silk industry was less active during the last week in April and at the beginning of May. The drop, however, is thought to mark the transition from the spring to the fall season. Orders for fall delivery are coming in slowly, in sufficient quantity to maintain operation at about 60 per cent/<sup>of</sup>capacity. Reports from Paterson and vicinity indicate a slight advance in May operations over the 60 per cent reported for April. Imports of raw silk during April amounted to 35,886 bales as compared with 14,043 bales in March. Stocks in New York warehouses at the end of April rose to 20,038 bales from 16,386 bales.

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SHOES AND LEATHER. Prices of hides and skins have advanced rather sharply during May from the abnormally low levels prevailing in April. Calf and goat skin prices registered advances of approximately 50 per cent by about May 20, while cow and steer hide prices increased between 20 and 30 per cent. The number of skins purchased advanced coincidentally with the rise in prices. The demand for calf skins, especially in the light weights, and for colored glazed kid has increased steadily in volume until there has arisen considerable difficulty in obtaining these varieties of leather. During the past month demand has spread from these lines to more staple leathers. Sole leather has advanced about 2 cents per pound, and considerable demand for black glazed kid has developed. The demand for belting leather, on the other hand, has shown some slackening during May. Retail shoe sales continued on a very satisfactory scale during April and May. Demand for women's shoes is still considerably in excess of demand for men's shoes. Shoe factories in District No. 1 (Boston) continued to operate in April at about 50 per cent of capacity, as in February and March. Shoe stocks of seven Boston department stores were 32 per cent less on May 1st than on the corresponding date in 1920. The sales of shoes of these stores measured in dollars were less than one per cent lower during the first four months of 1921 than in the corresponding period of 1920. Ten New England stores outside of Boston showed shoe sales 17.5 per cent less during the first four months of 1921 than during the corresponding period of 1920. District No. 3 (Philadelphia) reports that unfilled contracts for summer delivery are sufficient to occupy most plants at capacity until July 15. Many orders for fall delivery have been placed, which indicates an increased confidence in the present level of prices. Plant operations

In District No. 8 (St. Louis) are being maintained at from 90 to 100 per cent of capacity. The demand centers in cheaper shoes and specialty goods. Prices in District No. 8 (St. Louis) declined between 5 and 10 per cent during the past month. During May, two of the largest shoe manufacturing concerns in the United States and a large tanning company combined to form a new corporation which will manufacture and distribute shoes on a large scale in both the eastern and western states.

LUMBER. Demand for lumber continued to improve during April as a result of an increase in building operations and a further recession in prices. District No. 12 (San Francisco) reports that the present market for lumber is showing activity and stability. "The demand is increasing from week to week and movement to local and eastern consuming centers is growing". Orders received during the four weeks ending April 30 by the four lumber manufacturers' association of District No. 12 (San Francisco) showed an increase of 54 per cent over those for the four weeks ending March 26. Production during the same period increased 47.4 per cent and shipments 58.4 per cent. Shipments were 11.7 per cent above production, resulting in a further reduction of stocks. One hundred and fifteen mills belonging to the West Coast Lumbermen's Association reported for the four weeks ending March 26 a cut of 220,262,000 board feet, shipments of 253,427,000 feet, and orders of 263,666,000 feet. Corresponding figures for the four weeks ending March 26, with 113 mills reporting were as follows: 137,917,000 feet, 209,970,000 feet, and 213,431,000 feet. The logging industry has not improved in unison with the mill industry and, although the present visible supply of logs is limited, many logging companies show no tendency to resume operations. Increased demand for southern pine was evidenced in District No. 6 (Atlanta) during April. In the week ending

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April 29 orders received by 134 mills of the Southern Pine Association were only 7.8 per cent below normal production, whereas actual production was 26.8 per cent and shipments 14.9 per cent below normal production. In District No. 11 (Dallas) the production of 29 southern pine mills amounted to 61 per cent of normal. Orders booked by the 29 mills were equivalent to 72 per cent of their normal production, whereas the same number of mills only booked orders equal to 61 per cent of their normal production in March. On April 29 the volume of unfilled orders on the books of these 29 reporting mills was 37,699,200 feet, in comparison with orders totaling 30,265,302 feet reported by a like number of mills on April 1. District No. 8 (St. Louis) reports that there was a heavy volume of orders for yellow pine and Douglas fir in the latter part of April, which has been followed by a lull in demand. "The tendency of prices of high grade hardwoods is decidedly upward, lower grades continuing weak and unsteady". Reports of both manufacturers and retailers of lumber in District No. 9 (Minneapolis) indicate a considerable increase of activity. The April cut of 15 manufacturers was 23.2 per cent greater than in March and shipments increased 46.2 per cent. Stocks at the end of the month were 1.1 per cent higher than the close of March. Comparison with April, 1920, however shows cut 37.1 per cent less, shipments 47.1 per cent less, and stocks 46.5 per cent greater. District No. 5 (Richmond) states that lumber prices have fallen from 10 to 15 per cent in the past month. An increased demand for southern pine and Douglas fir is reported from District No. 3 (Philadelphia), but "Sales do not average more than 60 per cent of last spring's business". Prices in that District have declined since January 1, and quotations for both hardwood and softwood are now about 50 per cent below the high levels of 1920.

BUILDING OPERATIONS. Building operations showed a marked increase of activity during April. This activity is evidenced alike by statistics of the value of contracts awarded, the number of building permits issued, and the value of building permits. Whereas the increase of building operations in February was confined to <sup>states</sup> west of the Mississippi River, and advance in April was reported from almost all sections of the country. This upward movement was most general in the case of residential building, but considerable increases in other classes of building occurred in some of the Districts. Contracts awarded in District No. 1 (Boston) amounted to about \$16,700,000 in April, as compared with \$12,200,000 in March, an increase of 37 per cent. About \$6,500,000 of the April total was for residential purposes, as compared with \$4,300,000 in March. In District No. 2 (New York) contracts awarded during April had a total value of about \$52,100,000 as compared with a value of \$30,900,000 for March, an increase of 69 per cent. Residential building amounted to \$18,100,000 in March and \$28,600,000 in April. Contracts totalling \$15,100,000, of which \$6,300,000 were for residential purposes, were awarded in District No. 3 (Philadelphia) during April, in comparison with March awards of \$14,100,000, of which \$6,000,000 were for residential purposes. In District No. 4 (Cleveland) contracts awarded during April totaled about \$34,800,000, as compared with awards amounting to \$32,700,000 in March. Of the April total only \$9,100,000 was for residential purposes, as compared with \$11,400,000 in March. Permits for new buildings in twenty-three cities of District No. 5 (Richmond) totaled 1,688 in April as compared with 1,718 in March. The value of this new construction amounted to \$13,594,575, the highest monthly figure ever recorded for this group of cities. This was due to the inclusion of one in-

dustrial project which will cost \$6,000,000. "The housing situation in all cities in the District continues critical". A considerable increase in building activity is reported from District No. 6 (Atlanta), but this is more noticeable in the number than in the value of building permits. Contracts awarded in District No. 7 (Chicago) during April totaled \$53,700,000 of which \$13,000,000 were for residences, as compared with a total of \$37,400,000 during March, of which \$9,300,000 were for residences. In five reporting cities of District No. 8 (St. Louis) there was an increase in number of permits during April, but their total was less than in March. Nine cities of District No. 9 (Minneapolis) issued 2,368 permits, valued at \$5,606,011 during April, as compared with 1,639 permits, valued at \$2,621,591, during March. This increase in building activity is accounted for almost entirely by an increase in the permits issued for the construction of small buildings. Reports from seventeen cities in District No. 10 Kansas City show a total of 2,668 permits issued in April, as compared with 2,778 in March. Nine cities in District No. 11 (Dallas) report 2,566 permits, valued at \$5,633,649, issued in April, as compared with 2,331 permits, valued at \$5,190,191, issued in March. The value of building permits for twenty cities of District No. 12 (San Francisco) amounted to \$19,907,621 in April in comparison with \$18,542,635 in March. "In Southern California activity approaching a building boom is in progress."

EMPLOYMENT. The employment situation has shown no signs of improvement during the past month. On the contrary, all available evidence points to a slight increase in numbers unemployed, despite the absorption of labor by farming districts and industries which have experienced a limited revival of active operations. In New England, the situation remained virtually



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unchanged during the month. There was a slightly increased demand for textile operatives, especially weavers, and for mechanics in the building trades. There was no revival in the metal trades, however. The Boston Public Employment Office reported a fair demand for common labor at 50¢ per hour. The Springfield office stated that the demand for farm hands was less than usual and there was no difficulty in securing men at wages 20 per cent to 25 per cent below those prevailing a year ago. During May several rather extensive strikes added to the number of unemployed - notably those affecting the garment and paper making industries and the building trades. In District No. 2 (New York) there was probably a slight decrease in numbers employed during the month. The New York State Bureau of Labor estimated that about 500,000 persons were idle, 150,000 of whom were unemployed because of labor disputes. Among the latter were included marine workers, traction and building workers in various cities, and employees of printing and publishing establishments. The Industrial Commission reports a 2 per cent reduction in numbers employed in factories of New York State during April. Wage reductions which affected about one-half the firms reporting to the Federal Reserve Bank of New York in April, have since become more widespread, and it is estimated that about three-fourths of the workers in the District have been affected by reductions either achieved or prospective. Employment conditions have undergone little change in District No. 3 (Philadelphia). As a result of attempts to reduce wages, strikes are in progress in Philadelphia affecting the full-fashioned hosiery workers, the printers and carpet weavers. There are also strikes among the building trade workers of Philadelphia and other large cities. In District No. 5 (Richmond) unemployment is particularly noticeable "among middle aged and older women who have been released from factories in considerable numbers". Farm labor is in excess of demand.

and wages have been greatly reduced. In District No. 6 (Atlanta) there was an increase in April of 3.8 per cent in numbers employed in Atlanta according to the United States Department of Labor. On the other hand, decreases of 13.2 per cent and 8.9 per cent respectively were reported from New Orleans and Chattanooga. A strike of metal trade workers in New Orleans, which had lasted two months was finally settled by an agreement to accept wage reductions of 10¢ per hour. The New Orleans printers were on strike at date of writing, asking a 44 hour week instead of the prevailing 48 hour week. The Federal Reserve Bank of Chicago received reports directly from 178 concerns at present employing 115,000 workers, giving data as to the numbers employed and the amount of pay roll in April as compared with the preceding month. There had been a decrease of 3.9 per cent in numbers as compared with March returns from Chicago and 1.9 per cent for the District as a whole. Pay roll totals had fallen 6.3 per cent in Chicago and 4.2 per cent in the District at large. The Free Employment Offices of Illinois showed a fall during April from 275 to 232 in the number of applications for each 100 places open. In Detroit, however, at date of writing 113,497 men were reported unemployed as compared with 100,347 on April 12. In District No. 8 (St. Louis) no particular change in conditions is noted. The trend in wages continues sharply downward, and further cuts have occurred within the past 30 days in lumber, flour milling, cooperage, plumbers' supplies, farm implements, stoves, automobile bodies, candy and in some cases in the building trades. Unemployment is especially pronounced among common labor and railroad workers. In District No. 9 (Minneapolis), reports from 15 lumber manufacturers who employed 1,934 men in March showed an average decrease of 5 per cent in number of employees in April, while 29 iron mining companies employing 6,309 men in March had reduced their forces about 6 per cent during the month. Michigan copper

mining companies showed a reduction of 43 per cent in numbers in April, as a result of rather extensive closing. In the farming districts, however, there is little surplus labor. The United States Department of Labor reported decreases in numbers employed at the end of April as compared with the end of March for both Minneapolis and St. Paul, amounting to one tenth of 1 per cent and 13.7 per cent respectively. These figures, however, only apply to large establishments employing over 500 men. District No. 11 (Dallas) says "an unusually large surplus of farm labor is reported from the rural districts due largely to the growing tendency on the part of the farmers to cultivate only such acreage as they are able to take care of without hired help". Largely as a result of strikes in the building trades and among marine workers, unemployment increased in District No. 12 (San Francisco) where 15,000 men were out of work in May, but elsewhere in the District, decreases were the rule. Although improved conditions in the lumber industry together with demands for agricultural labor caused a decrease in the surplus labor in the cities, the reduction has not been as material as was anticipated because demand as elsewhere was restricted by a disposition on the part of farmers to do more work unassisted.

WHOLESALE TRADE. The seasonal increases in the sales of reporting wholesale firms in the four leading lines of hardware, groceries, dry goods and boots and shoes, which were quite pronounced and general throughout the country during the month of March were followed by equally marked recessions in May sales for most reporting lines. The returns from 25 wholesale hardware firms located in District No. 3 (Philadelphia) were an exception to the general rule, as net sales increased 11.4 per cent during April as compared with May, although sales were 18.7 per cent below those for April 1920. The increase <sup>is</sup> attributed to a gain in building activity, as the demand for

mill supplies and general hardware was said to be the poorest that has existed in recent months. Reports from 51 wholesale grocery firms in that District showed declines of 14.9 per cent from March totals and 30.4 per cent from the sales of April 1920. Although sharp price declines explain some part of the difference in total sales values as between this year and last, they do not account for the whole of that difference. Returns from District No. 4 (Cleveland) present comparisons only with April 1920, and declines for the eight hardware firms were 21.9 per cent, slightly greater than in District No. 3 (Philadelphia), while sales of 14 grocery houses were 37.7 per cent less and sales of five dry goods concerns, 4.2 percent lower. In hardware, groceries, dry goods, and boots and shoes, sales in District No. 5 (Richmond) fell off from the March total by amounts ranging from 1.7 per cent in the case of hardware to 27.2 per cent in dry goods. The declines as compared with April 1920 varied from 22.7 per cent in hardware to 39.1 per cent in dry goods. Orders in all lines are in small lots for immediate shipment with the exception of dry goods. Declines in April sales as compared with March were more pronounced in general in District No. 6 (Atlanta) than in District No. 5 (Richmond). The 15 reporting dry goods firms, however, showed a reduction of 25.5 per cent, which was not quite so large as in the Richmond section. The 13 hardware firms reported sales 10.6 per cent below March; in the case of 20 grocery firms, the drop was 16.2 per cent, and for seven shoe houses, 33.4 per cent. Declines as compared with a year ago averaged 39.7 per cent for dry goods, the minimum figure, - and 47.5 per cent for groceries, the maximum. In District No. 7 (Chicago) grocery sales of 26 firms suffered an almost equally heavy decline of 42.8 per cent, dry goods sales (12 firms) were 35.3 per cent lower, and shoe sales (10 firms), 24.8 per cent less than during April 1920. In District No. 10 (Kansas City) the sales of three

reporting grocery firms were less than those of April 1920. April sales were also less than those of March although weather and road conditions were assigned as the cause of this fact. The wholesale hardware sales of three reporting firms are likewise 40 per cent below the totals of a year ago and 18.1 per cent less than in March. Contrary to the general tendency, the wholesale trade returns from District No. 11 (Dallas) had shown <sup>pronounced</sup> reductions in March sales of hardware as compared with February and the report for April states that reductions not only continued but were slightly greater than in March. Seventeen grocery firms had sales 12.4 per cent below March totals which in turn were slightly below February figures; sales of five dry goods houses were 25.8 per cent lower; and sales of two hardware firms, 9.7 per cent less. As compared with April 1920, decreases ranged from 30.0 per cent for hardware to 43.0 per cent for groceries. District No. 12 (San Francisco) says that the volume of orders for summer delivery placed by retailers is not only much below last year, but no improvement in this respect was witnessed in April. Buying continues to be in limited quantities for immediate need. The reductions in sales, however, as compared with the preceding month are on the whole not by any means as striking as in other Districts. Sales of the 24 reporting hardware firms dropped only 1.7 per cent; grocery sales (30 firms) fell 13.3 per cent; shoe sales (13 firms), 6.4 per cent and dry goods sales (12 firms) recorded a slight advance of 1.4 per cent. As compared with a year ago, declines ran from 36.2 per cent for groceries to 15.2 per cent for dry goods.

RETAIL TRADE. Retail trade throughout the country during April reflected a seasonal decline. In practically every District the net sales showed a decrease both when compared with last month and also with the same month a year ago. However, when the price changes are considered, it would seem that the actual volume of units sold during April, 1921, was greater

than that sold during the same month a year ago. The unseasonable weather conditions during April and the fact that Easter fell in March this year <sup>in</sup> instead of April were, of course, large factors in the decrease of sales. The reports from representative department stores show a decrease in net sales from the same month a year ago of 1.9 per cent in District No. 1 (Boston), four per cent in District No. 3 (Philadelphia), seven per cent in District No. 5 (Richmond), 17.7 per cent in District No. 11 (Dallas), and 9.3 per cent in District No. 12 (San Francisco). In every District stocks on hand at the end of the month again showed a large decrease from stocks on hand at the end of April, 1920, the decrease in most cases being larger than the comparative figures of a month ago. Most Districts showed a slight increase in stocks at the close of April as compared with stocks at the close of March. The rapidity of the turnover of stocks has been generally slower than last month. The percentage of outstanding orders at the end of April to total purchases during the calendar year 1920, has been generally decreasing, which affords evidence that the merchants have been confining their purchases to meet immediate requirements, and have not been placing any great amount of orders for future delivery. However, reports from various Districts indicate that some retailers are now beginning to anticipate their requirements in that they are placing some orders for fall delivery.

PRICES. As regards prices, there seems to be increasing realization of the fact that a relatively stable wholesale price level will not be obtained until liquidation has occurred in all lines in which production, consumption or prices are out of harmony one with another. Liquidation of a pronounced sort has occurred during the course of the past year in raw materials such as grain and live stock, cotton, wool, hides, copper and other nonferrous metals, with the result that raw materials in these lines are now being sold at approximately pre-war prices. In the case of cotton, hides, and non-ferrous metals, conditions in April and early May were such as to indicate that a fair degree of stability had been obtained and prices showed slight increases over March levels. Wool prices, however, continued to decline because of the abnormally heavy importations which are being made in anticipation of the new tariff measure.

It is impossible to say whether this relative stability in the textile and agricultural lines will be permanent or not. In the case of cotton, wool, and grains, stocks which are being held at present are considerably larger than were customary before the war. Commodities in which the carry-over stocks from the period of abnormal government demand were relatively small, did not feel the effect of liquidation as early as other commodities. When buying was restricted and production curtailed in textiles and other lines, however, the effect of this was passed on to such commodities as coal, petroleum, iron and steel and other building materials. As a result, prices in these lines have been reduced but not as much as in the cases mentioned above, since stocks had not accumulated to the same extent. Decline in spot prices of bituminous coal has been very spectacular, but the present level is still as high as

in 1919 and the first months of 1920, and at present the tendency of these prices seems to be towards higher levels. Contract prices for the coming year have apparently not yet crystallized. Pig iron, petroleum, and leading building materials are still being reduced in price with present levels ranging up to and above twice the pre-war level. As conditions improve in the manufacturing lines demand will doubtless increase for these commodities, and it is impossible to say whether these factors will be stronger than those making for lower levels.

An interesting factor of recent weeks is the readjustment of prices within industries in such a way as to bring a more normal relationship of the various grades or classes of manufactured goods to one another. This has been especially noticeable in the case of cotton cloth. Profits in certain lines have been narrowed down to such a point that readjustment of this sort is essential to future business.

Index numbers of wholesale prices show that the decline in April was somewhat greater than in March. The index number of the Bureau of Labor Statistics shows a decline of 5 per cent, compared with 3 per cent in March, while the index number of the Federal Reserve Board, constructed primarily with the view to international comparisons, also shows a decline of 5 per cent. Retail prices of food were likewise reduced at a somewhat more rapid rate in April than in March. According to the index of the Bureau of Labor Statistics based upon prices of 43 articles of food in a large number of cities, the reduction amounted to 1.3 per cent in March and 2.5 per cent in April. No statistics are available to show

the shift in the retail prices of other commodities.



SHIPPING. The shipping situation showed some improvement during May, the most encouraging feature being a sudden demand in the early part of the month for the charter of coal-carrying ships for May loading. The demand was chiefly for United Kingdom destination, as a result of the continuance of the British coal strike, but rates all around stiffened in consequence. Whereas ships had been chartered to carry coal from North Atlantic ports to the Continent for as low as \$3.75 per ton in March and April, the quotation in the early part of May was \$5.25 and higher. While these increased rates have not been sufficient to attract many ships that had definitely been laid up, they put a stop, for the time being at least, to further plans of owners for placing additional vessels in the hands of caretakers. The conditions underlying the steamship business, namely, high operating costs, diminished cargoes, and low rates are, however, not substantially changed, and it is generally agreed that an increase of production and of the demand for goods throughout the world must be realized before the present situation can be much improved.

As for the marine strike in American ports, the effect has been less serious than was anticipated although some outgoing steamers have been delayed. In a statement issued toward the end of May, Secretary of Commerce Hoover, gave some figures showing the effect of the marine strike in the various United States ports from May 1- 22 inclusive. The figures show that 190 American steamers were detained by the strike, while 936 American steamers sailed from American ports during that time. The Pacific Coast ports have felt the strike most severely, the Gulf ports somewhat less, and the Atlantic ports only to a comparatively small extent.