

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

Marketing of agricultural products has proceeded rapidly during the month of October. This has had a beneficial influence in stimulating the activity of important lines of industry and trade. The higher prices realized by the farmer for tobacco and cotton, and from heavy sales abroad of cereals have given him ready cash and have brought him into the market for purchases of seasonable goods with corresponding benefit to trade in the producing regions. Improved collections and the reduction of outstanding loan accounts have followed in the train of this renewed activity. The beginnings of improvement are noticeable, even in portions of the country such as some of the southern and southwestern districts where credit conditions have been more serious than generally.

Some distinctly encouraging elements in the general business situation are to be noted. The outlook in the textile industries is among these. There has been a more active demand for raw wool, especially of the medium grades heretofore in smaller demand. While it is true that uncertainty of the future of cotton prices has led some

textile manufacturers to hold off, the disposition to buy has been much more pronounced during the past few weeks. Consumption of raw materials continues at a high figure and the total used in September was in excess of that reported for September, 1920.

Basic manufacturing and structural industries have not yet shown the influence of reviving demand except in a limited degree. There has been some increase in activity, although the extent of it has varied quite materially as between industries. In iron and steel an increase both in production and in unfilled orders has taken place which, although limited in amount, is regarded as of first rate importance as marking the turn from the low point. Conditions surrounding the production and sale of non-ferrous metals are materially improved in the southwestern mining districts, and bituminous coal production has shown a substantial increase. Better conditions are also reported in the lumber industry, one or two Districts, notably Minneapolis, however, furnishing an exception. The activity of building has been particularly noteworthy because of its continuance beyond the time when a seasonal reaction would ordinarily occur.

The better conditions in the agricultural districts, accompanied by improved buying demand and the enlarged activity in manufacturing, have naturally been reflected in increased activity of wholesale trade. An improvement has been noted in the majority of cases for four leading reporting lines, although in the case of wholesale groceries there has been reaction in a few instances. The sale of certain seasonal articles which would ordinarily show an increase at this period of the year, has in some cases failed to do so owing to the mild weather. Retail trade has been well maintained in most parts of the country.

Index numbers of prices appear to show that the price level has attained a substantial degree of stability. The index number of the Federal Reserve Board shows no change during the month of September, while commercial index numbers reflect tendencies to slightly higher prices. Prices are generally in better relation to one another than at any time during the past eighteen months. In foreign countries the same degree of stability has, of course, not been attained, but indications in some point to the belief that the bottom has been reached.

Although unemployment continued to be a serious element in the existing industrial situation, there has been a fairly general increase in the number of men employed. Relatively little labor unrest exists at the present time, but the announcement of a call for a nationwide railroad strike has produced, in some Districts, at least, an effort to speed up industrial activities in order to render possible larger rail shipments in anticipation of a possible crippling of the transport system. The possibility of such a strike has apparently been reflected only to a slight degree in other branches of industrial activity during the month, possibly owing to the belief that an accommodation designed to prevent the occurrence of a strike would be arrived at.

Steady liquidation of credit, increases in reserve strength and of reserve ratios, and some decline in bills held by Federal Reserve Banks, have been the characteristic features of the month from the banking standpoint. Financially the outstanding occurrence has been the marked increase in the prices of standard bonds, particularly of Liberty bonds, and the limited decline in rates of interest. Foreign exchange, however, has shown great instability largely due to disturbed political conditions in foreign countries and continued difficulty of devising any system of international financing.

AGRICULTURE: The average condition of all crops in the United States continued to decline during September and the composite condition on October 1, was 91.1 per cent of their ten-year average condition on that date. The aggregate crop production this year is estimated to be 16.9 per cent lower than last year. The tobacco and potato crops showed notable improvement during September, but this was more than counterbalanced by further deterioration of the cotton and grain crops. The production of corn was forecasted on October 1 to amount to 3,163,063,000 bushels, an increase of 12 per cent over the average production of the past ten years. District No. 7 (Chicago) states that the general quality of the corn crop is good, although there has been considerable damage from worms and mold. The condition of corn in District No. 9 (Minneapolis) improved during September and the estimated production is 9 per cent greater than in 1920. Production in District No. 8 (St. Louis) is also larger than in 1920, but the quality is disappointing on account of damage from ear worms and corn borers. The condition of the white potato crop has shown marked improvement during the past two months. The estimated production on October 1 totaled 345,844,000 bushels, as compared with 322,985,000 bushels on September 1. District No. 9 (Minneapolis) reports an estimated production of 43,146,000 bushels of potatoes on October 1, an increase of 13.2 per cent over the estimate of September 1. Seeding of winter wheat is making excellent progress. Districts No. 10 (Kansas City) and No. 8 (St. Louis) both report that care is being taken to seed the wheat late enough to avoid the infection of the Hessian fly. An increased acreage of winter wheat is indicated in District No. 8 (St. Louis), but no acreage reports have yet been received in District No. 10 (Kansas City).

COTTON: The condition of the cotton crop on September 24, was 42.2 per cent, which forecasts a production of about 6,537,000 bales. During the current season, heat and drought forced early maturity of cotton, while lack of fertilizer and extensive boll weevil activity combined to lower the quality and yield. District No. 11 (Dallas) reports that there has been no improvement in the crop since September 25 in any of the Districts which were infected with boll weevils. Picking is completed except in the northwestern part of Texas. Reports from District No. 6 (Atlanta) state that unfavorable weather, late planting, stinted use of fertilizer, and boll weevil ravages will result in the shortest cotton crop Georgia has had for over forty years. The army worm has spread over the fields of Mississippi and Tennessee during the past month, and has destroyed all the foliage. This has damaged young bolls and resulted in much shedding. In Florida the crop is practically all picked and ginned. District No. 5 (Richmond) states that cotton is opening rapidly and that most of it will be picked by November 1. Farmers appear to sell cotton freely, whenever the market price is higher than twenty cents a pound, but seem reluctant to sell at lower levels.

TOBACCO: Favorable weather conditions in certain Districts led to an increase in the estimated production of tobacco, the figure for October 1, being 991,564,000 pounds. The quality of the crop in District No. 3 (Philadelphia) is excellent, while it is reported from District No. 8 (St. Louis) that the Burley crop will contain a high percentage of the best grades and that the crop in the western dark districts is among the finest ever raised. Bright tobacco is being marketed steadily on the North Carolina and Virginia markets, and prices seem to be fairly satisfactory to the growers. As the season has advanced, prices have tended to rise,

due largely to better grades coming on the floor. Medium to fine grades are bought eagerly, but the prices offered for common tobacco have continued low. Leaf dealers in that district report an active business, especially for cigarette and smoking tobacco, but in District No. 3 (Philadelphia) business is still dull, as cigar manufacturers seem to have sufficient tobacco for their present needs. Sales of cigars in that District continue at about the same level as during September. This is due in part to the receipt of Christmas orders, although these are not in as great volume as in normal years. Manufacturers in District No. 5 (Richmond) are receiving their usual business for domestic consumption but are as yet doing little foreign business. A tendency towards lower prices is reported, chiefly through the introduction of new brands of cigars and cigarettes.

FRUIT: Deciduous fruits showed a moderate improvement in prospects during September, while citrus fruits registered considerable deterioration. The apple crop in the United States is only 57.8 per cent of the ten-year average, but a record crop has been harvested in the Pacific Northwest. Apple shipments for the season to October 8, 1921, from Idaho, Oregon and Washington totaled 8,491 carloads, an increase of 209 per cent over shipments in the corresponding period of 1920. California grape shipments prior to October 8, amounted to 19,658 cars, an increase of 12 per cent over 1920. The 1921 crop of raisins in California, however, will only amount to about 125,000 tons, a decline of 31 per cent from the production in 1920.

District No. 6 (Atlanta) reports that the Florida citrus fruits have suffered from dry weather and that the condition of oranges is lower than in the past three years. Grapefruit also deteriorated during September,

but limes showed little change, as the bulk of the lime crop had already been harvested. The Georgia watermelon crop is believed to have been the largest ever harvested, and shipments reached the record total of 15,791 cars.

GRAIN MOVEMENTS: Grain receipts continued on an unusually large scale throughout September, although there was some recession from the record movements of August. Wheat receipts at Minneapolis and Duluth totaled 32,108,426 bushels during September, as compared with 21,911,320 bushels in August and 22,698,772 bushels in September, 1920. At the four principal markets of District No. 10 (Kansas City) 21,981,400 bushels of wheat were received during September, as compared with 29,955,300 bushels in August and 13,179,200 bushels in September, 1920. It is estimated that 66 per cent of the Kansas wheat crop of 1921 had passed into trade channels by October 1. Receipts of corn at Chicago totaled 23,406,000 bushels in September, as compared with 16,810,000 bushels in August and 12,061,000 bushels in September, 1920. Corn receipts at the four leading markets of District No. 10 (Kansas City) were 15 per cent greater in September than in September, 1920, while receipts of oats were about 6 per cent smaller. Oat receipts at Chicago declined from 16,722,000 bushels in August to 6,306,000 bushels in September. Stocks of grain at interior centers showed a marked increase during September, although there was a slight decline in the stock of rye. Stocks of oats are still accumulating in terminal elevators at Minneapolis and amounted to 18,114,082 bushels at the end of September, as compared with 3,499,862 bushels on the same date in 1920.

FLOUR: Further increase occurred in flour production during September. Reporting mills in District No. 9 (Minneapolis) produced 3,241,926 barrels during the five weeks ending October 1, 1921, and increase of 16 per cent over the figure of 2,797,170 barrels during the preceding five weeks, and 43 per cent over the output of 2,265,530 barrels during the corresponding period last year. The output of reporting mills in District No. 10 (Kansas City) was 2,195,900 barrels during the four weeks ending October 1, an increase of 57 per cent over the figure for the corresponding period of 1920. In District No. 12 (San Francisco) sixty-four mills produced 970,632 barrels during September, as compared with 662,190 barrels by 70 mills in August, an increase of 46 per cent. Since the end of September, however, business in District No. 8 (St. Louis) has dropped off, due largely to the decline in wheat prices which upset confidence in flour prices and caused purchasers to defer placing quantity orders or orders for future delivery. Interior Kansas millers complain that they are being heavily handicapped by the very high premiums on good milling wheat created by the buying of outside mills. Some export demand, centering in the lower grades, has appeared in District No. 8 (St. Louis), while there was an increased volume of both foreign and domestic business in District No. 12 (San Francisco) during September. Trade with the Orient has been hampered by inability to obtain sufficient cargo space for immediate shipment.

LIVESTOCK: Livestock is generally in good condition, and winter ranges on the whole are excellent. Movement of cattle and calves to market has continued at about the same level, September receipts at 15 western markets being 1,417,259 head, as compared with 1,418,237 head



during August and 1,737,469 head during September, 1920. The respective index numbers were 141, 141, and 172. Receipts of hogs, however, decreased from 1,919,514 head during August, corresponding to an index number of 87, to 1,783,827 head during September, corresponding to an index number of 81, as compared with 1,545,842 head during September, 1920, corresponding to an index number of 70. Sheep receipts, on the other hand, increased from 1,568,584 head during August to 1,651,659 head during September, as compared with 1,892,327 head during September, 1920. The respective index numbers were 115, 121, and 138. The lower markets in early October stimulated purchasing of feeder cattle at Chicago, while more country buyers were at the markets of District No. 10 (Kansas City) at the beginning of the third week in October than for many months, due to the abundance of feed in the country and lower prices of stockers and feeders. The feature during September at Fort Worth was the strong competition given the packers by the outside buyers.

Chicago live cattle prices declined as a rule throughout September, but strengthened in early October. Twenty-four representative packers report an increase of 0.14 per cent in September sales (measured in dollars) over those during August, but a decrease of 36.5 per cent from September, 1920 sales. Operations at the large packing centers of District No. 10 (Kansas City) during September showed a slight falling off as compared with August, but when compared with a year ago showed an increase for hogs and sheep and a pronounced decrease for cattle and calves. Stocks of meat in store at the end of September were considerably less than at the end of August. The consuming public during the month continued to prefer the more expensive meats, while there was a slackening of export trade.

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COAL: There was a slight increase in the production of bituminous coal for the month of September. The output was 35,105,000 tons, corresponding to an index number of 95, as compared with 34,538,000 tons, corresponding to an index number of 93 during August. This increase was found in spite of the fact that production during the first half of the month was at a relatively low level, due to a variety of causes. The output is still considerably below the September, 1920, figure of 49,172,000 tons. District No. 3 (Philadelphia) believes that undoubtedly a part of the increased September tonnage is being stocked but that it nevertheless represents an actual resumption of industrial activity. Prices, however, have not increased, but on the contrary quotations on many grades are lower than they were a month ago. Districts Nos. 4, (Cleveland), No. 5 (Richmond), and No. 6 (Atlanta) report an improvement in the demand for prepared sizes for domestic use, but state that as industrial consumers are still ordering in small quantities, steam sizes move slowly and it is difficult to fill the demand for the prepared sizes.

September anthracite production decreased to 7,124,000 tons from the August figure of 7,196,000 tons. The respective index numbers were 96 and 97. Business in general is still in small lots for immediate needs, but the market for the steam sizes in District No. 3 (Philadelphia) is improving somewhat. Company prices remain approximately the same on both steam and prepared sizes, while some of the independent producers have advanced their quotations, not only on stove and chestnut but on fine sizes also.

Increased activity in the iron and steel industry has been reflected by an increase in both beehive and by-product coke production during September. Beehive coke production increased from 248,000 tons during

August to 289,000 tons during September, but with this is to be contrasted an output of 1,757,667 tons during September, 1920. The respective index numbers are 9.5, 11, and 67. By-product coke production increased from 1,402,000 tons in August to 1,423,000 tons in September, the respective index numbers being 159 and 161.

PETROLEUM: According to reports from the various fields production of crude petroleum in September was much curtailed as compared with August. In California this was the result of a strike of oil field employees in one of the heaviest producing sections of the State. Daily average production was 264,314 barrels, the smallest reported in the past two and one half years, and was only 81.6 per cent of the amount produced in August, 1921. Consumption during September exceeded this curtailed production by 5,274 barrels daily, and thus for the first time in many months stored stocks were drawn upon. On September 30, these stocks stood at 33,671,495 barrels as compared with 33,829,725 barrels on August 31, 1921. In this field, 47 new wells were opened during the month with an initial daily production of 8,690 barrels as compared with 83 wells in August with a daily production of 20,895 barrels. In the Kansas-Oklahoma field, production declined about 1,000,000 barrels for September as compared with August, but was 500,500 barrels in excess of the September, 1920 figure. Stocks are reported to have increased. Drilling operation in Kansas, Oklahoma and Wyoming continued to be somewhat curtailed, 403 wells being completed with a daily production of 53,901 barrels. That the number of wells completed is not always indicative of the amount of new production is shown by the figures for September, 1920, when 1,048 wells were completed with a daily average of only 83,917 barrels. According to unofficial reports, production of crude oil for that district during September amounted to approximately 12,528,750 barrels.

District No. 11 (Dallas) also reported decreased production in September with the exception of the Texas Coastal Zone, while 171 wells were completed during September as compared with 223 during August. An advance in price is reported, from \$1.00 per barrel to \$1.75. This increase apparently has had no effect on the demand, which has grown steadily stronger.

IRON AND STEEL: A continuation during the first half of October of the improvement noted in the iron and steel industry during September is reported. Pig iron production during the latter month amounted to 985,529 tons, corresponding to an index number of 43, as compared with 954,193 tons during August, corresponding to an index number of 41, and there was a net gain of 12 in the number of furnaces in blast. Steel ingot production showed similar increase, from 1,138,071 tons during August to 1,174,740 tons during September. The respective index numbers were 49 and 51. The increased volume of business was reflected in an increase, the first since July, 1920 in the unfilled orders of the United States Steel Corporation, from 4,531,926 tons at the close of August, corresponding to an index number of 86, to 4,560,670 tons at the close of September, corresponding to an index number of 87. As a result of increased orders, and more free specification by consumers against old orders, production has increased.

The lighter products, such as sheets, tin plate and wire are making the best showing, and sheet prices have been advanced. The September ingot production figure given above is said to be hardly a criterion of steel making activity, as these lighter products constituted most of the output, and mills frequently had sufficient stocks of raw material on hand. The heavier materials in general have continued to be sluggish in District No. 4 (Cleveland).

The reduction of 28 per cent in railroad freight rates on Lake ore, effective October 20, has brought the question of a general reduction in iron and steel freight rates prominently before the industry. Prices themselves are not very firmly established, even without this additional factor, and the market has been characterized as "spotty and uneven". New business in the industry as a whole has been lighter since about the middle of the month, while little attention in general has been paid by either producers or consumers to the possibility of a tie-up of transportation, although some consumers have endeavored to hurry shipments in order to accumulate some stocks.

AUTOMOBILES. September shipments of automobile manufacturers decreased somewhat from the August figures. Carload shipments were 20,150 carloads, as compared with 20,758 in August and 20,804 in September, 1920. Driveaways and boat shipments also decreased and were roughly two-thirds of those in September, 1920. Little change in conditions in the industry on the whole is reported. Price reductions alone have frequently proved ineffectual in stimulating sales. Purchasers are exercising great discrimination, and the majority of orders are stated to have been for a few standard makes. Manufacturers of such cars have had sales in excess of last year, but in general the business done has not been more than half that of the same period last year, and for trucks not over 35 to 40 per cent. Manufacturers' and dealers' stocks of finished cars, however, are not large. Seasonal adjustments of production are being made, to correspond with the natural decline in buying at this time of the year.

NONFERROUS METALS. The latter part of September and first part of October showed an increase in the demand for the nonferrous metals. The price of copper (New York, net refinery) was 12.75 cents per pound on October 15 as compared with 12.25 cents on October 1, but the price of lead remained stationary at 4.70 cents per pound. While copper and zinc remain the most active metals, there has also been a slight increase in the price of zinc. Copper production in September amounted to 19,632,554 pounds, in comparison with a production of 20,013,569 pounds in August, or a decrease of 331,015 pounds. Zinc

production amounted to 14,367 tons, which was less than 40 per cent of the September, 1920, figure.

District No. 12 (San Francisco) reports that ten mines engaged in the production of gold, silver and lead show an increased output during August, 1921, both as compared with July, 1921, and August, 1920. Many of the mines are still shut down because of unsatisfactory market prices for their products. District No. 10 (Kansas City) reports that operators of the zinc and lead mines in the Missouri-Kansas-Oklahoma District were more optimistic at the end of September than they had been for several months. September shipments of zinc ore from the District amounted to 19,976 tons, with prices ranging from \$20 per ton at the beginning to \$21 at the end of the four week period. Surplus stocks show a slight increase for the month.

COTTON TEXTILES. During the past month there have been no changes of moment to record in the cotton textile industry. Stabilization of prices has not yet been achieved but fluctuations are less extreme and there is a growing disposition to believe that the time is not far distant when orders for future delivery can again be placed with some measure of confidence. Current demands from purchasers, in combination with orders placed before recent price advances, have enabled mills to maintain a high degree of activity, and as a matter of fact, cotton consumption in September was in excess of that for September, 1920, and likewise greater than during the preceding August. The Census Bureau reported that 484,647 bales of lint cotton were consumed in the United States during September

as compared with 457,647 bales in September, 1920 and 467,103 bales in August of this year. District No. 3 (Philadelphia) states that the "grey goods market is quiet and practically free from the speculative element". The market is reported to be well sold up for a month or six weeks. The demand is almost wholly of domestic origin and while buying is widely distributed, orders are small and for immediate shipment. Many gingham mills have their output sold up to April or May and a few mills not sold up have advanced prices on an average about 10 per cent above July quotations. In the market for cotton yarns, buying, though steady, is in limited volume. Some manufacturers in District No. 3 (Philadelphia) report that their production is sold ahead well up to the first of the year, but others will require new orders if their mills are to maintain the present schedule of operation. Business is said to be about evenly divided between weaving and knitting yarns with an increase in inquiries from knitting mills, however. The report of District No. 3 (Philadelphia) notes that there is a large movement into trade channels of yarn stocks purchased at the high prices prevailing last year but now selling at prices below those that would be quoted by a spinner for the same counts today. Many of these yarns have been held by commission houses which have marked down their inventories. In District No. 5 (Richmond) higher prices set by the mills have checked buying somewhat, but orders are sufficient to keep them running full time and many are sold out for several months ahead. One large mill in the District manufacturing tire yarns and fabrics increased its business 50 per cent during the past month while another chain of



mills reported that they were not quoting for deliveries beyond 1921. In District No. 6 (Atlanta) cotton mills are generally speaking operating at full capacity and some of the mills have even found it necessary to install night shifts. The 34 representative cotton cloth mills which make regular reports to the Atlanta Federal Reserve Bank produced 6.7 per cent more cloth in September of this year than a year ago, although the September average was 6.1 per cent below that for August of this year. However, this decrease does not quite equal the advance in production that occurred during August. Orders on hand at the end of the month increased 8.9 per cent as compared with the end of August although they were 28.4 per cent below the outstanding orders for a year ago. The yarn production reported by 39 mills in the District showed a slight decrease, both as compared with September, 1920 and with the preceding August, the respective percentages being 4.2 and 8.0. Orders on hand at the end of the month were, however, 3.0 per cent above those on hand at the end of August and 28.8 per cent above those on hand at the end of September, 1920.

FINISHERS OF COTTON FABRICS. The 34 mills reporting to the National Association of Finishers of Cotton Fabrics showed a further increase of activity during September following a pronounced advance which occurred in August. The total number of finished yards billed during the month rose from 95,915,235 yards to 101,824,795 yards. The total grey yardage of finishing orders received increased from 101,741,412 yards in August to 107,336,429 yards in September.

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The average percentage of capacity operated increased from 71 per cent to 75 per cent, while the total average work ahead at the end of the month rose somewhat from an average of 9.6 days to an average of 11 days.

WOOLEN TEXTILES. A recent development of significance for the woolen industry has been the growth of activity in the raw wool market, and the appearance of a demand for medium and low-grade wools. The Government auction of carpet wools held October 6 was quite successful as practically all of the wool was disposed of. In the report from District No. 1 (Boston) several suggestions are offered as partial explanation of the recent increase in buying; "such as the assumption that the emergency tariff will be extended, a growing realization that available stocks of better grades of wool in this country are being reduced faster than it appears they are being replenished, and sympathy with higher prices and active buying in the foreign markets". There has been practically no change in the percentage of operating activity for the woolen and worsted mills of New England since last June. Operations continue to be at approximately 80 per cent of maximum capacity. District No. 3 (Philadelphia) reports a good demand for yarns, which is especially strong in the case of knitting yarns. The result is that the majority of spinners have many contracts for forward delivery so that they can take very few orders to cover immediate needs.

The reports published by the Bureau of the Census showing activity in woolen and worsted machinery indicate that there has been a slight increase in general activity, as the percentage of idle hours

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reported on October 1 had declined in all cases except for looms wider than 50 inch reed space. The percentage of idle hours reported for woolen spindles was 20.9 per cent on October first as compared with 21.2 per cent on September first and for worsted spindles the percentages were 7.8 and 11.5 respectively.

CLOTHING. The seven wholesale manufacturers of men's clothing who regularly report to the Federal Reserve Bank of Chicago showed an increase in the number of suits made as compared with September 1920 of 14 per cent. The number of suits shipped were 3.4 per cent less than shipments during the same period a year ago. Few additional orders are reported as the selling season is about over, but the increase in September production as compared with last year was due to the fact that the season lasted relatively late. Operations of 15 reporting tailors-to-the-trade are still greatly below those of the corresponding period for last year, as the number of suits made was 25.6 per cent less than for September 1920; shipments were 27.3 per cent lower; and orders were 28.5 per cent below those received last year. However, some improvement occurred during the month, as the July and August figures were even further behind those of last year. In District No. 2 (New York) 11 wholesale clothing firms reported sales of clothing, both men's and women's, to be 25.4 per cent below August sales and 65.1 per cent below those of September 1920.

SILK. Heavy importations of raw silk in September and a consumption for that month above the average for the preceding six months' period coincided curiously enough with a curtailment of

operations in the broad silk industry. District No. 3 (Philadelphia) attributes the maintenance of demand for the raw material to purchasing by hosiery and knit goods mills. The actual importation for September was 35,366 bales and the average monthly importation over a period of six months was 31,716 bales. Consumption in September amounted to 31,229 bales, as compared with an average for the six months' period of 30,607 bales. Recent increases in the sales of broad silks have reduced retailers' stocks causing manufacturers to hope that their accumulated holdings will be eventually absorbed. Meantime, activity in the goods mills is at low ebb; the latest reports from Paterson for October 8 covering a total of 15,000 looms, stated that only 3,696 of those looms were producing. Of the total loom hours available, about 24 per cent were being utilized. Activity was much greater in the North Hudson Section where 2,910 looms out of a total of 4,665 were in operation and the loom hour activity was over 62 per cent.

HOSIERY. The shortage of full-fashioned silk hosiery so frequently referred to in former reports, has not yet been overcome and District No. 3 (Philadelphia) says that "efforts to increase production in mills affected by the strike have met with only fair success." The supply of seamless and mock-fashioned silk hosiery is, however, sufficient, barring a few exceptions. In cotton and mercerized hosiery the demand has increased slightly but jobbers are making purchases only in small amounts and for immediate delivery, in view of price uncertainties. The 25 hosiery firms

selling to the wholesale trade which regularly report to the Federal Reserve Bank of Philadelphia showed a slight falling off in the product manufactured during September, amounting to 0.8 per cent, but the output was 131.9 per cent in excess of that for a year ago. Orders booked during September advanced 126.3 per cent as compared with the preceding month and were 344.9 per cent above those for September, 1920. Unfilled orders on hand September 30 were 4.7 per cent greater than at the end of August and 57.9 per cent above those on hand at the end of September, 1920. The nine hosiery firms selling to the retail trade reported a heavy increase in product manufactured during the month of 67.9 per cent, but their output was only 7.1 per cent above the returns for September a year ago. Orders booked during September were 9.8 per cent above those received during August and 261.6 per cent above the figures for September, 1920. Unfilled orders on hand September 30 were 13.4 per cent below those for the preceding month, but were 4.3 per cent above those on hand September 30, 1920. Mills manufacturing cotton hosiery in the southern districts reported a high degree of activity. In District No. 5 (Richmond) the volume of business was said to be sufficient to enable many mills to keep running full time and this was particularly true in the case of those mills which had only slightly advanced their prices, following the rise in the price of raw cotton. In District No. 6 (Atlanta) the manufacturers of cotton hosiery reporting to the Federal Reserve Bank were operating at from 80 to 90 per cent of capacity. During the month there were increases in unfilled orders

and stocks on hand as well as in the amount of the product manufactured by these mills. Slight increases in prices occurred, although it was said that present prices were approximately 50 per cent lower than those prevailing a year ago.

UNDERWEAR. The reports received from 35 members of the Knit Goods Manufacturers of America engaged in producing underwear showed substantial improvement in September as compared with August. Mills producing 303,748 dozen in August had an output in September of 352,243 dozen, a gain of 14 per cent. Unfilled orders rose from 437,866 dozen in August to 509,851 dozen in September or 14 per cent. New orders increased from 456,135<sup>dozen</sup> in August to 763,966 dozen in September, a gain of 40 per cent. Shipments decreased from 398,783 dozen in August to 343,145 dozen in September, a decrease of 14 per cent. Thirty-nine mills reporting whose normal production is 567,501 dozen monthly showed unfilled orders on hand of 1,088,686 dozen or nearly two months' production at normal or two and a half months at present rate of actual production. The distribution of winter underwear is increasing and stocks of many items are being depleted, but, to quote the statement from District No. 3 (Philadelphia) "Cooler weather would undoubtedly be conducive to more substantial buying of winter underwear by both the jobbing and retail trade. Jobbers' stocks are heavier than usual because of the large carry-over from the mild season of last winter. Deliveries are being made from these stocks now, and therefore manufacturers have little prospect of being able to increase mill operations. The price of

heavyweight underwear has been raised in accord with the higher cotton and wool-yarn prices, and to some extent this also has retarded buying". Spring lines continue to sell at higher price levels equal to the increase in cotton and the indications of a return to normal seasonal channels of distribution are stronger.

SHOES AND LEATHER. The market for hides and skins was active during September and the first two weeks of October, and prices of both packer hides and country hides have advanced. Net shipments of green hides from Chicago during September exceeded those in August by 91.6 per cent. District No. 7 (Chicago) notes a decided improvement in demand for the cheaper grades of leather and work shoe leather in September, while District No. 3 (Philadelphia) states that "sole leather is the feature of the leather market". The upper leather market is rather quiet, although sales of upper leather were larger in September than in August. Sales of belting leather continue to be much restricted due to the reduced operations of most manufacturing industries. Exports of both upper and sole leather were slightly larger in September than in August. Demand for shoes continues to be very satisfactory, although it has shifted somewhat from fancy grades to more staple lines. During September the production of six large shoe concerns in District No. 1 (Boston) decreased 20.2 per cent from that of August, but exceeded by 20.4 per cent the production in September, 1920. Shipments were 12.6 per cent less than in August, but 19 per cent more orders were booked. Reports from 45 shoe firms in District No. 3 (Philadelphia) show a production

in September which was 2.4 per cent greater than in August, and 39.4 per cent greater than in September, 1920. Shipments were 11.4 per cent less in September than in August, but the number of new orders increased 48 per cent. "Some of the large plants are operating on full time and are booking large orders for January and April delivery". District No. 7 (Chicago) states that the production of 21 reporting shoe concerns in September was 3 per cent greater than in August and 26.5 per cent greater than in September, 1920. Shipments increased 7.3 per cent and unfilled orders increased 7.2 per cent during September, while stocks at the close of the month were 25.8 per cent smaller than at the close of August. In the aggregate manufacturers' stocks in that District amount to less than two weeks' production. There have been many small orders, and much demand for immediate shipment, which indicate that dealers are buying cautiously. Reports from 11 leading shoe interests in District No. 8 (St. Louis) indicate that shipments in September were from 10 to 40 per cent larger than in September, 1920. "Production is at a higher rate than at any time in the past," and "all reporting plants have sold their output for sixty days ahead". Prices were reduced about 5 per cent early in October.

LUMBER. An increasingly active demand for lumber and substantial advances in prices of upper grades with smaller advances in common items during September are indicated by reports from the several districts. Actual production shows little increase but manufacturers' stocks are declining materially. Demand is chiefly for upper grades of lumber due, it is said, to the high freight rates which operate against shipment of low grade stock. District No. 12 (San Francisco) reports that the late September statements of the four lumber associations of that District reflect the cumulative effect of several favorable factors which have been



increasingly apparent in the lumber situation. Due to active cargo buying and large seasonal buying by domestic distributors, orders placed during September totaled 369,093,000 feet, the highest point reached since May, 1920. This figure is 19 per cent greater than for August and 31.4 per cent greater than for September, 1920. The four associations of the District report a total cut for September of 346,719,000 feet, a decrease of 2.3 per cent from the production for August and of 24.0 per cent from that for the corresponding period last year. Shipments declined from 341,906,000 feet in August to 320,988,000 feet in September. Logging operations are proceeding at approximately 75 per cent of capacity, which is a decided improvement over last month.

Thirty-two pine mills in District No. 11 (Dallas) report a September production which was 33 per cent below normal, and 19 per cent below shipments. New orders received were 88 per cent of normal monthly production. Mill prices have tended upward during the month, especially in the lower lumber grades, where No. 2 and No. 3 southern pine advanced about three dollars per thousand. In District No. 6 (Atlanta) reports indicate an increase in the demand for lumber and some advance in prices of both higher and lower grades. The Southern Pine Association's September statement, covering 133 member mills, shows actual production to be 22.23 per cent below normal and shipments to be 18.6 per cent above actual production. The lumber cut of reporting mills in District No. 9 (Minneapolis) totaled 14,089,436 feet, which was 20 per cent below the August cut and 40 per cent below the cut of September last year. Orders booked during the month, however, were 15 per cent greater in volume than those for August and 50 per cent greater than those for the corresponding period in 1920. District No. 8 (St. Louis) reports sharp advances in upper grades of yellow pine during September, with only a slight increase in production but with heavy shipments. In this District the hardwood situation has improved and demand is increasing.

BUILDING. As a whole, building continued to be well sustained during September but improvement was evident chiefly in residential constructions. The total value of contracts awarded in the seven Districts for which statistics are compiled by the F. W. Dodge Company shows an increase during September as compared with August and as compared with September, 1920. The increase from August to September was due entirely to Districts No. 2 (New York), No. 4 (Cleveland), and No. 5 (Richmond), as they alone showed increases. All Districts except No. 1 (Boston) and No. 9 (Minneapolis) showed increases in residential contracts. In District No. 1 (Boston) contracts amounted to \$15,282,766 as compared with \$19,276,295 during August. Of this total approximately \$6,548,000 was for residential purposes as compared with \$6,703,000 in August. In District No. 2 (New York) contracts awarded during September totalled \$90,730,134 in comparison with \$62,043,905 during August, and residential building totalled \$48,789,646 as compared with \$36,061,717. Total contracts awarded in District No. 3 (Philadelphia) amounted to \$16,197,500 in September and \$22,350,500 in August. Residential contracts totalled \$5,526,400 in September and \$5,331,500 in August. In District No. 4 (Cleveland) the total amount of contracts awarded was \$36,041,601 as compared with \$26,665,555 for August. Of these \$8,987,610 were for residential purposes as compared with \$8,209,645 during August. Contracts for District No. 5 (Richmond) amounted to \$19,597,191 in September, as compared with \$17,337,624 in August, while \$6,171,436 of the September total were for residential purposes as compared with \$5,938,417 for August. In District No. 7 (Chicago) building contracts totalled \$41,461,283 during September as compared with \$44,680,034 during August. Total building contracts awarded in District No. 9 (Minneapolis) amounted to \$8,162,640 as

compared with \$9,173,552 during August.

In District No. 1 (Boston) 2,407 building permits were issued during September, valued at \$5,655,335, as compared with 1,715 permits valued at \$4,868,873 issued during September, 1920. Permits granted in 22 cities of District No. 2 (New York) numbered 7,709 with a valuation of \$47,232,953 as compared with 4,779 permits with a valuation of \$22,224,669 during September last year. In District No. 3 (Philadelphia) 2,990 permits were issued during September in comparison with 1,943 permits during September, 1920. District No. 4 (Cleveland) reports that the valuation of permits issued in 13 leading cities during September shows a gain of 21.4 per cent over September last year. In District No. 5 (Richmond) total permits issued in 15 cities numbered 3,389, valued at \$9,284,277 in comparison with 2,497 permits valued at \$5,860,033 during September, 1920. District No. 6 (Atlanta) reports that in 14 important cities 2,847 permits were issued, valued at \$5,150,280 as compared with 2,255, valued at \$4,243,928, during the corresponding period last year. District No. 7 (Chicago) reports 5,466 permits valued at \$23,080,016 granted in 19 cities as compared with 5,003 permits valued at \$16,405,747 granted during September, 1920. Building permits issued in the five largest cities of District No. 8 (St. Louis) show a marked gain, in both number and expenditure, over those issued in August, and also over September, 1920. The number and valuation of building permits issued during September in nine cities of District No. 9 (Minneapolis) decreased 17.4 and 26.3 per cent respectively, as compared with the August figures. September reports from 19 cities of District No. 10 (Kansas City) show an increase for the month under review over the corresponding period last year of 71.2 per cent in the number of permits and 106.9 per cent in their valuation. In 9 cities of

District No. 11 (Dallas) 2,598 permits valued at \$5,680,968 were issued during September as compared with 1,864 permits valued at \$3,284,841 issued during September, 1920. In District No. 12 (San Francisco) "September building returns reached the highest point ever touched". Permits granted in 20 cities of the District number 11,169, with a valuation of \$20,134,993 as compared with 9,382, with a valuation of \$17,117,294, granted during September last year.

EMPLOYMENT. The latest report on employment in selected industries made by the United States Department of Labor showed that during the month of September there were increases in numbers on the payroll as compared with August in 11 of the 14 industries covered, the advances ranging from 0.2 per cent in the case of the silk industry to 4.8 per cent for hosiery and underwear and for cigar manufacturing. Only men's ready made clothing, automobiles, boots and shoes, showed decreases of 0.9 per cent, 0.7 per cent and 0.3 per cent respectively. As compared with September, 1920, 8 industries showed increases and 6 decreases. The maximum increase of 59.2 per cent was found in the woolen industry while there was an increase of 18.4 per cent in boots and shoes and of 13.9 per cent for cotton finishing. The most pronounced decrease occurred in iron and steel, with a drop of 42 per cent in numbers employed; there was a 35 per cent decrease in car building and repairing; and a 31.6 per cent reduction in paper making. Judging from such local reports as are available for the period in question and likewise for a later date, the statistics given not only reflect general conditions but indicate a tendency which has been sustained during the past few weeks. The latest returns to the Massachusetts Department of Labor and Industries showed that the situation in that state was still serious on October 1 with 14.6

per cent of the membership of reporting labor organizations idle as a result of the lack of demand for their services, exclusive of other causes. Nevertheless, the showing was much better than at the time of the preceding quarterly inquiry when 20 per cent of the workers belonging to these unions were unable to find employment. The three Massachusetts public employment offices showed, for the four weeks ending October 15, a ratio of about 12 persons applying for positions to every one asked for. Last May the ratio was approximately 19 to 1. The effects of part time employment in some sections, especially in the metal, machinery and tool making industries of southern New England, are said to constitute a problem almost as serious as the complete unemployment. In New York State, the Department of Labor reported an increase of 3.5 per cent in the number of factory workers employed in the period from August 15 to September 15. The principal changes occurred in textile and clothing factories while some steel plants in the Buffalo district likewise increased their forces. Preliminary reports for October indicated that there would be a further diminution in factory unemployment in the State. In District No. 3 (Philadelphia), on the other hand, the reports to the Pennsylvania State Department of Labor showed a slight increase in numbers unemployed for the period from September 30 to October 15 for the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport, but during the preceding two weeks' period there had been a reduction of 1 per cent in the numbers of unemployed. Total unemployment for these cities on October 15 was estimated at 202,185. In District No. 5 (Richmond) the situation remained substantially unchanged during the month. In the West Virginia coal mining region unemployment continued to be widespread and those miners that were at work were averaging only two to four

days per week. In general, the small towns were suffering less than the larger cities of the district. For 221 firms in District No. 7 (Chicago) employing 135,182 persons on September 30, 1921 there was a negligible decrease in numbers on the payroll as compared with August 31 and a decrease of 28.7 per cent as compared with September 30, 1920. The decreases occurred principally in the industries engaged in the production of iron and steel products such as agricultural implements and railway equipment, while food, clothing, leather and shoes showed gains. Reports from 10 firms engaged in construction and building work showed a reduction of 26.8 per cent in numbers employed in September as compared with the preceding month and six automobile and accessory plants outside Detroit employed 8.5 per cent fewer men in September. In District No. 12 (San Francisco), increases and decreases in numbers employed in various industries about offset one another, leaving the total number of men engaged in gainful occupation at the end of the month approximately unchanged. The close of the fishing season caused heavy reductions in numbers employed and further declines occurred in the shipbuilding industry. On the other hand, demand from the lumbering regions of Oregon and Washington improved and the coal mines of Washington also resumed operations. In California there was a heavy demand for unskilled labor to harvest the later crops. Slightly better conditions were reported in the mining districts of Utah, Nevada and Arizona and there was an increased demand for harvest labor in Idaho where railroad construction work was also beginning to be undertaken. The demand for skilled labor in the building trades was greater in practically all cities throughout the District as a result of the quite general increase in building activity.

WHOLESALE TRADE. With few exceptions sales of reporting wholesale

hardware and dry goods firms in the several Districts increased during September as compared with August. These increases were exceptionally heavy in both hardware and dry goods in District No. 6 (Atlanta). Fall buying on the part of retailers in that section of the country, delayed beyond the usual period, received additional emphasis as a result of the heightened public demand that followed upon crop sales. For all reporting Districts, the increases in hardware varied from the minimum of 5.5 per cent (24 firms reporting) in District No. 3 (Philadelphia) to a maximum of 16.2 per cent (21 firms reporting) in District No. 6 (Atlanta), while decreases were recorded in District No. 9 (Minneapolis) and District No. 11 (Dallas) amounting to 11.8 per cent (7 firms reporting) and 7.0 per cent (11 firms reporting) respectively. District No. 11 (Dallas) explains the decrease in sales by stating that the demand from country buyers has been poor although it has remained fairly good in the cities. In District No. 9 (Minneapolis) the stimulating effect of crop liquidation would undoubtedly be felt somewhat later than in other parts of the country, but nevertheless, as the crops went to market earlier than usual this year, the explanation is hardly adequate to account for a downward trend in September sales. In District No. 3 (Philadelphia) the 24 firms from which returns have been received stated that the increase in sales consisted "almost entirely of orders for rush shipments for the replenishment of stocks." Wholesalers were said to be neither buying nor selling spring goods to any extent.

In the case of dry goods, advances in the price of cotton goods may in some cases have accelerated the seasonal upward movement of sales which occurred in all reporting Districts except District No. 2 (New York) in which three firms showed an average decline of 0.7 per cent, and District

No. 9 (Minneapolis) in which five firms showed an average decline of 20 per cent during the month. The advances ranged from 8.1 per cent in District No. 5 (Richmond) with seven firms reporting up to 33.9 per cent in District No. 6 (Atlanta) with 18 firms reporting. In the case of wholesale groceries, the upward movement of sales was by no means as general as it was in the case of hardware and dry goods. Usually September marks the beginning of fall buying activity but in three Districts, namely District No. 2 (New York), No. 3 (Philadelphia) and No. 7 (Chicago), declines in sales occurred during the month amounting to 5.9 per cent (9 firms reporting), 6.1 per cent (48 firms reporting) and 6.8 per cent (23 firms reporting) for the Districts in question. It will be noted furthermore that these averages cover almost 50 per cent of all reporting firms, as returns for the country as a whole comprise only 163 wholesale grocery firms. District No. 3 (Philadelphia) gave as a reason for the sales decline the unwillingness of retailers to place orders for future delivery. In District No. 6 (Atlanta), however, retailers were reported to have purchased more liberally and District No. 11 (Dallas) stated that although the buying was cautious, it showed improvement especially in the Louisiana section where the increase in the price of cotton and the renewed activity in the oil industry had produced favorable results. In the case of boots and shoes, the sales movement manifested lack of uniformity within the several Districts. In Districts No. 2 (New York) and No. 5 (Richmond) declines occurred amounting to 7.5 per cent ( seven firms reporting ) and 0.5 per cent ( eight firms reporting ) respectively. On the other hand extraordinarily heavy increases took place in District No. 6 (Atlanta) and in District No. 12 (San Francisco). For the former District nine firms reporting an average increase in sales of



35.7 per cent while for the latter District 16 firms reported an advance of 29.2 per cent in sales. In the only other District from which reports have been received, namely District No. 7 (Chicago), nine firms showed an average advance in sales of 7.8 per cent.

RETAIL TRADE. While September retail trade as shown by sales of representative department stores is in excess of the August figures, it has been retarded somewhat by the unseasonably warm weather which prevailed during the first part of the month. The large amount of unemployment prevailing has also forced people to confine their purchasing rather to essentials. Demand accordingly seems to be greatest for carpets, rugs, yard goods, and medium priced ready-to-wear clothing, whereas items like pianos, phonographs, and confectionery are selling poorly. Sales of 342 representative department stores throughout the United States, while showing an increase over August, were nevertheless 15.1 per cent below the September, 1920, figures. In this connection should be kept in mind the decrease in prices which has taken place between the two dates, so that if allowance is made for these price changes the actual volume of goods would probably be in excess of that sold a year ago. In the several Districts, decreases from September, 1920, are shown amounting to 9.9 per cent in District No. 1 (Boston), 8.0 per cent in District No. 2 (New York), 15.3 per cent in District No. 3 (Philadelphia), 23.6 per cent in District No. 4 (Cleveland) 16.2 per cent in District No. 5 (Richmond), 22.9 per cent in District No. 6 (Atlanta), 15.3 per cent in District No. 7 (Chicago), 18.2 per cent in District No. 8 (St. Louis), 17.8 per cent in District No. 9 (Minneapolis), 13.8 per cent in District No. 10 (Kansas City), 22.7 per cent in District No. 11 (Dallas), and 8.7 per cent in District No. 12 (San Francisco).

Although stocks which the department stores have on hand are lower than they were last year, they showed a considerable increase during the month of September. This would seem to indicate that retailers are displaying greater confidence in the stability of prices and therefore gradually increasing stocks from the low point reached last spring. The rate of turnover continues approximately the same, and this is true likewise of outstanding orders.

PRICES. During the first three weeks of October prices of leading farm products declined from the September average except in the case of certain classes of live stock such as cattle and sheep. Wheat, oats, corn, cotton, and hogs were all appreciably lower at the later date. In the metal industries, on the other hand, prices were relatively stable, the non ferrous metals showing increases, and steel products showing very little change. Spot prices of bituminous coal were about the same in the two months.

Prices in the leather industry were practically the same in October as in September although the raw material advanced. Cotton yarns and cloth also increased and wool manufactures were firm.

The wholesale price indexes of both the Bureau of Labor Statistics and of the Federal Reserve Board showed no change between August and September for all commodities, but there were wide fluctuations both up and down in the prices of individual commodities. Raw materials as a whole advanced, in spite of the decline in livestock prices. Consumers' goods, on the other hand, declined, the reduction in food prices being most important. Producers' goods showed very little change. In the classification of the commodities in the Federal Reserve Board index as (1) goods of domestic production, (2) goods imported and (3) goods exported, it appears that goods of domestic origin averaged the same in the two months, prices of imported goods were

slightly higher in September than in August, while prices of exported commodities were radically higher, due to the advance in the price of raw cotton.

A survey of the cost of living in 32 cities in the United States made by the Bureau of Labor Statistics for September shows that between June, 1920, and September, 1921, there had been a decrease of 18 per cent on an average. Most of this decrease occurred prior to May, 1921, however, the decrease since that time amounting to only 1.7 per cent. Retail prices of food in the one month of September showed a small decrease, the index of the Bureau of Labor Statistics moving from 155 in August to 153 in September.

SHIPPING. Further reductions in ocean freight rates took place in October, thus bringing rates on the principal commodities more generally into line with the lower quotations on grain which were announced the last week of September. The charter market for full cargo steamers continues slow with moderate recessions from rates previously quoted. From the standpoint of American steamship companies the unprofitableness of operating vessels at current rates is accentuated by the difficulty in arranging for inward cargoes on return voyage. This situation is emphasized by the figures recently made public by the Shipping Board on the tonnage of American imports and exports. For the fiscal year ended June 30, 1921, exports are given as 59,205,050 long tons, while imports were little more than half as much, being reported at only 36,879,532 long tons in the same months.

FOREIGN TRADE. Both exports and imports declined in September, after the increases recorded for August, to about the level of July. For similarly low monthly totals we must go back to 1915 and earlier. Specifically, exports during September were valued at \$325,000,000 while imports totaled \$180,000,000.

The corresponding values of exports and imports a year ago were \$605,000,000

and \$363,000,000 respectively, although much of the significance in such a comparison is lost by reason of the price declines which have occurred during the past year. A truer idea of the trend of our foreign trade from the standpoint of the volume or quantity of goods shipped in and out is afforded by the Board's foreign trade index in which the effect of price changes has been eliminated. The export index stands at 119.9 and the import index at 114.6 for September, compared respectively with 88.6 and 129 a year ago. It is evident that average prices or valuations of the various commodities must have altered radically <sup>to make</sup> an equal or greater quantity of goods this year of only one-half the value reported for the same month last year. These facts are borne out also by a detailed consideration of the average valuation of individual commodities, published by the Department of Commerce, which show in many cases price reductions during this period of 50 per cent and more. When these factors are taken into consideration, the foreign trade totals reported for recent months assume a less serious aspect and indicate rather the resumption and continuance of business at a lower level of prices.