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(A copy of this report is being sent to the American Legation at Peking, China, the same to be available also for the American Commercial Attaché for China.)

INDEXED

MONTHLY REPORT ON COMMERCE AND INDUSTRIES - MARCH, 1919.

From Consul General **THOMAS SAMMONS**, Shang-
(Thomas Sammons)
hai, China. April 25, 1919.

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During the month of March, building operations at Shanghai continued exceedingly active, several millions of dollars being invested in materials therefor. During the month, the piece goods market was fairly satisfactory. The coal supply question is still accepted as being the chief problem in the development of Shanghai industries. The price of steel and iron products continues downward and the export trade has been more or less lifeless during the month. The prevailing price of silver continues to interfere with imports from the United States, the value of the same medium favoring its exportation to Japan.

PIECE GOODS, YARN, AND COTTON

Cotton stocks have ^{not} been in special demand during the month of March, and the market in cotton has slightly declined owing to the inactivity of exporters, and to the fact that local mills have only purchased sufficient for the manufacture of goods already ordered.

Chinese cottonmill owners, realizing the importance of having good native cotton for the cotton mill industry

here,

here, have agreed to finance an undertaking to improve the growth of cotton in China, the work to be in charge of Professor Reissner, of the Nanking University, and an American cotton-raising expert who is said to have been engaged through the good offices of Mr. Swindle, of the Department of Agriculture, who passed through Shanghai recently, and through whom a selection of seeds has been ordered from the United States by cable.

Piece Goods and Yarn.

Stocks of imported piece goods were the lowest on record at the end of March, being only about one-third as large as the stocks held at the same time last year. Owing to interruptions and delays in the cable services to America and Europe, it has been difficult to place new orders for these goods. Towards the end of the month the demand for piece goods slackened somewhat owing to reported disturbances in Korea and some of the Chinese provinces, while the deadlock which arose between the delegates of the Internal Peace Conference, sitting at Shanghai, has been an additional set-back to business.

Large transactions in yarns, particularly in local spinnings, were carried through during the month, including deals for 42,600 bales of local yarns, 1,585 bales of Indian, and 2,450 bales of Japanese yarns. Local mills are said to have orders booked through to the end of June.

COAL.

The prices of coal for industrial purposes, which

now

now comes principally from Japan, have increased more than four fold since 1914 and the lack of this commodity at reasonable prices is seriously affecting the development of manufacturing industries in Shanghai. It has been suggested that a local company might be formed on a cooperative basis between foreign and Chinese interests - part of the capital to be furnished by the large consumers of coal for industrial purposes, so that they might have a direct interest in the cheap production of coal - for the development of the immense known coalfields of China. This, of course, will take considerable time and, in the meantime, local industries can only hope that increased shipping facilities and the general lowering of freight rates may bring about a reduction of coal prices.

IRON AND STEEL.

The prices of steel and iron commodities continue on the downward trend, the following comparative table showing the prices (per picul, unless otherwise stated) of some metals in February and March:

ARTICLE	1 9		1 9	
	Week Ended		Week Ended	
	February	21st	March	21st
	T	A	E	L S
Mild Steel, round, 1/4" to 6" diameter	7.00	to 15.00	5.50	to 12.00
Wire Nails, 1" to 6"	7.50	to 8.00	7.50	to 8.00
Cut Nails, 2" to 6"	8.00	to 8.50	8.00	to 8.50
Mild Steel Plates, 1/32" to 1/2" thick	11.00	to 20.00	8.00	to 16.00
Pig Iron, per ton	130.00	to 140.00	90.00	to 110.00
Antimony Ingots, 98 to 99 per centum pure.	8.00	to 8.50	7.00	to 8.00

SILK.

The stocks of silk on hand in Shanghai at the end of

March

Shanghai, the formal opening having taken place on March 8, 1919. The principal objects of this bank are said to be the stimulating and facilitating of trade between the Philippine Islands and China, and the extension of facilities for trade between China and the United States. The season's visible supply, to date, is estimated at 4,533,333 pounds. Silk settlements reported for the 1918/1919 season were 893,333 pounds of white, and 1,466,667 pounds of yellow for Europe, et cetera; also 840,000 pounds of white silk for America.

On March 10, 1919, the Shanghai Bankers' Association, Chinese, deposited with the Bank of China the sum of Taels 300,000 (approximately \$330,000) to provide a reserve against possible unexpected calls for cash by members of the association. This fund earns no interest, it is to be available (against suitable securities) to such member banks as may need cash assistance, and it is expected to increase the amount of the deposit from year to year. The market in white silk was very dull during the month, with only small purchases for America, delays in the transmission and delivery of cable messages being a deterrent to trade in this commodity. A fair business in yellow silk was transacted with Bombay, India, at good rates but, towards the end of the month, demand was slackened owing to higher prices demanded. A fair business was also done in steam filature silks on contracts, but new orders were subject to concessions.

FREIGHTS FOR EXPORT TRADE.

Only a moderate demand for shipping space for Europe sprung up towards the end of the month, and there was very little demand for space for America, via the Pacific, although it is understood that freight rates were quoted as low as \$5.00 per ton in numerous instances. This condition was due to the absence of demand for China's products from Europe and America on account of high exchange rates and delays and interruptions in cabled correspondence.

FINANCIAL - BANKING AND EXCHANGE.

The Philippine National Bank, authorized by the Government of the Philippine Islands, has opened a branch in

Shanghai

Shanghai, the formal opening having taken place on March 6, 1919. The principal objects of this bank are said to be the stimulating and facilitating of trade between the Philippine Islands and China, and the extension of facilities for trade between China and the United States.

Deposit of Reserve Fund for Chinese Banks.

On March 10, 1919, the Shanghai Bankers' Association, Chinese, deposited with the Bank of China the sum of Taels 300,000 (approximately \$330,000) to provide a reserve against possible unexpected calls for cash by members of the association. This fund earns no interest, it is to be available (against suitable securities) to such member banks as may need cash assistance, and it is expected to increase the amount of the deposit from year to year.

Exchange - Silver.

A further drop in the price of silver was experienced during the month of March, the average telegraphic transfer rate being \$108.7 to one hundred Shanghai taels, as against \$114.00 to one hundred Shanghai taels for the previous month. But this drop has not affected export trade and it is not expected that such trade will be materially affected until exchange returns to approximately pre-war rates.

The stocks of silver held by the banks in Shanghai

for the four weeks of March, 1919, were as follows:

WEEK ENDING 1919	TAEELS	SILVER DOLLARS
March 6	28,300,000	13,900,000
March 13	27,750,000	14,050,000
March 20	27,411,000	14,100,000
March 27	27,960,000	14,150,000.

HUDSON MOTOR CAR COMPANY TABLE ACCEPTED HUDSON CAR OFFICE OF THE PRESENT SPECULATION IN COTTON MILL STOCKS. U.S.A.

Cotton mill stocks have been in great demand during the month of March, due to the present prosperity of the various mills. Inasmuch as forward transactions are now again possible on the Shanghai Stock Exchange, speculative buying has been indulged in to a considerable extent. The advance in the prices of these stocks is considered to be out of proportion to their investment values, and it is predicted that there may be a crisis in the financial market, similar to the one that occurred in connection with the rubber boom of 1910, if this speculative buying continues.

The following table gives a comparison between the values of the principal stocks at the end of February and March, 1919, as well as forward quotations for June, 1919:

STOCKS	CASH QUOTATIONS FEB. 28, 1919	CASH QUOTATIONS MARCH 29, 1919	FORWARD QUOTATIONS JUNE, 1919
T A B L E S			
EWO	\$180.00	\$240.00	\$250.00
KUNG YIK	15.00	24.00	26.00
LAU KUNG MOW	130.00	150.00	-----
ORIENTAL	66.50	75.00	-----
SHANGHAI COTTON	160.00	180.00	-----
YANGTSZEP00	9.15	11.10	11.50.

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