

FEDERAL RESERVE BANK OF RICHMOND

General Business and Agricultural Conditions in the Fifth Federal Reserve District

By CALDWELL HARDY, Chairman and Federal Reserve Agent

RICHMOND, VIRGINIA, MAY 31, 1921

General business conditions continue to improve, though there are a number of industries that do not share in the improvement. Public opinion has undergone a decided change since the first of the year, but the change is based on a better understanding of fundamental conditions, and promises well for the future. The month of January showed distinct improvement over the closing months of 1920, and many business men were jubilant. We received half a hundred letters from leaders in many fields that agreed in the conclusion that "business will be back to normal in 30 to 60 days" or "by April 1st." Business leaders now feel that readjustment is to be a longer process that was at first expected; a steady, uphill pull that will require patience, courage, and constant application to the problem. The clear understanding of this fact is a decidedly favorable development.

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When price declines and seasonal fluctuations are taken into consideration, wholesale and retail trade during April, 1921, show up well in comparison with March, and with April of last year. Agricultural products gained slightly in price, and developments of the new crop were on the whole satisfactory. Bank clearings, while 24.9% under clearings in April, 1920, were in line with new price levels, as were debits to individual account in clearing house centers. Food prices continued downward, though slowly,

and building operations showed the highest total valuation for new work reported since the Federal Reserve Bank of Richmond has been compiling the monthly figures. Condition reports received weekly from eighty-three member banks show decreases in outstanding loans, indicating some further liquidation. Orders to building material dealers are coming in better, and textile plants are securing a larger number of orders.

COLLECTIONS—Dun's Review reports 154 failures in the Fifth District during the month of April, 1921, with liabilities of \$3,334,591 compared with 14 failures in April, 1920, with liabilities of \$88,450. In number of failures, the April record exceeds any other month during 1919, 1920 and 1921, but in liabilities the April record is less than the January, 1921, amount. The high percentage increases are due to the fact that April, 1920, was the best month during either 1919 or 1920, there having been only 14 failures with liabilities of \$88,450, a record equalled by only one other district in number and by no other district in the total of liabilities. Failures in January, February and March numbered 142, 144 and 123, with liabilities of \$3,887,908, \$3,170,347 and \$2,918,460, respectively. We give herewith a table showing the number of failures in the twelve Federal Reserve Districts for April, 1921 and 1920, with percentages of increase in both the number and the aggregate liabilities involved.

FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS

City and District	Number		Per Cent Increase	Liabilities		Per Cent Increase
	1921	1920		1921	1920	
Boston, First -----	145	51	184.3	\$ 1,746,699	\$ 982,320	77.8
New York, Second -----	229	117	95.7	10,471,232	2,865,153	265.5
Philadelphia, Third -----	104	24	333.3	2,227,631	278,334	700.3
Cleveland, Fourth -----	118	36	227.8	4,366,788	352,946	1,137.2
Richmond, Fifth -----	154	14	1,000.0	3,334,591	88,450	3,670.0
Atlanta, Sixth -----	136	36	277.8	1,997,350	361,833	452.0
Chicago, Seventh -----	178	39	356.4	3,949,115	4,551,640	-13.2
St. Louis, Eighth -----	115	14	721.4	2,427,872	200,207	1,112.7
Minneapolis, Ninth -----	39	16	143.8	593,718	681,330	-12.9
Kansas City, Tenth -----	50	32	56.3	1,966,778	628,450	213.0
Dallas, Eleventh -----	98	16	512.5	2,905,847	100,582	2,789.0
San Francisco, Twelfth -----	121	109	11.0	2,580,148	2,132,890	21.0
Totals -----	1,487	504	195.0	\$ 38,567,769	\$ 13,224,135	191.6

Thirty-six wholesale houses sent us reports on collections for April, 1921, which indicate about the same conditions that have existed since last fall. Collections made by grocers and furniture manufacturers show some improvement in comparison with those of March, while in the dry goods and shoe trade they remain about the same heretofore reported. Hardware jobbers have been less successful in collecting than in preceding months of this year. As in previous months during this year the slowest collections have been in the cotton section of the district. We have classified thirty-three of the replies for April given us by wholesalers and included them in the table given herewith. In addition to these, three reports could not be accurately classified, a hardware dealer reporting his collections slow to fair, a dry goods jobber writing that collections are good except in the cotton region, and another dry goods dealer reporting conditions fair to slow.

Lines Sold	Collections Reported as				
	Good	Fair	Slow	Poor	Total
Groceries -----	3	4	2	0	9
Dry Goods -----	0	5	0	1	6
Boots and Shoes -----	0	4	2	1	7
Hardware -----	2	3	0	3	8
Furniture -----	0	3	0	0	3
April Totals -----	5	19	4	5	33
March Totals -----	7	17	8	4	36
February Totals -----	6	19	8	3	36
January Totals -----	10	17	6	5	38

Reports sent us by leading department and general stores located throughout the district show that collections are not holding up as well in retail trade as they are in wholesale. Two or three months ago wholesalers were reporting collections slow or fair, while retailers reported their collections good to excellent. In March retailers found it difficult to make their usual collections, and in April five stores reported collections good; six, fair; and four, poor or below normal for this season of the year.

MONTHLY CLEARINGS

No.	CITIES	For Month of April		Increase or Decrease	Per Cent of Increase or Decrease	No.
		1921	1920			
1.	Asheville, N. C. -----	\$ 4,839,170	\$ 6,087,079	\$ 1,247,909—	20.5—	1
2.	Baltimore, Md. -----	336,698,455	393,131,859	56,433,404—	14.4—	2
3.	Charleston, S. C. -----	11,540,836	21,784,634	10,243,798—	47.0—	3
4.	Charlotte, N. C. -----	6,782,901*				4
5.	Columbia, S. C. -----	9,051,254	18,036,245	8,984,991—	49.8—	5
6.	Frederick, Md. -----	2,726,984	3,750,529	1,023,545—	27.3—	6
7.	Greensboro, N. C. -----	4,553,988	6,713,460	2,159,472—	32.2—	7
8.	Greenville, S. C. -----	5,328,300	16,716,050	11,387,750—	68.1—	8
9.	Hagerstown, Md. -----	3,605,787	4,335,290	729,503—	16.8—	9
10.	Huntington, W. Va. -----	7,315,695	7,930,293	614,598—	7.8—	10
11.	Newport News, Va. -----	2,019,173	4,434,572	2,415,399—	54.5—	11
12.	Norfolk, Va. -----	28,487,372	44,403,040	15,915,668—	35.8—	12
13.	Raleigh, N. C. -----	4,782,694	8,333,696	3,551,002—	42.6—	13
14.	Richmond, Va. -----	155,156,395	254,400,585	99,244,190—	39.0—	14
15.	Spartanburg, S. C. -----	2,627,046*				15
16.	Washington, D. C. -----	73,437,845	74,765,860	1,328,015—	1.8—	16
	Totals -----	\$ 649,543,948	\$ 864,823,192	\$ 215,279,244—	24.9—	

* Not included in Totals.

— Denotes decrease.

The table shows clearings in April, 1921, for sixteen cities in the Fifth District, the April, 1920, figures being available for only fourteen. These fourteen cities show clearings in April, 1921, amounting to \$649,543,948 compared with \$864,823,192 in April, 1920, a decrease this year of \$215,279,244, or 24.9%. The decrease in March, 1921, under March, 1920, was 25.2%. These decreases reflect the decline in general price levels, and do not indicate that 24.9% less business was done in April, 1921, than in April last year.

DEBITS TO INDIVIDUAL ACCOUNT IN CLEARING HOUSE CENTERS

CITIES	For the Weeks Ending		
	May 4, 1921	April 6, 1921	May 5, 1920
Baltimore, Md. -----	\$ 99,716,000	\$ 99,691,000	\$ 115,737,000
Charleston, S. C. -----	7,120,000	7,263,000	11,706,000
Charlotte, N. C. -----	6,664,000	5,756,000	8,513,000
Columbia, S. C. -----	5,551,000	4,949,000	8,248,000
Greenville, S. C. -----	3,171,000*	3,177,000*	-----
Huntington, W. Va. -----	5,234,000*	5,413,000*	-----
Norfolk, Va. -----	13,199,000	14,152,000	22,134,000
Raleigh, N. C. -----	4,300,000	4,000,000	3,800,000
Richmond, Va. -----	26,312,000	24,628,000	36,904,000
Washington, D. C. -----	37,918,000*	40,155,000*	-----
Wilmington, N. C. -----	6,704,000*	6,132,000*	-----
Totals for 7 cities -----	\$ 162,862,000	\$ 160,439,000	\$ 207,042,000
Totals for 11 cities -----	215,889,000	215,316,000	-----

* Not Included in Totals for Seven Cities.

Debits to Individual Account in seven cities of the Fifth District totaled \$162,862,000 for the week ending May 4, 1921, compared with \$207,042,000 reported by the same cities for the corresponding week of 1920, a decrease this year of \$44,180,000, or 21.3%. Compared with totals reported for the week ending April 6, 1921, the May 4, 1921, figures show an increase of 1.5%. As in the case of clearing house figures mentioned above, the percentage decrease this year in debits to individual account reflects the general price declines, and does not indicate a 21.3% decrease in volume of business transacted.

CONDITION OF EIGHTY REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	May 4, 1921	April 8, 1921	May 7, 1920
1. Total Loan and Discounts (exclusive of rediscounts) -----	\$ 411,638,000	\$ 420,759,000	\$ 493,256,000*
2. Total Investments in Bonds and Securities -----	119,486,000	119,826,000	87,826,000**
3. Total Loans and Investments -----	531,124,000	540,585,000	581,082,000
4. Reserve Balance with Federal Reserve Bank -----	31,007,000	34,392,000	35,683,000
5. Cash in Vaults -----	16,140,000	14,173,000	19,326,000
6. Demand Deposits -----	302,870,000	311,462,000	348,715,000
7. Time Deposits -----	115,722,000	115,023,000	103,403,000

* Includes some miscellaneous investments.

** Government Securities only.

Because of the change in the method of compilation, mentioned last month, the figures given in the table for items 1 and 2 are not comparable for the 1921 and 1920 dates, but item 3 is comparable, as are items 4 to 7, inclusive. The figures show decreases in all items between May 7, 1920, and May 4, 1921, except Time Deposits, which increased in the year from \$103,403,000 to \$115,722,000, or 11.9%. Total Loans and Investments decreased from \$581,082,000 to \$531,124,000, or 8.6%; Reserve with Federal Reserve Bank, from \$35,683,000 to \$31,007,000, or 13.1%; Cash in Vaults, from \$19,326,000 to \$16,140,000, or 16.5%; and Demand Deposits, from \$348,715,000 to \$302,870,000, or 13.1%.

Comparing the figures for April 8, 1921, and May 4, 1921, it is seen that liquidation of bank loans has continued during the past four weeks, the \$420,759,000 reported on April 8, 1921, having declined to \$411,638,000 on May 4, 1921, a decrease of \$9,121,000, or 2.2%. During the same four weeks, Reserve Balance with Federal Reserve Bank decreased 9.8%, while Cash in Vaults increased 13.9%. Demand Deposits declined from \$311,462,000 to \$302,870,000, a decrease of \$8,592,000, or 2.8%, while Time Deposits increased from \$115,023,000 to \$115,722,000, or six-tenths of one per cent.

LABOR—Although increased construction work has given employment to a few men, others have been released by manufacturers who have reduced their working forces or shortened running time. Unemployment is noticeable among middle aged and older women, who have been released from factories in considerable numbers. Wage adjustments have been made without friction in most lines of work. In some cases unorganized workers have quietly taken the place of organized workers who refused to submit to reductions. Farm labor is more plentiful than the demand, and naturally farm wages have been greatly reduced. The reports of the United States Employment Bureau for the Fifth District show that more applications for employment have been received this month than last.

COAL—There was no change in the coal situation during April, either in wholesale or retail trade. Prices held firm after the slight reduction made by some retailers in March; consumers bought for immediate needs only; in the face of limited orders received at the mines underproduction continued and the labor condition remained unimproved. Dealers are urging customers to buy during the summer months, but consumers are reluctant, though dealers insist that prices are not going lower this season.

TEXTILES—There has been a slight improvement in textiles since our last report. The mills are running approximately full time, and more orders are being received than was the case six weeks ago, but mill authorities claim that, at present selling prices, they are making no profits. Although the cost of raw material is very low, many other elements entering into the expense of manufacture, such as coal and transportation charges, have declined little. The recent activity in the automobile tire industry has been reflected by the number of orders received at those mills which work largely or entirely on tire fabrics. The largest hosiery mill in the district is running full time, and the dye and finishing plants are operating both day and night.

BUILDING MATERIALS—Reporting dealers in building materials state that their business has improved as compared with its condition last fall. There are still serious obstacles to be overcome, among those being difficulty in financing construction projects, and continued high wages in the building trades. Many lumber and steel dealers contend that their business cannot become prosperous or satisfactory until the railroads enter the markets for their normal supply of these products. During April and early May lumber dealers received a considerable number of orders, and statistics issued by the Southern and the North Carolina Pine Associations show that consumption of this commodity is now ahead of production. Dealers in lumber and brick write that their prices have fallen from 10% to 15% in the past thirty days, and dealers in plumbers' supplies report reductions of 33% since January first. Brick yards that are working have sufficient orders to keep them busy. There has been a slight increase in orders received for structural iron and steel and for iron pipe. Paint and varnish dealers report a better feeling in the trade, though few orders are being received.

FERTILIZER—The present season has been unsatisfactory to fertilizer companies. In addition to experiencing much difficulty in making collections from jobbers and farmers for fertilizer used under 1920 crops, the mills have sold not more than 50% of the usual tonnage this season, and claim that little profit is being made on the goods sold, since they were manufactured largely from raw materials bought or contracted for at high prices last year. Reductions late in the season by fertilizer manufacturers failed to stimulate buying to any appreciable extent, partly because of delay in making price reductions but chiefly because the farmers found difficulty in financing fertilizer purchases on account of the large percentage of last year's obligations that have not been settled.

AGRICULTURE—Unseasonable weather during May retarded crop development, serious losses having resulted from frost. Due to prevailing cold, proper germination of seeds has been prevented and growth of crops has been checked. Previous reports of serious damage to fruit have been confirmed, and only 20% of the average crop is reported from many orchard sections. During April cotton suffered severely from late frosts, necessitating extensive replanting, and corn has also been injured. Wheat in South Carolina and Virginia, and potatoes in South Carolina, have been damaged considerably.

Preparation of the soil and actual planting has progressed satisfactorily throughout the district. In South Carolina tobacco and sweet potatoes have been transplanted, corn is up in the southern section and planting is being rushed in the northern counties. North Carolina reports similar progress, and Virginia and Maryland are following as closely as their later season will permit.

According to the Department of Agriculture's weekly report, issued through the Bureau of Crop Estimates, the acreage planted in cotton has been considerably reduced in the Carolinas. Tobacco acreage has been slightly increased in South Carolina, but early reports indicate reductions in both North Carolina and Virginia. Corn acreage is about normal except in North Carolina, where some increase is reported.

There has been a notable though small movement of cotton, and markets heretofore dormant sold more cotton during May than in the preceding months of this year. Liquidation resulting from

even the limited sale has given material relief to immediate localities, and has served to stimulate local business. The price on nineteen markets in North and South Carolina increased from an average of 10.40 cents for middling for the week ending April 16 to 10.93 cents for the week ending May 14.

Practically all of the 1920 tobacco crop has been sold by the growers, and the markets will close for the season in two weeks.

Labor for farm work is plentiful at reduced wages, but money is scarce and farmers are straining every energy to do the work themselves. The 1921 crops in the Fifth District promise to be among the cheapest ever made. This should be of material assistance in helping the farmers recover the losses incident to last year's crops.

BUILDING OPERATIONS FOR THE MONTHS OF APRIL, 1921 AND 1920

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease, Total Valuation	Per Cent. of Increase or Decrease	No.
		New		Repairs		1921	1920	1921	1920			
		1921	1920	1921	1920							
MARYLAND												
1	Baltimore.....	518	646	1,624	1,355	\$8,205,200	\$4,315,560	\$ 761,040	\$ 806,160	\$3,844,520	75.1	1
2	Cumberland.....	23	23	36	29	70,700	78,700	21,260	18,655	5,395	5.5	2
3	Frederick.....	6	10	10	2	8,430	12,980	13,040	4,400	4,090	23.5	3
VIRGINIA												
4	Lynchburg.....	13	6	27	14	28,150	13,300	10,600	4,350	21,100	119.5	4
5	Norfolk.....	39	141	72	18	154,657	542,543	49,354	71,570	410,102	66.8	5
6	Richmond.....	116	72	138	119	619,672	776,816	141,275	189,048	204,917	21.2	6
7	Roanoke.....	*135	*85			*217,700	*168,492			49,208	29.2	7
8	Staunton.....	7	7	1	0	5,425	14,200	165	0	8,610	60.6	8
WEST VIRGINIA												
9	Charleston.....	115	61	32	12	272,582	356,754	27,250	8,275	65,197	17.9	9
10	Huntington.....	*194	*123			*460,545	*323,090			137,455	42.5	10
11	Parkersburg.....					40,000	20,000	30,000	8,000	42,000	150.0	11
NORTH CAROLINA												
12	Asheville.....	37	41	64	78	114,550	239,000	32,516	32,510	124,444	45.8	12
13	Charlotte.....	37	16	15	17	138,900	91,355	15,227	37,625	25,147	19.5	13
14	Durham.....	11	8	12	3	20,075	506,490	10,200	4,685	480,900	94.1	14
15	Greensboro.....	25	5	11	6	329,850	39,500	12,175	11,025	291,500	576.9	15
16	High Point.....	16	*39	13		59,525	*86,195			16,525	19.2	16
17	Wilmington.....	10	11	6	2	30,700	111,000	6,000	1,150	75,450	67.3	17
18	Winston-Salem.....	53	53	110	151	128,530	269,225	48,620	58,190	150,265	45.9	18
SOUTH CAROLINA												
19	Charleston.....	22	19	15	9	70,495	37,960	18,420	12,150	38,805	77.4	19
20	Columbia.....	25	23	78	81	370,749	94,000	16,706	49,000	244,455	170.9	20
21	Greenville.....	25	23	31	22	75,065	126,650	12,390	29,975	69,170	44.2	21
22	Spartanburg.....	21	27	25	7	243,375	67,775	8,985	10,505	174,080	222.4	22
DIST. OF COLUMBIA												
23	Washington.....	240	197	628	490	1,929,700	1,608,065	363,242	428,119	256,758	12.6	23
Totals.....		1688	1,636	2,948	2,415	13,594,575	\$9,899,650	\$1,608,610	\$1,785,392	\$3,518,143	30.1	

*Includes both new and repairs.

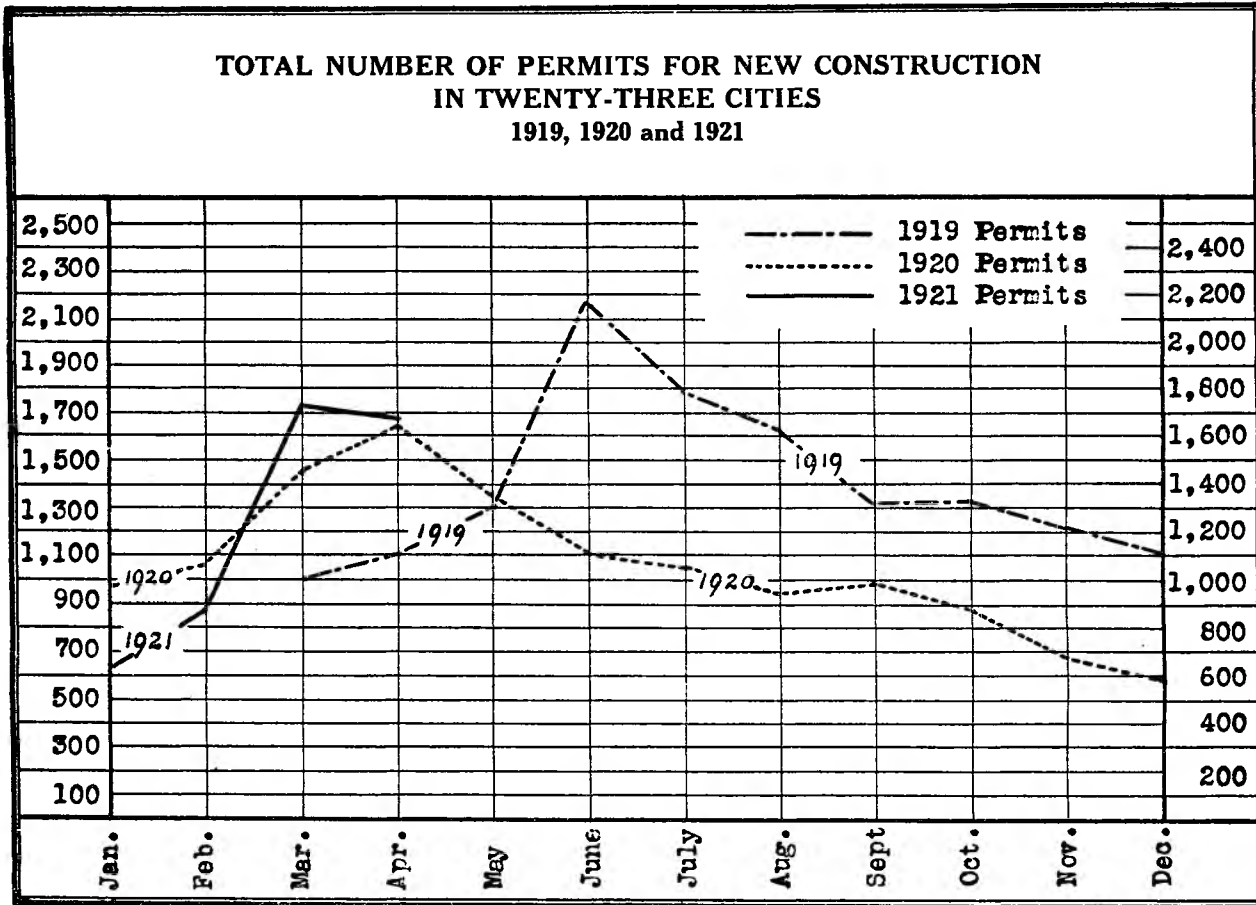
The improvement in the housing situation noted in February and March continued through April. Permits for new buildings in April, 1921, totalled 1,688 compared with 1,636 in April, 1920, an increase this year of 3.2%, the total estimated valuation being \$13,594,575 in April, 1921, as compared with \$9,899,650 in April, 1920, an increase this year of 37.3%. For repairs and alterations, 2,948 permits were issued in April, 1921, in comparison with 2,415 in April, 1920, the estimated valuation being \$1,608,610 and \$1,785,392 respectively, showing an increase of 22.1% in number of permits, but a decrease of 9.9% in valuation. Valuations for both new construction and repairs or alterations total \$15,203,185 in April, 1921, compared with \$11,685,042 in April, 1920, an increase this year of 30.1%.

The total valuation for new construction is the highest ever reported to us, but mention should be made of the inclusion of a sugar refinery in Baltimore estimated to cost \$6,000,000. The exclusion of this single permit would bring total valuation for new work in April, 1921, 23.3% under total valuation in April, 1920.

During April, 1921, in Baltimore, permits were issued for 126 two-story brick dwellings, 60 two-story frame dwellings, and 5 three-story dwellings. One five-story apartment house was also planned. In Richmond, permits were issued for 21 brick dwellings, 44 frame dwellings, and one twelve family

apartment house. Lynchburg reports 6 new residences, Durham reports 11 small dwellings, and Wilmington reports 8 frame houses. With the exception of the apartment houses, practically all of the new dwellings are for the use of the owners, or for sale when completed, none of them being for rental purposes.

The housing situation in all cities in the District continues critical, and there has been no reduction in rents. On the other hand, tenants in some houses and apartments have been notified of intended advances when present leases expire.



REPORT ON WHOLESALE TRADE

LINES SOLD	Net Sales in April, 1921, Compared With	
	Sales in March, 1921	In April, 1920
Groceries	— 6.4	—31.0
Dry Goods	—27.2	—39.1
Boots and Shoes.....	—21.4	—38.4
Hardware	— 1.7	—22.7
Furniture	54.8	—52.1
Total Averages.....	—15.8	—35.3

The figures above show losses in the dollar value of trade in all lines during April, 1921, in comparison with April, 1920, and in all lines except furniture in comparison with March, 1921. The sharp drop in April under March in dry goods and shoes is largely seasonal, most retailers having gotten in their spring and summer goods during March in time for the Easter trade.

The furniture trade is very spotty, some factories reporting fair business while others are doing practically nothing. Only a part of the factories in the district are running, and retailers appear to be keeping their stocks at a minimum.

Wholesale trade as a whole is made up of many small orders for immediate shipment, merchants still hesitating before placing substantial orders for future delivery, but the feeling in the trade is better and wholesalers are inclined to think that they have reached a price basis upon which both they and the retailers can and will ultimately operate to their mutual profit.

FIGURES ON RETAIL TRADE
As Indicated By Reports from Twenty-Five Representative Department Stores
for the Month of April, 1921

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase (or decrease) in net sales during April over or under sales in April, 1920 -----	6.8—	3.1	5.3	3.7	0.7—
Percentage increase in net sales from January 1st through April 30, 1921, in comparison with sales during the same four months of 1920-----	0.6—	4.9	6.9	8.7	3.6
Percentage decrease in sales during Apr., 1921, under sales during March-----	7.7—	10.5—	10.3—	6.5—	8.7—
Percentage decrease in stocks on hand at the end of April, 1921, in comparison with stocks on hand at the end of April, 1920 -----	26.0—	13.6—	29.0—	23.3—	25.8—
Percentage increase in stocks on hand at the end of April, 1920, in comparison with stocks on hand at the end of March, 1921 -----	3.6	4.3	5.7	3.0	4.2
Percentage of average stocks on hand at the end of each month since January 1, 1921, to average monthly sales during the same four months-----	327.1	355.9	344.1	400.5	345.3
Percentage of outstanding orders on Apr. 30, 1921, to total purchases of merchandise (cost price) during the calendar year 1920 -----	6.1	4.6	4.8	5.1	5.4

— Denotes decrease.

For the first time in several years retail trade, as indicated by reports sent us by twenty-five department and general stores in the district, was less in dollar value during April than business done during the corresponding month of the previous year, the decrease amounting to seven-tenths of one per cent. Stores in Richmond, Washington and miscellaneous cities reported increases, but Baltimore averaged a 6.8% decrease, which brought the average for the entire district below the April, 1920, record. It should be borne in mind, however, that a small loss in dollar value of business done does not indicate a loss in actual volume of units sold, because present retail prices are considerably lower than they were a year ago. In total sales from January 1 through April 30, 1921, the district is 3.6% ahead of total sales made by the same stores during the first four months of 1920.

Sales in the twenty-five stores decreased 8.7% in April in comparison with sales during March, this being a natural and seasonal loss for the month following the Easter trade.

Stocks on hand are reported as 25.8% less than those on hand April 30, 1920, in dollar value, but 4.2% greater than those on hand at the close of March, 1921. The percentage of stocks on hand to net sales from January 1 through April 30, 1921, increased slightly during April, the average at the end of the month being 345.3% in comparison with 343.2% reported at the end of March.

Outstanding orders are approximately the same as at the close of March, both months showing 5.4% of total purchases for 1920 outstanding.

MISCELLANEOUS — Stocks of canned goods in primary hands being large, growers and packers are planning restricted acreage and packing for this season. Oyster packers are closing a satisfactory season. Cotton oil products are suffering from lack of foreign orders, and large stocks of both oil and lard are accumulating. The wholesale drug business is from 10% to 30% below normal, strictly Southern trade being fully 30% off, but collections are fair in the trade. Two glass factories report some improvement in their business during the past month, but one writes that no improvement has been seen. The situation in the furniture trade is unchanged. A leading wagon manufacturer says: "The buying and debt paying power of the farmer has been so greatly impaired that it has resulted in a paralysis of our business." The trunk and bag business is dull and collections are slow.

[Compiled May 16, 1921]