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

During the past month improvement of conditions in several basic industries has furnished a more hopeful prospect for the trade of the coming months. This better outlook has in some measure been offset by labor and other difficulties in the textile industry which have resulted in reduced activity in that branch of business. Fluctuations in the price of raw materials have subjected the textile trade to still further difficulty, while in that industry, as well as in others, the lack of forward orders has made it difficult to plan policies far in advance. Fairly good conditions are reported in the shoe and leather industry, although improvement has been largely confined to New England. In iron and steel varying opinions exist as to the situation and outlook. It is to be noted, however, that there has been distinct increase in the activity of the plants of the United States Steel Corporation as well as some increase in the activity of independent mills. Iron

and steel prices have, however, tended to decline, or at best to hold their own, rather than to advance. In the chemical industry business activity has been given a severe setback as a result of uncertainty as to the future. In the nonferrous metals, especially copper, there has been a distinct increase in production with the reopening of mines which have been shut down for a long time past.

The net outcome of these changes has been to diminish the irregularity and uneveness noted in the movement of industry during 1921. Textiles and allied lines which have been far in advance of others are losing their relative momentum. The evening tendency thus evidenced by current readjustments is reflected in the fact that the Board's price index remains unchanged at 138. The significance of this apparent stability of the price situation is not disclosed until account is taken of the fact that there have been noteworthy advances in prices of many agricultural products during the month. The effect of these advances would have been to raise the general price index had they not been offset by corresponding declines in other lines of industry. The readjustment process, it would appear, has now definitely reached the stage of inter-industrial price revision. The advance in value of agricultural products has tended to create conditions materially facilitating both the liquidation of loans at banks and the rapidity of movement of products to market. The more satisfactory marketing and price conditions have not only extended to grain, but have also included tobacco and other products. Early crop reports from the southwestern grain regions have not been altogether reassuring.

The long continued slackness of employment and past uncertainty as to agricultural prices have produced an effect upon trade activity, with the result that both wholesale and retail trade indexes are disposed to show recession of buying in most parts of the country save for seasonal activity in special lines, such as dry goods. Although betterment of retail demand has been reported in the farming districts, the effect of higher agricultural prices has not yet brought about any considerable modification of conditions. It should, however, be remembered in this connection, that the farmer had already largely disposed of his last year's crop.

The volume of employment (another important factor in influencing demand for goods) shows but little modification, although figures reported by the United States Employment Service indicate a slight advance. This condition, however, holds good chiefly in the population centers. Strikes in the textile region of New England as well as labor troubles elsewhere have during the latter part of the month of February tended to aggravate the unemployment situation.

Continued improvement is noted in building operations. As compared with last year the volume of building is very much larger, January permits being more than double what they were a year ago. This is resulting in some increase in demand for steel and iron products as well as for other materials. It has also increased the demand for labor in parts of the country where the surplus of unemployed would otherwise have been more considerable.

Financially the month has shown continued reductions in the volume of credit required by the community. Portfolios both of reserve and member banks show still further reduction, while interest rates have remained fairly stable at the levels already reached. Foreign exchange has shown a decidedly stronger tendency, the highest levels for a long time past having been reached in sterling, francs, and some other European currencies. Business failures are on a materially higher level than in 1921, while the month of February, as previously predicted by commercial agencies, also shows an increase in commercial failures as contrasted with January.

AGRICULTURE. The condition of winter wheat has shown some improvement recently, as a result of snows and rains in the latter part of January and the early part of February. District No. 10 (Kansas City) states that the Kansas wheat crop, except in the eastern half of the state, is in poorer condition than has been reported at this season in many years. Drought still prevails in large sections of Oklahoma and Colorado, but the deterioration of wheat in Nebraska has been checked by recent snows. Weather was favorable for the wheat crop in Districts No. 7 (Chicago) and No. 8 (St. Louis) up to the middle of February. In District No. 11 (Dallas) February rains have benefited crops, but the Texas wheat crop is reported to be far below normal. Vegetable and truck crops of the Gulf Coast and the Rio Grande Valley have so far escaped damage from killing freezes and generally promise fair yields. District No. 8 (St. Louis) reports that stocks of corn on the farms are unusually large for this season, and that much corn is being fed to cattle and hogs.

COTTON. The price of middling-upland cotton at New Orleans the third week of February, was 16.75 cents, the same as the January average. In District No. 11 (Dallas) cold, rainy weather has temporarily halted the preparation of soil for the new crop, but has been very beneficial in furnishing an abundant supply of subsoil moisture. Although freezing temperatures have frequently occurred in the northern part of the District, it is feared that the cold waves have not been sufficiently severe to insure wide-spread destruction of boll weevils. Heavy reduction in Texas wheat acreage may result in an increased planting of cotton. District No. 8 (St. Louis) reports that demand for cotton is quiet, while District No. 5 (Richmond) states that farmers continue to hold a substantial portion of the last crop on farms or in bonded warehouses. Exports of raw cotton from the United States amounted to 475,910 bales in January, as compared with 639,825 bales in December.

TOBACCO. Sales of leaf tobacco on the markets of Virginia and North Carolina have been limited. Most of the markets in the bright belt closed during February, and the dark markets expect to close during March. In spite of the large amount of low grade tobacco coming on the market as farmers clean their barns, prices have been well sustained. The Growers Cooperative Association has commenced operations in the burley district, making advances to growers as tobacco is delivered to it. Several large sales at quite satisfactory prices are reported by it. In the western dark district, the greater portion of the tobacco has been delivered at very satisfactory prices. Most of the undelivered tobacco is of inferior grade, but is bringing a fair price.

The cigar leaf market in District No. 3 (Philadelphia) continues dull, and in all but a few sections, the largest part of the 1921 crop is still in the growers' hands. While the quality in general is poor, prices to date have been lower than in recent years. Demand for cigars is reported light in District No. 3 (Philadelphia) and production is still being curtailed. January, 1922, sales were no greater than January, 1921, which in turn was the poorest month in years. A slight improvement is reported since the first of February. Only a few makers of popular brands are producing cigars in any appreciable volume.

FRUIT. Prices of citrus fruit, both in California and Florida, rose rapidly in the latter part of January, as a result of the severe damage to the California crops from frost. Officials of the California Fruit Growers Exchange estimate that 50 per cent of the orange crop and 33-1/3 per cent of the lemon crop have been destroyed by frosts and winds. Oranges suffered more severely than lemons, because lemons are planted in more favored situations and are more generally protected by smudge-fires and heating plants. Shipments of oranges and lemons from California from November 1, 1921, to January 29, 1922, amounted to 10,439 cars, an increase of about 2 per cent over the shipments in the corresponding period of the previous crop year. According to District No. 6 (Atlanta), extremely cold weather at distributing points has hindered the movement of citrus fruit from Florida, but during this season to date, shipments of oranges have been approximately as heavy, and shipments of grapefruit have been 12 per cent heavier than in the corresponding weeks of the last crop year. It is estimated that only 45 per cent of the grapefruit crop has been shipped from

Florida, and over 6,500 carloads are said to be still on the trees.

Unsettled and cold weather during January is reported to have caused some damage to fruit in Michigan. In New Mexico there was some premature blossoming of apricot trees in January, but District No. 10 (Kansas City) reports that subsequent loss from frosts was negligible. The southern strawberry crop was in good condition at the end of January.

GRAIN MOVEMENTS. The volume of grain movements showed a further slight advance during January, due to the exceedingly heavy marketing of corn. Receipts of corn at Chicago amounted to 28,568,000 bushels in January, as compared with 18,288,000 bushels in December, and correspondingly large increases in receipts were recorded at Minneapolis, Omaha, and St. Louis. January receipts of wheat showed some curtailment at most reporting centers, although slight increases were recorded at St. Louis and Wichita. Receipts of rye also declined, but receipts of oats and barley registered moderate increases. Stocks of grain at 11 interior centers declined somewhat during January, although there was some increase in stocks of rye and barley. The most general reduction occurred in the case of wheat stocks, which declined at all important centers except Duluth. District No. 12 (San Francisco) reports that total exports of wheat and barley from Pacific Coast ports during the present cereal year are considerably higher than during the same period of the previous season. These exports amounted, in the case of wheat, to 47,468,211 bushels this year, as compared with 28,616,256 bushels last year.

FLOUR. January production of flour showed an increase over December in certain Districts, but in others the reverse was true. In District No. 9 (Minneapolis) the January output reported was 1,935,754 barrels, as compared with 1,754,654 barrels in December, while in District No. 8 (St. Louis) the respective figures for 11 millers were 333,966 barrels and 248,600 barrels. In District No. 7 (Chicago), however, January production of 44 millers was 289,478 barrels, a decrease of 3.3 per cent from the December figure, while in District No. 10 (Kansas City) 1,398,989 barrels were produced in January. Output in District No. 12 (San Francisco) decreased from 775,139 barrels reported by 61 mills in December, to 711,292 barrels reported by 67 mills in January. A decidedly better feeling pervaded the trade in District No. 8 (St. Louis), accompanied by stronger demand for both home consumption and export. Retailers and ultimate consumers show a disposition to replenish stocks. In District No. 10 (Kansas City), demand was somewhat slow early in January, most of the orders being for quick shipment. The increase in wheat prices, and the accompanying increase in flour, has stimulated purchasing, although, states District No. 10 (Kansas City) "not to the extent of creating any extraordinary demands".

LIVE STOCK. Movement of each of the principal classes of live stock to market during January was heavier than in December, although in all cases less than in January, 1921. Receipts of cattle and calves at 15 western markets during January were 1,128,020 head, as compared with 975,330 head during December and 1,191,814 head during January, 1921. In the case of hogs, receipts increased from 2,673,947 head during December to 2,882,551 head during January, as compared with 3,339,419

head during January, 1921. Receipts of sheep during January were 1,101,679 head, as compared with 974,034 head during December and 1,112,024 head during January, 1921. During January there was more activity in the purchase of stocker and feeder cattle, calves and sheep in District No. 10 (Kansas City) than had been observed for many months. Such purchasers in quite a number of instances outbid buyers for the packers. The live stock in the District in general is reported to be in a very favorable position. In Districts Nos. 11 (Dallas) and 12 (San Francisco), however, conditions have been unfavorable. Winter rains in District No. 11 (Dallas) have not been sufficient to relieve the drought from which ranges have been suffering for several months, while in District No. 12 (San Francisco) there was unusually cold weather throughout January.

Twenty-three representative packers report an increase of 1.8 per cent in January sales (measured in dollars) over those for December, but a decline of 17.8 per cent from those for January, 1921. Reports from District No. 7 (Chicago) generally state that domestic trade in fresh meats was slow during the latter part of January and early February, although domestic trade in cured meats and lard was good. A marked revival took place in the demand for lard and provisions in the United Kingdom and on the continent, and prices advanced.

COAL. Production of bituminous coal showed an increase during January. The output for the month was 37,600,000 tons, as compared with the December production of 30,975,000 tons, and a production in January, 1921, of 40,270,000 tons. With the exception of October, the figures for January, 1922, are the largest since January a year ago. The present production is large enough to meet current requirements for consumption and export and at the same time add to the reserve in storage. Due to the expectation of a strike of bituminous

miners on April 1st, there has been an improved demand and a building up of reserves during the last month. This has been especially noticeable with railroads and public utilities, - electric utility plants having 51 days' supply on hand and coal gas plants 89 days' supply on January 1st. Other classes of consumers hold from four to eight weeks' supply. Stocks throughout the country on January 1 amounted to 47,500,000 tons in addition to 7,151,000 tons on the Upper Lake docks.

Production of anthracite coal increased from 5,984,000 tons in December to 6,258,000 tons in January, which is 15 per cent below the 7,410,000 tons production for January, 1921. District No. 3 (Philadelphia) reports that continued cold weather during the past month has resulted in only a slight improvement in the domestic demand for prepared sizes of anthracite. All purchasing is of a hand-to-mouth nature and orders are for only small lots, as operators and dealers alike are unwilling to accumulate stocks before the end of the present coal year. Domestic consumers are unwilling to purchase at the present price as their fuel needs will lessen considerably after April, and consumers of steam sizes are also reluctant to stock at the present price, since they are aware of the existence of heavy supplies of steam coal in the yards of dealers and operators. In an endeavor to reduce their holdings, independent operators have reduced their prices, even on some of the popular sizes, to the companies' level, and retail dealers have shaded existing prices as much as 50 cents or $1 a ton. The production of the bee-hive coke for January was 496,000 tons as compared with 514,000 tons in December and 1,137,000 tons in January, 1921, while January production of by-product coke was 1,903,000 tons as compared with 1,860,000 tons in December and 2,278,000 tons in January a year ago.

PETROLEUM: Reports from District No. 10 (Kansas City) state that the number of oil wells completed in January of this year was less than one-half the total completed during January, 1921, but the quality of the wells was such as to bring the new production to within 3 per cent of the total new production for January, 1921. Crude oil production for Kansas, Oklahoma and Wyoming amounted to approximately 14,369,000 barrels, as compared with 12,158,000 barrels in January, 1921. Production of crude petroleum in District No. 11 (Dallas) totaled 14,916,130 barrels during January, breaking all previous records and registering an increase of 1,496,380 barrels over the December production figure. In that District 212 new producing wells, with an initial flow of 259,188 barrels, were completed in January as compared with 203 producers with an initial flow of 328,984 barrels in December. Average daily production of petroleum in California during January was 315,755 barrels, a decrease of 9,723 barrels a day, compared with December, and of 15,431 barrels a day compared with January a year ago. Fifty-two new producing wells with an initial daily production of 11,210 barrels were completed during January. Stored stocks at the end of the month increased to 36,184,527 barrels, an increase of 1,162,615 barrels over the amount stored during December. Prices for crude oil showed very little change during the month of January, but are higher than in January, 1921, at which time crude oil prices were showing rapid declines.

IRON AND STEEL: After the extreme dullness of December, January steel ingot production showed an increase to 1,593,482 tons from the figure of 1,427,093 tons during the preceding month, but pig iron production showed a slight decrease, from 1,649,086 tons in December to 1,638,697 tons in January. The unfilled orders of the United States Steel Corporation at

the close of the month likewise showed a small decrease, from 4,268,414 tons to 4,241,678 tons. Divergent reports are, however, heard as to conditions in February. On the one hand the fact that increased demand since the middle of January has served to carry operations back to the level obtained in November is pointed to. Furthermore, some important companies having a diversified output have recently been able to run at better than 60 per cent of their capacity. On the other hand, while it is acknowledged that many firms report an increasing volume of inquiries, and in some instances a larger number of orders, it is believed that the increase has been but slight. It is generally acknowledged that at least a considerable part of the present demand is for small quantities and for immediate delivery. A large part has been for the replenishment of exhausted lines, revealed when inventories were completed in January. More active demand by cement and oil interests, as well as for export, is reported. There have been some sales of both railroad equipment and structural steel, both inquiries and orders being believed by some to afford decided encouragement, while others regard them as "disappointingly small". All in all, it is apparent that conflicting tendencies are still in evidence and that no marked tendency toward either further progress or recession has yet appeared. This is reflected by the fact that prices for both pig iron and finished steel products in general continue weak.

AUTOMOBILES: Some improvement in the automobile industry in January is reported, although when compared with a year ago, production is considerably less. Companies reporting produced 54,086 passenger cars in January, as against 52,026 in December. These companies produced 73.6 per cent of

the total output reported for December. Manufacturers report that the results of the New York and Chicago automobile shows, both in attendance and interest displayed by the public, were better than expected. It is stated by District No. 4 (Cleveland) that the public is showing more confidence after the recent price reduction, and that orders are beginning to come in. Output of reporting truck manufacturers decreased from 6,318 trucks in December to 5,837 in January. These manufacturers produced 76.1 per cent of the total output reported for December.

NONFERROUS METALS: There was little change in the nonferrous metal market during February. The price of copper (New York, net refinery) was 12.875 cents to 13.0 cents per pound on February 15, as compared with 13.25 cents per pound on February 1, while the price of lead has been practically stabilized at 4.70 cents per pound since last September. The zinc market has been exceptionally quiet, the price remaining around 4.50 cents. Copper production in January amounted to 25,848,284 pounds in comparison with a production of 18,595,182 pounds in December. Some of the more important copper companies have resumed operations in spite of the reduction in the price of the metal. District No. 10 (Kansas City) reports January shipments of 28,431 tons of zinc blende as compared with 30,096 tons for January, 1921, average prices being $26.44 and $27.11, respectively. Production of zinc showed a further increase, amounting to 23,706 tons in January as compared with 22,013 tons in December, but was still less than the amount produced in January, 1921, which totaled 25,916 tons. There was a further slight reduction in the amount of zinc on hand, stocks at the end of January amounting to 65,678 tons as compared with 66,608 tons at the end of December. District No. 10 (Kansas City)

reports that the price of lead ore was very steady throughout the month of January, the prevailing price being $60.00 per ton every week. Ore stocks at the end of the month showed 72,000 tons of zinc blende aa against 50,000 tons for the same date in 1921, and of 600 tons of lead ore as against 500 tons on the corresponding date in 1921. District No. 12 (San Francisco) states that reports received from 14 of the largest mines in that District show a decreased production of gold, silver and lead for December as compared with the previous month.

COTTON TEXTILES: There has been a subsidence of activity in the cotton goods mills during recent weeks, although the consumption of cotton in January as reported by the Bureau of the Census rose to 526,552 bales as compared with 511,800 bales in December. The continued fluctuations in the price of raw cotton have been a serious hinderance to the placing of forward orders, and the extensive strikes in New England mills following announced wage reductions have added to the already existing uncertainties. During January, however, the rate of the activity of the New England cotton industry was well maintained and even showed a slight increase. Goods mills in District No. 3 (Philadelphia) are operating at about 70 per cent of capacity with orders booked sufficient to enable them to continue running at that rate for about six to eight weeks. Very little manufacturing is being done for stock. During the first part of February, the yarn market in District No. 3 (Philadelphia) was reported to be exceedingly dull. Orders were in small lots for immediate delivery and buying was confined chiefly to the knitting trade. Yarn mills in the District were operating at 65 per cent of capacity with about 75 per cent of orders being filled from stock. District No. 5

(Richmond) says that the mills in that section "continued to run on approximately full time in an effort to get the cost of production as low as possible, but orders being far less than the output, some accumulation of stock has resulted". On account of the unwillingness of buyers to place forward orders, many mills were beginning to curtail their operating time. Cotton cloth manufacturers in District No. 6 (Atlanta) have also felt the unfavorable effects of the uncertain markets for raw cotton. In the case of the goods mills, demand decreased during January and a number of the mills reported that they were "unable to secure orders under present conditions for future delivery". Statistics based on the returns from 40 representative goods mills in the District showed a reduction in the yardage output of clothing during January of 1.7 per cent as compared with December but an increase of 39.1 per cent as compard with a year ago. Shipments increased 3.4 per cent during the month as compared with December and 29.4 per cent as compared with January, 1921. Orders on hand were 6.8 per cent greater than at the end of the preceding month and 8.2 per cent above those on hand a year ago. Although yarn buyers were also said to be purchasing only for immediate needs the reports received from 39 representative yarn mills in District No. 6 (Atlanta) showed a great increase in activity during January. Production rose 17.9 per cent as compared with December and was 90.6 per cent greater than a year ago. Yarn shipments increased 2.8 per cent as compared with December and 108.1 per cent as compared with January, 1921. Orders on hand at the end of the month were 15.9 per cent larger than at the end of December and 20.5 per cent larger than a year ago. It is stated that the demand for low grade yarns appears to be weak, consumers showing preference for the better grades.

WOOLEN TEXTILES: Activity in woolen textiles has shown a slight recession during the past month, as is evident from the statistics of active and idle machinery and percentages of idle hours reported by the Bureau of Census. The percentages of idle looms to total reported rose in all cases except in that of carpet and rug looms. For looms wider than 50" reed space, the percentage of idle machinery on February 1, was 34.3 as compared with 30.3 at the beginning of January. The corresponding percentages for looms 50" reed space or less were 27.2 and 21.2 respectively. On the other hand, there was a reduction in the percentage of idle carpet and rug looms from 26.2 to 22.4, (February 1). The percentage of idle woolen spindles rose from 25.1 to 27, and for worsted spindles from 13 to 14.3. Percentage of idle hours to totals reported were also greater in the case of weaving machinery excepting carpet and rug looms, the figures for looms wider than 50" reed space being 35.2 per cent on February 1, as compared with 32.9 per cent at the beginning of January. The corresponding figures for looms 50" reed space or less were 32 per cent and 27.8 per cent. The percentage of idle hours for carpet and rug looms, however, was reduced to 23.9, as compared with 29.7 for the preceding month. Percentages of idle spindle hours remained practically unchanged, falling in the case of woolen spindles, from 25.6 at the beginning of January to 25.4 on February 1, while in the case of worsted spindles they rose from 13.8 at the beginning of January to 13.9 on February 1.

District No. 1 (Boston) reports woolen and worsted machinery to be "moderately active" although not operating at as high a rate as during the past two or three months. Orders taken at the recent opening sales of the mills were, generally speaking, below expectations. In District No. 3

(Philadelphia) production of woolen and worsted cloth increased slightly during the month and reporting mills averaged about 75 per cent of operating capacity. However, orders on hand were not in most cases sufficient to make possible the maintenance of this rate of production for more than 30 days. In the yarn market, District No. 3 (Philadelphia) reports a falling off in the demand for knitting yarns but there was a slight improvement in the call for weaving yarns, although the market continues to be very limited. Carpet yarns, however, were in active demand. Operations of yarn mills in the District averaged about 80 per cent of capacity and it was stated that most spinners could continue at that rate for two or three months on the basis of orders on hand. In some cases, departments were being operated at night and a majority of the mills were employing a full force of men.

The market for raw wool continues to remain firm although a lessening of the volume of operations has been noticeable since the beginning of February according to the report from District No. 1 (Boston). Raw wool prices in the Boston market advanced on the average nearly 50 per cent to the beginning of February as compared with fall quotations. District No. 12 (San Francisco) reports that at the present time little or no wool is held by growers in that District. Between 75 and 80 per cent of the 1921 wool clip and carry-over was sold between June 1 and November 1, 1921, at prices ranging from 9 cents to 20 cents per pound according to the grade of wool and locality where grown. Wool buyers are now said to be offering from 17 cents to 33 cents per pound for various small holdings still in the growers' hands. Raw wool consumption during the month of January amounted to 61,192,000 pounds.

CLOTHING: Clothing sales in Districts No. 2 (New York) and No. 8 (St. Louis) showed very slight changes in January as compared with December. In the former District there was a negligible increase of 2.3 per cent in sales for 10 reporting firms while in the latter there was a slight recession in the volume of sales of 23 reporting firms. In both Districts sales as compared with a year ago showed reductions. In District No. 2 (New York) this drop amounted to 22.8 per cent. Returns received from six wholesale manufacturers of men's clothing located in District No. 7 (Chicago) showed that the volume of orders for spring received to date was 25.8 per cent ahead of orders received for the spring season last year. The comparison is for the same number of days during the two seasons. The production increased slightly during the month, the number of suits made being 5.4 per cent greater than during December and 64.1 per cent in excess of production for January, 1921. Shipments were 327.9 per cent greater than in December and 58.9 per cent greater than in January a year ago. The reports received from 10 tailor-to-the-trade showed a slowing down in activity, as the number of suits made was 36.5 per cent below that of the preceding month, although 11.4 per cent greater than a year ago. Orders received during the month were 30 per cent below December figures but 14.5 per cent above those for January a year ago. Shipments declined 36.5 per cent from the December totals, but increased 11 per cent over last year.

SILK TEXTILES: The market for silk goods of all descriptions is in a highly unsatisfactory condition, due in considerable part to the uncertainties growing out of the speculative rise in the prices of raw silk in the Japanese markets. Buyers, in consequence, are unwilling to make forward commitments on the basis of present costs of production, and the few orders that are being placed are chiefly for immediate delivery. The situation in District No. 3 (Philadelphia) in the case of mills manufacturing silk goods, is better than might be expected, considering these disturbing factors, as the average rate of operation of reporting firms is about 70 per cent of capacity. A number of mills, as a matter of fact, are operating at full capacity but in all cases activity is based on orders received some time ago. The demand for silk yarns has fallen off to a certain extent and the cessation of buying by hosiery manufacturers has been an unfavorable factor, but nevertheless, yarn manufacturers in District No. 3 (Philadelphia) are operating at "an almost normal" rate for this season of the year. They are, however, engaged on orders taken during previous months. Although a few mills are running at full capacity with enough business to insure capacity operation for about six weeks, reporting establishments are averaging only 60 per cent of capacity and on the basis of present orders can not continue at that rate more than two weeks. Latest reports from Paterson and North Hudson, February 11, show a very low percentage of activity, as only 3,653 looms out of a total of 15,000 reporting were operating in Paterson and the percentage of operating loom hours to total available was only 23.02 per cent, a reduction from the figure of 24.13 per cent reported two weeks ago. In North Hudson, the percentage of operating loom hours to total reported was 57.48 per cent as compared with 58.8 per cent on January 28. Active looms amounted to 2,456 out of a total of 4,179.

HOSIERY: Reports from 33 hosiery firms in District No. 3 (Philadelphia) show a large increase in orders booked during January. In the case of those reporting firms which sell to the wholesale trade, orders booked during the month increased 55.5 per cent as compared with December while in the case of the firms selling to the retail trade the increase was 181.9 per cent. Unfilled orders on hand January first were 1.9 per cent greater than during the preceding month in the case of firms selling to the wholesale trade and 33 per cent larger in the case of firms selling to the retail trade. Product manufactued during the month rose for both classes of firms, the respective percentages being 0.4 and 18. Shipments in the case of firms selling to the wholesale trade advanced 11.7 per cent and in the case of firms selling to the retail trade dropped 24.7 per cent. The report from District No. 3 (Philadelphis) says that "statements received regarding the amount of business being done are very conflicting and it is agreed that difficulties are met with, due to the fact that the cost of materials has increased, while there is difficulty in placing orders at any advance in prices over those named earlier in the season. During the month there was a slight decline in the price of silk and cotton yarns but not sufficient to enable manufacturers to make any concessions to buyers". District No. 6 (Atlanta) reports that there is little change in the activity of the cotton hosiery mills in that section Orders booked during the month were, however, considerably larger than in December and about the same as reported for January of the preceding year.

UNDERWEAR: In January, 1922, reports were received from 55 mills producing underwear, as compared with 49 in December, and 61 in January, 1921. Actual production during the past twelve months shows material progress. A year ago the production of 61 reporting mills was only 148,023 dozens, or 16.4 per cent of normal, while the most recent figures from 55 mills place actual production at 640,489 dozens, or 79.1 per cent of normal. In December the production of 49 mills stood at 77.0 per cent of normal.

The greater part of the January 1922 production was along the line of summer underwear, which amounted to 347,977 dozens or 95.3 per cent of normal, while the production of winter garments amounted to 292,512 dozens or 65.8 per cent of normal.

Comparative reports received from 34 mills show marked improvement for the month of January as compared with the December returns from the same mills. Production rose from 398,338 dozens in December to 417,051 dozens in January, a gain of 4.7 per cent. Unfilled orders fell slightly from 1,228,611 dozens on December 13 to 1,175,377 dozens January 14, a decrease of 4.3 per cent. The most striking gains are seen in new orders received and shipments during the month. The former rose from 271,764 dozens in December to 481,270 in January, an increase of 77.1 per cent, while 524,007 dozens were shipped during January as compared with 320,126 dozens in December, a gain of 63.7 per cent. At the same time cancellations fell off 36 per cent from 10,850 dozens in December to 6,940 dozens in January.

Forty mills with a normal production of 685,149 dozens, reported an actual production of 505,242 dozens during January with unfilled orders on hand February 1, amounting to 1,531,205 dozens, the balance of orders having increased 18.2 per cent since January 1. New Orders amounted to 782,616 dozens or 114.2 per cent of normal production, while shipments were 78.7 per cent of normal production. Cancellations were slight, being only 1.1 per cent of normal production.

SHOES AND LEATHER.

Demand for hides and skins continued to be very dull during the last week in January and the first three weeks in February, and prices of packer hides at Chicago yielded somewhat in the week ending February 18th. District No. 7 (Chicago) reports, however, that more interest has been shown in country and specialty hides than in the packer class. Sales of green calf and kip skins throughout the United States were 105 per cent greater in January than in December. The curtailment made several weeks ago by most of the tanners in the number of hides put into process will not be felt in the finished leather market for several months. District No. 3 (Philadelphia) states that sales of leather are not large but orders are being received steadily. Sales of belting in District No. 7 (Chicago) were greater in January than in either December or January, 1921, but belting prices advanced. Demand for shoe leathers has been restricted largely to specialties, such as patent, grey suede, smoked elk skins, and veals. January sales in the United States were 124 per cent larger than those of December, due to a heavy increase in demand in the Middle West.

Shoe manufacturing showed an encouraging increase in activity during January, except in District No. 8 (St. Louis). Reports from eight manufacturers in District No. 1 (Boston) indicate that January production was 12 per cent greater than that of December and 113 per cent greater than that in January, 1921. Six of these manufacturers showed an increase of 2 per cent in shipments and a decrease of 7 per cent in new orders for January in comparison with December. Forty-five reporting firms in District No. 3 (Philadelphia) show increases of 15 per cent in production, 14 per cent in shipments, 18 per cent in new orders, 8.5 per cent in stocks, and 5 per cent in number of operatives during January, while the volume of unfilled orders was reduced about 5 per cent. Shoe manufacturers in

that District are running their factories at a higher percentage of capacity than at any time since last spring, although prices still continue to decline. In the high grade factories specialties predominate, varying from strap slippers to sport shoes. Reports from 28 concerns in District No. 7 (Chicago) show that production increased 1 per cent, shipments 4 per cent, and stocks 16 per cent during the month of January. Retail merchants are reported to be buying only in small quantities and low priced shoes have the best demand. Factory operation in District No. 8 (St. Louis) ranged from 45 to 100 per cent of capacity, with lower production confined chiefly to interests specializing in expensive footwear. January sales of 11 reporting manufacturers in that District showed increases ranging from 62 to 140 per cent in number of pairs over January, 1921, but were slightly smaller than in December, 1921.

LUMBER: The lumber situation shows a slight improvement. The close of the inventory period has benefited the industry by an increased demand, but the increase has fallen short of expectations. General conditions in the lumber industry of District No. 12 (San Francisco) improved during January, which was evidenced by an increase in production, shipments and orders, both as compared with December, 1921, and with January a year ago. Production of lumber during the four weeks ending January 25, according to reports received from three lumber associations, totaled 327,624,000 feet compared with 264,544,000 feet in the preceding four weeks, an increase of 23.7 per cent during the month. Compared with January, 1921, when 152,110,000 feet were cut, there was an increase of 175,514,000 feet, or 115.3 per cent. Present cut is approximately 80 per cent of normal production for the reporting mills. Orders received during the month totaled 343,565,000 feet compared with 270,724,000 feet in December and 178,614,000 feet in January a year ago. The January orders exceeded the January cut by 4.8 per cent and the shipments were 5.3 per cent above the actual production, continuing the reduction in stocks which has been in progress since last November. Logging production during January was reported to be approximately 50 per cent of normal. Severe weather conditions have forced many camps to suspend operations for the past three months. District No. 6 (Atlanta) reports that although winter weather has interfered somewhat with mill and logging operations, there has been some improvement in the industry, as shown by an increase both in

orders and production over the preceding month. For the week ending February 3rd of the 75 reporting mills of the Southern Pine Association 57 reported full time and only 4 shut down, compared with 6 operating full time and 23 shut down out of the 78 reporting for the last week in December. Production since January 1st has been about 81 per cent of normal. District No. 11 (Dallas) reports a production of 85,572,937 feet for 41 mills during January as compared with 95,954,972 feet for 45 mills in December. There has been a sharp decline of shipments combined with an increase in new orders, making the unfilled orders of 41 mills on January 31st, 44,657,936 feet against a total of 39,230,622 feet for 45 mills on December 31st. The demand for upper grades of lumber has been very weak.

Lumber sales at retail in District No. 9 (Minneapolis) declined 25 per cent between December and January, but were larger than in January a year ago. Stocks, while lower than a year ago, were larger at the end of January than at the end of December. On the other hand the number of board feet ordered during January, 1922, nearly doubled that of January a year ago, and shipments during January were more than double those of a year ago. Production of reporting mills in January was 4,536,322 board feet as compared with 1,803,114 board feet in December. In District No. 8 (St. Louis) there has been a declining market for west-coast lumber, moderate reduction of stocks, ragged prices, and a somewhat lower selling basis for hardwoods. Southern pine, however, has been making headway, and with a gradually increasing demand has apparently strengthened its price position since the new year.

BUILDING: Building permits issued in 166 selected cities reached a total value of $138,631,902 during January as compared with $140,382,406 during December and $61,522,867 during January, 1921. In seven of the 12 Federal Reserve Districts - No. 1 (Boston), No. 3 (Philadelphia), No. 5 (Richmond), No. 6 (Atlanta), No. 7 (Chicago), No. 11 (Dallas), and No. 12 (San Francisco) - the value of permits issued was greater in January than in December. These increases varied in size from 3 per cent in District No. 7 (Chicago) to 64 per cent in District No. 11 (Dallas). Decreases were registered in the other five Districts and ranged in size from 3 per cent for District No. 2 (New York) to 52 per cent for District No. 9 (Minneapolis). The value of permits issued in January, 1922, was greater than in January, 1921, in the case of every Federal Reserve District. These increases varied from 4 per cent for District No. 4 (Cleveland) to 230 per cent for District No. 2 (New York). The value of contracts awarded in seven Federal Reserve Districts (statistics of which are compiled by the F. W. Dodge Co.) decreased from $183,633,754 in December to $148,377,055 in January. Decreases occurred in Districts No. 1 (Boston), No. 2 (New York), No. 3 (Philadelphia), No. 5 (Richmond), No. 7(Chicago), and No. 9 (Minneapolis), while there was a moderate increase in the value of contracts awarded in District No. 4 (Cleveland).

District No. 1 (Boston) states that residential construction continues to be maintained at a high rate, whereas the number of new business buildings shows a marked decline. Reports from District No. 3 (Philadelphia) indicate considerable building activity, which has been encouraged by further declines in prices of materials. In District No. 6 (Atlanta) building has

continued in large volume during the winter months, as the weather has been unusually mild, but building for industrial purposes has not revived to the same extent as home building. A large number of small homes are also being built in the southern sections of District No. 8 (St. Louis), where favorable weather conditions prevail. District No. 9 (Minneapolis) reports that there is a noticeable increase in the average size of permit issued for new construction, in spite of declining building costs. Construction activity in District No. 11 (Dallas) is increasing in volume and is being extended from residential building to building for business purposes. District No. 12 (San Francisco) reports that building activity in January once more reached record proportions, exceeding that in any month with the exception of October, 1921.

EMPLOYMENT: The reports received from the various Districts concerning developments in the labor situation during the past month are of a somewhat conflicting character. The latest statements issued by the United States Employment Service covering firms employing more than 500 workers show that for the period ending January 1 there was an increase of 4.2 per cent in numbers employed as compared with the end of December. Increases were especially noticeable in the case of vehicles for land transportation in which there was an increase of 58.4 per cent during the month. Leather and its finished products and metals followed with increases of 3.7 and 2.8 per cent respectively. The largest decreases occurred in railroad repair shops which showed a reduction of 3.9 per cent in numbers employed and in tobacco manufacture in which there was a decrease of 2.6 per cent. The

net increase in numbers employed amounted to 63,400 for the 1,428 reporting firms which were employing 1,556,507 workers on January 31. Since the date of this report, conditions have arisen which have brought about increases in unemployment in certain sections of the country notably in District No. 1 (Boston) where widespread strikes in the textile mills of Rhode Island and New Hampshire are now in progress. The strikes started about the middle of February when mills in northern New England and Rhode Island announced a reduction of 20 per cent in wage rates accompanied in some instances by an increase in working hours from 48 to 54 per week. So far, cotton mill operatives in Massachusetts have not been affected to any great extent as no wage reductions have been made either in Fall River or New Bedford. Little change occurred in the employment situation in that state during the past month, according to the reports of the Massachusetts Public Employment Offices at Springfield, Worcester and Boston. The number applying for all lines of work was, however, reported to be in all cases largely in excess of demand. In New York State, there was a slight decrease of 1.5 per cent in the numbers employed in 1,500 establishments which made reports to the State Department of Labor. The decrease was attributed mainly to seasonal reductions and the closing of factories for repairs. In District No. 3 (Philadelphia) a large number of unemployed was still reported for the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport according to the Pennsylvania State Department of Labor. The number of unemployed rose from 232,960 on February 1 to 234,275 on February 15. However, this is an improvement over conditions on January 1 when there were 243,293 unemployed. Reports received by the

Philadelphia Federal Reserve Bank from other sections of the District indicate a high degree of unemployment as many manufacturers state that the number of applicants for work has been exceptionally large of late. District No. 5 (Richmond) reports that during the past month there has been some evidence of an increase in the numbers unemployed. Street car strikes have been in progress in Richmond, Norfolk and Portsmouth and one has been called in Columbia, S. C. A number of ship yards' employees have been laid off in Newport News. Employment agencies in the District note an influx of workers from northern and eastern points who have been induced to migrate by information of greater activity in the industries of the southeastern states.

Special reports made to the Federal Reserve Bank of Chicago show that at the end of January there was an increase of 4.3 per cent in numbers employed by reporting firms as compared with the end of December although a decline of 5.8 per cent as compared with a year ago occurred. The inquiry covers 205 firms which employed 116,277 men on January 31. The increases in employment were exceptionally heavy in the case of automobiles and accessories, metals other than steel and iron, and agricultural machinery. The respective percentages were 126, 15.1 and 15.2. In the automobile group, the heavy increase was caused by the fact that two of the five reporting plants resumed operations after temporarily closing down. In the agricultural machinery group the increases in numbers employed are offset in part by the fact that many plants are working on reduced schedules or

maintaining relief employment. In District No. 9 (Minneapolis), conditions improved during the month of January and special reports made to the Federal Reserve Bank of Minneapolis covering firms employing less than 500 men in Minneapolis and also including mining and lumbering companies in the District showed an increase of 8.2 per cent in numbers employed. The United States Employment Service covering the larger establishments likewise reported slight increases during January. The most pronounced improvement in conditions occurred for mining companies in Montana and Michigan, in lumber manufacturing and in construction work. Comparing the total number employed by firms reporting directly to the Federal Reserve Bank on February 1 with numbers employed on the same date of the preceding year there was a reduction of 20 per cent recorded. The decrease was heaviest in the case of mining companies in northern Minnesota which were employing less than half as many men as on the same date a year ago. District No. 10 (Kansas City) reports no especial change during the month. Reports received directly from a number of industrial plants located in the district showed a slight improvement, as these plants were employing 39,655 men at the close of January as compared with 39,349 at the end of the preceding month and 38,686 a year ago. In District No. 11 (Dallas) no special change was noted during the month. Numbers employed increased in the building trades but it was stated that in cotton seed products plants, railroad shops, mining, lumber and metal trades and among the ranks of clerical and unskilled workers there was still a large degree of unemployment prevalent. In District

No. 12 (San Francisco) also there were practically no changes during the month of January. In California, Oregon and Washington there was reported to have been "an improvement in outlook". Increased activity in lumbering and other industries was absorbing some of the unemployed forces of the District, and in Arizona, Nevada, Idaho, and Utah an increase in mining activity especially in the copper mining districts had occurred. On the other hand, railroad and construction work were reduced in scope and the decreases in numbers employed in these lines about counterbalanced the increases in other lines.

WHOLESALE TRADE: Statistics giving sales of the four reporting wholesale lines, groceries, dry goods, hardware and boots and shoes, indicate no changes of moment during the past month, although in the case of dry goods a marked seasonal upturn in sales is registered for all Districts except No. 2 (New York) in which there was a decline of 14.3 per cent for 3 reporting firms. In all other Districts there were advances ranging from 4.5 per cent in District No. 4 (Cleveland) 11 firms reporting, to 95.3 per cent in District No. 10 (Kansas City) 5 firms reporting. A majority of the other Districts record exceptionally heavy increases amounting to 49.2 per cent in the case of District No. 7 (Chicago) with 11 firms reporting and 54.9 per cent in District No. 5 (Richmond), 14 firms reporting. In all other cases except District No. 12 (San Francisco) increases were in excess of 25 per cent as compared with the preceding month. Sales were heavier as compared with January a year ago in every case except District No. 6 (Atlanta) where there was a negligible drop of 1.5 per cent for 21 reporting firms.

Otherwise, increases ranged from 2.5 per cent for 14 firms in District No. 5 (Richmond) to 62.1 per cent for five firms in District No. 10 (Kansas City). Increases as compared with a year ago were also especially heavy in Districts No. 2 (New York), No. 7 (Chicago), No. 9 (Minneapolis), the advances amounting to 40.3 per cent for three firms, 42.4 per cent for 11 firms, and 50.1 per cent for four firms, respectively. Reports from wholesale grocery firms indicate a generally dull trade during the month of January in all Districts except No. 9 (Minneapolis) in which an advance of 3.5 per cent for 12 firms occurred and District No. 12 (San Francisco), in which there was an increase of 15.5 per cent for 31 firms. Decreases were recorded ranging from 2.4 per cent in District No. 11 (Dallas), 12 firms reporting, to 11.8 per cent in District No. 2 ((New York), 41 firms reporting. As compared with a year ago, decreases were evident in all reporting Districts although they were not sufficiently pronounced to more than offset the intervening price declines in most cases.

The declines in sales were least in District No. 12 (San Francisco) where a drop of 1.9 per cent was recorded for 31 firms; the decrease was greatest in District No. 6 (Atlanta), where sales were 18.8 per cent less for the 32 reporting firms. Seasonal dullness in the hardware trade is also reflected in the fairly pronounced drop in sales that occurred in most reporting Districts during the month of January. Exclusive of District No. 5 (Richmond) in which an advance of 7.1 per cent in the sales of 19 reporting firms occurred, declines were registered in all reporting Districts, the minimum being 2.5 per cent for District No. 12 (San Francisco) with 21 firms reporting, and the maximum amounting to 29.5 per cent for eight reporting firms in District No. 10 (Kansas City). The volume of sales as compared with a year ago has been fairly well sustained, the decreases ranging from a negligible amount of .7 per cent in District No. 12 (San Francisco) 21 firms reporting, to 28.6 per cent in District No. 4 (Cleveland), 10 firms reporting. Three reporting shoe wholesalers in District No. 9 (Minneapolis) reported a very heavy increase in sales during January of 73.6 per cent as compared with the preceding month. Otherwise declines were recorded in Districts No. 2 (New York), No. 5 (Richmond), No. 6 (Atlanta), No. 7 (Chicago) and No. 12 (San Francisco), rising from 2.7 per cent in the case of District No. 6 (Atlanta), nine firms reporting to 15.2 per cent in the case of District No. 7 (Chicago), 16 firms reporting. As compared with a year ago, four Districts, No. 2 (New York), No. 5 (Richmond), No. 9 (Minneapolis), and No. 12 (San Francisco) show increases amounting to 6.4 per cent, eight firms reporting; 36.5 per cent, 20 firms; 47.1 per cent, three firms reporting; and 26.2 per cent, 21 firms reporting respectively.

RETAIL TRADE. Retail sales in January showed the usual decrease in volume after the holiday buying. All Districts reported decreases in dollar amounts as compared with January, 1921 figures, but this is attributed in most cases to decline of prices rather than a smaller volume of trade. The public did not respond as usual to the annual sales, and extra sales efforts were necessary to maintain even the current volume of sales. Collections were rather poorer than in the preceding months. The percentage of unpaid charge accounts compared with cash payments being large, especially in country districts. The dollar amount of sales recorded by 387 stores throughout the United States showed a decrease of 12.4 per cent from January, 1921. Decreases recorded by the various districts were as follows:

District	Percent	District	Percent
No. 1 (Boston)	8.1	No. 7 (Chicago)	6.6
" 2 (New York)	7.8	" 8 (St. Louis)	15.1
" 3 (Philadelphia)	12.2	" 9 (Minneapolis)	15.6
" 4 (Cleveland)	21.9	" 10 (Kansas City)	12.9
" 5 (Richmond)	17.0	" 11 (Dallas)	19.0
" 6 (Atlanta)	19.4	" 12 (San Francisco)	6.3

Department stores' stocks showed a decrease of 4.2 per cent from last month, but are about the same size as last year. The rate of turnover was slightly less than in December, 1921, but there was a rather substantial increase in the volume of outstanding orders.

PRICES. The most significant feature in the price situation in the first three weeks of February was the rise in prices of agricultural commodities. Prices of grains and live stock, not only on the large exchanges but generally throughout the country, showed appreciable advances, while wool prices, especially for the finer grades, were materially higher than in December and January. Raw cotton, however, was slightly

lower at the opening of February than in January, but the February average quotation for upland middling at New Orleans was 16.29¢ a pound as compared with 16.75¢ in January. Prices of nonagricultural raw materials were for the most part lower in February than in January. An average of the prices of all grades of bituminous coal on the leading markets of the country was $2.21 a ton at the mine in February, as compared with $2.26 in January. Pig iron prices were also lower in February, as were prices of copper and tin. Lumber prices in general have been practically unchanged for a period of several weeks.

An average of February prices of manufactured goods would probably show little change from the January average. Steel products continued to decline in February, also cotton yarns and cloth. Wool and silk textiles, on the other hand, increased although in the case of the finished goods, trading appears to have been on a comparatively narrow basis. Food prices showed a tendency to increase because of the rise in prices of agricultural commodities.

January is the most recent month for which index numbers of wholesale prices are available. The Federal Reserve Board index for that month was 138 (with prices in 1913 considered as 100). This figure was the same as the December index. Between December and January small reductions were made on the average in the prices of manufactured goods, while raw materials as a group advanced. The increase in the latter group was due to the advance in prices of farm products.

Changes in retail prices and the cost of living in general have been slight during the past few months, as is shown by a study of the cost of living in 32 cities which was published by the Bureau of Labor Statistics early in February. This study shows that between September and December,

1921, there was an average reduction in the cost of living of only 1.7 per cent. The total reduction since the peak of prices in the summer of 1920 is estimated at 19.5 per cent.

FOREIGN TRADE. January exports and imports were both somewhat lower than those reported for December. Exports, which amounted to $279,000,000 were at a level lower than had been reached at any time since August, 1915. Imports, which were valued at $216,000,000, although lower than the December total, did not decline to the very low values recorded in the summer months of 1921. Foreign trade at this season of the year is normally less than at other times, so that this latest decline is not unexpected, nor does it signify anything new of a disturbing sort.

One of the most significant facts in connection with American foreign trade in recent months has been the readjustment of exports and imports upon a basis more nearly approaching an even balance. In January the excess of merchandise exports over imports was only $63,000,000 as compared with $445,000,000 for the previous January, and a monthly average during 1921 of $165,000,000.

The latest foreign trade figures, therefore, indicate the continuance of a tendency which became especially pronounced in November, 1921, when merchandise exports exceeded imports by $63,000,000 as compared with the far greater amount of $155,000,000 in October. If allowance is made for imports of gold and also for estimates of the various "invisible" elements in our trade balance, such as immigrants' remittances and foreign investments, the excess of merchandise exports has been more than offset in each of the last three months, with the result that our balance of trade has actually been reversed and for those months constituted a small debit against us.

SHIPPING. Ocean freight rates during February remained generally steady, while such changes as occurred were in the direction of higher quotations. Grain was the principal commodity for which substantially increased rates were paid from American ports to the United Kingdom and the Continent, while small increases over January rates were effective on flour in the same trades. West Indian sugar cargoes, although not so active as in January, continued to furnish employment to many vessels. Time chartering for future requirements was less in evidence than in the previous month, but there was good demand for steamers in position for prompt loading, and charterers at times found difficulty in filling their immediate needs without offering a premium. Steamship men report that cargo offerings are on the increase, which, coupled with the firmness of freight rates and improved foreign exchange conditions, has given rise to a feeling of greater confidence in shipping circles than prevailed two or three months ago.