# FEDERAL RESERVE BOARD

## STATEMENT FOR THE PRESS

X-3283

For Release in Morning Papers,
Tuesday, January 3, 1922.

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

Comparison of the year-end reports with those for the corresponding month in 1920 demonstrates the continued upward movement of business and indicates gradual restoration of normal conditions. This is true in spite of the fact that the month of December, which is normally a period of comparative closing down or transition, indicates, as is usually the case, some recession from the higher levels of preceding autumn business activity. Chief importance is usually assigned at the close of the year to the holiday trade, emphasis being rather on the side of distribution than on the side of production. This intensified demand serves to bring into actual use the goods produced in the earlier industrial period. The holiday trade is thus a test of the soundness of the preceding business activity. Reports from the various Federal Reserve Districts covering over half the month show that this year's demand in the eastern Districts has registered an increase running as high as 10 per cent over that of 1920, while in other Districts the situation is pronounced satisfactory. Manufacturing lines, although slowed down because of lessened seasonal demand, generally report a fairly satisfactory condition, although a lack of forward orders still testifies to, the uncertainty with which the prospects of the coming months are regarded by many firms. Freight rates continue as a disturbing factor due to the belief that reductions already announced as affecting some commodities may be much more widely extended in the near future.

Manufacturing conditions are far from uniform throughout the country. There has been a decrease in the activity of the iron and steel industry since the first of December, which, however, is attributed to the seasonal conditions already referred to, being partly the outcome of freight rate difficulties and of the usual inventory taking by purchasers, who naturally desire to keep their stocks as low as possible at this time. In textiles there has been but little change since last month, both cotton and woolen mills being operated at a high percentage of capacity. Uncertainty as to the future of the clothing industry is due to labor disturbances and the desire of consumers for low priced goods. In the leather and shoe trades similar irregularity prevails, the majority of Districts, however, reporting conditions good or satisfactory, while in a few, slight decreases of output are noted.

The relatively lower prices which have been realized both for cereals and for cotton, have proved discouraging to trade in the agricultural districts, and have also resulted in retarding the process of liquidating frozen loans representing past advances of credit. Wholesale prices are showing increased stability, the index of the Federal Reserve Board losing only one point for the month of November, while private reporting agencies indicate either stability or very slight increases during December. A problem is thus presented to bankers with reference to their policy in financing preparations for the next crop. Meanwhile farmers in many districts have shown a disinclination to buy as freely as would otherwise have been the case, due to the smaller purchasing power in their hands, and the fact that in some quarters at least there is still uncertainty as to the amount of new credit which they can obtain. This situation reflects itself in the returns for the wholesale trade in the southern districts where the month of December showed a pronounced decline in dry goods, although the situation is favorable as compared with conditions of a year ago. Hardware and related lines are also in an unsatisfactory condition. In retail trade, as already stated, the exceptional demand of the holiday season has served to offset declines which might otherwise have been noted as the result of temporarily reduced buying power in the agricultural districts. This has been especially encouraging in view of the fact that November trade had shown some falling off from the high level attained during October.

Unemployment conditions, on the whole, are but little changed from those reported a month ago. A slightly better situation has been established in some of the larger cities where certain plants previously closed are working on part time. As is always true during the winter, the cessation of agricultural activity has set free a certain amount of labor which, however, on this occasion, has not found employment at the seasonal winter occupations which ordinarily absorb a part of it.

A decided improvement in European exchanges has tended to some extent to help the foreign trade situation during the month of December, but the extreme caution in the extension of bank credit which was previously so notable a phase of our foreign trade still continues. Export figures indicate a still further decline of activity in staples, while imports show an advance. Disturbed conditions in various countries of Europe still render a maintenance of business relations with them uncertain and hazardous. Rates of interest, which had already made a notable decline during the autumn, have tended, on the whole, still further downward, partly owing to the fact that there was no foreign outlet for our capital.

AGRICULTURE: The condition of winter wheat this fall has been generally good except in certain parts of District No. 10 (Kansas City) and No. 7 (Chicago). District No. 7 (Chicago) reports that weather has been favorable to the growth of the wheat plant except in northern Indiana and the northwestern part of the lower peninsula of Michigan. In District No. 8 (St. Louis) there has been ample moisture and good growth is being made on an acreage about as large as that planted in 1920. Reports from District No. 10 (Kansas City) indicate that the condition of the winter wheat is several points lower than last year, due to lack of moisture during the autumn months. In Kansas the State Board of Agriculture estimated the condition of wheat at the end of November at 58.6 per cent, which was the lowest November condition on record.

District No. 8 (St. Louis) reports that the yield of the white potato crop has been generally low, but that both the yield and quality of sweet potatoes are excellent. Shipments of potatoes from Nebraska prior to December 1, were greater than total shipments of the 1920 crop. Sugar beet factories in Colorado report unusually high yields, whereas the Michigan sugar beet crop is not so large as was anticipated. District No. 6 (Atlanta) reports that conditions in the Louisiana cane sugar district are excellent, that weather has been propitious for grinding, and that the sugar yield is considerably larger than was expected. Reports from District No. 8 (St. Louis) indicate that the sugar yield has been high in Mississippi, but rather disappointing in the southern counties of Arkansas. Latest available estimates indicate that 7,631,000 bushels of rice were raised in California this season, as compared with 9,720,000 bushels in 1920.

COTTON: The cotton crop was estimated to amount to 8,340,000 bales in a statement of the Department of Agriculture issued December 12, which compares with a crop of 13,439,603 bales in 1920 and an average crop of 11,481,084 bales in the preceding five years. Actual ginnings of cotton prior to December 13, totaled 7,799,458 bales, as compared with 10,876,263 bales in the corresponding period of 1920. The ginnings prior to December 13,1920, amounted to 81 per cent of the crop, but the marked decrease in ginnings during the first thirteen days of December indicate that a larger proportion of the 1920 crop was probably ginned by December 13. In spite of the increase in the estimated size of the current cotton crop, the price of middling upland cotton at New York increased from 18.4 cents on November 23 to 18.9 cents on December 21.

TOBACCO: Movement to market of the manufactured and export types of tobacco has proceeded rapidly. When the leaf sales warehouses in Virginia and North Carolina closed for the Christmas holidays, it was estimated that three-fourth's of the season's crop had been sold. The Burley Tobacco Growers Cooperative Association has now been incorporated, and final organization plans are being made for handling the crop, but a few Burley markets are open, while the dark tobacco markets in western Kentucky and Tennessee are in full operation, In all sections, prices realized are generally considered satisfactory, although it is said from District No. 5 (Richmond) that poor grades continue low and in little demand. The leaf tobacco situation in Philadelphia shows no charge, manufacturers not yet buying to any appreciable extent, and local dealers there are consequently discouraged. The new Pennsylvania crop as a whole has not as yet been sold by the farmers. Christmas demand for cigars has been well maintained in District No. 3 (Philadelphia). Jobbers have purchased cautiously, and little return of unsold goods after the holidays is expected. Many dealers at the last minute were obliged to place rush orders for additional supplies, although later in December some requests for deferred shipments came in from dealers who wished to have stocks as small as possible when taking inventory.

FRUIT: The citrus fruit crop is maturing rather slowly, as a result of adverse weather conditions in both California and Florida, and shipments from both States are lower than in the corresponding period of 1920. District No. 6 (Atlanta) reports that the condition of oranges and grapefruit has declined slightly during the past month and that sizes on all varieties are reported to be medium to small. Reports from District No. 12 (San Francisco) state that the picking of this season's crop of navel oranges began about the middle of November in Central California and early in December in Southern California. Shipments up to December 14 were light and were composed largely of small sized fruit, due to the lack of early fall rains in the producing sections. The average price per box received by growers of navel oranges was $3.84 in November, as compared with a price of $4.32 in November, 1920.

The harvesting of the apple crop of District No. 12 (San Francisco) is now completed, and revised estimates show a production of 45,093,000 bushels in that District for 1921, as compared with 30,852,000 bushels in 1920. The season's shipments of boxed apples from the Pacific Northwest totaled 37,425 cars up to December 3, as compared with 22,399 cars in the corresponding period of 1920. Prices received by growers for Johathan apples in November were from 25 to 50 cents per box less than in November, 1920. Storage holdings are reported to be normal for this time of the year.

GRAIN MOVEMENTS: Grain movements were greatly curtailed during November and were much smaller than in either October, 1921 or November, 1920. Wheat receipts at leading interior centers were smaller than in any month since May and were about 35 per cent less than in November, 1920. Receipts of wheat at Duluth and Minneapolis amounted to 13,707,236 bushels in November, which was 50 per cent less than in October, 1921 and 36 per cent less than in November, 1920. At four leading markets of District No. 10 (Kansas City) 7,272,950 bushels of wheat were received in November, which was 43 per cent less than October receipts and 38 per cent less than receipts in November, 1920. Despite this sharp decline in November marketing, wheat receipts at these four centers from July 1 to November 30 were 60.5 per cent greater in 1921 than in 1920. This heavy marketing in in July, August, September and October materially reduced stocks of wheat in farmers' hands, but a large proportion of stocks of corn and other grains yet remain on the farms. Nevertheless, there was a decided decrease in November receipts of corn, oats, rye and barley, as compared with October. Stocks of grain at 11 interior centers declined slightly, as a result of this marked curtailment of receipts, while the stocks at nine seaboard centers at the close of November were 10 per cent less than in October, 1921, and 8 per cent less than in November, 1920. Stocks of rye increased both at interior and seaboard centers, while the stocks of all other grains were diminished.

FLOUR: November production of flour showed a sharp decrease from the October figure in all Districts. Output reported in District No. 9 (Minneapolis) was 2,256,748 barrels in November, which was 26 per cent below the October figure,.while in District No. 10 (Kansas City) reported November production was 1,673,034 barrels, which was 27.1 per cent below the October figure of 2,295,789 barrels. November production in District No. 7 (Chicago) was reported as 361,006 barrels, a decrease of 29.5 per cent from the October output. Production of 11 leading mills in District No. 8 (St. Louis) was 261,400 barrels, as compared with 359,746 barrels in October. In District No. 12 (San Francisco) 71 mills reported a production of 856,079 barrels during November, as compared with 997,325 barrels produced by 63 mills in October. The output this year, however, is generally in excess of the November, 1920 figure. Lack of stability in the wheat market is said by several Districts to be having a detrimental effect on the industry. Millers in November were cleaning up old business and filling small orders for immediate shipment. Bakers bought but little, and jobbers pursued a hand-to-mouth policy. Export trade in District No. 10 (Kansas City) was very poor, while in District No. 8 (St. Louis) such demand as existed was confined almost exclusively to clears and low grade flours. Prices advanced in late November in sympathy with the upturn in wheat, but the increase was wiped out in the first weeks of December.

LIVE STOCK: November receipts of cattle and calves and sheep at fifteen western markets were less than in October, although receipts of hogs were greater, but for all three classes the figures were below those for November, 1920. November receipts of cattle and calves amounted to 1,394,217 head, as compared with 1,712,917 head during October and 1,781,261 head during November, 1920. The respective index numbers were 138, 170 and 177. Receipts of sheep decreased from 1,842,148 head in October, corresponding to an index number of 135, to 1,244,214 head in November, corresponding to an index number of 91, as compared with 1,542,477 head in November, 1920, corresponding to an index number of 113. Receipts of hogs, on the other hand, increased from 2,057,231 head during October to 2,559,916 head during

November, as compared with 2,624,185 head during November, 1920. The respective index numbers were 94, 116 and 119. November is the opening month of the winter packing season for hogs, but in the case of the other classes of animals increased interest in feeding because of the low price of corn and other coarse grains, high freight rates and generally unsatisfactory prices of live animals at the markets are assigned by District No. 10 (Kansas City) as factors contributing to the reduction in receipts. The long drought which had prevailed in the range country of District No. 11 (Dallas) for several months was broken in many localities by early December rains, while live stock in District No. 12 (San Francisco) is reported in excellent condition, winter range prospects good, and much low priced hay available for feeding where necessary. There was an extreme scarcity of hogs in the Pacific Northwest during November, and the strong local demand was supplied from the middle-western States.

Twenty-five representative packers report a decline of 29.7 per cent in November sales (measured in dollars) from those for October, and a decline of 27.9 per cent from those for November, 1920. The domestic demand for fresh meats and lard is stated by District No. 7 (Chicago) to have had a tendency to slow up a little in November and December, although the volume was fairly well maintained. Meat packers in District No. 10 (Kansas City) reported November export trade in pork products as on the whole smaller in volume than in October. An outstanding factor in the industry has naturally been the strike of packing house employees which commenced in the western centers, but shortly extended to New York as well.

COAL: Production of bituminous coal showed a slight decrease during November. The output for the month was 35,955,000 tons, corresponding to an index number of 97, as compared with the October production of 43,741,000 tons corresponding to an index number of 118 and a production of 51,457,000 tons in November, 1920, corresponding to an index number of 139. A recent study of commercial stocks of coal showed that bituminous stocks held by consumbrs on November 1, to be 47,000,000 tons, an amount sufficient for 43 days' requirements at the average rate of consumption maintained during the preceeding three months. Stocks were 16,000,000 tons, or 25 per cent, below the maximum of 63,000,000 tons reported on November 8, 1918, and were the highest since January 1, 1921, but District No. 3 (Philadelphia) reports that competition of non-union coal and British coal has forced union operators either to sell their product at a sacrifice or to close down their mines.

Production of anthracite coal decreased from 7,580,000 tons in October to 6,859,000 tons in November which is somewhat lower than the production of 7,441,000 tons in November, 1920. The respective index numbers are 102, 93 and 101. District No. 3 (Philadelphia) reports that domestic demand has been almost as disappointing during the past two months as the industrial demand for steam coals. Dealers' stocks are very heavy in the majority of grades and although the prices tend to be firmly maintained, there have been some slight reductions. The lessening of iron and steel manufacturing has been reflected in reduced purchasing of coke and in a weakening of prices. The production of beehive coke for November was 477,000 tons as compared with 416,000 tons in October, and 1,622,000 tons in November, 1920, while November production of by-product coke was 1,766,000 tons as compared with 1,734,000 tons in October.

PETROLEUM: Reports from the principal oil fields indicate an increased production of crude petroleum for the month of November. Petroleum production in District No. 12 (San Francisco) showed a marked revival after the two successive months of depression caused by a strike of the oil workers. Average daily production during November was 293,323 barrels, an increase of 65,366 barrels over the daily average petroleum production during October. Consumption also increased, but not to the same extent as production, so that stored stocks stood at 33,486,350 barrels on November 30, 1921, as compared with 22,582,304 barrels on November 30, 1920. Thirty-eight new wells with an initial daily production of 9,755 barrels were completed during November and one well was abandoned. In the Kansas-Oklahoma field November production of crude oil was slightly less than for either October or November, 1920. Development operations in this field show an increase of 1,503 barrels in daily new production of crude oil over the October record, though fewer wells were completed in November. Stocks of both crude oil and refined products increased rapidly. District No. 11 (Dallas) also reported an increased production. There were 191 wells completed in this District during November, including 132 producers, as compared with 192 in October, of which only 92 yielded oil. In the new Mexia field 14 new producing wells were completed, yielding an initial production of 103,125 barrels, but operations have been curtailed in the North Texas district due in large measure to the insufficient supply of water power to insure continued drilling. Prices in the Mexia and Corsicana fields advanced on December 12, but other crude oil prices in District No. 11 (Dallas) have remained unchanged.

IRON AND STEEL: Some tendency to reaction is evident in the iron and steel industry. November pig iron production amounted to 1,415,481 tons, as compared with 1,246,676 tons in October, the respective index numbers being 61 and 54. The total number of active furnaces increased from 96 on November 1 to 120 on December 1. This increase was not paralleled in the case of steel ingots, the output of which merely rose from 1,616,810 tons in October, corresponding to an index number of 70, to 1,660,001 tons in November, corresponding to an index number of 71. Fairly heavy shipments resulted in a slight decrease in the unfilled orders of the United States Steel Corporation from 4,286,829 tons at the close of October to 4,250,542 tons at the close of November. The current situation is much more marked in District No. 3 (Philadelphia) than in the Pittsburgh district, and many reports from the former indicate that "the present stagnation is even more pronounced than that which existed during August". Dullness is ascribed largely to uncertainty as to future freight rates and the desire of merchants to carry minimum stocks at time of inventory. Demand for pig iron is especially poor. Stocks are, however, reported low, and many inquiries are being received for delivery during the first quarter of 1922. Orders for finished products are for immediate delivery only, but it is said from District No. 4 (Cleveland) that "miscellaneous new business has continued to flow into the mills surprisingly well." Reflecting the general situation in the industry, and the sharp competition existing for a limited volume of business, pig iron prices have shown a further downward trend.

AUTOMOBILES: Manufacturers are awaiting the results of the automobile shows before determining their manufacturing schedules for the coming year. November production is apparently less than for the previous months, manufacturers having 63 per cent of the passenger car output of District No. 7 (Chicago) producing 69,125 cars in November as compared with 84,913 cars in October. November carload shipments were 14,061, as compared with 17,676 carloads in October, while driveaways decreased from 12,808 to 10,509 machines. Factory sales in November are, however, stated to have increased over October in District No. 7 (Chicago).

NON-FERROUS METALS: The copper market continued to improve during the latter part of November and during the first two weeks of December. On December 14 copper (New York, net refinery) was selling at from 13.75 cents to 14 cents per pound, a rise of almost 20 per cent over the price in August. The record for the market is particularly encouraging when compared with a similar period last year when copper declined steadily from 18.50 cents per pound in July to 12.375 cents at the end of 1920. It is believed that copper mines may be reopened much sooner than was anticipated a few months ago. Much copper has been sold to large electrical manufacturers for delivery as far ahead as next June. Export business in copper continues to be surprisingly good, Germany and Japan being the best purchasers. Copper production for November was 24,613,754 pounds as compared with 20,926,554 pounds in October and 21,713,984 pounds during November, 1920. The price of lead quoted by the leading interest continues to be 4.70 cents per pound and a fair amount of business is being done at that level. Production of zinc in November amounted to 21,135 tons, as compared with 14,538 tons in October and 33,318 tons in November, 1920. Stocks continued to decline despite the increased production and totaled only 67,049 tons on December 1. District No. 10 (Kansas City) reports that November shipments of zinc ores from the mines of Missouri, Kansas and Oklahoma showed an average of 7,909 tons shipped per week as compared with 6,719 tons in October and 5,000 tons in September. The average value per ton increased from $23.92 in October to $25.25 in November.

COTTON TEXTILES: Cotton consumption in November showed a decided increase over the amount consumed in October and the figures were higher than at any time since the summer of 1920. The latest estimate of the Department of Agriculture indicating a larger cotton crop than was expected, has recently been an unsettling factor although the effects of the announcement had previously been discounted to a certain extent. District No. 1 (Boston) estimates that production in that section is on a basis somewhat in excess of 80 per cent at the present time. Reports from District No. 3 (Philadelphia) indicated that some lines of cotton manufactures such as branded goods, and gray goods, are being purchased at about the same rate as heretofore but it is said that no firms report a sufficient number of orders to insure operations for more than three months. Stocks are being kept at a low point with a view of having as small inventories at the end of the year as possible. The orders received by textile mills in District No. 5 (Richmond) were not as numerous during November as in September and October but the mills are generally running on a full time basis and are looking forward to fairly good trade after the opening of the new year. Some mills are planning changes in machinery and reports generally state that there is "returning confidence in the stability of values for raw cotton and textiles." The special reports based on returns from 37 representative cotton cloth mills located in District No. 6 (Atlanta) indicate that cloth production in yards during November was 4.2 per cent greater than in October and 31.3 per cent greater than in November, 1920. Unfilled orders on hand at the end of November declined 6.7 per cent as compared with the preceding month but were 34.3 per cent above those on hand at the close of November, 1920. It is said that while the total of unfilled orders on an average showed a decline, some of the reporting mills have orders which will require full time operation for many weeks. One mill states that it will require 40 weeks running full time to complete its orders on hand. A majority of reporting mills are running on full time and some of them are operating day and night shifts. The production of cotton yarn by 40 mills located in District No.6 (Atlanta) was also 3.2 per cent greater in November than in October. Orders on hand at the end of November declined 12.7 per cent as compared with October figures but were 68.3 per cent greater than at the end of November, 1920. The decline in orders is attributed to the fact that buyers wish to go into the new year with small stocks and, furthermore, there has existed for some time an element of uncertainty due to the belief that the price of cotton would be affected by the later estimates of the Department of Agriculture. Some reporting mills are said to have sold their product for many weeks ahead at prices which allow some profit but a few mills state that their operations are being carried on without profit at the present moment.

COTTON FINISHING: Reports from 34 of the 58 members belonging to the National Association of Finishers of Cotton Fabrics show that during the month of November there was a drop in finished yards billed to 97,132,172 from 105,286,414 in October. There was also a drop in finishing orders received during the month, the figure for November being 85,279,175 as compared with 100,909,965 for the preceding month. The percentage of average capacity in operation fell from 77 to 69 per cent for all reporting Districts. The average work ahead at the end of the month dropped from 10 days to 9.2 days.

WOOLEN TEXTILES: During the month of November there was a slight reduction in the activity of the woolen industry as evidenced by the Census reports of percentages of idle wool machinery and of idle hours to totals reported on December 1. In all cases except looms 50 inch reed space and less, percentages of activity and of idle hours have increased as compared with the beginning of November. For example, the percentage of idle hours on the first of the month to total reported rose from 24.9 per cent to 28.7 per cent in the case of looms wider than 50 inch reed space, and in the case of woolen and worsted spindles the percentages were 21.9 and 12.6 per cent respectively, as compared with 18.3 and 8.1 per cent on November 1. Wool consumption in November amounted to $58,259,000 pounds as compared with 62,130,667 pounds in October. However, despite the slight reduction in activity which is, no doubt, largely attributable to seasonal factors, the New England mills continue to run at nearly full capacity, with a recent slight slowing down in advance of offerings for the fall of 1922. The incoming orders are stated not to be satisfactory, however, primarily because of the unsettled conditions prevailing in the clothing industry. District No. 3 (Philadelphia) likewise emphasizes the lack of demand from the clothing industry due not alone to a disposition on the part of the consuming public to demand lower priced goods, but also to the uncertainty brought about by the unsettled labor conditions within the industry. In that District trade in woolen and worsted goods is said to be very inactive and orders are placed merely for the purpose of filling in. Several mills are operating at only 25 per cent of normal capacity and orders are not sufficient to keep them running more than three or four weeks. The average capacity for twelve plants located inthe District was about 45 per cent. The situation of the yarn manufacturers appears to have remained substantially unchanged. The demand for weaving yarns continues poor while knitting yarns are still in great demand, and a number of larger mills are operating at capacity as a result. Raw wool prices have been advancing steadily both for lower and for higher grades of wool, but the scarcity of the better grades is causing them to advance more rapidly than the poorer grades.

CLOTHING: Notwithstanding the unfavorable factors tending to unsettle the clothing industry, to which reference has already been made, the limited reports available show that a fair amount of business was transacted in November. Ten clothing firms in District No. 2 (New York) engaged in the distribution of men's and women's clothing, report sales in November to have been 11.7 per cent below those for the preceding month, but 21.2 per cent in excess of November, 1920. In District No. 8 (St. Louis) total sales and orders for 23 reporting interests were stated to have been larger in units than they were in the same month of 1920, but the demand is principally for cheap suits and manufacturers are carrying a much larger proportion of low priced goods. Buying is still confined to orders for immediate delivery. In District No. 7 (Chicago) from which reports on a unit basis are received from manufacturers of men's clothing, the returns for the season to date indicate large advances in output over the preceding year. The November questionnaire sent out to eight wholesale clothing firms shows that orders for spring taken from the opening of the season to the date of the last report were 130.6 per cent in excessof those for the corresponding period of 1920. Fifteen reporting tailors-to-the-trade state that the suit output for November was 11.1 per cent greater than for the same period a year ago, although it had dropped 14.1 per cent below the totals for the preceding month.

SILK TEXTILES: Reports rather generally indicate that the demand for silk goods, especially broad silks, has been slightly more active of late weeks and certainly there has been some increase in prices due in part to larger sales, and in part to the effect of the rapid advance that has occurred in recent months in the price of raw silk. Nevertheless, such statistics as are available indicate a further reduction in activity of those mills located in the North Hudson and in the Paterson districts. In North Hudson, 2,047 looms out of a total reporting of 4,586 were operating on December 8, and the percentage of available capacity was 37.7. In Paterson with 15,000 looms, only 3,155 were active and the percentage of available capacity in operation was 11.6. In District No. 3 (Philadelphia) conditions appear to be much better, as reporting manufacturers are operating at about 80 per cent of normal, although practically all orders are for immediate delivery. In the case of establishments manufacturing silk yarns, the rate of production was reported to be about 63 per cent of normal. The falling off in demand which has occurred, leading to a curtailment of operations, is attributed to uncertainty regarding future prices of raw silk. Silk consumption according to the estimates furnished by the Silk Association of America amounted to 18,355 bales in November as compared with 26,816 bales in October.

HOSIERY: Only District No. 3 (Philadelphia) and District No. 6 (Atlanta) regularly report concerning activity in the hosiery industry. Judging from information received from these Districts, the market for cotton hosiery has been well sustained during the past month. District No. 3 (Philadelphia) notes the rather specialized character of the demands.

The mills that produce heather hosiery, for example, are running at capacity and orders continue to be received for the fall trade of 1922. It is stated that this fact is attracting more mills into this field and the prospects are that the output for next year will be larger. The demand for silk hosiery also continues to be exceptionally good but other lines of cotton and mercerized hosiery show slight activity and very few mills engaged in producing these are able to run on full time. This situation contrasts with that of the mills in District No. 6 (Atlanta), however, as the manufacturers of cotton hosiery in that region continued to do a good business during November and were reported to be operating at from 80 to 100 per cent capacity. One plant as a matter of fact stated that it was running full day and night and had sufficient orders to keep it going for some months on this basis. The special reports received by the Philadelphia Bank from 24 hosiery firms selling to the wholesale trade showed a slight drop in the product manufactured during November (in dozens of pairs) of 3.5 per cent. Orders booked during November were reduced 59.4 per cent and unfilled orders on hand at the end of November were 2.2 per cent below those on hand at the end of the preceding month. However, the output, orders booked, and unfilled orders as compared with November a year ago showed extraordinary increases of 222.1 per cent, 63.6 per cent and 528.2 per cent respectively. The nine reporting firms selling to the retail trade manufactured 17.3 per cent fewer pairs in November than in the preceding month. Orders booked fell 40 per cent and unfilled orders on hand November 30, were 19.2 per cent below those on hand at the end of October.

KNIT GOODS. Very little change was recorded during the month of November in the productive activity of the reporting mills belonging to the

Association of Knit Goods Manufacturers of America. One of the four mills reported closed in October resumed operations in November, and 57 mills were then operating at an average of 86.5 per cent of normal capacity as compared with 87.3 per cent average capacity for 56 mills reporting in October. In November, 1920, reporting mills were producing at a rate of only 23.2 per cent of normal capacity. For the 56 mills which furnished comparable data, both for October and for November, unfilled orders on November 1, showed a gain of 67,990 dozens, reaching a total of 1,077,403 dozens. There was a reduction of 99,838 dozens in new orders received during November, the totals falling from 406,675 dozens in the month of October to 306,837 dozens in November. Production in November amounted to 362,660 dozens - a loss of 19,685 dozens.

Reporting underwear mills located in District No. 3 (Philadelphia) state that there is an increased demand for heavy weight underwear and that although the general opening for the fall season of 1922 will not take place until after the new year, considerable business has already been done. Comparatively few orders for light weight underwear are now being received by manufacturers in District No. 3 (Philadelphia).

SHOES AND LEATHER. Prices of hides and skins advanced slightly during the first two weeks of December, but there was a marked reduction in volume of sales. District No. 7 (Chicago) reports that sales of green cattle hides in the United States were about 26 per cent less in November than in October, while sales of green calf skins increased 7.9 per cent. District No. 3 (Philadelphia) states that diminution in the slaughter of animals is resulting in a strengthening of hide prices. Demand for sole leather declined somewhat in the early part of December while demand for most grades of upper leather has been well maintained. Activity has been particularly marked in the case of leather sides and their sale throughout the United States was 16.6 per cent greater in November than in October. Reports from District No. 3 (Philadelphia) indicate that the call for low priced shoes is resulting in a considerable reduction in stocks of side leather and increased inquiries for cheaper grades of heavy leather. Export orders are increasing and a large proportion of the so-called "Distress" leather, held for account of banks or insolvent tanners, has been sold for shipment abroad. District No. 7 (Chicago) reports that tanning activity was more irregular in November than in October.

Shoe manufacturing continued to show considerable activity during November. The November production of nine important shoe manufacturers in District No. 1 (Boston) was 8 per cent larger than in October, and 120 per cent greater than in November, 1920. Six of these concerns showed shipments 10 per cent and new orders 13 per cent lower in November than in October. There has been some decline in the proportion of women's shoes to total production. Reports of 45 shoe firms in District No. 3 (Philadelphia) show that production in November was 7 per cent less than in October, but 17.8 per cent greater than in November, 1920. Shipments for these firms declined 18 per cent as compared with October, while new orders incfeased 30.3 per cent and orders on hand increased 18 per cent. Factories in that District which make cheap shoes are busier than those making high grade shoes and are receiving orders in increasing volume. In District No. 7 (Chicago) 27 shoe manufacturers report that production in November was about 1 per cent lower than in October, but 67 per cent greater than in November, 1920. November shipments for these factories were 5 per cent less than in October, while unfilled orders increased 2 per cent. District No. 8 (St. Louis) states that November sales of 11 reporting interests were from 14 to 52 per cent larger in number of pairs than a year ago, while the dollar value was from 25 per cent less to 7 per cent greater than in November, 1920.

LUMBER. After the unusually strong demand this fall, which continued beyond the usual time of seasonal decline, some decrease in demand for lumber is reported in various Districts. In addition to decrease in building activity, other causes given are the inventory season and the uncertainty as to freight rates which is causing some mills to delay shipments of lumber for future use. In District No. 6 (Atlanta), average orders from 128 pine mills for the week ending December 2nd were only 400,000 feet, as compared with 572,000 feet for 138 mills for the week ending November 4th. Average production, however, was well maintained, although weather conditions in some parts of the District have begun to interfere with logging operations. Most of the demand is for the higher grades, as is also the case with hardwood lumber. Dealers in the latter state that business improved during November. In District No. 11 (Dallas), November orders received by 37 pine mills were equivalent to only 75% of normal production, as compared with 90% during October. Production, however, was considerably higher than in October, being only 26% below normal as compared with 32% during the previous month. In both these Districts shipments of pine outran production, and stocks were consequently reduced during November.

The outstanding feature in District No. 8 (St. Louis) was a rather abrupt cessation of demand from retailers for building lumber around the middle of November, followed by declining prices, but considerable buying of car and bridge material then commenced, and continued for about three weeks. Factory lumber is quiet and weak in the case of the major softwoods, notably Southern pine and Western fir, but the reverse is true of hardwoods and cypress. In these, the price advances made in November have been fairly well held in December. Twelve representative firms in District No. 9 (Minneapolis) with about 600 retail yards report sales in board feet as 30 per cent less in November than in October and 57 per cent less than a year ago. Fourteen manufacturers report similar percentages of decline in cut, while combined stocks of wholesalers and retailers at the end of November were about 6 per cent less than a month ago and 10 per cent less than a year ago when measured in board feet.

General conditions in the lumber industry of District No. 12 (San Francisco) are reported more satisfactory than at any time in the past sixteen months. The success and increasing importance of water-borne shipments to the Atlantic Coast, and a sustained export demand have been the outstanding features of the market. November production of four associations was 354,252,000 feet, or 7% less than in October. This decrease was partly seasonal and partly due to severe storms which swept the Columbia River Valley in Oregon during the last week of November and caused the closing of some mills and curtailment of production in others. Orders received during November were 351,280,000 feet, or 20.3% less than in October, and shipments fell to 340,150,000 feet. Mill stocks on November 30th were less than a month earlier, except at the pine mills of California and Oregon, while wholesale and retail yards are said to be carrying only sufficient lumber to meet the current needs of their trade. Prices in the upper grades were steady during November, while increases occurred in a few of the lower grades. Logging operations in the Pacific Northwest, due largely to severe storms, were less than in October.

BUILDING. The valuation of building permits issued in selected cities during November showed a moderate decline from the high level reached in October in all of the Federal Reserve Districts except District No. 11 (Dallas). The percentage of decrease varied from 2.0 per cent for District No. 1 (Boston) to 30.7 per cent for District No. 8 (St. Louis). The value of permits issued in selected cities of District No. 11 (Dallas) was 20.4 per cent greater in

November than in October. A comparison with November, 1920, shows large increases in value of permits issued in every Federal Reserve District, ranging from 23.8 per cent in District No. 6 (Atlanta) to 189.5 per cent in District No. 2 (New York). The total value of building permits issued in 166 selected cities amounted to $145,883,418 in November, as compared with $172,204,403 in October, 1921, and $73,174,276 in November, 1920. The value of contracts awarded in seven Federal Reserve Districts, as compiled by the F. W. Dodge Company decreased from $203,954,431 in October to $127,374,432 in November, Decreases were registered in Districts No. 1 (Boston), No.2 (New York), No. 3 (Philadelphia), No. 5 (Richmond), No. 7 (Chicago), and No. 9 (Minneapolis), while District No. 4 (Cleveland) registered a slight increase.

District No. 1 (Boston) reports that the increase in the volume of residential construction is particularly encouraging, and estimates that the cost of building and the size of rents are now on about the same comparative basis as in 1913. Reports from District No. 3 (Philadelphia) state that, although a large number of permits have been issued, but little actual construction is being done, owing to the approach of winter and the uncertainty as to future costs. In District No. 8 (St. Louis) there has been a decline in large building enterprises, but there has been a continuance of residential building. Reports from District No. 10 (Kansas City) also show a marked increase in the construction of residences, but less attention to the erection of business buildings and factory extensions. Construction continues active in the coastal cities of District No. 12 (San Francisco), but has shown some slackening in the interior states.

EMPLOYMENT. The Department of Labor thorugh its Employment Service announced that on November 30, 1,428 firms which make regular reports to it, had 7,219 more employees on their pay rolls than at the end of the preceding month. The increase, however, was relatively slight amounting to only .46 per cent. Consequently the figures do not indicate much change in the existing situation one way or the other. In District No. 1 (Boston) the textile centers are those in which the substantial gains that have been achieved have been most fully retained. Unemployment is considerable in the shoe centers of Massachusetts but the situation is said to be more normal in Brockton than elsewhere. On the other hand, unemployment in Providence is more widespread than at the beginning of 1921 although a slight improvement has occurred during the Autumn. In the metal working, machinery and tool making districts which have suffered from sharp curtailment of activity, employment conditions began to improve at the beginning of the Autumn. The reports from the Massachusetts Department of Labor and Industry, and similar data from the other New England states "indicate that the peak of unemployment has been passed" but that "conditions are still serious especially since prolonged idleness has reduced the resources of many families". There have been virtually no changes in the situation in the State of New York during the month as the seasonal declines that have occurred in some lines have been offset by increased activity in others, notably in the iron and steel industries. The increases in numbers employed reported by the New York State Department of Labor amounted to 3 per cent in the metal industries, with a somewhat smaller gain in wood working factories. Increases are, however, offset by reductions in the clothing industry due to strikes and to seasonal factors, and also by declines in the food products industries. The Municipal Employment Bureau of New York City reports that the number of applicants for positions was less in November and December than in October, while the holiday season has brought about a somewhat increased demand for workers. The Bureau has therefore been able to place a larger percentage of applicants. The latest figures available for District No. 3 (Philadelphia) indicate a decline in recent weeks in industrial activity. On December 15 the Pennsylvania State Department of Labor reported that the number unemployed in the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport had increased 9.4 per cent over the returns for December 1. The largest part of this increase, however, was accounted for by the closing of the coal mines in the Scranton district. A compilation based on a special questionnaire sent out to 517 firms located in District No. 3 (Philadelphia) showed that the number of employees on the pay rolls on December 1, was 132,268, a figure 1 per cent less than that reported on June 1, but 4.5 per cent larger than the number employed on September 1. District No. 5 (Richmond) reports no appreciable change in the number of unemployed in that District. Two important railroads have closed their shops until after the new year thereby releasing several thousand men, but there has been some incfease in the amount of public work being done in the cities and counties. There has also been a slight accession to the number employed by the industrial plants located in the District. In District No. 6 (Atlanta) reactionary tendencies were in evidence in November. Railroad repair shops were reported to have reduced the number employed by about 5 per cent and manufacturers of food and kindred products had also fewer employees on their pay rolls. On the other hand, during November the textile industry showed a slight increase in the number employed. In District No. 7 (Chicago) the special questionnaire which was sent out to 258 firms indicated that the situation had remained practically unchanged during November as there was only a fractional increase of .3 per cent in the number employed on November 30 as compared with the preceding month. The reduction as compared with the same month a year ago amounted to 19.3 per cent. Reports from the Detroit

Employers Association showed that firms employing 111,403 men on November 1, had 110,118 men on their pay rolls on December 13. It is said, however, that if the reduction in working hours be taken into consideration there would be a decrease in the number of man-hours worked of 9.5 per cent. In District No. 9 (Minneapolis), although there was an increase in the number employed in the larger factories in Minneapolis and St. Paul during the month of November this situation is attributable entirely to an increase in the activity of railroad repair shops. Taking the District as a whole employment conditions are said to be less favorable as "in Minnesota, weather conditions have affected road work and building construction. Flour mills are beginning to reduce operations and the iron mines have closed down in the majority of cases. In North Dakota, unemployment is growing more serious with the approach of cold weather and the completion of public works. In South Dakota unemployment shows a decrease from October on account of a large volume of building. In Montana, the general employment trend is downward, although lumber and flour mill activity has increased somewhat. Mining shows no improvement and seasonal conditions have increased idleness. Beet sugar factories are completing their season's work. In general, in the agricultural regions of the Minneapolis District, there is a complete lack of demand for agricultural laborers and a general surplus of common labor". In District No. 12 (San Francisco) unemployment increased in all sections during November due both to seasonal declines in agriculture and to reduction in industrial activity. Increases in unemployment were chiefly evident in agriculture, lumbering, fishing and shipbuilding. Skilled laborers in the District are as a whole fairly well employed. The considerable increase in unemployment in California is attributed to the coming in of migratory workers from other parts of the country with the cessation of seasonal activity. In Oregon and Washington also the end of the harvest season and the closing of logging camps and saw mills have added to the number of unemployed. In Arizona, Nevada and Utah there has been practically no improvement in labor conditions and none is likely until there is a general resumption of work in the mining and smelting industries.

WHOLESALE TRADE. A variety of factors, both of a seasonal and of a special nature has contributed to a marked reduction in the sales of most of the reporting wholesale firms in the four lines of groceries, dry goods, hardware, boots and shoes. The reductions are particularly marked in the case of dry goods, the decreases in sales during November as compared with October ranging from a minimum of 12.7 per cent in District No. 2 (New York), with three firms reporting, to a maximum of 38.1 per cent in District No. 11 (Dallas) with ten firms reporting. The decreases are especially heavy in the three southern Districts No. 5 (Richmond), No. 6 (Atlanta), and No. 11 (Dallas). These reductions in sales no doubt represent not only a seasonal recession, which is apt to be more pronounced in Southern agricultural sections than elsewhere, but they also reflect a diminished purchasing power due to the slower movement of such crops as cotton, sugar and rice. As compared with a year ago, however, dry goods sales make a quite favorable showing and, unquestionably - given the great price reductions that have occurred in the interval - they represent a greater volume of goods than did the November sales of the preceding year. In District No. 2 (New York) and No. 12 (San Francisco) there are increases in sales values of dry goods of 11.6 per cent, 3 firms reporting, and 5.2 per cent, 12 firms reporting, respectively, over last year. Decreases ranged from 1.4 per cent in the case of District No. 5 (Richmond), 18 firms reporting, to 22.3 per cent in the case of District No. 9 (Minneapolis) 5 firms reporting. Another factor influencing the November drop in sales, not only in dry goods but in all other lines, is doubtless the desire on the part of retailers to enter upon the new year with inventories reduced to the lowest possible point. In the case of wholesale grocery firms, decreases during November as compared with October ranged from 1.1 per cent in the case of District No.2 (New York), with 9 firms reporting, to 19 per cent in District No. 11 (Dallas), with 13 firms reporting. District No. 3 (Philadelphia), with 48 firms reporting, states that the usual brisk holiday demand is lacking, and District No. 6 (Atlanta) emphasizes the slow movement of agricultural products as having had a pronouncedly depressing effect upon the demand from agricultural sections. Here again, however, the showing as compared with a year ago is quite favorable from the point of view of volume of sales, decreases ranging from 4.9 per cent in the case of District No. 10 (Kansas City), with 5 firms reporting, to 30.4 per cent in the case of District No. 6 (Atlanta, with 29 firms reporting.

The drop in hardware sales in November is probably attributable in good part to the seasonal reduction in the demand for building and construction materials, and also to the failure of retailers to place the usual advance orders for agricultural supplies for spring use. The general testimony seems to be to the effect that business in hardware is, on the whole, unusually slow even for the season. Decreases in November sales as compared with October ranged from 1.3 per cent in the case of District No. 11 (Dallas), with 11 firms reporting , to 17.2 per cent in the case of District No. 10 (Kansas City), with 4 firms reporting. In District No. 5 (Richmond), No. 6 (Atlanta), No. 7 (Chicago) and No. 12 (San Francisco), sales of boots and shoes in November registered marked declines as compared with October, the respective percentages being 33.6 per cent with 18 firms reporting, 23.9 per cent with 10 firms reporting, 16.7 per cent with 11 firms reporting and 18.4 per cent with 16 firms reporting. District No. 6 (Atlanta) reports that it is probable that warm weather was responsible for some of the falling off in shoe sales in that District. On the other hand District No. 2 (New York) reported a slight increase of 2.5 per cent for the 8 firms reporting in that District. In all cases except District No. 12 (San Francisco) where there was a negligible decrease as compared with a year ago, shoe sales showed a decided increase, ranging from 5.2 per cent in the case of District No. 7 (Chicago), with 11 firms reporting to 45.9 per cent in the case of District No. 2 (New York), with 8 firms reporting. It will be remembered that a year ago the shoe industry was in an unusually depressed condition and the increases therefore find their explanation in this fact.

RETAIL TRADE. Retail sales in November showed a noticeable decrease as compared with those of October, 1921, and November, 1920. Reports of Districts No. 1 (Boston) and No. 2 (New York) for the first part of December, however, showed increases of 10 per cent and 3 per cent respectively, over the corresponding period in 1920, indicating that the volume of Christmas trade has been larger than last year. During November activity was greatest in the tobacco, candy, gloves and jewelry lines, while the market for heavy clothing was unusually dull. November sales of 381 representative department stores throughout the United States showed a decrease of 13.7 per cent from the sales of November, 1920. Decreases were recorded in all Districts and amounted to 7.2 per cent in District No. 1 (Boston), 8.2 per cent in District No. 2 (New York), 8.9 per cent in District No. 3 (Philadelphia), 21.1 per cent in District No. 4 (Cleveland), 12.9 per cent in District No. 5 (Richmond), 21.4 per cent in District No. 6 (Atlanta), 16.9 per cent in District No. 7 (Chicago), 9.4 per cent in District No. 8 (St. Louis), 18.3 per cent in District No. 9 (Minneapolis), 13.8 per cent in District No. 10 (Kansas City), 25.9 per cent in District No. 11 (Dallas), and 7.9 per cent in District No. 12 (San Francisco). Department store stocks showed little change during November and the rate of turnover remained approximately the same as in October, while outstanding orders were somewhat lower.

PRICES. No material change has occurred in the general wholesale price level in the United States in the last six weeks. Price revisions continue to be made, but the average of all prices has tended to be stabilized about a level 40 to 50 per cent above the pre-war. There has been no considerable change from this level since last April, the indexes of the Bureau of Labor Statistics and the Federal Reserve Board showing a range of not more than 6 points during this entire period. The Federal Reserve Board index for November stood at 140 as compared with 141 in October, and 100 in the base year, 1913.

During November, the various group indexes, such as the prices of raw materials, producers' and consumers' goods showed even less change than in recent months. The trend of producers' goods was definitely towards lower levels, but raw materials and finished consumers' goods showed very little change. Domestic goods as a whole declined while foreign imported goods rose, but the rate in both cases was slow. Agricultural commodities were the only group in which prices declined seriously during November, while lumber prices showed the most material increases. Oils, certain of the nonferrous metals, hides, and rubber were among the other commodities to increase in price. Coal, pig iron, cotton and many leading agricultural commodities declined.

During the first three weeks of December, prices in the semi-finished steel industry have tended to increase but pig iron has continued to decline and the downward movement in bituminous coal has gained in momentum. Cotton prices have also steadily declined. Agricultural prices show varied tendencies, hogs and cattle declining, wheat and oats advancing.

Retail prices during November also showed very little change from the September and October levels. The index of food prices compiled by the Bureau of Labor Statistics registered 152 as compared with 153 in October and an average of 100 in 1913.

SHIPPING. Changes in ocean freight rates during December were unimportant as compared with those which have occurred in the last few months. In spite of some reductions in a number of trades, including the Far East, rates were in general firmer than for some time past. The charter market displayed little activity, and while a few vessels were chartered at figures representing concessions below quotations in the previous month, there was nothing approaching a general decline during December. Taking the year as a whole, the shipping industry has been passing through a most difficult period, in which many of the weaker operators have been forced to go out of business, and in which, as a result of greatly reduced freight rates, smaller available cargoes, and continued high costs of operation, very few companies have been able to make a satisfactory showing. This condition has been world-wide, although American companies have felt in special degree the handicap of a higher scale of wages than their foreign competitors have been obliged to pay.

FOREIGN TRADE. The outstanding fact in connection with the latest official reports on our foreign trade is the decline in the value of exports in November to the lowest level reached since August, 1915. At the same time the value of imports increased well above the figures recorded for recent months, with the result that the excess of merchandise exports over imports was less than in any previous month for more than a year. During November, the flow of gold to the United States which has been an important factor in our foreign trade ever since October, 1920, continued without interruption, swelling the total net imports of the metal in the first eleven months of

1921 to a figure of about $638,000,000. In the same months of 1920, net imports of gold amounted to only $67,000,000, while for the same period of 1919 the movement was in the opposite direction, net exports of gold totaling $258,000,000.

Stated in terms of value, the export trade of the United States in November amounted to $295,000,000, compared with $343,552,418 in October, and $676,528,311 in November, 1920. The large decline from a year ago that is revealed in these figures is in no small measure to be accounted for by the much reduced prices at which practically all commodities are now valued. That there has been some contraction in the actual volume of shipments is apparent from a comparison of the quantities of the principal individual commodities in our export trade now as against a year ago, and also from the reductions in the weight of water-borne exports as shown by data compiled by the Department of Commerce from the records of the United States Shipping Board. More exact than comparisons with the value statistics of a year ago, are comparisons between the values reported for recent months, in which changes in the price level are not very serious and where the values indicate more fairly the real tendencies in our foreign trade. Such comparisons with recent months disclose the fact that since prices reached a more stable level some months ago, our foreign trade has witnessed nothing approaching a serious decline. Viewed in this way, the foreign trade situation is by no means so discouraging.