

BUSINESS AND ECONOMIC DIGEST

Credit Conditions Eased by Early Marketing

HEAVY movement of agricultural products to market has been the outstanding economic activity of the country. There has been a tendency to unusually early marketing and the revival of fair export demand in certain agricultural lines has operated to hasten the movement of crops away from the farm. Deterioration of some elements of the agricultural output, notably cotton, has tended to modify the previously existing agricultural outlook. Readjustment of costs in many agricultural lines is approaching a point where it is probable that, even at present prices, some crops will show good returns.

This early movement of crops to market has resulted in the liquidation of some outstanding indebtedness even in districts where the carry-over from last year's crop was greatest. As a result it has lessened the intensity of the credit demands which might otherwise be expected to occur during the marketing season. This has enabled member banks in new places to strengthen their position and to lessen their obligations to Federal Reserve banks. These factors have on the whole been not favorable to the general credit situation, says the Federal Reserve Board in its monthly review, and rates of interest have been moderate.

The manufacturing outlook continues to be decidedly irregular and "spotty" due to the fact that there has been greater progress in some lines than in others. The decline in iron and steel activity continues, although some increase in orders has taken place since the end of July. In various textile and leather lines business continues to show indications of much greater activity, many mills being "booked up" further ahead than at any time for many months past.

Price movements have been, on the whole, limited, but with a slight upward tendency in the case of some groups.

Shrinkage in Retail Trade.

A striking factor in the developments of the past month has been afforded by the shrinkage in retail trade. During most periods of business transition such shrinkage has been somewhat belated.

Postponement of reduction in retail activity is due to the fact that a curtailment of consumption usually takes place only when accumulated purchasing power is reduced.

Slight improvement in some branches of foreign trade, fairly good agricultural yields and enlargement of manufacturing demand seem to point to a more favorable autumn season, but the situation is not such as to forecast any extensive or immediate revival of business in a large sense.

As there have been no pronounced changes in industrial activity during the past month, it is not surprising that the employment situation should also have remained substantially the same. On the whole, there was probably a negligible decrease in numbers employed during July as compared with the preceding month.

Decrease in Wholesale.

Sales of wholesale hardware and of boots and shoes show fairly pronounced declines in all reporting districts for the month of July as compared with June, following slight increases in the former month as compared with May. The recession in hardware sales ranges from 8.5 per cent in district No. 11 (Dallas), with six firms reporting, to 17.8 per cent in district No. 3 (Philadelphia), with 25 firms reporting. In the majority of districts represented, decreases are in excess of 10 per cent, but as compared with the amount of total sales recorded a year ago are not so great as in other lines, chiefly, no doubt, because price reductions have been less extensive. However, decreases vary from 15.8 per cent in district No. 10 (Kansas City), four firms reporting, to 49.8 per cent in district No. 6 (Atlanta), fourteen firms reporting. In the other five reporting districts the decreases are between 30 and 40 per cent.

The retail trade situation during the month of July was very quiet and inactive.

Reports from representative department stores show a decrease in all districts in net sales for July from the same month a year ago.

The increase in outstanding orders seems to indicate that retailers anticipate a good demand for fall goods.

Cotton Continues Deterioration.

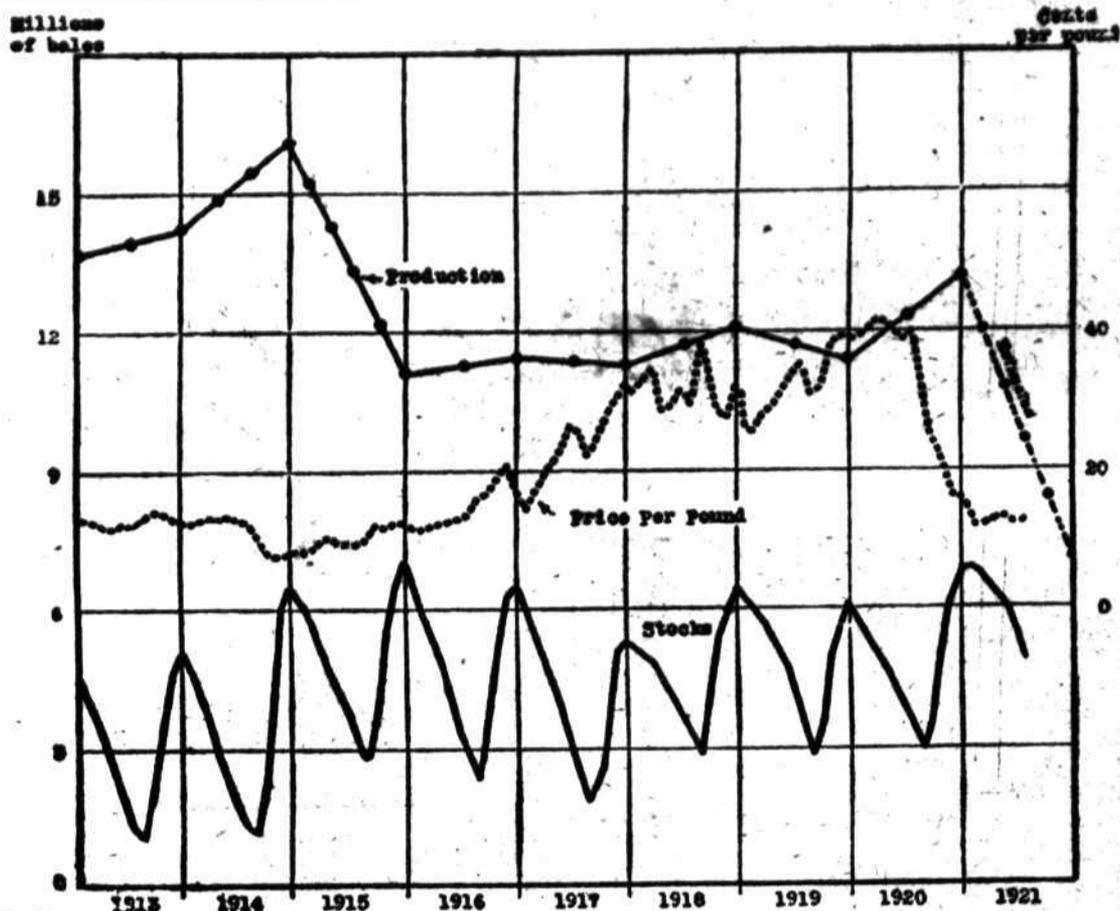
Little or no rain fell in most northern, central and western parts of the cotton belt during the past week. Scattered light to moderate showers occurred from Central Texas eastward to the Atlantic Coast. The temperature was below the normal in the eastern part of the belt, above normal or slightly above in the central and southern part, and much above normal in the northwestern portion.

Corn Maturing Rapidly.

The temperature averaged unusually high in the principal corn-growing districts and the crop matured very rapidly during the past week. Considerable of the crop is already safe from frost in Iowa, Missouri and Nebraska, and the bulk will be safe from frost damage in Ohio by September 15. Cutting has commenced in nearly all States while silo filling is under way. The crop deteriorates in Nebraska and Oklahoma because of the lack of moisture, while more rain is needed for late corn in many Southern States. The canning of sweet corn is beginning in New England.

It is proposed to establish a Sino-German bank in Peking, with a capital of \$10,000,000, notes *Finance and Commerce*. The capital is to be subscribed in equal proportions by Germans and Chinese.

Cotton Prices Rally on Crop Reports.



The substantial reduction in cotton acreage effected by voluntary action on the part of the growers, combined with the unfavorable weather conditions prevalent in many sections of the cotton belt during August, has caused the government to reduce its official estimate of the maturing crop to 7,037,000 bales. This figure represents a decrease of more than 1,000,000 bales from the official estimate made for the preceding month and represents a smaller yield than for any year since 1893.

In anticipation of this unfavorable report the prices of both spot cotton and future contracts during the past week have advanced to a substantially higher level and the precipitous decline which began in the middle of 1920 appears now to have been definitely checked. The abnormally short crop of this year would undoubtedly have caused a further rise in prices if it were not for the fact that the 1920 crop, which amounted to 13,366,000 bales, was in excess of the world's consuming capacity and resulted in a carry-over larger than at any corresponding period since the outbreak of the war. While the stocks in warehouses and factories are still abnormally large for this season of the year they have been materially diminished during the last month by the increased volume of exports and by the larger takings of the mills following the increased demand for textiles.

AUGUST STOCK EXCHANGE TRADING.

August	Stocks in Averages			Total Day's Dealings		
	25 Rails	25 Indus.	50 Stocks	All Rails	Fall Indus.	All Stocks
1	53,500	148,100	201,600	66,800	338,125	404,925
2	103,800	88,400	192,200	126,273	185,135	311,410
3	76,600	201,700	278,300	104,600	399,910	506,510
4	40,900	149,500	190,400	52,890	295,858	388,748
5	99,800	158,800	228,900	90,820	353,410	444,230
6	37,800	45,200	83,000	23,220	115,200	138,420
Week	362,400	791,700	1,154,100	468,605	1,677,638	2,144,243
7	34,700	99,000	133,700	45,220	233,138	278,358
8	40,400	120,300	160,700	67,000	232,650	299,650
9	65,900	210,200	276,100	83,290	400,843	486,543
10	48,400	220,500	268,900	68,100	473,100	541,200
11	36,150	179,700	215,850	50,650	368,690	419,390
12	7,800	58,200	66,000	9,900	118,110	128,010
Week	242,350	887,900	1,180,250	329,070	1,825,971	2,152,941
13	39,000	153,800	192,800	49,712	324,860	374,512
14	32,300	183,000	215,300	41,550	408,000	447,550
15	24,600	198,250	222,850	34,250	428,052	462,302
16	31,400	180,800	212,200	43,200	340,750	383,950
17	37,200	170,400	207,600	56,810	358,200	395,510
18	8,800	52,300	61,100	11,800	129,000	140,800
Week	173,900	938,350	1,112,250	218,822	1,096,802	1,205,624
19	67,760	158,800	226,560	87,076	348,241	440,317
20	78,400	185,400	263,800	101,420	404,700	506,100
21	91,050	182,800	273,850	125,730	494,275	619,525
22	64,500	214,150	278,650	89,844	488,463	578,307
23	43,800	289,000	332,800	61,100	567,800	628,900
24	27,600	85,300	112,900	33,500	181,600	215,400
Week	573,176	1,115,450	1,488,628	508,990	2,477,939	2,986,899
25	29,400	151,000	180,400	33,563	340,200	393,763
26	45,500	265,500	311,000	61,650	510,800	592,350
27	66,300	200,300	266,600	100,090	416,585	516,663
Month	1,298,926	4,350,900	5,648,926	1,755,752	9,235,815	10,991,567

JAPANESE TEA EXPORTS TO AMERICA.

Figures given in the Japan Chronicle show that in 1918 there were 50,000 tons of teas exported from Japan to America, whereas the amount exported in 1919 decreased to 30,000 tons and in 1920 to only 23,000 tons. This decrease is attributed to the fact that low-priced Indian and Java teas have taken the place of Japanese tea on the market in America, and in addition there has been some difficulty in the disposal of old stocks. Under these circumstances no orders have been received from America and exports are delayed. It is considered likely that the 1921 exports may decrease further by 30 or 40 per cent unless recourse is had to the drastic measure of either destroying or returning to Japan old stocks still in existence.

GERMAN COMPETITION.

German competition has not been so keen as expected up to date, according to Secretary Hoover.

The German manufacturers, Mr. Hoover said, are having difficulty maintaining pre-war standards both in quality of production and in quantity. In some cases, he said, they have been unable to fulfill contracts for the delivery of goods. He cited as an instance a contract made by a German company for the sale of steel to purchasers in Argentina. The Germans were unable to make delivery and were forced to cancel the contract.

Secretary Hoover said, however, that there are continued evidences of German activity in attempting to regain markets throughout the world.

RAIL WAR CLAIMS PAID.

Since enactment of the transportation bill in 1920, up to August 27, 1921, the Treasury Department has paid out to the railroads a grand total of \$658,744,216.44 in partial reimbursement for war claims, government guarantees and deficits incurred during Federal control.

During the past week the department has made payments under the act totalling \$165,000, divided as follows: Memphis, Dallas and Gulf Railroad (receiver), \$6,000; Detroit, Bay City and Western Railroad, \$4,500; Mineral Point and Northern Railway, \$50,000; Terminal Railroad Association of St. Louis, \$65,000; Trinity and Brazos Valley Railroad Company (receiver), \$35,000, and Detroit and Mackinac Railway, \$5,000.

Exports from the United States to the Dutch East Indies have increased 153 per cent in value from 1918 to 1920. 100 per cent of the increase taking place in 1919, states a recent issue of *Finance and Commerce*.

The following table gives the par value of the daily and weekly dealings in the various classes of bonds:

August	Total			
	Corporations.	Liberty	Foreign	All Classes
Aug. 1	\$3,588,000	\$8,104,350	\$1,510,000	\$13,202,350
Aug. 2	2,575,000	5,022,850	746,500	8,344,350
Aug. 3	4,315,500	5,727,900	1,464,500	11,510,900
Aug. 4	3,594,500	6,633,900	1,406,500	11,634,900
Aug. 5	3,742,500	5,095,700	1,277,000	10,115,200
Aug. 6	1,532,000	1,696,100	458,500	3,686,600
Week	\$19,345,500	\$32,280,400	\$6,862,500	\$58,710,400
Aug. 7	3,196,500	6,267,100	1,399,000	10,872,600
Aug. 8	2,990,500	8,524,700	1,282,000	12,747,200
Aug. 9	3,083,000	5,633,850	1,148,000	9,864,850
Aug. 10	2,985,000	6,025,700	907,500	9,918,200
Aug. 11	2,863,000	3,908,200	996,000	7,767,200
Aug. 12	803,500	2,219,800	376,000	3,399,300
Week	\$14,183,500	\$23,563,600	\$5,554,500	\$43,301,600
Aug. 13	2,411,000	4,133,500	755,000	7,300,500
Aug. 14	2,418,000	3,723,500	794,000	6,910,000
Aug. 15	2,473,500	4,630,000	890,000	8,000,500
Aug. 16	2,587,000	5,705,500	795,500	9,090,500
Aug. 17	2,870,000	4,059,000	877,000	7,810,000
Aug. 18	1,281,000	1,075,500	408,500	2,710,000
Week	\$13,990,000	\$28,326,500	\$4,484,000	\$41,840,500
Aug. 19	3,078,500	4,221,500	665,500	7,970,500
Aug. 20	2,960,000	7,166,000	1,413,000	11,542,500
Aug. 21	3,449,000	5,006,500	1,243,000	10,300,500
Month	\$72,429,000	\$128,864,450	\$26,281,000	\$227,800,450