

FEDERAL RESERVE BOARD

STATEMENT FOR THE PRESS

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

Conflicting economic tendencies have been at work during the month of June. Of these some have tended to lower the level of business activity while others have tended to advance the movement of recovery which has set in during the past few months. The indications at the close of the month are accordingly not as conclusive with respect to probable future developments as would otherwise be the case. Good conditions have continued in several branches of domestic trade, and in these such recession as has occurred is evidently only seasonal. The month of June is usually a period of relative quiet and of temporary reaction marking the close of spring demands while arrangements for the autumn trade have not yet been completed. This has been true during the past month. In some lines of business, however, it has become even more evident than heretofore that the close of the readjustment period has not yet been reached and in these the recession of business during June has been an actual decline and not merely a seasonal fluctuation. The best example of such industries is still found in the steel and iron trade. It is now generally believed that further readjustment of wages and prices in that field is likely to occur and that increased activity in it will certainly not be noted before autumn.

Prices, whose movement has been watched with special interest for some time past, had up to very recently given evidence of "stabilization." The downward movement during May was the smallest since the decline first began: - the index number of the Bureau of Labor Statistics showing a

falling off of less than 2 per cent. Bradstreet's index has declined only from 154 to 151. The index of the Federal Reserve Board, compiled for use in international comparisons, showed a decline of only one-half of 1 per cent during May. Current unofficial reports for the month of June, however, indicate that there has been a recent acceleration of the price decline. Such changes as have taken place during the past month have been due to falling off in the value of agricultural commodities and non-ferrous metals, excepting copper. During June price recessions in bituminous coal, cotton, wheat and grain have been general, while somewhat the same has been true of corn, rubber, and oils, but hides and leather have shown a slight upward movement and the same is true of some other commodities.

Unemployment continues practically unchanged with slight tendencies to betterment in some industries, particularly in agriculture, and with tendencies to increase here and there, especially in basic industries such as iron and steel. In the farming regions there is at this season always a larger demand for labor and this demand is making itself felt on account of the good crop outlook, although hampered by the necessity of more economic production. The agricultural prospect is improving, the composite condition of all crops as of June 1 being 93.2 compared with 94.8 a year ago. Conditions in the Northwest have been especially encouraging, with the spring wheat crop probably larger than for four or five years past. The cotton crop outlook has been poor to date, while as is generally known a marked reduction in acreage has taken place.

It continues to be true that there is hesitation in purchasing and consequent lack of speedy distribution, retailers tending to buy only from hand to mouth in order to avoid loss due to variation of prices. This prevents manufacturers from booking orders far in advance and tends to prevent them from buying heavily of raw materials, their indifference accord-

ingly leaving the raw material market uncertain and depressed.

Little improvement in export conditions has been observed. There has been no marked advance in demand while foreign exchange has been as unsettled as heretofore and practically no relief has been obtained from the disturbances which in South America and the East have prevented trade from going steadily forward. Moratoria still exist in various countries and the oversupply of unsold goods at various foreign ports has not been much reduced.

In banking there has been a steady growth of strength and liquidity. The reserve resources of the Federal Reserve Banks have been much enlarged through the continuous addition of gold, while their outstanding liabilities have been reduced by the curtailment of bills held. Federal Reserve notes outstanding have continued to shrink. These conditions are paralleled by the situation at member banks. Interest rates have become more moderate during the month and there is no lack of accommodation for ordinary business upon reasonable time. Special arrangements have been made during the month for the relief of the livestock industry through the formation of a "cattle loan pool" to be used in making advances to livestock producers.

The question of relationship between wholesalers, retailers and the public continues as a topic of discussion but with the tendency strongly toward the evening up of prices and toward the passing on of price reductions to the consumer in the form of lower retail charges. While no general reduction has been made in the cost of transportation, modification of rates in specific instances is progressing rapidly with the general result that actually lower costs of transportation are being gradually substituted for the levels of the past season.

The situation may be summed up by saying that the month of June has been a period of transition with seasonal recession in many industries and continued downward readjustment in others; while with productive prospects favorable and prices in some lines apparently reaching a condition of greater stability the

AGRICULTURE. Agricultural conditions in all sections of the country have shown marked improvement during May and June. The estimated total production of all wheat amounted to 830,000,000 bushels, as compared to a production of 787,000,000 bushels in 1920. A slight increase in production of rye is also indicated, but the estimates of production of oats and barley are somewhat lower than the figures for 1920. District No. 10 (Kansas City) reports that very heavy rains retarded farm work during June, but have supplied the moisture needed to make the wheat, rye, barley, and oats crops. The total acreage of winter wheat in that District is larger than in 1920, but the estimated production is considerably lower, as the crop has suffered from frost, rust, and insects. The condition of spring wheat, rye, and corn is generally satisfactory. In District No. 9 (Minneapolis) agricultural conditions are more favorable than for a number of years. Although spring wheat acreage in that District is 6 per cent less than in 1920, it is estimated that the production will show an increase of 36,000,000 bushels. A decided improvement in agricultural conditions has occurred in District No. 11 (Dallas), although crops in southern Arizona and New Mexico have been injured by drouth. District No. 12 (San Francisco) states that the wheat crop of the Pacific Northwest promises to be the largest on record.

COTTON. The condition of the cotton crop in the United States on May 25 was 66. per cent of a full normal, as compared with 62.4 per cent a year ago, and a ten year average of 76.6 per cent. A comparison by states shows that the May condition of the cotton crop was lowest in Alabama and Louisiana, and highest in Arizona. The generally poor condition of the crop is due principally to the scanty use of fertilizers.

Reports also indicate that boll weevils are already active in Texas. Complete estimates of cotton acreage are not yet available, but large reductions in acreage are reported from many sections. District No. 8 (St. Louis) states that "acreages are universally under those of 1920, recent reports placing the decrease from 20 to 40 per cent". District No. 6 (Atlanta) reports that in Georgia continuous cold weather in April and May killed much of the young cotton and that some of these fields are being planted with other crops. However, the Oklahoma crop is in better condition than last year and District No. 11 ('Dallas) reports that the Texas crop is growing vigorously as a result of excellent weather conditions prevailing since May 15. The Department of Agriculture estimated that world stocks of cotton on May 1 amounted to 9,200,689 bales in the United States and 4,647,304 bales in all other countries. Exports of raw cotton from the United States in May totaled 477,000 bales, as compared with 320,000 bales in April and 365,000 bales in May, 1920.

TOBACCO. It was noted last month that in District No. 8 (St. Louis) and in District No. 5 (Richmond), (with the exception of South Carolina), the acreage has been reduced. A similar situation is now reported with respect to the Burley tobacco section of District No. 4 (Cleveland). The Kentucky crop is backward, both in the case of Burley and the western dark types. Planting of Burley has been delayed because of the absence of favorable weather conditions. The farmers are making an effort to improve the quality of the present crop. Planting of the 1921 crop has begun in the Lancaster County cigar type section of District No. 3 (Philadelphia) where the weather has been ideal and the soil in good condition. Practically all manufacturers of cigars in District No. 3 (Philadelphia) report

a slight improvement in sales, although they are still much smaller than at the same period last year. Factories in that District which were closed are being reopened as sales increase and old stocks are disposed of. Operations throughout the industry average about 80 per cent of capacity.

FRUIT. The condition of the various fruit crops on June 1 differed widely. Grapefruit, limes, pineapples, cantaloupes, and oranges showed a condition higher than their ten-year average for that date; while the condition of cherries, peaches, pears, apricots, and apples was far below the ten-year average. District No. 3 (Philadelphia) reports that the 1921 crops of cherries and plums were almost entirely destroyed by frosts, and that crops of apples and peaches are only about 20 per cent as large as in 1920. The strawberry crop matured early this year and 890 carloads of strawberries were shipped from Delaware and New Jersey during May, as compared with 68 carloads in 1920. The apple crop in District No. 2 (New York) is only 35 per cent as large as in 1920. The commercial acreage of cantaloupes planted in ten early producing states amounts to 39,595 acres in 1921, as compared with 43,191 acres in 1920 and an average of 32,926 acres in the years 1917, 1918, and 1919. During May the Texas peach crop declined to 50 per cent of normal, indicating a probable production of 1,421,000 bushels.

GRAIN MOVEMENTS. Movement of wheat to market during May in the country as a whole continued in about the same volume as in the three preceding months, while receipts of corn and oats show an increase over the April figure. Receipts at the four leading markets of District No. 10 (Kansas City) were much heavier than in April, amounting to 11,964,000

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bushels, and were 62 per cent above the receipts for May, 1920. The large surplus of wheat on farms in that District has been materially reduced, and with the continued liberal receipts reported during June, it is indicated that by the time the new 1921 wheat begins to arrive, stocks of old wheat will have been reduced to but little above the normal carry over. Receipts of wheat at Minneapolis and Duluth during May were however 20.6 per cent less than during April and 12.4 per cent less than during May, 1920. Receipts of corn, oats and barley at these two centers during May increased over April figures, and with the exception of oats, which shows a decrease of 5.8 per cent, were in excess of the May, 1920 figures. May receipts of oats at the four leading markets in District No. 10 (Kansas City) totaled 1,152,000 bushels, or 475,000 bushels less than in May, 1920. Stocks of all grains in terminal elevators in Minneapolis and Duluth at the close of May were 18 per cent less than at the close of April, but were 33 per cent larger than at the end of May, 1920. This was due to the fact that Duluth stocks were nearly three times as large, although Minneapolis stocks were slightly smaller than in May, 1920. The May average price of wheat and oats was considerably higher than the April average, although there was a recession during June. The average for the first three weeks of June was lower than the May figure, although still higher than the April figure. In the case of corn, however, the average for the first three weeks was in excess of the May average, which in turn was in excess of the April average.

FLOUR. Wheat flour production during May is estimated at 8,406,000 barrels, as compared with 9,368,000 barrels in April, but was in excess of the figure of 8,244,000 barrels for May, 1920. Buyers in District

No. 8 (St. Louis) "are disposed to hold off for arrival of the new wheat

crop", and while "there is a fair immediate business, virtually nothing is being sold ahead." Stocks in all hands are stated to be very light, and the present rate of production not such as to augment them rapidly. There is a fair export business in clears, but the demand for the better grades of flour is slow, and foreign buyers still show a preference for wheat instead of the milled product. May exports of flour from Minneapolis mills were 4 per cent greater than in April, and for the first five months of 1921 fully 50 per cent larger than exports during the corresponding period in 1920. The influence of a steady export demand in District No. 12 (San Francisco) has caused flour prices to show a slight advance above eastern market quotations. A decrease in stocks of wheat on hand, reported by 19 of the largest mills in that District, from 1,060,505 bushels on May 1 to 818,314 bushels on June 1, as compared with 1,886,661 bushels on June 1, 1920, reflects the tendency to export wheat rather than flour. Flour prices have shown an increase. The May average was considerably above the April average and the gain/further increased during June, the average for the first three weeks being considerably greater than that for May. This is the case with lower grade flour such as clears, as well as with patents.

LIVE STOCK. Live stock in general continues in good condition. Meadows and pastures in District No. 10 (Kansas City) are thriving, while as a result of rains in Texas early in June ranges are now in fine condition in all sections of that state, with grazing greatly improved and cattle taking on weight. In New Mexico recent rains have given grass a new start and improved the condition of live stock, although drought has continued in Arizona. The loss of lambs, calves and pigs has been small in District No. 10 (Kansas City) while in District No. 12 (San Francisco) exceptionally heavy yields of lambs are

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reported from all sections except Arizona. Of interest in this general connection is the plan for a national pool of \$50,000,000, to assist in financing the industry. It is hoped in this manner to care for the needs of the cattle and sheep raiser, and this in turn will aid the feeding districts which finish the stocks for the market. Receipts of each of the three principal classes of live stock during May show an increase over receipts during April, but in the case of sheep alone are they greater than the May, 1920 figures. Receipts of cattle and calves at 15 western markets during May were 1,062,988 head, corresponding to an index number of 105, as compared with 994,916 head during April, corresponding to an index number of 99 and 1,209,656 head during March, corresponding to an index number of 120. Receipts of hogs during May were 2,401,246 head, as compared with 2,279,495 head during April and 3,128,249 head during May, 1920. The respective index numbers were 109, 104 and 142. Receipts of sheep increased from 1,077,806 head in April to 1,097,976 head in May, as compared with 796,160 head in May, 1920. The respective index numbers were, 79, 80, and 58. The average prices of cattle and hogs during the first three weeks of June were lower than the average prices for May, which in turn were lower than the averages for April. The May average price for sheep however was slightly greater than the April figure, but a considerable fall was shown in the average for the first three weeks of June. Prices of hogs in the Pacific Northwest continue to range above the prevailing prices in large middle western markets, but show a slight decline as compared with April. Prices at Forth Worth during May were more irregular than usual and at the close of the month were under those at the opening, due to the falling off of outside buying, as well as in the case of calves to the fact that receipts were the heaviest for that month.

in any of the past 18 years. Some improvement in May in the packing industry in District No. 10 (Kansas City) is reported.

PETROLEUM. Production of petroleum in the country as a whole continued throughout May and the first two weeks of June at the record rate attained in March and April. The average daily output in District No. 12 (San Francisco) fell from 338,981 barrels in April to 337,101 barrels in May; while the average daily output in District No. 11 (Dallas) declined from 386,249 barrels in April to 372,596 barrels in May. These decreases were more than offset by an increase in the average daily production of the Kansas-Oklahoma fields from about 378,000 barrels in April to 402,000 barrels in May. Stocks of oil continue to increase and are necessitating the construction of additional storage facilities. District No. 12 (San Francisco) reports that stocks at the close of May amounted to 28,054,710 barrels, as compared with 25,356,769 barrels at the close of April. Despite this apparent overproduction, there was an increase in drilling operations during May. District No. 10 (Kansas City) reports 714 wells with a daily new production of 87,461 barrels completed in May, as compared with 583 wells with a daily output of 65,147 barrels completed in April. Fifty-nine new California wells with an initial daily production of 21,130 barrels were completed in May, as compared with 58 wells with a daily production of 18,470 barrels in April. In District No. 11 (Dallas), on the other hand, only 192 wells with an initial daily production of 75,574 barrels were completed in May, as compared with 256 wells with an initial daily output of 97,176 barrels in April. There have been further reductions in prices of crude petroleum and of leading refinery products during May and the early part of June. Pennsylvania crude oil has declined from \$6.10 per barrel on January 1 to \$2.75 per

barrel on June 1⁴, and similar declines have occurred in the other producing fields. Prices of fuel oil, kerosene, and lubricating oil have also declined sharply in recent months, while the price of gasoline has receded more slowly.

COAL. Demand for bituminous coal is still very restricted. Exports increased somewhat in May, as a result of the British coal miner's strike, but this European demand slackened during June. Production during May amounted to 32,919,000 tons, as compared with 27,553,000 tons in April and 38,993,000 tons in May, 1920. The respective index numbers are 89, 74, and 105. District No. 3 (Philadelphia) reports that prices have weakened materially, and virtually all business is spot. "Public utilities have taken advantage of the present low prices to increase their supplies considerably, but industrial consumers and railroads are buying only for immediate requirements". District No. 10 (Kansas City) states that the railroads show no disposition to renew the contracts which expired on April 1, but are buying sufficient coal for their needs on the open market. The demand for bituminous coal from Tennessee fields increased during May and resulted in an increase in the number of mines in operation and in the number of coal cars loaded. Anthracite production declined slightly in May and amounted to 7,668,000 tons, corresponding to an index number of 103.6, as compared with 7,703,000 tons during April, corresponding to an index number of 104.1, and 7,946,000 tons during May, 1920, corresponding to an index number of 107. District No. 3 (Philadelphia) reports that company mine prices of all sizes have remained stationary and that most retail dealers have refrained from announcing the usual monthly increase. Demand for steam sizes is still

very slack. The beehive coke industry has reached a state of almost complete paralysis; but the output of by-product coke continues at a considerably higher rate than that of beehives, as a result of the demand for gas and other by-products.

IRON AND STEEL. During May operations in the iron and steel industry were at not over 25 to 30 per cent of capacity, and during June they show a tendency to taper off still further. District No. 3 (Philadelphia) states that "June has been the dullest month ever experienced in the history of the industry." Pig iron production during May amounted to 1,221,221 tons, corresponding to an index number of 53, as compared with 1,193,041 tons during April, corresponding to an index number of 51, although the average daily production showed a decrease. A similar situation was found in the case of steel ingots, as production increased from 1,213,958 tons in April to 1,265,850 tons in May. The respective index numbers were 52 and 54. There was a net loss during May of six furnaces in blast, so that 90 were active on June 1. The unfilled orders of the United States Steel Corporation showed a decrease for the tenth consecutive month, from 5,845,224 tons at the close of April, corresponding to an index number of 111, to 5,482,487 tons at the close of May, corresponding to an index number of 104. Recent reductions in prices by the leading interest and readjustment by the independent producers have not stimulated purchasing and as competition has grown keener, price concessions have been made by the individual manufacturer. At present they are found in the case of the larger as well as the smaller producers. Buyers however continue to confine their purchases to small lots for immediate needs. On the other hand, stocks are not accumu-

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lating and neither producers' nor consumers' reserves are large. Recently some minor expansion of railroad buying has taken place, and some inquiries which have been made have raised the question of the possibility of increased business in connection with repair and equipment. Some increase in inquiries from oil interests and for structural steel is also reported, though the actual volume of business is small. The Lake Superior iron ore market opened for the season on June 18, by initial sales at \$1.00 per ton under the 1920 schedule. This was the latest date in twenty years. Movement of ore from the docks to interior furnaces is very light and stocks at the lake front are much heavier than a year ago.

AUTOMOBILES. May shipments of automobiles by factories producing three-fourths of the total output of the country show a falling off from the April figures. May shipments amounted to 18,608 carloads, as compared with 20,087 carloads during April, although driveaways increased from 14,197 machines in April to 15,200 machines in May. Thus far this year carload shipments have been greater than last year only during April, but driveaways have been much less in every case and during May were only slightly over 20 per cent of the May 1920 figure. Manufacturers of popular standard makes who build their own cars are able to make a fair profit and do a good business at present prices, but assemblers, as well as some of the smaller and weaker companies find their overhead increasing as competition to supply the restricted demand becomes keener. The effect of recent price reduction is being watched with interest.

NONFERROUS METALS. Copper production during May continued to be much curtailed, as the large mines which closed in March and April have not yet resumed operations. The output of refined copper by reporting companies in District No. 9 (Minneapolis) amounted to 4,685,441 pounds during May, as compared with 4,816,453 pounds in April and 20,817,776 pounds in May, 1920. The price of copper (New York, net refinery) rose to 13 cents in the latter part of May as a result of a number of foreign orders, but a decline to 12.75 cents occurred in the early part of June due to a cessation of export demand. Lead and zinc prices also declined during June and are at present quoted at about the same level. Zinc production during May amounted to 18,026 tons, as compared with 16,550 tons in April and 45,415 tons in May, 1920. Stocks of zinc on May 31 totaled 83,721 tons, as compared with 79,581 tons on April 30. District No. 10 (Kansas City) reports that several properties which mine both zinc and lead were reopened during May. Some drilling is being done in that District to locate shallow deposits of lead ore which can be mined profitably at present prices. Gold, silver, and lead mines in District No. 12 (San Francisco) report that they are operating at from 90 to 100 per cent of capacity.

COTTON TEXTILES. The market for cotton textiles continues to display the characteristics that have been so generally commented upon during the past few months. Certain kinds of goods, notably ginghams and print cloths continue in active demand and manufacturers of sheetings are refusing to promise deliveries before August. On the other hand other gray goods, ducks and drills are in very slight demand. The market for yarns manifests no great activity and the demand for tire yarns is reported by District No. 1 (Boston) to be especially weak due to the

failure of the automobile industry to sustain the increase in activity recently apparent. District No. 3 (Philadelphia) states that several combing yarn mills have recently closed down because of a lack of sufficient orders, although on the whole, the demand for combed yarns is greater than that for carded yarns. In the southern districts mill activity appears to be greater than in the north-eastern sections of the country, although there have been some stoppages in District No. 5 (Richmond) due to labor troubles. Otherwise it is said, most of the Carolina mills are running nearly full time. Special reports from cotton goods mills located in District No. 6 (Atlanta) show a slight increase in the amount of cloth produced in May as compared with April, namely, 7.8 per cent for 18 concerns, and an increase of 18.9 per cent in orders on hand at the end of May. Production was however 57.8 per cent below that of May 1920. Nine representative yarn mills produced 41.4 per cent more yarn in May than in April, with orders at the end of the month practically the same as at the end of the preceding month. The output was only 11.6 per cent below that of a year ago.

Consumption of raw cotton during May amounted to 440,000 bales as compared with 409,000 bales in April, a total of 19 per cent below that of a year ago and 22 per cent below the average of the last five years. Despite the steady, though not pronounced increase in consumption, the disturbed foreign situation, uncertainty as to the size of the next crop, and the large stock already on hand are factors preventing an upward price movement. In fact, the spot cotton market registered sharp declines during June and New York spot cotton closed at 10.85

cents per lb. on June 20, half a cent below the previous low record of the year.

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 91,033,535 yards, as compared with 86,311,438 yards in April. The total average percentage of capacity operated was 58 per cent for all reporting districts, as compared with 56 per cent during the preceding month. The total gray yardage of finishing orders received amounted to 86,754,055 as compared with 92,920,824 in April. The total average work ahead at the end of the month amounted to 10 days for all reporting districts the same as for the preceding month.

WOOLEN TEXTILES. All reports indicate that the market for woolen textiles has been well sustained during the past month and that woolen and worsted mills are operating at an increased percentage of capacity. This is evidenced by government statistics of activity based on reports of 917 manufacturers, which show that wide looms were operated at 80 per cent of capacity during May, narrow looms at 70 per cent; cards at 80 per cent; combs at 98.6 per cent; woolen spindles at 81 per cent and worsted spindles, at 90 per cent. District No. 3 (Philadelphia) states that orders placed for woolen and worsted yarns are extremely conservative and in many cases purchases are made only after they have been covered by sales. Prices remain stable, except in knitting yarns which have fallen 10 to 15 per cent from contract prices made earlier in the year. The result has been cancellation of orders in cases where spinners have refused to make concessions. Increased manufacturing is reflected in the growth in total wool consumption as reported by the Bureau of Markets for the first four months of 1921.

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Each month has shown an increase, April consumption amounting to 53,071,000 lbs. as compared with 47,181,000 lbs. in March. During the latter part of May, the Boston wool market strengthened somewhat but by the middle of June a downward tendency was again manifest. The mills have of late not bought heavily and it is probable that uncertainty as to prospective tariff duties is a factor in limiting sales. District No. 12 (San Francisco) reports that during May several sales of new clip wool were made to buyers for eastern mills at prices of 15 cents to 18 cents a pound in the grease as compared with 11 cents a pound in the grease a month ago in the Yakima Valley. It is said that "reduced rates by water from Pacific to Atlantic ports through the Panama Canal have stimulated wool shipments from points in Utah and Idaho by rail to Los Angeles and thence by water to the Atlantic seaboard. One hundred and fifty carloads have been dispatched at San Pedro since January 1st, at a reported saving over railroad rates of \$3 to \$20 per ton."

MEN'S CLOTHING. A special investigation of the men's clothing industry in District No. 7 (Chicago) shows in the case of 19 tailors-to-trade a reduction in orders for suits as compared with the same month a year ago of 28.5 per cent. There was a reduction of 20.1 per cent in the number of suits made during the month and of 23.1 per cent in the number of suits shipped. In the case of nine wholesale clothing manufacturers, the orders for suits for fall from January 1921 as compared with the same season of 1920 fell off 27 per cent. The number of suits made during the month of May as compared with the same month a year ago were 52 per cent less and the same percentage holds for shipments.

SILK. Silk mills in District No. 2 (New York) report diminished activity in June, as operations only averaged 54 per cent of capacity as compared with 62 per cent in May. However, this reduction is no doubt due to the fact that the present time is between seasons. Spring and summer business is about over and orders for the fall have not yet been placed in any considerable quantity. According to the figures compiled by the Silk Association of America, the consumption of raw silk declined slightly from 28,900 bales in April to 27,200 bales in May. Stocks in warehouses at the end of the month remained virtually unchanged. Prices of raw silk have advanced somewhat, and District No. 3 (Philadelphia) reports that the thrown silk market has strengthened since June 1st.

HOSIERY. The hosiery industry exhibits marked contrasts, with practically no demand for certain lines while in other cases, notably that of full fashioned silk hosiery, premiums have been offered for immediate delivery. The shortage in this grade of goods is due to the long drawn out strike and many of the mills still operating are booked to capacity until the first of the year. There is a demand for seamless silk lines in consequence, although orders are placed in very restricted quantities for future delivery. Very slight interest is shown in staple cotton hosiery, however. Reports from 24 hosiery firms selling to the wholesale trade in District No. 3 (Philadelphia) show an increase in the product manufactured during May as compared with April of 8.8 per cent. Finished product on hand May 31 had fallen 10.9 per cent, while orders booked during May increased 103.3 per cent, and unfilled orders on hand May 31 were 39.8 per cent above those for the end of the preceding month. Similar information for 8 firms selling to the retail

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trade show an increase in the product manufactured of 19.5 per cent, a decrease of finished product on hand of 9.3 per cent, a diminution in orders booked during May of 28.1 per cent and an increase in unfilled orders on hand of 16.1 per cent.

UNDERWEAR. Reports received from underwear mills located in District No. 3 (Philadelphia) indicate that production averaged only about 40 or 50 per cent of capacity and that orders received thus far are only about one-third the amount that would usually be on hand at this season. The demand for light weight goods for immediate delivery has been active but cancellations of orders have been frequent as a result of delay in deliveries, and unwillingness of jobbers to risk carrying such late deliveries until another season. The 21 firms which make regular reports to the Federal Reserve Bank of Philadelphia showed a negligible increase in output during May of 1.7 per cent as compared with the month of April, finished products on hand May 31 had increased by 3.3 per cent, raw materials, however, had been reduced 39.9 per cent. Both orders booked during May and unfilled orders on hand May 31 declined by 15.6 per cent and 11.7 per cent respectively.

SHOES AND LEATHER. Prices of leading classes of raw skins and hides have increased somewhat further during June, after a rather sharp advance in May. District No. 3 (Philadelphia) states that tanners are fearful that a further advance in raw stocks would force such an increase in leather prices as to retard trade. Stocks of goat, kid and cabretta skins have shown a downward tendency since September, 1919 and are now only about one half as large as at that time. Demand for all upper leathers was well maintained during June. Export demand has not kept

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pace with domestic business, but a few foreign sales of patent side leather and glazed kid have been made. Demand for sole leather has slackened somewhat during June, but the higher grades continue to be sold in considerable volume. Stocks of belting and harness leathers are still large, and sales have been at a low level for many months. Trunk and bag manufacturers in District No. 3 (Philadelphia) report a steady improvement in volume of business, but at prices materially lower than in 1920. The upward tendency of the shoe industry which was first noted in January continued without interruption throughout May and the early part of June. Shoe factories in District No. 1 (Boston) continued to operate at about 50 per cent of capacity during May for the fourth successive month, but as a rule, shipments from factories exceeded production and orders on the books on June 1 were considerably higher than on May 1. District No. 3 (Philadelphia) reports that shoe manufacturers have been kept busy filling late spring orders, as the volume of spring business proved much larger than was expected. Many orders for the fall trade have been received from retailers, but jobbers are hesitant on account of their stocks of staple goods. Both wholesale and retail trade is reported good, and an increasing demand for black shoes and patent leathers has been noted. Factory operation in District No. 8 (St. Louis) is at from 95 to 100 per cent of capacity, and orders booked in May for immediate shipment were from 90 to 105 per cent of those in May, 1920. Retail stocks in that District have been greatly reduced, and the consumers' demand is greater than at any time since last summer. In District No. 7 (Chicago) factories are operating at about 70 per cent of capacity and unfilled orders amount to about six weeks production.

LUMBER. An increase in lumber output due to seasonal causes was quite generally reported during May but orders had not in all cases kept pace with the larger output. Since June 1, yellow pine sales have fallen below current production as the demand for lumber for structural purposes has steadily fallen off. In District No. 6 (Atlanta) the 139 mills belonging to the Southern Pine Association reported an average production per mill for the week ending June 3 of 506,823 feet as compared with 492,014 feet for the last week in April. Shipments on the other hand, fell from an average of 571,946 feet for the last week in April to 537,327 feet for the week ending June 3. Similarly, orders for the same dates dropped from an average of 697,049 feet to 456,538 feet. In District No. 11 (Dallas) the 32 reporting mills belonging to the Southern Pine Association likewise showed an increase in production which was only 27 per cent below normal as compared with 39 per cent below normal for the month of April. In District No. 9 (Minneapolis) the lumber cut of 25 reporting companies was 29,576,000 feet during the month of May, an increase of 40 per cent as compared with April, and of 20 per cent as compared with the same month a year ago. Shipments amounted to 17,814,000 feet as compared with 22,221,000 feet a year ago - a decided improvement, as in recent months shipments have not been more than one-half those of the preceding year. The four lumber associations in District No. 12 (San Francisco) reported an increase in the May cut such as was to be expected at this season. Production during the four weeks ending May 28th totalled 360,075,000 board feet, which was 23.6 per cent above the April figures. Both orders and shipments also increased in amount but

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fell behind the cut for the first time this year as shipments only totalled 335,805,000 feet as compared with 334,199,000 feet in April, while orders amounted to 342,724,000 feet. The report says that although inland mills showed renewed activity, "business was curtailed at tidewater and river mills during the month, high-water in the Willamette and Columbia Rivers, and enforced inactivity due to strike conditions in the shipping and building trades, causing the closing of a large percentage of river mills in the Pacific northwest".

BUILDING. Building operations during May show decreases from April in some districts, but in the majority of districts increases are shown. As a whole, building has continued about steady from April to May this year, in the face of a large drop last year, and has thus not been affected by seasonal developments. The value of contracts awarded in District No. 1 (Boston) during May was about \$18,000,000, a slight increase over the April figure. Of this, \$6,900,000 represented residential construction. In District No. 2 (New York) the value of contracts awarded during May likewise increased, to \$58,800,000, of which \$37,000,000 was for residential construction. In District No. 3 (Philadelphia) an increase of over 50 per cent was shown, and the May figure stood at \$23,400,000, of which \$6,800,000 was for residential construction. District No. 4 (Cleveland), however, showed a slight decrease in the total value of contracts awarded, although those for residential construction showed a small increase. The two figures for May were respectively \$33,900,000 and \$9,200,000. District No. 5 (Richmond) also shows a decrease in the value of contracts awarded, in particular in the case of residential building. The value of building permits showed little change in District No. 6 (Atlanta), but large increases were recorded in Atlanta and Birmingham. Contracts awarded in District No. 7 (Chicago) increased from \$53,700,000 in April to \$54,900,000 in May, but the value of residential contracts declined from \$13,000,000 to \$9,800,000. In four reporting cities of District No. 8 (St. Louis) the value of building permits increased from \$2,403,557 in April to \$2,696,521 in May. In District No. 9 (Minneapolis) excluding Montana, the value of building contracts declined from \$9,100,000 in April to \$8,800,000 in May, but residential contracts increased from \$2,000,000 to \$2,300,000. The value of permits in fourteen cities of District No. 10 (Kansas City) increased from \$5,167,969 in April

to \$6,096,407 in May. Nine cities of District No. 11 (Dallas) report 2,473 permits valued at \$4,190,778 in May, as compared with 2,588 permits valued at \$5,633,649 in April. The value of building permits in 20 cities of District No. 12 (San Francisco) declined from \$19,907,621 in April to \$17,763,732 in May. This decline was due principally to a complete suspension of building operations in San Francisco which has been caused by a strike in the industry.

EMPLOYMENT CONDITIONS. Taking the country as a whole, unemployment increased slightly during May. Although in District No. 12 (San Francisco) the reductions in numbers employed were attributed to strikes in the marine and building trades, it appears that elsewhere such reductions are the result of a further contraction of the scale of manufacturing operations. The Massachusetts Department of Labor and Industries, however, in its survey covering 192 representative manufacturing establishments reported a slight increase in numbers employed, the totals being 197,000 (May 27) as compared with 192,000 on April 30th. In May the only increase in opportunities for employment was afforded by a gradually enlarging activity of the textile mills. In New Hampshire and Vermont, conditions were similar. Granite and marble working establishments in these states have greatly reduced their forces or have closed down entirely. In Rhode Island and Connecticut unemployment is most pronounced in the metal working trades especially in brass production, machinery and tools in Connecticut, and tools and jewelry in Rhode Island. In both states increased demand for labor in textile industries has to a certain extent offset the unemployment occurring in other lines. The New York State Industrial Commission reports a decline of 2 per cent in numbers employed in the factories of that State. Iron, steel, machinery and automobile plants reduced working forces because of a lack of new orders and the railroads also cut down forces somewhat. There were no serious labor troubles during the month. The end of the marine strike still left many seamen idle as a result

of conditions in the shipping industry. Following the settlement of the strike in the clothing industry, the number employed in men's clothing establishments increased. In the case of women's clothing the usual seasonal decrease has set in. It is reported that there has been little change in the numbers employed in the building trades. A slight increase has probably occurred in New York City but in other parts of the state activity is at a standstill. The very restricted scale of operations in the iron and steel industries would obviously result in widespread unemployment in certain parts of District No. 3 (Philadelphia) and No. 4 (Cleveland). District No. 5 (Richmond) reports that there was an increase in construction work, which decreased the number of unemployed, especially in the case of unskilled laborers. On the other hand, a strike centering in the textile mills around Charlotte and resulting from a proposed 22.5 per cent reduction in wage rates led to an increase in numbers out of work in that section. The supply of farm labor likewise continued to be excessive. District No. 7 (Chicago) obtained returns from 177 concerns, showing that the total numbers employed at the end of May, as compared with the end of the preceding month, fell 4 per cent, from 114,490 to 109,967. The reduction as compared with a year ago amounted to 33.3 per cent. The amount of the May pay roll was 6.5 per cent below that of April and 40.4 per cent below that of May 1920. District No. 8 (St. Louis) says that "labor conditions failed to show improvement during the period under review." Strikes in District No. 12 (San Francisco) (in the marine and building trades) and a slight reduction in numbers in manufacturing establishments as recorded by the United States Employment Service, account for the increase in unemployment in May. On the other hand, seasonal activities in lumbering and in agriculture have taken off some surplus labor although the demand is below normal.

WHOLESALE TRADE. Conditions in the wholesale grocery business remained substantially unchanged during May although the downward trend in sales was arrested. In all reporting districts except District No. 5 (Richmond) slight advances were recorded from the preceding month rising from 0.6 per cent in District No. 11 (Dallas), with 11 firms reporting, to 4 per cent in District No. 6 (Atlanta) with 27 firms reporting. As compared with a year ago reductions ranged from 33.8 per cent in District No. 11 (Dallas), 11 firms reporting, to 43.4 per cent in District No. 3 (Philadelphia) with 50 firms reporting. In District No. 11 (Dallas) there was a negligible increase in the amount of dry goods sales during May, and in District #7 (Chicago) an increase of 4 per cent in the sales of nine reporting shoe firms, but otherwise all districts making returns showed declines in dry goods, hardware, boots and shoes, following upon very general sales reductions in April. In the case of dry goods these declines ranged from 12.6 per cent in District No. 6 (Atlanta), 15 firms reporting, to 17.4 per cent in District No. 12 (San Francisco), 9 firms reporting. In hardware lines the minimum sales decrease amounted to 6.3 per cent in District No. 12 (San Francisco), 23 firms reporting, and reached a maximum decrease of 14.7 per cent in District No. 3 (Philadelphia), 24 firms reporting. In boots and shoes, declines varied from 6.5 per cent in the case of District No. 6 (Atlanta), with 7 firms reporting, to 18.2 per cent in District No. 5 (Richmond), 8 firms reporting. As compared with May 1920, reductions in all lines were pronounced, ranging from 13.6 per cent in District No. 4 (Cleveland) to 38 per cent in District No. 12 (San Francisco) for dry goods; from 22 per cent in District No. 4 (Cleveland) to 43.7 per cent in District No. 6 (Atlanta) for hardware; and from 7.3 per cent in District No. 7 (Chicago) to 45.6 per cent in District No. 5 (Richmond) for boots and shoes. The fact that the shoe sales for District #7 (Chicago) are only 7.3 per cent below the totals for a year ago is attributed to the great increase in the number of orders, resulting from mark downs and also from the necessity of retailers to replenish stocks.

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RETAIL TRADE. Retail trade, as measured in dollar values, continues to decline. The value of net sales was lower in every district during May than in the corresponding month a year ago. However, these declines in total value appear to be less than the average decline in retail prices during the past year, which shows that the volume of trade has been well maintained. Reporting department stores show a decrease in net sales from the same month a year ago of 4.5 per cent in district No. 1 (Boston), 10 per cent in District No. 2 (New York), 7.8 per cent in District No. 3 (Philadelphia), 5.5 per cent in District No. 4 (Cleveland), 3 per cent in District No. 5 (Richmond), 16.8 per cent in District No. 6 (Atlanta), 12.5 per cent in District No. 7 (Chicago), 1.6 per cent in District No. 8 (St. Louis), 14.9 per cent in District No. 9 (Minneapolis), 5.3 per cent in District No. 10 (Kansas City), 17.4 per cent in District No. 11 (Dallas), and 4.1 per cent in District No. 12 (San Francisco). In eleven districts there was a decline of stocks on hand during May. Stocks at the end of May were lower than a year ago for every district. These declines varied from 11 per cent in District No. 8 (St. Louis), to 25.8 per cent in District No. 5 (Richmond). Considering the decline in retail prices, it is doubtful whether there has been much change in the physical volume of stocks. Stock turnover continued at about the same rate in May as in April. The percentage of outstanding orders of retail merchants at the end of May, to total purchases during the calendar year, 1920, decreased in eight districts. This indicates that retailers are continuing the same purchasing policy as heretofore, preferring to purchase goods in smaller amounts as needed, rather than to make extensive future commitments. Continued adherence to this policy will mean that purchasing for the fall season will be conducted largely on that basis.

WHOLESALE PRICES. During May wholesale prices in general continued to fall, but according to all indications at a less rapid rate than at any time since the downward movement began. In June, however, the decline seems to have become more pronounced again. The index number of the Bureau of Labor Statistics for May shows a reduction of about 2 per cent as compared with 5 per cent in the preceding month. That of the Federal Reserve Board, constructed primarily for international comparison, declined only one-half of one per cent during May as compared with a 5 per cent decrease in April, and Bradstreet's and Dun's show tendencies similar to these.

The rise during May in the price of a large number of important agricultural commodities, such as cotton, wheat, corn, oats, etc.; non-ferrous metals, coal, and raw hides, in part neutralized the effect of declines in certain other raw materials and in manufactured goods. As a result, the index numbers show raw materials as a whole to have averaged the same or somewhat higher than in the preceding month while manufactured goods continued to be reduced.

In June many of the important raw materials which had advanced in May declined again, but in most cases not to the April level. Leading agricultural commodities, except corn; bituminous coal, non-ferrous metals, with the exception of copper, as well as live stock, petroleum, iron and steel products, and building materials, continued to be reduced. A considerable number of important food commodities such as dairy products, meats, etc., were materially reduced during May, but reductions in finished textiles and boots and shoes were not so general.

SHIPPING. The outstanding events in American shipping circles during June were the appointment by President Harding of the new Shipping Board, and the settlement of the strike of the marine engineers which had been in progress ever since the first of May. The terms of the agreement signed by the Shipping Board and the unions provide for a reduction of 15 per cent in wages and the elimination of all overtime pay at sea. The agreement, announced June 16, runs until January 1, 1922, during which time no further wage cuts are to be made.

The movements of ocean freight rates during the month have been mixed. At the beginning of June, with a reduction of about 30 per cent in grain rates to the United Kingdom, the general tendency was distinctly toward lower levels. Toward the middle of the month, however, French Atlantic rates were raised about 10 per cent to the level of rates to other continental ports, and a little later the extensive chartering of coal boats to the United Kingdom brought about a decided advance in charter quotations. Reports indicate that at that time many coal buyers abroad placed orders in this country to fill their immediate requirements regardless of the outcome of the British coal strike. The fundamental conditions affecting the shipping and ship-building industries are, however, substantially the same as reported for some months past. American shipyards continue merely to complete tonnage already on the ways, and no new orders of any size have been booked for months. There can obviously be no change in this situation until world trade revives sufficiently to absorb and put into profitable operation the vast fleets of vessels now lying idle in ports all over the world.