

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 9

Cleveland, Ohio, April 1, 1927

No. 4

During the past month, business conditions both in the country and in the Fourth District have undergone a turn for the better which appears to be somewhat greater than seasonal. This is borne out by the Annalist's index of business activity (corrected for seasonal), which advanced from 100.2 in January to 103.9 in February. It should be remembered, of course, that both December and January fell short of the same months in the preceding year, and February was only about equal to a year ago in spite of its improvement over January. In the absence of actual statistics for March, except for figures on car loadings which have lately been unduly influenced by the coal situation, it may be said that the usual seasonal gain is going on in many industries, and that the month compares favorably with February in some lines after allowing for the seasonal trend.

One factor in the present upswing, particularly in the Fourth District, has been the extremely high rate of coal production in anticipation of a possible strike on April 1st. As previously pointed out, this also affects car loadings figures, so that the gain in these two business indicators may be largely ascribed to a special and unusual situation. Activity in the iron and steel mills in this District is at a high level, the United States Steel Corporation being practically at capacity and independents around 90 per cent. Operations in various other lines are normal, while in still others a dull situation still prevails. The following survey affords a brief summary of conditions in various industries in this District:

Iron and Steel: February pig iron and steel ingot output about equal to last year; February made a relatively better showing than January as compared with a year ago. Seasonal improvement in March.

Coal: Activity ahead of last year, owing to storage buying in anticipation of a possible strike. Prices weak.

Tires: A real improvement over 1926. Stability of crude rubber prices an important factor.

Automobiles: Conditions spotty; keen competition; February production 16 per cent less than last year.

Clothing: Fairly satisfactory.

Shoes: Some improvement recently. Compares favorably with a year ago.

Paint: Seasonal gain in March; business in general is good.

Miscellaneous Manufacturing: Most lines not up to last year, but are showing seasonal improvement.

Building: Conditions irregular, but ahead of last year in February for the District as a whole.

Lumber: Business rather dull; demand slow.

Retail Trade: About equal to a year ago.

Wholesale Trade: Sales running behind 1926; dry goods weak; drugs and shoes did well in February.

Financial Conditions The sharp decline in bills discounted by this bank continued during February, discounts reaching 31 millions on March 9th, as compared with almost 100 millions in December. The falling-off is, of course, largely seasonal, but was still noticeably greater than last year, when the figure declined from 102 millions in December to 38 millions on February 3rd, and then rose to 52 millions on March 10th, the latter figure being 21 millions greater than on March 9th of this year.

The low point in the demand for Reserve bank accommodations reached in March reflects the plentiful credit supply and sound financial condition of the member banks in this District. Except for July 28th of last year, discounts on March 9th were the smallest for any weekly reporting date since January 21, 1925.

In the four weeks ending March 9th, gold reserves of this bank rose from 287 to 313 millions; holdings of acceptances and Government securities changed but little; Federal reserve note circulation advanced slightly, and deposits remained practically unchanged.

In the same period, reporting member banks in the District slightly increased both their loans on stocks and bonds and their commercial loans. Investments rose rather sharply, and time deposits showed an unusual rise owing to a temporary condition. Demand deposits were slightly lower.

Debits to individual accounts in 13 cities in this District in February gained 13 per cent over last year, a real improvement over January, which showed a slight loss from 1926.

Commercial failures in the Fourth District as reported by Dun's numbered 162 in February, as compared with 188 last year and 220 in January. Liabilities were \$3,494,056 in February, \$3,966,625 a year ago, and \$3,048,821

in January. In the United States there were 2035 failures in February, 1801 a year ago, and 2465 in January.

Changes in the main items in the balance sheets of Federal Reserve and reporting member banks are as follows:

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Mar. 9, 1927	Mar. 10, 1926	Feb. 9, 1927	Mar. 9, 1927	Mar. 10, 1926	Feb. 9, 1927
	1927	1926	1927	1927	1926	1927
Gold reserves	313	292	287	3,013	2,799	2,980
Discounts	31	52	49	416	502	379
Acceptances	24	21	27	265	285	303
U. S. Securities	37	33	35	307	360	305
Total bills and securities	91	107	111	990	1,159	989
Federal Reserve notes in circulation	206	204	200	1,719	1,672	1,694
Total deposits	186	182	187	2,261	2,281	2,267
	Reporting Member Banks Fourth District (In Millions)			United States (In Millions)		
	Mar. 9, 1927	Mar. 10, 1926	Feb. 9, 1927	Mar. 9, 1927	Mar. 10, 1926	Feb. 9, 1927
	1927	1926	1927	1927	1926	1927
Loans secured by stocks and bonds	571	528	560	5,488	5,313	5,431
All other	801	779	794	8,793	8,601	8,717
Total loans	1,373	1,307	1,355	14,281	13,915	14,148
Investments	653	616	625	5,669	5,506	5,570
Demand deposits	1,016	1,008	1,024	12,931	12,894	12,857
Time deposits	899	763	830	6,031	5,455	15,893

Iron and Steel

The iron and steel industry has done better in the first quarter of 1927 than was generally expected at the outset of the year—and has embarked upon the second quarter with conditions seasonally favorable. Production of iron and steel in the first quarter was approximately 95 per cent of the same period last year, and 1926, generally speaking, was a record year. The close of March found the industry as a whole operating at about 90 per cent of steel ingot capacity, with United States Steel Corporation subsidiaries well above 95 per cent.

Market conditions are such that the second quarter normally develops an easier production situation. In six of the nine years in which monthly statistics on steel ingot output have been available there has been a decline in the operating rate from March to April. The railroads have been pressing the mills in the first quarter for rails to be laid in the second. Most of the structural steel necessary for the spring burst of outdoor construction has been rolled in the first quarter. Among the lighter products, tin plate production has anticipated spring and summer needs for cans and has passed its peak.

While there has been some piling up of semifinished steel in the Pittsburgh district, on account of the threat of a bituminous coal strike, the industry as a whole has reacted only slightly to this market factor. At the end of the first quarter the industry averaged close to a 90-day coal stockpile, with the larger producers relatively better fortified than the smaller ones.

The hand-to-mouth buying policies of most consumers of finished steel eliminated the second quarter buying that formerly marked the close of March. Demand in March was comparable with that of a year ago and in many products was the best in six to eight months. Sheet prices in all districts were becoming more stabilized and most of the weakness seemed to have been shaken out. Efforts to peg hot strip at 2.10 and 2.30 cents, Pittsburgh, depending upon width, were meeting with fair success. Here, as in some other lines, stabilization has come after users had covered considerably

ahead at the former low prices. The heavy finished lines were holding at 1.90 cents, Pittsburgh. Toward the close of March automotive interests were pressing sheet mills for deliveries.

Cleveland in March presented the most active pig iron market of the entire country and at least one producer is now solidly booked to July. This second quarter buying movement was accompanied by two 50-cent increases. In the Mahoning Valley the market has been gradually stiffening and supplies have been scarcer. Beehive coke has presented a confused market, gains of 25 cents being cancelled by similar losses the following week.

February steel ingot output of 3,725,577 tons compared with 3,806,888 tons in January and 3,801,776 tons last February. On a daily average basis this was 155,232 tons for February against 146,419 tons for January and 158,407 tons last February. February pig iron total was 2,940,823 tons compared with 3,101,346 tons in January and 2,923,850 tons last February. The comparison of daily averages is 105,029 tons for February, 100,043 tons for January and 104,423 tons for February, 1926. Freight car orders in January and February totaled 20,345 or 1380 under the same period of 1926.

In the last week of November, 1926, the Iron Trade Review composite of 14 leading iron and steel products began a decline that was not arrested until the second week in March. The index stood at \$38.50 when the slide began and came to rest at \$36.75. Due chiefly to the strength in pig iron, the index average for March was \$36.85 against \$36.97 for February and \$38.88 for March, 1926.

Coal

Storage buying by large industrial and railroad consumers has been steadily proceeding during the past month, in the face of a possible strike on April 1st. On February 1st, the report of the National Association of Purchasing Agents estimated the supply in consumers' hands sufficient to last 40 days, as compared with 30 last summer, and recent reports indicate a still further increase in stocks. The distribution of coal for 1927, up to about March 1st, as measured by car loadings, was almost 20 per cent larger than in the first two months of 1926. The large steel concerns in the Pittsburgh area are stated to be well supplied. Some of the retail dealers in the Fourth District are also fairly well stocked up, but others, who ordinarily move their coal out of the yards as rapidly as possible, are carrying only a normal supply, preferring to take their chances of obtaining their fall and winter supply later in the season.

In spite of storage buying, mine prices of bituminous coal have fallen steadily during the past few weeks. On January 21st, the Coal Age average price (spot, mine) was \$2.33 a ton; by the middle of March it had fallen to \$2.07, about the same as a year ago, but \$1.50 a ton less than the high point reached last November during the latter stages of the British strike.

The fall in prices may be traced in large part to the very heavy production since the first of the year. The output has been considerably ahead of the four preceding years, and although average daily production declined

somewhat during February, it rose again in the first week in March, contrary to the usual seasonal movement downward. With the exception of one week, the production curve has been consistently above preceding years since October 2nd, and has thus been sufficient to take care of the increase in storage stocks without a price advance.

In connection with a possible strike in the union fields in April, it is of interest to note the steady gain in the output of non-union fields during recent years. The Bureau of Mines' final production figures for January show that West Virginia and Kentucky, the states having the large non-union fields, produced 33 per cent of the country's soft coal, while four years ago, in January of 1923, they were responsible for only 23 per cent of the total. In the same period the combined output in Pennsylvania, Ohio and Illinois—centers of the union fields—showed an actual as well as a percentage decline. These three states together produced 45 per cent of the total in January, 1927, as compared with 53½ per cent four years earlier.

Rubber and Tires Akron tire manufacturers are very busy for this time of year. Public demand is stronger than a year ago, being aided by the open winter and the comparative stability of the price of rubber. The latter has advanced slightly during recent weeks, standing at 42 cents a pound on March 17th, as compared with 39 cents a month earlier. Stocks of casings and inner tubes in manufacturers' hands are still high, being considerably ahead of last year, but for January, the latest month available, they did not show the usual seasonal gain.

One manufacturer of hard rubber and mechanical goods reports that business in February and early March was poor, being far below normal.

Automobiles Conditions in this industry continue spotty. One large concern made new records in sales in both January and February, while others have been affected by very keen competition. A seasonal improvement in business took place in February and March; but production is still running considerably behind last year—16 per cent in the case of February, and 19 per cent for the first two months combined. Business is reported satisfactory in most sections of the country; in the South, however, it has been slow. Extremely mild weather throughout the East has aided early motoring.

Production of passenger cars and trucks again increased in February, the gain being somewhat larger than seasonal. In the five years 1923-1927 inclusive, February output averaged 19 per cent higher than that of January, while February of this year was 27 per cent higher. Actual production figures were: February—298,359; January, 234,142; February, 1926—357,470.

The irregularity of conditions in the automobile trade is brought out by earnings statements of 13 motor corporations for 1926 and 1925. Outside of the General Motors Corporation, only two firms showed a gain in 1926, the loss for the twelve combined being 21 per

cent. Net earnings (after deductions but before dividends) were as follows:

	1926	1925
	(In thousands of dollars)	
Chandler	\$ 401	\$ 944
Chrysler	15,449	17,126
Federal Truck	1,223	1,235
Hudson	5,373	21,379
Hupp	3,508	2,919
Jordan (before tax).....	87	433
Mack Truck	8,852	9,354
Nash	23,346	16,256
Paige	500	2,438
Pierce Arrow	1,268	1,630
Studebaker	13,042	16,620
White Truck	2,566	5,276
	<hr/>	<hr/>
	75,625	95,610
General Motors	176,085	106,485
	<hr/>	<hr/>
All	\$251,710	\$202,095

Clothing Retail clothing sales in this District in February increased substantially over a year ago, except in men's clothing. Manufacturers have also enjoyed fairly satisfactory business in both February and March, but returns from the wholesale branch of the industry continue disappointing, February sales falling materially behind the same month in 1926.

Makers of men's suits report a seasonal improvement in February and March, together with a gain over last year. Fall commitments are lagging. Men's underwear makers also state that present business is good, but that future orders are slow. Sales of knit goods are ahead of last year. There has been a consistent improvement in sales of women's dresses; demand from retailers has been active, and Easter requirements have begun to make themselves felt. In woolens and worsteds, conditions have not been so good, resulting from the pronounced slump in dress goods. Manufacturers report business in this department as being considerably under a year ago, and this is borne out by February sales of 46 retail firms in this District, which ran 17.8 per cent behind last year in woolen dress goods and 7.9 per cent behind in cotton dress goods.

Sales of 16 wholesale dry goods firms in the Fourth District in February were 10.1 per cent less than in 1926, and the first two months of 1927 were 11.3 per cent less than the same period of last year. Stocks on hand at the end of February were 22 per cent under a year ago, thus continuing the steady decline in wholesalers' stocks which has been in evidence for over three years. The stock turnover rate for February was .336, or a yearly rate of 4.03.

Reports from 46 retail firms for February indicate a gain over last year in nearly all the ready-to-wear lines. Material gains were in misses' ready-to-wear, 17.6 per cent; hosiery, 15.8; furs, 23.8; women's coats, 8.8; sweaters, 9.4; and petticoats, 9.2. Smaller increases were recorded in men's furnishings, women's dresses, juniors' and girls' ready-to-wear, silk underwear, waists and

blouses, knit underwear, infants' wear, and aprons and house dresses. The gains in sweaters and waists and blouses are particularly notable, since these lines have been running behind the preceding year quite consistently for some time. Men's clothing showed a loss of 10.6 per cent, and muslin underwear of 5.1 per cent.

Shoes The shoe trade improved somewhat in February, and manufacturers in Cincinnati report the volume of business in March as being equal to that of a year ago.

Wholesale shoe sales in this District in February increased 0.1 per cent over last year. Although the gain was practically negligible, the month compared favorably with January, which ran 12.5 per cent under last year.

Retail shoe sales were also comparatively better in February than in January. February sales of about 70 department and other retail stores were 5.3 per cent ahead of last year, while January showed a loss of 3.2 per cent.

Preliminary production figures for February for this District indicate a gain of 16 per cent over January. Final figures for January were about 6 per cent under those of December.

Paint Exceptionally mild weather in both February and March has stimulated outdoor painting, resulting in a seasonal increase in business somewhat earlier than usual in this branch of the trade. Some manufacturers report an improvement over last year which is more than seasonal, but in one or two cases business is stated to be only about equal to that of a year ago. On the whole, the early part of March made a relatively better showing as compared with the same period in 1926 than did February, and February in turn showed up better than January. Automobile buying was light in December and January, but with increased production the demand from this industry has strengthened. Competition is keen, but manufacturers are satisfied with the present outlook. Prices are mostly steady.

General Manufacturing Most lines of manufacture are doing a fair amount of business although very few are up to the level of a year ago. February and March have brought a seasonal improvement in certain trades.

The electrical supply industry is running slightly behind last year, and has not shown any real improvement over January. In agricultural implements, a seasonal upswing is reported, and business is about equal to last year in the majority of cases. Some betterment has taken place in the paper trade during recent months; this has continued during March insofar as the volume of business is concerned, although prices are below those of a year ago. Conditions in the stove trade are no better than a month ago, operations being behind 1926. Various other industries are showing only a seasonal gain, in general.

Agriculture Farmers have made fairly good headway in disposing of their 1926 grain crops, and enter the new crop year with smaller reserves on farms than were held a year ago, with the exception of wheat. The Fourth District farmers have a materially larger supply of wheat on hand than last year, which is in keeping with the United States estimate, and is due to the larger crop in 1926 as compared with 1925, and also to the fact that some farmers are holding crops for higher prices. On the other hand the amount of corn held is about four per cent lower than last year. This is probably due to the relatively poor crop harvested in 1926, which was only 74 per cent salable as compared with 83 per cent a year ago. It is estimated that 20 per cent of the potato crop is still in the farmers' hands, as compared with 23, 28, 36 and 32 per cent, the estimates for the preceding four years. The amount of oats, barley and rye stocks still on hand is about three per cent lower than last year.

According to the United States Department of Agriculture's Survey, the average value of farm lands for the United States has decreased 29 per cent since 1920. The Fourth District shows up rather well when compared with this figure, the decreases being as follows: Ohio—22.5 per cent; Pennsylvania—4.4 per cent; West Virginia—7.6 per cent, and Kentucky—29.5 per cent. The decline has been less severe in this District, partly because the prices of dairy, poultry and vegetable products, of considerable importance in this region, remained at the highest level of all farm products during the depression.

Tobacco With the selling season nearing its close, total auction sales of Kentucky burley tobacco for the current season up to March 1st, amounted to 166,281,000 pounds, at an average of a little over 13 cents a pound. Of this total, the Burley Tobacco Growers Association sold 83,780,000 pounds at an average of around 13½ cents a pound. Prices weakened rather noticeably in February and early March, the February average for all sales being \$12.38 per hundred pounds, as compared with \$13.76 in January. Some observers attribute a large part of this price decline to the poorer grades of tobacco now being brought in by the farmers, this being in accordance with the usual custom of selling the best tobacco first and holding back the less desirable tobacco until the latter part of the selling season.

The price depression in the Kentucky burley region, where prices are 30 per cent or more below the 1923-1925 levels, has made the season disappointing to the farmers. But even so, the situation is distinctly better than in the dark tobacco regions of Western Kentucky, Tennessee and Virginia, where the Green River type is selling at 7½ cents a pound, one sucker type at 6 cents, and the dark fired types at correspondingly low quotations. In the bright leaf sections of the Carolinas and Georgia, however, a strong and growing demand has resulted in good prices, in some cases as high as 30 cents a pound.

Building

For the first time in eleven months, the value of building permits in the United States during February was greater

than for the corresponding month in the previous year, according to Bradstreet's. Permits in 162 cities totaled \$244,119,521, a gain of 6.6 per cent over February, 1926. A large increase in New York City, coupled with material gains in New England, and Chicago and Detroit in the midwest, more than offset losses in the southern and western parts of the country.

Contracts awarded in 37 Eastern states as reported by the Dodge Corporation were slightly lower in February than a year ago, the figures being \$393,582,500 and \$407,899,800 respectively. February awards were about 98 per cent of normal, or slightly better than January. Contemplated projects, however, compared unfavorably with both January, 1927, and February, 1926, being some 27 per cent under the latter month. The first two months of 1927 were 10 per cent behind 1926 in total contracts awarded, but 25 per cent ahead of 1925.

In the Fourth District, permit valuation in 27 cities in February was 9.4 per cent greater than a year ago. Substantial gains occurred in Akron, Columbus, Dayton, Erie, Lima, Newark, Wheeling, Youngstown, and some of Cleveland's suburbs, while the largest declines took place in Canton, Covington, Hamilton, Lexington, and three of Cleveland's suburbs. Contracts awarded in Ohio, West Virginia, Kentucky, and Western Pennsylvania aggregated \$55,409,100, a gain of 20 per cent over a year ago. Awards for iron and steel plants were in the lead, with \$13,373,000 followed by dwellings, house developments, highways, apartments, and offices in the order named.

Building Operations

	February, 1927 (Valuation of Permits)		Jan.-Feb. 1927	Jan.-Feb. 1926	% change from 1926
	1927	% change from 1926			
Akron.....	1,203,606	+25.3	3,788,038	1,424,028	+166.0
Ashtabula.....	35,175	-10.4	90,195	47,855	+88.5
Barberton.....	36,620	-22.2	43,171	65,229	-33.8
Canton.....	262,193	-26.1	468,388	553,435	-15.4
Cincinnati.....	1,142,400	+0.02	3,020,545	2,297,170	+31.5
Cleveland.....	2,668,475	-8.1	4,120,100	5,726,925	-28.1
suburbs:					
Cleve. Heights.....	390,532	-47.6	584,632	1,078,650	-45.8
East Cleveland.....	53,506	+109.9	115,636	154,871	-25.3
Euclid.....	78,630	-16.4	151,325	223,965	-32.4
Garfield Heights.....	73,400	-36.6	149,900	254,300	-41.1
Lakewood.....	110,436	-34.1	144,483	400,175	-63.9
Parma.....	161,296	+170.2	361,316	135,035	+167.6
Rocky River.....	202,380	+1087.0	274,005	47,700	+474.4
Shaker Heights.....	551,100	+37.3	1,074,600	633,340	+69.7
Columbus.....	1,788,700	+49.8	2,798,000	2,197,700	+27.3
Covington, Ky.....	82,000	-30.3	135,400	170,900	-20.8
Dayton.....	764,798	+102.9	1,164,288	747,724	+55.7
Erie, Pa.....	178,249	+31.4	414,884	256,705	+61.6
Hamilton.....	82,960	-47.1	133,234	256,641	-48.1
Lexington, Ky.....	151,170	-72.0	321,745	439,694	-26.8
Lima.....	27,407	+33.3	41,781	484,940	-91.4
Newark.....	18,200	+76.7	32,100	15,300	+109.8
Pittsburgh, Pa.....	2,032,197	-4.9	5,400,400	5,928,626	-8.9
Springfield.....	54,690	+15.1	117,290	106,205	+10.4
Toledo.....	665,854	-9.0	1,223,611	1,142,832	+7.1
Wheeling, W. Va.....	347,273	+431.7	423,947	130,403	+225.1
Youngstown.....	466,350	+54.4	692,700	1,319,405	-47.5
Totals.....	13,629,597	+9.4	27,285,714	26,239,753	+4.0

Building Materials

The lumber trade in this District is rather sluggish. Business is not up to last year, and although some seasonal improvement over January is reported, manufacturers and dealers are not particularly optimistic over the outlook. The winter months proved unusually dull for some con-

cerns, and the effects of that condition have not worn off as yet. Restricted buying continues: collections are dull; and more renewals are being requested. One firm reports a distinct slowing up in exports, particularly to England. Prices of softwoods strengthened slightly in March.

Cement production in Ohio, West Virginia and Western Pennsylvania in February was 865,000 barrels, as against 739,000 a year ago. For the United States, stocks were at a record level at the end of the month in spite of the fact that shipments during February were 16 per cent more than last year, while production decreased 5 per cent.

The Aberthaw index of industrial building costs declined another point to 193 on March 1st, this being the lowest in four years. The variation in costs during that time, however, has been small, the index ranging from 193 to 208.

Retail Trade

Sales of 64 department stores in this District in February increased 0.4 per cent over a year ago, and sales of 19 wearing apparel firms increased 12.3 per cent. In department store sales, all reporting cities registered gains except Cleveland, Pittsburgh, and Wheeling. For the first two months of 1927, sales for the District were 0.2 per cent less than in 1926. Stocks on hand at the end of February were 10 per cent larger than January, and also slightly larger than a year ago. The monthly stock turnover rate for February was .239, or 2.87 times a year.

Twenty-seven out of 52 separate departments showed an increase in sales over February of last year, according to reports from 72 retail firms. The clothing lines showed up well, and material gains also occurred in silverware, jewelry, umbrellas, and millinery. Yard goods suffered sizeable losses, as has been the case for months. Considerable declines also took place in art goods, men's clothing, lamps and shades, and musical instruments.

Percentage changes in the most important departments were as follows:

	% Gain or Loss over Feb. 1925
Silks and Velvets	-9.1
Woolen and Cotton Dress Goods	-11.1
Men's Clothing	-9.6
Men's Furnishings	+1.9
Boys' Wear	-1.9
Women's Coats	+6.5
Women's Dresses	+7.7
Misses' Ready-to-Wear	+16.3
Furs	+17.5
Juniors' Ready-to-Wear	+5.9
Gloves	-4.2
Millinery	+15.2
Hosiery	+14.1
Shoes	+5.3
Furniture	-2.8
Draperies	+5.7
Floor Coverings	-3.4
House Furnishings	-5.0

Wholesale Trade This bank's index number of sales of 100 wholesale firms in this District (1919-1923=100) stood at 75.5 in February, the lowest for any February in the past seven years except in 1922. Successive declines in this month have taken place since 1924, when the February index reached its highest point in the seven-year period—89.6.

Drug sales gained 2.9 per cent over a year ago in February, and this is the only line to show a gain over 1926 for the first two months combined. The drug sales index was 106 in February, the third highest February for the seven years 1921-1927 inclusive.

Shoe sales increased 0.1 per cent over February of a year ago, but showed a loss of 5.9 per cent for the first two months combined. The February shoe index was 63, higher than any preceding year except 1919 and 1923.

The slump in dry goods sales continued in February, the index of 67 being 10 per cent under last year and the lowest for any of the past seven years.

Grocery sales decreased 5.8 per cent from February, 1926. The February index of 69 was the lowest of any year except 1920.

Hardware sales were 3 per cent less than a year ago, and the February index of 92 was the lowest except in 1919 and 1920.

The monthly stock turnover rate in groceries was .446 in February or 5.35 annually as compared with 5.53 in January; and in dry goods was .336 or 4.03 annually, as compared with 3.53 in January.

Corporation Earnings The year 1926 established a new high record for the earnings of industrial corporations in the United States. The net earnings in dollars (after all deductions, but before dividends) of 340 companies in 18 groups amounted to more than a billion and three quarters, representing a gain of 11.5 per cent over 1925, the previous record year. Twelve of the 18 groups shared in this gain.

The greatest percentage gain—225.4 per cent—took place in the coal group, but the actual increase was relatively small. The majority of coal concerns, particularly in the non-union fields, were able to make a distinctly better showing, profiting by the high prices during the British strike. The railroad equipment companies came back strongly after a rather unprofitable year in 1925, their increase being 52 per cent. The third best showing was made by the chemical concerns; all eleven of these showed an increase, the gain for the group being 40 per cent.

The three largest groups in total net earnings—motor, oil, and steel—all reported an increase. In the motor group, the gain of 24.6 per cent was entirely due to General Motors, the other 12 concerns combined showing a decline. In steels, the United States Steel Corpora-

tion gained 28.7 per cent, and 25 other companies gained 29.6 per cent. More than two-thirds of the oil group experienced an improvement in 1926. The group increase was 9 per cent. The total net earnings in both the motor and oil groups attained a new record in 1926.

Earnings in the tobacco group have increased steadily since 1919, and showed a further gain of 8.1 per cent in 1926. The mining group made a gain of 15 per cent; food and packing, 8 per cent; office equipment, 2.8 per cent; stores and mail order, 5.1 per cent; and miscellaneous, 5 per cent.

The largest decrease in the six groups whose net earnings were less than in 1925 took place in the rubber industry. This group had a very good year in 1925, earnings increasing nearly 100 per cent over 1924 and attaining the highest figure since 1919. The violent price slump early in 1926, however, played havoc with the trade, and nine out of the ten firms represented suffered a loss, the group decline being 52.6 per cent. The automobile accessory companies were naturally affected by the falling-off in earnings of most of the automobile manufacturers, and the group showed a loss of 18.8 per cent. Sugars were affected by the large surplus of world stocks and the extremely low prices resulting, and although the situation improved during the latter months of 1926, a number of concerns close their books on September 30, and the year showed even smaller earnings than 1925, which was also a poor year. A marked decline of 42.7 per cent occurred in the textile and clothing group, which in certain sections of the country has been seriously depressed for some time. The shoe and leather group showed a loss of 12.7 per cent, and the building supply group one of 1.2 per cent.

The following table gives detailed statistics by groups:

NET EARNINGS OF INDUSTRIAL CORPORATIONS, 1926 AND 1925
(After all deductions, but before dividends)
(In thousands of dollars)

	No. Firms	Gain*	Loss**	Net Earnings 1926	Net Earnings 1925	Per cent Gain or Loss
Auto Accessories	18	4	14	\$37,066	\$45,672	- 18.8
Building	15	8	7	61,527	62,258	- 1.2
Chemical	11	11	0	112,973	80,650	+ 40.1
Coal	9	6	3	7,507	2,307	+225.4
Equipment	15	11	4	56,708	37,314	+ 52.0
Food and Packing	28	19	9	154,000	142,530	+ 8.0
Mining	14	7	7	73,237	63,662	+ 15.0
Motor						
Gen. Motors	1	1	0	176,085	106,485	+ 65.4
All Other	12	2	10	75,625	95,610	- 20.9
Total	13	3	10	251,710	202,095	+ 24.6
Office Equipment	6	5	1	4,782	4,652	+ 2.8
Oil	38	27	11	354,483	325,357	+ 9.0
Rubber	10	1	9	24,783	52,244	- 52.6
Shoe and Leather	7	2	5	16,482	18,873	- 12.7
Steel						
U. S. Steel	1	1	0	116,583	90,603	+ 28.7
All Other	25	18	7	103,092	79,531	+ 29.6
Total	26	19	7	219,676	170,134	+ 29.1
Sugar	9	4	5	5,991	7,327	- 18.2
Stores and Mail Order	20	14	6	111,418	106,038	+ 5.1
Textiles and Clothing	16	7	9	7,055	12,313	- 42.7
Tobacco	14	11	3	87,622	90,304	+ 8.0
Miscellaneous	71	47	24	163,156	155,362	+ 5.1
All	340	206	134	1,760,175	1,579,092	+ 11.5

*Number of concerns showing gains in 1926 as compared with 1925.

**Number of concerns showing losses in 1926 as compared with 1925.

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

		February 1927	February 1926	% change	Jan.-Feb. 1927	Jan.-Feb. 1926	% change
Bank Debts (23 cities)	Millions of dollars	2,886	2,598	+11.1	6,291	5,900	+6.6
Savings Deposits (end of month)							
Ohio (43 banks)	Thous. of dollars	683,719	645,572	+6.8	681,086 ¹	640,113 ¹	+6.4
Western Pennsylvania (27 banks)	" " "	249,375	237,151	+5.2	248,570 ¹	235,628 ¹	+5.5
Total (70 banks)	" " "	933,094	882,723	+6.4	929,656 ¹	875,740 ¹	+6.2
Commercial Failures—Number	Actual Number	162	188	-13.8	382	432	-11.6
" " —Liabilities	Thous. of dollars	3,494	3,967	-11.9	6,543	9,548	-31.5
Postal Receipts—9 cities	" " "	2,955	2,859	+3.4	6,009	5,743	+4.6
Sales—Life Insurance—Ohio and Pa.	" " "	97,817	88,905	+10.0	183,758	165,097	+11.3
" —Dept. Stores—(50 firms)	" " "	19,514	19,616	-0.5	39,262	39,719	-1.2
" —Wholesale Grocery (51 firms)	" " "	5,782	6,170	-6.3	11,770	12,582	-6.5
" " Dry Goods —(16 ")	" " "	2,826	3,142	-10.1	5,156	5,811	-11.3
" " Hardware —(16 ")	" " "	1,861	1,920	-3.0	3,608	3,665	-1.6
" " Drugs —(15 ")	" " "	1,685	1,637	+2.9	3,528	3,389	+4.1
Building Permits, Valuation—27 cities	" " "	13,630	12,457	+9.4	27,286	26,240	+4.0
Production — Pig Iron, U. S.	Thous. of Tons	2,938	2,923	+0.5	6,038	6,239	-3.2
" — Steel Ingots, U. S.	" " "	3,726	3,802	-2.0	7,533	7,952	-5.3
" — Automobiles, U. S.							
Passenger Cars	Actual Number	260,330	319,763	-18.6	457,303	592,685	-22.8
Trucks	" " "	38,029	37,608	+1.1	75,198	67,427	+11.5
" — Bituminous Coal, 4th Dist.	Thous. of Tons	22,912 ²	22,552 ²	+1.6 ²	22,912 ²	22,552 ²	+1.6 ²
" — Cement: Ohio, W. Va., Wn. Pa.	" " barrels	865	739	+17.1	1,392	1,262	+10.3
" — Petroleum: Ohio, Pa., Ky.	" " "	1,809 ²	1,714 ²	+5.5 ²	1,809 ²	1,714 ²	+5.5
" — Shoes, 4th Dist.	" " pairs	"	"	+1.7 ²	"	"	+1.7 ²
" — Tires, U. S.	" " casings	3,766 ²	3,498 ²	+7.7 ²	3,766 ²	3,498 ²	+7.7 ²
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	0	0	...	0	1	-100.0
Iron Ore Receipts (at Lake Erie ports)	" " "	0	0	...	0	0

¹ 2 months' average

² January

³ Figures Confidential

Index Numbers of Trade in the Fourth Federal Reserve District

(Average Monthly Sales for the Five-Year Period 1919-1923 inc. = 100)

	Feb. 1923	Feb. 1924	Feb. 1925	Feb. 1926	Feb. 1927
Department Stores (50)*	83	97	91	91	90
Wholesale Drugs (15)*	109	107	102	104	106
Wholesale Dry Goods (15)*	96	71	78	75	67
Wholesale Groceries (51)*	76	83	73	72	69
Wholesale Hardware (15)*	97	99	101	95	92
Wholesale Shoes (5)*	66	61	55	60	63
Wholesale—All (101)*	87	90	80	78	75
Chain Drugs (3)*†	96	96	93	98	93

* Number of firms.

† Per individual unit operated.

Debts to Individual Accounts

(In thousands of dollars)

	4 weeks ending Mar. 16, 1927	% change from 1926	1927 to date (Dec. 30 to Feb. 16)	1926 to date (Dec. 31 to Feb. 17)	% change from 1926
Akron	83,046	+1.4	226,053	234,979	-3.8
Butler, Pa.	10,047	+15.4	28,952	27,690	+4.6
Canton	42,072	+6.8	120,634	123,076	-2.0
Cincinnati	351,706	+7.6	1,018,863	1,015,988	+0.3
Cleveland	690,187	+13.1	2,081,081	1,872,826	+11.1
Columbus	143,865	+10.7	441,166	394,428	+11.8
Connellsville, Pa.	4,817	+8.5	13,442	12,683	+6.0
Dayton	85,564	+4.6	245,009	227,220	+7.8
Erie, Pa.	32,775	+10.0	90,019	87,362	+3.0
Greensburg, Pa.	20,775	+4.7	56,252	57,380	+2.0
Homestead, Pa.	3,887	+5.3	10,793	10,571	+2.1
Lexington, Ky.	27,012	+1.3	82,649	77,319	+6.9
Lima	12,307	-9.9	38,301	39,817	-3.8
Lorain	4,866	+4.3	13,720	13,809	-0.6
Middletown	9,671	-3.1	27,974	29,059	-3.7
Oil City, Pa.	16,993	+45.3	42,120	34,263	+22.9
Pittsburgh	1,095,926	+13.2	2,754,984	2,498,475	+10.3
Springfield	23,666	+11.1	62,924	63,483	-0.9
Steubenville	10,629	+11.1	28,057	27,569	+1.8
Toledo	201,114	+4.3	579,635	567,633	+2.1
Warren	12,008	-1.4	34,730	34,701	+0.1
Wheeling, W. Va.	40,854	-4.6	117,363	134,370	-12.7
Youngstown	64,477	+13.3	193,474	171,009	+13.1
Zanesville	10,903	-1.8	31,524	32,211	-2.1
Total	2,909,167	+10.2	8,339,719	7,787,921	+7.1

Retail and Wholesale Trade

	No. of Reports	Percentage Increase or Decrease SALES	
		February, 1927 compared with February, 1926	Jan.-Feb. 1927 compared with Jan.-Feb. 1926
DEPARTMENT STORES			
Akron	5	+1.1	+1.0
Cincinnati	7	+1.6	+0.9
Cleveland	6	-0.7	-1.2
Columbus	7	+18.9	+13.7
Dayton	3	+7.9	+8.0
Pittsburgh	7	-3.9	+4.6
Toledo	4	+4.3	+7.6
Wheeling	5	-3.1	-2.4
Youngstown	3	+8.2	+5.1
Other Cities	17	+2.1	+1.5
District	64	+0.4	-0.2
WEARING APPAREL			
Cincinnati	6	+13.9	+10.1
Cleveland	3	+8.8	+1.8
Other Cities	10	+14.5	+5.8
District	19	+12.3	+5.8
FURNITURE			
Canton	3	-29.6
Cincinnati	11	-10.8
Cleveland	8	+16.7
Columbus	15	-6.4
Dayton	5	-5.4
Toledo	6	-22.5
Other Cities	9	+0.6
District	57	-1.7
CHAIN STORES*			
Drugs—District	3	-5.2	-3.4
Groceries—District	5	-7.0	-7.2
WHOLESALE GROCERIES			
Akron	3	-12.6	-12.9
Cincinnati	3	+3.3	+4.2
Cleveland	4	-2.8	-5.2
Erie	4	-7.5	-7.9
Pittsburgh	8	-10.5	-6.8
Toledo	3	-7.3	-6.3
Other Cities	27	-6.3	-5.9
District	52	-5.8	-5.7
WHOLESALE DRY GOODS			
	16	-10.1	-11.3
WHOLESALE DRUGS			
	15	+2.9	+4.1
WHOLESALE HARDWARE			
	16	-3.0	-1.6
WHOLESALE SHOES			
	5	+0.1	-5.9

* Sales per individual unit operated.

Summary of National Business Conditions

By the Federal Reserve Board

Industrial output increased further in February and was slightly larger than a year ago and distribution of commodities by the railroads was larger than for the corresponding period of any previous year. The general level of wholesale prices continued to decline and was in February at the lowest level since the summer of 1924.

Production

Production of manufactures increased in February for the second consecutive month and the output of minerals, after declining in January, advanced once more in February to the record level reached last December. Factory production and employment, however, continued smaller than during the corresponding month of last year. Production of iron and steel has increased steadily since December, and reports indicate that operations of steel mills in March were at almost the same high rate as in March, 1926. Automobile production increased from 234,000 cars in January to 298,000 in February, and weekly figures of employment in Detroit factories indicate some further additions to production in March, but output has continued much smaller than a year ago. Daily average consumption of cotton by mills in February is larger than in any previous month on record, but activity of woolen and silk mills decreased as compared with January. Production of bituminous coal has been maintained in large volume, while that of anthracite has been considerably reduced. The output of building materials was smaller during the first two months of this year than in the corresponding period of 1926. The value of building contracts awarded in February was 3 per cent smaller than in the same month of last year, but awards for the first three weeks in March were in approximately the same volume as in 1926. Contracts in Southeastern and Northwestern states have been considerably smaller than a year ago, while those in the central west have been much larger.

Trade

Retail trade showed less than the usual seasonal decline between January and February. Sales of department and chain stores were larger than in February of last year, while those of mail order houses were smaller. Wholesale firms reported a smaller volume of business in February than a year ago, and this decline occurred in nearly all leading lines. Inventories of department stores increased in February in anticipation of the usual expansion in spring trade, but the growth was less than is customary at this season and at the end of the month stocks were slightly smaller than a year ago. Stocks of merchandise carried by wholesale firms also increased in February, but they were generally smaller than in the corresponding month of last year.

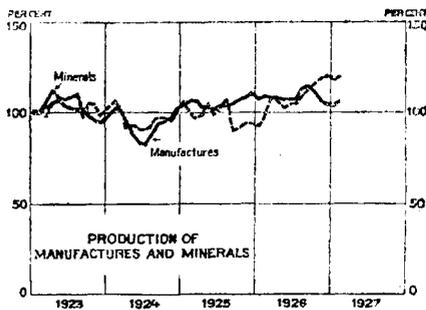
Railroad shipments of commodities have increased steadily since January by more than the usual seasonal amount and have exceeded those for the same period last year, owing to larger shipments of coal, of miscellaneous commodities, and of merchandise in less than carload lots.

Prices

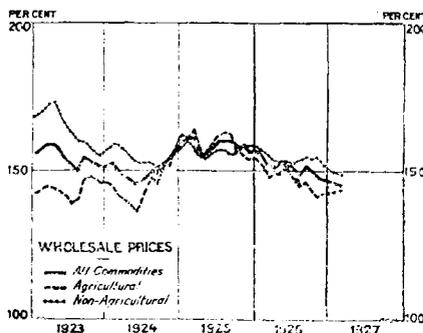
Wholesale prices, according to the index of the Bureau of Labor Statistics, continued to decline in February. Among non-agricultural products, decreases occurred in the prices of coal, petroleum, iron and steel, non-ferrous metals and lumber, and the index for non-agricultural prices as a group was at the lowest postwar level. Prices of livestock and livestock products and of clothing materials advanced in February. During the first three weeks of March there were decreases in prices of grains, livestock, sugar, silk, wool, coal, petroleum and gasoline, while prices of potatoes, pig iron, hides, and rubber advanced.

Bank Credit

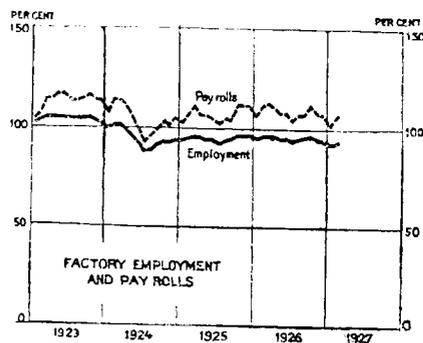
Demand for commercial credit at member banks in leading cities increased seasonally between the middle of February and the middle of March. There was also growth in the volume of funds used in the security market as indicated by increases in loans to brokers.



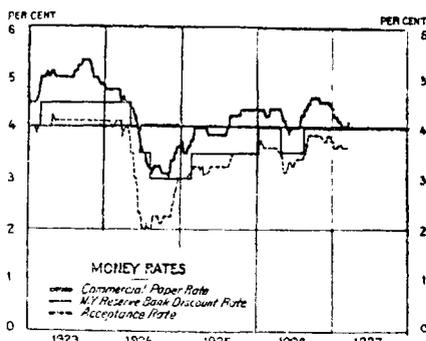
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 = 100). Latest figure: February—manufactures, 106; minerals, 120.



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figures: February—all commodities, 146.4; non-agricultural, 148.3; agricultural, 143.8.



Federal Reserve Board's indexes of factory employment and payrolls (1919 = 100). Latest figures: February—employment, 93.7; payrolls, 108.5.



Weekly rates in New York money market: commercial paper rate on 4 to 6 months' paper; and acceptance rate on 90-day paper.