WEEKLY BUSINESS REVIEW

This Page Devoted Every Week to the Interests of Washington Industrial, Building and Business Firms

SOUTHERN STATES ENJOYING FAIRLY GOOD FALL TRADE

Improvement Is Noted in Various Lines of Trade.

COTTON THE LEADER

This Commodity Has Poured $600,000,000 Unexpected Wealth Into Treasury.

(Foreign Correspondence of The Washington Herald and the New York Evening Post.)

NEW ORLEANS, Oct. 2.—The South is enjoying a very profitable fall business. The merchants in New Orleans—and the wholesalers among them reflect the feeling of the country trade in the Gulf section—are busy filling orders now, and the wholesalers are working nights as a regular thing. They have not done this before for years. Only in a few instances have the retailers reduced their forces. The large department stores have a full personnel.

The story of cotton, which has poured something like $600,000,000 of new and unexpected wealth into the South, is too well known to need repetition here. It is mentioned only as an illustration of the fact that the world never knows the whole story about anything, but is satisfied with some spectacular development, which in the last analysis is only a detail; and cotton is only a detail of the fortunate economic situation of the South. Its price went to unexpected heights overnight, as it were, and rolled up fortunes, but the progress in the other staples, if accompanied with less red light, has been every bit as important.

Gain in Lumber Trade.

Take lumber, for instance. While everybody has been saying what a bad building year it was—and this has been true—orders for lumber have been gradually picking up, and twice during the past month a three-and-a-half-year record for business has been broken by the mills of the Southern Pine Association. Shipments of pine are now about 14 per cent above current production and orders 7 per cent above production. It is true that production is 19 per cent below normal and shipments 7 per cent below normal production. But orders are 13 per cent above normal production.

More important is the fact that prices are beginning to stiffen. They have risen in a number of kinds of lumber and may go up generally in the spring, as the lumber now in demand is principally used for house construction, and the railroads and big industries, which consume enormous quantities, have done practically no buying. Many new mills have begun operations, and those that were already running are putting on fuller time. In the most economically operated mills a slight profit is beginning to show, partly because of management and partly because of the increased efficiency of labor, which is generally admitted. Lumber means a great deal more to Louisiana than cotton does. It is one of the big money "crops" of the South.

Farming Outlook Improves.

Rice has been gradually increasing in price, because of the big domestic and foreign demand. Practically all of the old crop, produced with such disastrous results, is out of the way. Sugar is still low, but the crop has been produced economically, and the indications are that it will be a bupper. Reports from the country are to the effect that farmers are devoting more attention to cattle, are forming marketing organizations for general crops, and are thoroughly determined to diversify, a determination to which they have been helped by their bankers.

The future depends, of course, on whether farmers will continue to operate on a safe and sane basis. If it was left to them, a high price might tempt them to risk everything on a single crop; but the business interests have been so terribly shaken during the past year, that they may be confidently expected to keep the agriculture on the diversification plan, and make cotton the surplus.

Unemployment in the New Orleans and Atlanta sections is on the decrease, according to the Department of Labor. Ample labor is available for the agricultural sections. Prophesying a continued advance in business, with an increase of $25,000,000 in bank deposits, the State bank examiner of Louisiana has issued a statement for the fiscal year ended September 1, showing that the public has reduced its indebtedness to the State banks of Louisiana by $22,179,125, and that the banks have reduced their indebtedness by $21,641,680. Furthermore, he shows that the banks have increased their assets by $3,829,445.

Moderate Gains in Dry Goods.

Notwithstanding the unsettlement caused by fluctuations in raw material, the trend toward increased business in primary cotton goods markets has continued. While doubt is still expressed regarding ability to move merchandise at higher prices, larger sales of print cloths, sheetings, drills and some other products have been made at slight advances. In retail circles, buyers' weeks are being planned to stimulate interest among consumers, and distribution has been moderately quickened by offerings of low-priced goods for fall and winter. Changes in output are in the direction of lessened activity at woolen mills, but cotton goods plants are running about as well, on the whole, as at any time this year. Caution in extending credits remains pronounced, and foreign trade is hampered by tariff uncertainty and general financial conditions. Active buying of raw silk in Japan, prompted by reports of damage to autumn cocoons, has met with a slow response here, due to quietness in silk goods.

Slight Rise in Oil Prices.

This week's 25-cent advance in the price of Pennsylvania crude petroleum, bringing the quotation to $2.50 per barrel, followed the long series of cuts which had brought the price from its peak of $6.10 early in January to the recent low of $2.25 late in June, and was the first sign that deflation in that commodity had run its course. Oil imports from Mexico fell 4,500,000 barrels during August, however, and when conditions there again permit heavier shipments prices in this country may be again affected. The United States Geological Survey's figures showing production and other conditions through August are given here in millions of barrels, together with the market price of Pennsylvania crude petroleum at the close of each month:

	Production	Consumption	Imports	Stocks	Price
Average, 1911-13	19.2	19.5	.8	109.8	$1.79
January, 1921	37.9	48.3	13.2	124.3	5.00
March	41.0	45.2	12.3	138.2	3.00
May	42.0	41.5	9.1	153.8	3.00
July	40.3	41.5	8.0	167.4	2.25
August	41.0	42.8	3.4	168.0	2.25
Per cent above 1911-13	114	120	325	53	26

Petroleum stocks since the beginning of the year had grown at the rate of 6,000,000 or 8,000,000 barrels each month, but during August increased only somewhat over 500,000. The output for August was within 1,000,000 barrels of the record high, in May, and consumption was also at a substantially higher rate.

RAPID MARKETING OF WHEAT SLIGHT STIMULUS TO BUSINESS

Heavy Exports and Strong Foreign Demand Keep the Crop Moving, But Merchants Have Benefited Little.

The new wheat crop is flowing to market at an unusually rapid rate. During July 106,030 cars were received at leading markets, against 50,488 during the same month last year. Wheat growers are selling grain at the thresher, either by choice or under pressure of the need of cash to meet the deferred settlements of last year.

The visible supplies of grain at the end of August were about double the amount at the same time last year, or about 43,000,000 bushels against 21,000,000 bushels. Exports of wheat were moving at a high rate during August and exceeded last year by a considerable margin.

The total exports of wheat from the United States and Canadian ports exceeded 13,000,000 bushels during the week ending August 25, which is approaching the record of last September, when 14,219,000 bushels were exported.

Most of the exports are now United States wheat, since the Canadian crop is late and the present visible supply is diminishing. Since July 2 the visible supply has dropped from 12,334,000 bushels to less than 7,000,000 on August 20. During the same period the United States supplies increased from about 10,000,000 bushels to 45,000,000 bushels.

The heavy movement of wheat was reflected in the carloadings of grain reported by the railroads. A new record was made late in July, when over 60,000 cars were loaded in one week against about 38,000 cars a year ago. The estimated carry-over of wheat on farms and at other points on July 1 was as follows:

	1921	1920	1919
On farms	54,435,000	47,620,000	19,261,000
Country mills & elevators	25,485,000	36,180,000	19,236,000
Commercial Visible	8,698,000	24,574,000	9,332,000
Total	88,786,000	108,374,000	48,129,000

In view of the continued heavy export movement this carry-over was not large and will be quickly carried away in the heavy movement of new wheat to market.

The recent news on the world's wheat crop have all indicated a closer balance between production and consumption than in recent years. The drought in Western Europe; the fact that Russia will be on the importing side of the ledger, and the shortage in production of other food stuffs all tend toward the conclusion that a later demand might easily stimulate an advancing market. The general sluggish condition of business appears to have for the moment offset economic pressure, which normally would have had a bullish effect.

The selling of the new wheat crop was expected to prove a stimulant to business and result in increased trade in the regions where the crop is centered. Judging by the changes in bank clearings however there has been no such business improvement. Even in the agricultural centers the steady decline in clearings has continued. The explanation may be found to some extent in the reduced indebtedness by farmers to their banks which is shown in the reduction of discounts with the Federal Reserve banks. Much of the money derived from the sale of early wheat undoubtedly went into settling old accounts rather than into new business. Farmers, like others, are not yet ready to begin to buy. That this attitude is widely held is borne out by some of the manufacturers of farm supplies, who have discovered that the farmer will not buy heavily while the prices of his products are so far below the general price level.

The latest summary of the world's wheat crop, as a guide to the supply available this year compared to last, as reported by the United States Bureau of Markets shows no large surplus.

In twenty leading countries that normally produce nearly 70 per cent of the world's crop the total amount harvested is estimated as follows:

1921......2,461,000,000 bushels.
1920......2,384,000,000 bushels.

An earlier estimate indicated that the crop of 1920 would be somewhat less than the average of the period 1915-1919 but a little larger than the average for the period 1909-1913. There is no great world surplus of wheat, and the new crop is flowing toward the consumption centers at a rapid rate.

Engravers Extend Bids To Inspect New Camera

Anyone interested in photoengraving is being extended an invitation to call and inspect the big halftone camera recently installed by the Standard Engraving Companw, of 1212 F street northwest. This remarkable camera not only reproduces pictures in all colors for illustrations and printing purposes, but is also used for very fine and also extra large black and white halftone plates.

Much of the important work of the Nation's Capital is executed with his camera, mainly in the nature of educational textbooks for the different branches of the government, as well as magazines and periodicals of various kinds.

The company has also devoted a large section of its building on the second floor, in the rear and adjacent to its office, to an art department, where designs, drawings and retouchings are made.

A large force of experienced men are engaged in carrying on the work.

Druhan-Austin Co. Distributers of "D-A"

"D-A" Lubricant, for which much praise is acclaimed, is the new product being distributed by Druhan-Austin Company of 1009 H street northwest.

This lubricant is a scientifically densified Pennsylvania oil and contains no animal fats, grease or vegetable oils, acids, alkali, fiber, rosin, tar, asphalt, graphite, lye, water or any of the nonlubricating binders ordinarily used in the manufacture of gear compounds.

The new preparation is made in four densities, namely, special light, light, heavy and special heavy, and is supplied in five pound and fifty-pound cans and in half barrels and barrels.

Iron and Steel Demands.

Expectations of improved conditions in iron and steel during the last quarter of the year are strengthened by current developments. The month just ended brought a definite turn for the better, and more confidence is now being expressed in the immediate future of the industry. With a broadening demand, both for pig iron and steel, some manufacturering interests have added to their forces, and subsequent records of output may conceivably make a better showing. The increased buying of pig iron, which is becoming rather marked in certain districts, has advance prices, and the low stocks held by merchant furnaces is considered a strong feature. Not a few producers, however, are still waiting before blowing in stocks that have been idle. Some demand from the railroads, covering different lines, is encouraging, and one leading system has doubled its July order for repair work on cars.

GRAIN EXCHANGES CONCLUDE "PUT AND CALL" SYSTEM

Board of Trade Leads Move, Anticipating Federal Restriction.

FORMERLY ILLEGAL

Body Passed Rule in 1865 Discountenancing Plan, in Effect Until 12 Years Ago.

(Special Correspondence of The Washington Herald and the New York Evening Post.)

Chicago, Oct. 2.—Trading in "bids and offers," generally known as privileges or "puts and calls," has ceased in Chicago and in the leading markets of the United States, under agreement among the different exchanges, although the Capper-Tincher bill which taxes the sale or purchase of privileges, or puts and calls, at 20 cents a bushel is not effective until December 24. Puts and calls are legal in Canada, and are traded in moderately at Winnipeg. There has been discussion among the trade here as to the advisability of placing their orders in the future in the Winnipeg market.

A few of the Winnipeg grain men think it would be a good thing to have the privilege trading brought to their market, while others have claimed of late that the trade there is not large enough to permit an extensive privilege business without causing big fluctuations in values. Another point made by those who have looked into the situation closely is that the Canadian authorities may take the same view concerning future trading as those who passed the Capper-Tincher bill in the United States and shut down the business on the Winnipeg exchange, or even possibly close the exchange. Regulations of exchanges is different in Canada from that in the United States, the authorities having more power.

Official Ruling Asked.

A request for a ruling from the Commissioner of Internal Revenue has been asked as to the liability of those who send orders for privileges to Winnipeg under the Capper-Tincher bill for the payment of the 20-cent tax on all orders originating in the Unietd States and executed in Canada or any foreign market. The head of one of the largest private wire houses says that he is not in favor of trading in Winnipeg, even though a favorable ruling should come from the Commissioner or Attorney General, as their successor might reverse their decision and make the tax retroactive, the same as was done in the tax on transfer trades a few years ago.

Trading in "puts and calls" was carried on in Chicago in good volume as early as 1863, and to a limited extent prior to that time. The civil war resulted in largely increasing the transactions, and they have been continued in Chicago with several interruptions ever since.

Were Formerly Illegal.

The Board of Trade directors in 1865 passed a rule discountenancing puts and calls, and they remained illegal in Illinois until some 12 years ago, when the law of the State of Illinois was amended to legalize them. They have always been known as "options," although for years trading in futures have been termed by some as "options." Board of Trade officials, however, many years ago, drew a distinction between "options" and "futures," an "option" being termed a "put or call."

It is expected that speculative trading in grains will be reduced 20 per cent in Chicago through elimination of privelege trading. This may be overcome somewhat by a change in the hours of trading, lengthening them 15 to 30 minutes.

Higher Prices for Hides.

With different descriptions of hides up ½c a pound, demand has abated. Offerings at prices last paid would probably find a market, but large tanners are not disposed to follow the advance, and sales have been moderate and scattered. This is not only true of domestic stock, but also of foreign hides, and fluctuating Argentine exchange, with the movement against buyers here, has not helped the situation. The lull in hide trading, which has followed a period of considerable activity, is paralleled by conditions in leather circles, where business has subsided. Except for supplies that are available at relatively low prices, the demand is spasmodic, and the least satisfactory reports come from Eastern sections. The fall season in footwear has not yet fully started, and orders do not flow steadily to most of the prominent New England producers. Some of the factories, however, are well engaged ahead.

Firmer Price Situation.

The recent turn in the wholesale price situation is again evidenced in Dun's comprehensive list of quotations, which discloses an excess of advances for the fifth consecutive week. While irregularity has characterized price movements in foodstuffs, a distinct upward trend has developed in some other commodities that were lately depressed, and cotton has maintained a position of strength. With the raw material above the 21-cent basis, higher prices for cottongoods have not unnaturally resulted, and expectations of a further rise have quickened merchandise demands in some quarters. After many weeks of yielding, a recovering tendency has appeared in iron and steel markets, while a moderate increase in hide prices has followed a period of expansion in trading. In retail circles, on the other hand, special efforts to stimulate buying interest continue, and price concessions are still being announced.