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Federal Reserve Bank of Cleveland

1926

TWELFTH ANNUAL REPORT
TO THE
FEDERAL RESERVE BOARD

ANNUAL REPORT
of the
Federal Reserve Agent
of the
**Fourth Federal
Reserve District**
to the
Federal Reserve Board

Covering Operations
for the
Calendar Year
1926

FEDERAL RESERVE BANK OF CLEVELAND

ANNUAL REPORT

FEDERAL RESERVE BANK

Fourth Federal
Reserve District

Operating Statement

for the

Calendar Year

FEDERAL RESERVE BANK OF ST. LOUIS

LETTER OF TRANSMITTAL

February 10, 1927.

SIR:

I have the honor to transmit to you herewith the twelfth annual report of the Federal Reserve Bank of Cleveland, covering operations for the calendar year 1926.

Respectfully,
GEORGE DECAMP,
Federal Reserve Agent.

HON. D. R. CRISSINGER, *Governor,*
Federal Reserve Board,
Washington, D. C.

LETTER OF TRANSMITTAL

TO THE BOARD OF DIRECTORS
OF THE FEDERAL RESERVE BANK OF ST. LOUIS
FROM THE ST. LOUIS OFFICE
DATE

Directors and Officers, 1927

DIRECTORS

CLASS A

O. N. SAMS, Hillsboro, Ohio, 1927
CHESS LAMBERTON, Franklin, Pa., 1928
ROBERT WARDROP, Pittsburgh, Pa., 1929

CLASS B

JOHN STAMBAUGH, Youngstown, Ohio, 1927
R. P. WRIGHT, Erie, Pa., 1928
G. D. CRABBS, Cincinnati, Ohio, 1929

CLASS C

W. W. KNIGHT, Toledo, Ohio, 1927
L. B. WILLIAMS (Deputy Chairman), Cleveland, Ohio, 1928
GEO. DECAMP (Chairman), Cleveland, Ohio, 1929

OFFICERS

GEO. DECAMP, Chairman of the Board
and Federal Reserve Agent

W. H. FLETCHER, Assistant Federal
Reserve Agent and Manager, Ex-
amination Department

J. B. ANDERSON, Assistant Federal
Reserve Agent and Manager, Sta-
tistical Department

F. V. GRAYSON, Auditor

E. R. FANCHER, Governor
M. J. FLEMING, Deputy Governor
F. J. ZURLINDEN, Deputy Governor
H. F. STRATER, Cashier and Secretary
W. F. TAYLOR, Assistant Cashier
C. W. ARNOLD, Assistant Cashier
G. H. WAGNER, Assistant, Cashier
D. B. CLOUSER, Assistant Cashier
C. L. BICKFORD, Assistant Cashier
G. A. STEPHENSON, Manager, Depart-
ment of Bank Relations

CINCINNATI BRANCH

DIRECTORS

CHAS. W. DUPUIS
FRED A. GEIER
B. H. KROGER
E. S. LEE
C. F. MCCOMBS
JOHN OMWAKE
GEO. M. VERITY

OFFICERS

C. F. MCCOMBS, Managing Director
B. J. LAZAR, Cashier
H. N. OTT, Assistant Cashier
BRUCE KENNELLY, Assistant Cashier

PITTSBURGH BRANCH

DIRECTORS

A. E. BRAUN
CHARLES W. BROWN
J. R. EISAMAN
A. L. HUMPHREY
R. B. MELLON
JOSEPH R. NAYLOR
J. C. NEVIN

OFFICERS

J. C. NEVIN, Managing Director
T. C. GRIGGS, Cashier
P. A. BROWN, Assistant Cashier
F. E. COBUN, Assistant Cashier
T. M. JONES, Assistant Federal
Reserve Agent

Director and Officers

BOARD OF DIRECTORS

W. H. BROWN, President
J. H. BROWN, Vice President
J. H. BROWN, Secretary
J. H. BROWN, Treasurer
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director

OFFICERS

W. H. BROWN, President
J. H. BROWN, Vice President
J. H. BROWN, Secretary
J. H. BROWN, Treasurer
J. H. BROWN, Director
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J. H. BROWN, Director

CINCINNATI BRANCH

W. H. BROWN, President
J. H. BROWN, Vice President
J. H. BROWN, Secretary
J. H. BROWN, Treasurer
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director
J. H. BROWN, Director

ST. LOUIS BRANCH

W. H. BROWN, President
J. H. BROWN, Vice President
J. H. BROWN, Secretary
J. H. BROWN, Treasurer
J. H. BROWN, Director
J. H. BROWN, Director
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J. H. BROWN, Director

TWELFTH ANNUAL REPORT FEDERAL RESERVE BANK OF CLEVELAND

Despite a considerable degree of irregularity in certain of the significant items in the condition reports of both the Federal Reserve Bank of Cleveland and the member banks in this district, the year 1926 has been one of relative stability. Gold reserves and bills discounted have been subject to wide and somewhat violent fluctuations, while the movements of deposits in member banks, both demand and time, have exhibited somewhat unusual characteristics.

The demand for accommodations at the Federal Reserve Bank of Cleveland was normal during the first nine months of the year, following which, partly to offset heavy withdrawals at member banks, there occurred a sharp increase in the volume of bills discounted. From a low point of \$30,000,000 in late July, discounts rose to approximately \$100,000,000 in late December. The increase was particularly noticeable in the months of October and December. The peak reached in the latter month was the highest since early in the year 1922 with the exception of one point in December, 1925.

Quite contrary to the experience of this bank in previous years, there was a sharp decline in gold reserves between March and June, followed by an almost equally sharp recovery in the following two months. From this point on there was an almost continuous decline for the balance of the year, apparently caused by an unusual excess of transfers of funds out of the district which accounts in part for the sharp increase in discounts that occurred in the late months of the year. (Chart I.)

RESULTS OF OPERATIONS

The seasonal reduction in borrowings at the Federal Reserve Bank of Cleveland which occurred in the first two months of the year was much sharper than that of any previous year since 1922, discounts falling from \$71,000,000 in early January to \$38,000,000 in early February. The customary spring demand carried discounts nearly to the \$70,000,000 mark in March, after which a practically continuous decline set in, culminating in a low of \$30,000,000 in late July. From this point on, they increase seasonally to a high point of \$100,000,000 on December 22.

Holdings of bankers acceptances showed a continuous increase throughout the year, from \$5,000,000 in January to a peak

of \$36,000,000 in December. The movement in this particular item was almost exactly the reverse of that of the previous year, in which the high point was reached in early January and the low in late December.

Total bills and securities fluctuated within a somewhat wide range, from a low of \$87,000,000 in early February to a high of more than \$170,000,000 in late December.

The reserve ratio fluctuated within a narrow range throughout the year until early October, when, following the increase in discounts, it dropped rather sharply from about 75 per cent to a low of 61 per cent in December.

The discount rate of this bank for all classes of paper and for all maturities remained unchanged at 4 per cent throughout the year.

The tabulation below gives in comparative form a statement of the various classes of rediscounts and loans in 1925 and 1926. More detailed statistics concerning the activities of the discount and other departments of this bank may be found in the Annual Report of the Federal Reserve Board.

Comparison of various classes of rediscounts and loans—1926 and 1925
(Amounts in thousands)

	1926	1925
Secured by U. S. Government obligations.....	\$3,052,549	\$2,426,270
Commercial and industrial.....	643,451	720,129
Bankers' acceptances.....	-----	5
Trade acceptances.....	4,723	7,826
Agricultural and live stock.....	3,655	4,480
Demand and sight drafts.....	-----	108
Total.....	\$3,704,378	\$3,158,818

MEMBER BANK CREDIT

The outstanding feature of credits extended by member banks is a continuation of the quite marked increase in loans secured by stocks and bonds which occurred in the year 1925. At the close of the year under review, this figure for 74 reporting member banks in the Fourth Federal Reserve District was approximately \$155,000,000 in excess of January, 1925. This has not been accompanied by a corresponding increase in commercial loans, which in the same period increased approximately \$80,000,000. Investments of these same banks have been slightly reduced, so that of the increase of approximately \$235,000,000 in total loans, discounts, and investments of reporting member banks in the principal cities of this district, approximately two-thirds is accounted for by the increase in collateral loans.

Demand deposits in reporting member banks in this district, after remaining unchanged for a period of about twenty months, showed a quite sharp increase (about \$70,000,000) from April

to August of 1926. At this point occurred a gradual decrease carrying the total at the end of the year to approximately the previous level.

Time deposits show a much sharper increase in the first seven months of the year from a low point of \$748,000,000 in January to a high of \$836,000,000 in July, which was followed by a slight but almost continuous decline to the end of the year. This latter movement is contrary to that which occurred in the United States as a whole, where time deposits show a continuous but moderate increase throughout the year.

EARNINGS AND EXPENSES OF MEMBER BANKS

An analysis of earnings and expenses of Fourth District member banks for the years ended June 30, 1925 and 1926, shows a rather sizeable increase in the percentage of losses, and a substantial decrease in the percentage of earnings carried to undivided profits. Salaries and wages are practically unchanged, while interest on borrowed money shows an increase of approximately 50 per cent. Interest paid to depositors consumes 51.3 per cent of expenses, this figure remaining unchanged from that of the year before.

A distribution of losses shows a very decided increase in the percentage losses on loans, the figures being 45.4 per cent of total losses for 1925 and 58.2 per cent for 1926. The percentage loss on securities was reduced from 33 to 25.3 in 1926. "Other" losses show a decrease from 21.6 to 16.5. For the fiscal year ended June 30, 1926, the distribution of gross income was as follows:

Expenses	71.5 per cent
Losses	7.9 per cent
Dividends	13.6 per cent
Undivided Profits.....	7.0 per cent

Chart II shows in graphic form the distribution of income and the distribution of expenses and losses for the year.

MOVEMENT OF MEMBERSHIP

During the year under review there were admitted to membership in the System from this district seven new banks, six of them national banks and one a state bank. One of the national banks thus admitted merged with another national bank within two months of being admitted.

Withdrawals from membership numbered twelve, seven national banks and five state banks being affected. Of these twelve withdrawals, two, both national banks, were voluntary liquidations, and three, all state banks, were voluntary withdrawals.

The seven remaining withdrawals are accounted for by mergers with existing institutions. One state bank was absorbed by a na-

tional bank while a second state bank merged with another state bank member. Three national banks merged with other national banks, while two other national banks merged with non-member state banks.

The total number of members in this district on December 31, 1926 was 858, of which 746 were national and 112 were state banks. This compared with 863 members on December 31, 1925, of which 747 were national and 116 state bank members.

The total resources of the new state bank and the six new national banks at date of admission approximated \$8,000,000. The capital stock of this bank on December 31, 1926 was \$13,-617,750 as compared with \$13,175,800 a year ago and the surplus account totaled \$23,745,855 on December 31, 1926 as compared with \$22,893,598 on December 31, 1925. Member bank reserves have increased nearly 6.5 million in the same period.

Fourth District members

	Dec. 31, 1925	Withdrawn	Admitted	Dec. 31, 1926
National banks.....	747	7	6	746
State banks.....	116	5	1	112
Total membership.....	863	12	7	858

RELATIONS WITH MEMBER BANKS

During the calendar year 1926, more than 1600 banks were visited by members of the bank relations staff. Of this number 1526 were member banks, and 83 were non-members. Eight special visits on matters of more than routine importance were also made.

Representatives of this department attended 3 bank conventions and 16 group meetings. Members of the official staff or of this department also attended the opening of new member bank buildings on 19 occasions.

During the year more than 3,000 visitors were conducted through the main office building.

In January, the territory covered by travelling representatives of this bank was redistricted, and three field men are now covering the entire district which formerly required the services of four men.

BANK EXAMINATION

The examination department of this bank has continued to act in close cooperation with and to enjoy cordial relations with the office of the Comptroller of the Currency and the banking departments of the four states included in this district. It has also continued to carry out the broader program of investigation inaugurated last year.

During the year this department conducted 68 examinations, three of which were investigations of national banks and made in conjunction with the national bank examiners, and 64 were investigations of state banks made in conjunction with the examiners of the several states. In one instance, that of a state bank, our examiners conducted an examination independently.

During 1926, members of the staff investigated one application for membership, and investigated and made recommendations with respect to the establishment of branches in nine instances. There were 13 instances of investigation and recommendation regarding the granting of fiduciary powers to national banks and 14 instances of investigation and recommendation regarding interlocking directorates.

FEDERAL RESERVE NOTES

The volume of Federal Reserve notes issued by this bank showed a very marked decline during the entire first half of the year reaching a low point of \$187,000,000 in early August. From that date on the upward trend was quite rapid reaching a high point in December, about \$10,000,000 less than the December peak of a year ago. This movement resembles that of no other year in the history of this bank.

The movement of Federal Reserve notes in this district offers also a marked contrast to the trend of notes in circulation of the entire System. Following the usual seasonal decline in January, the note circulation of all twelve Federal Reserve banks shows a gradual and continuous increase from the low point in February to a December peak that was \$20,000,000 above the December high of the year previous.

On December 31, 1926 the volume of notes of this bank in circulation was \$219,960,625 as compared with \$232,614,585 on December 31, 1925. During the year the Federal Reserve Agent received from the Comptroller of the Currency \$155,940,000 in new notes as compared with \$175,940,000 during 1925. The total of new notes issued to the bank and of fit notes reissued to the bank was \$189,020,000 compared with \$212,640,000 of similar issues and reissues during the previous year. Fit notes redeemed by the Federal Reserve Agent totaled \$34,500,000, and unfit notes returned to Washington for destruction totaled \$161,233,150, as compared with \$26,550,000 and \$153,861,810, respectively, a year ago.

The total currency receipts of this bank for 1926 exceeded the total currency disbursements by nearly 9½ million dollars, and the combined currency receipts and disbursements for the year 1926 were 132 million in excess of the figures reported last year. Currency receipts from members and non-members and currency disbursements to the same are both larger than the figures reported in 1925. Total currency operations with members and non-members for the year just passed were \$1,771,046,674 as compared with \$1,653,167,713 for 1925.

The tabulation below compares the principal operations of the money department of this bank and its branches.

Federal Reserve notes

	1926	1925
Outstanding December 31.....	\$256,123,715	\$262,836,865
In actual circulation December 31.....	219,960,625	232,614,585
New notes received from Comptroller.....	155,940,000	175,940,000
Notes issued and reissued to bank.....	189,020,000	212,640,000
Fit notes redeemed by Federal Reserve Agent.....	34,500,000	26,550,000
Unfit notes returned for destruction.....	161,233,150	153,861,810

Currency operations—Total receipts and disbursements

	Receipts	Disbursements
Cleveland.....	\$492,447,026	\$485,119,062
Pittsburgh.....	585,089,177	586,859,755
Cincinnati.....	207,067,234	203,357,980
Total.....	\$1,284,603,437	\$1,275,336,797

Currency operations with members and non-members

	Receipts	Disbursements
Cleveland.....	\$314,880,926	\$302,108,015
Pittsburgh.....	439,255,246	449,625,192
Cincinnati.....	132,978,945	132,198,350
Total.....	\$887,115,117	\$883,931,557

CHECK COLLECTION AND CLEARING OPERATIONS

The amount of work handled by the transit department of this bank during 1926 shows a decided increase over the amount of work handled during the year previous. The total number of items which this department handled during the year was 72,194,006 which figure is 4,488,682 items in excess of the 1925 figure, or an increase of 6.6 per cent. The amount represented by these items shows approximately the same rate of increase. The total amount of check collections in 1926 was \$28,297,848,000 as compared with \$26,363,252,000 in 1925, or an increase of 7.3 per cent. These figures do not include duplications, that is, items handled by both the main office and branches to the number of 1,296,395 and to the amount of \$316,385,000.

Of the 72,194,006 items handled 7,707,245 were drawn on Cleveland banks, 6,101,851 on Pittsburgh banks and 3,387,729 on Cincinnati banks. The items drawn on other banks in this district totaled 49,963,019, those drawn on banks in other districts totaled 2,692,652 and those drawn on the Treasurer of the United States 2,341,500. The number of items handled by each of the three offices, Cleveland, Pittsburgh and Cincinnati was 31,439,940, 23,400,454 and 17,353,612 respectively.

*Transit department check clearings and collections for year 1926
Cleveland*

	No. of Items	Amounts
On Cleveland banks.....	7,707,245	\$7,473,296,382.08
On other banks in District No. 4.....	22,057,001	2,453,858,217.38
On banks in other districts.....	713,024	136,003,909.77
On Treasurer of United States.....	962,670	88,140,289.54
Total.....	31,439,940	\$10,151,298,798.77
Items sent to Cincinnati and Pittsburgh branches.....	493,486	\$128,810,811.76

Cincinnati

On Cincinnati banks.....	3,387,729	\$5,029,798,019.64
On other banks in District No. 4.....	12,508,904	1,152,105,986.02
On banks in other districts.....	698,108	92,316,641.78
On Treasurer of United States.....	758,871	110,287,265.32
Total.....	17,353,612	\$6,384,507,912.76
Items sent to Main Office and Pittsburgh branch.....	237,161	\$55,469,059.61

Pittsburgh

On Pittsburgh banks.....	6,101,851	\$9,568,486,065.31
On other banks in District No. 4.....	15,397,124	1,507,872,578.24
On banks in other districts.....	1,281,520	618,374,718.73
On Treasurer of United States.....	619,959	67,307,813.99
Total.....	23,400,454	\$11,762,041,176.27
Items sent to Main Office and Cincinnati branch.....	565,748	\$132,005,059.12

Recapitulation

Total number of items handled.....	72,194,006	
Total amount of items handled.....		\$28,297,847,887.80
Items and amounts handled by both parent bank and branches and not duplicated in above figures.....	1,296,395	\$316,384,930.49

COLLECTION DEPARTMENT

During the year under review 373,453 items amounting to \$502,476,366.19 were handled through the non-cash collection department of this bank. This was a decrease of two per cent in the number of items handled and an increase in the amount of items handled as compared with 1925.

Of this total 269,567 items aggregating \$267,022,921.16 were paid through the three offices of this bank. Approximately 84 per cent of the items handled was collected which percentage is somewhat smaller than that of last year when 88 per cent of the items handled was collected.

Collecting banks made charges on 32,243 items which aggregated \$14,938,620.53. The collection charge amounted to \$13,565.28 which was at a rate of slightly less than one-tenth of one per cent. There were collected without cost 237,324 items amounting to \$252,084,300.63.

Member banks in this district continue to take advantage of the direct routing plan and forwarded to other Federal reserve banks and branches for collection during the past year 60,599 items of which 53,408 items amounting to \$71,158,254.54 were paid, and 7,191 items totaling \$4,675,782.48 were returned unpaid.

Collections

	No. of Items	Amount
Cleveland.....	329,952	\$404,578,736.53
Cincinnati.....	18,490*	49,900,028.78*
Pittsburgh.....	25,011*	47,997,600.88*
Total.....	373,453	\$502,476,366.19

*Represent collections payable only in cities of Pittsburgh and Cincinnati.

FISCAL AGENCY OPERATIONS

Two series of Treasury certificates of indebtedness and an issue of Treasury bonds of 1946-56 were offered for subscription during 1926. The certificates in each case were offered at par and the amount of the September 15 offering allotted in the Fourth District was \$25,953,000 while the amount of the December 15 offering allotted was \$9,064,500. The Treasury bonds, bearing $3\frac{3}{4}$ per cent interest, were offered at $100\frac{1}{2}$ and the amount allotted in this district was \$51,090,000.

On March 1 the Secretary of the Treasury invited holders of Third Liberty loan bonds to submit proposals for the sale of such bonds to the Treasury, purchases to be made at the lowest prices offered. The offers accepted and purchases made in this district aggregated \$1,737,600 face amount.

Government securities received for exchange consisted of 141,-019 pieces in coupon form and 19,235 pieces in registered form, aggregating \$86,579,500. Against such receipts there were delivered 41,318 obligations in coupon form and 16,105 in registered form.

Government coupons redeemed during 1926 totaled 4,806,022, aggregating \$62,848,706. Government obligations presented for redemption numbered 287,208 and had a value of \$108,556,266.25. Included in these figures are 70 pieces of Intermediate Credit Bank debentures having a value of \$700,000 and 335 pieces of Federal Land Bank bonds valued at \$3,326,000.

PERSONNEL

In the election of directors which occurred in 1926, Mr. Robert Wardrop of Pittsburgh, and Mr. George D. Crabbs of Cincinnati, were reelected as Class A and B directors, respectively, for terms of three years beginning January 1, 1927. Mr. George DeCamp was reappointed by the Federal Reserve Board as Class C director for a term of three years, and redesignated Chairman of the Board and Federal Reserve Agent.

At the Cincinnati branch, Mr. A. Clifford Shinkle resigned as a director in May, and in his place this bank appointed Mr. B. H. Kroger, President of the Provident Savings Bank and Trust Company of Cincinnati. In September, Mr. A. E. Anderson also resigned, and in his place the Federal Reserve Board appointed Mr. Fred A. Geier, President of the Cincinnati Milling Machine Company.

At Pittsburgh, Mr. A. L. Humphrey, President of the Westinghouse Air Brake Company, was appointed a director of the Pittsburgh branch by the Federal Reserve Board, for a term of three years beginning January 1, 1927, succeeding Mr. J. D. Callery.

To fill the vacancy created at the Pittsburgh branch by the appointment of Mr. George DeCamp (formerly Managing Director) as Chairman of the Board and Federal Reserve Agent, Mr. J. C. Nevin, formerly Cashier and Secretary, was appointed Managing Director, effective January 16th. Mr. Herman F. Strater, formerly Assistant Cashier, was appointed Cashier and Secretary to succeed Mr. Nevin.

On April 1, Mr. C. F. McCombs of the Department of Bank Relations was appointed Managing Director at the Cincinnati branch to succeed Mr. L. W. Manning, resigned.

There has been no material change in the number of employees of this bank and its branches during the past year. On December 31, 1926 the entire personnel numbered 954 as compared with 941 a year ago.

GENERAL BUSINESS CONDITIONS

Prosperous conditions prevailed throughout 1926 in the Fourth Federal Reserve District. The upswing in business which commenced about the middle of 1925 continued into 1926, and business remained at high levels until the fourth quarter, when a moderate recession set in as a result of a sharp drop in automobile production and declining iron and steel operations.

The most important single industry in the district is iron and steel, and numerous other lines are dependent upon it. During most of the year, operations in this industry were at record levels, particularly in the summer when a slackening ordinarily occurs. Toward the end of 1926, however, a marked recession took place, operations falling to 70 per cent of capacity or less. As pointed out above, this may be largely accounted for by lower automobile production.

The coal trade in the district started the year in the throes of a depression of long standing, caused by excess productive capacity. After the British coal strike had been going on for some time, however, the export demand strengthened, and by the end of October soft coal exports were nearly three times the usual figure at that period. This, coupled with the normal winter increase in householders' demand and the laying-in of supplies in

anticipation of a possible strike in April, 1927, caused a short "boom" period in which production figures made a new record for all time. Many union mines reopened, prices at the mine soared to nearly double their previous figure, and wages were increased in some non-union fields. With the cessation of the British strike, however, prices slumped quickly, although production continued high.

Tire manufacturers in the Akron territory experienced a rather poor first half-year, but conditions improved in the latter half. The rapid decline in crude rubber prices early in the year, following their erratic course in 1925, was the main depressing factor. Manufacturers found themselves burdened with stocks of rubber purchased at high prices on the one hand, while on the other, public demand was at a minimum, awaiting tire price cuts following the fall in crude rubber prices. Stocks in manufacturers' hands became abnormally large, and production schedules were then reduced. An improvement began early in July, when tire prices were cut generally; public buying picked up considerably and continued high throughout the summer, so that factories were again working at capacity. Operations in the fourth quarter fell off somewhat, owing partly to seasonal factors and partly to decreased automobile output, but even so, they were approximately as large in the last half of the year as in the first.

In building, the record of this district was less satisfactory than in the country as a whole. Very bad weather during the first quarter hampered outside work, and a loss of 15 per cent from last year in the value of building permits in this period was shown by 28 large cities in the district. Conditions improved somewhat with the coming of better weather, but the remainder of the year was just about able to hold its own with 1925, and for the first 11 months of 1926 the 28 cities showed a loss of 13 per cent, while the loss for the United States was only 6 per cent, according to Bradstreet's.

Agricultural conditions were only fair on the whole. The crops started well, but corn and tobacco were both caught by the excessive rains in the fall months. Corn production in the district was 14 per cent under last year, and the burley tobacco crop in Kentucky was inferior to normal, both in production and quality. Wheat made a better showing, as the season was pretty well over before the heavy rains set in. Fruits of all kinds did unusually well.

Department store sales for the year were between 1 and 2 per cent larger than in 1925. The holiday trade was at a high level, as sales in both November and December were ahead of last year. Wholesale sales compared unfavorably with 1925 except in the case of drugs and shoes. The latter made a really notable gain of about 11 per cent over 1925, as a result of the marked revival which took place in the district's shoe industry about the middle of the year.

Volume of operations in principal departments

No. of pieces handled	1922	1923	1924	1925	1926
Bills discounted:					
Applications.....	13,139	12,092	11,036	13,177	12,530
Notes discounted.....	36,444	34,932	28,427	29,668	26,547
Bills purchased.....		16,021	10,059	8,672	11,616
Currency counted.....	117,437,000	128,085,000	135,693,000	145,093,000	151,404,000
Coin counted.....	139,105,000	161,788,000	176,965,000	183,291,000	184,583,000
Checks handled.....	58,143,000	67,433,000	68,039,000	68,888,000	73,487,000
Collection items:					
U. S. coupons paid.....	7,921,000	6,434,000	5,475,000	5,066,000	4,806,000
All other.....	350,000	390,000	442,000	381,000	373,000
Fiscal agency operations.....	3,007,000	17,228,000	2,483,000	819,000	459,000
Transfers of funds.....	68,000	88,000	90,000	95,000	89,000
Envelopes handled.....	2,905,000	3,611,000	3,530,000	3,355,000	-----
Amounts handled					
Bills discounted.....	1,523,346,000	2,436,808,000	1,348,025,000	3,158,818,000	3,704,378,000
Bills purchased.....	95,551,000	196,774,000	116,070,000	115,583,000	153,571,000
Currency counted.....	653,478,000	821,051,000	833,126,000	874,797,000	939,106,000
Coin counted.....	12,269,000	12,499,000	14,419,000	16,519,000	16,309,000
Checks handled.....	11,956,422,000	24,354,352,000	23,874,737,000	26,652,412,000	28,614,232,000
Collection items:					
U. S. coupons paid.....	62,051,000	63,857,000	64,778,000	64,834,000	62,849,000
All other.....	405,362,000	469,979,000	427,264,000	476,805,000	502,476,000
Fiscal agency operations.....	1,002,514,000	900,529,000	348,600,000	324,788,000	273,650,000
Transfers of funds.....	3,098,602,000	3,649,583,000	4,752,346,000	5,333,830,000	4,460,935,000

Principal assets and liabilities of Federal Reserve Bank of Cleveland by weeks—1926
Amounts in thousands of dollars

1925	Total bills and securities	Bills discounted for member banks			Bills bought in open market	United States securities	Foreign loans on gold	Total cash reserves	Member banks' reserve deposits	Total deposits	Federal Reserve notes in circulation	Reserve percentages
		Total	Secured by U. S. Government obligations	Other bills discounted								
Jan. 6	113,434	71,012	36,187	34,825	5,210	36,409	803	299,566	173,130	177,535	223,792	74.6
13	110,845	65,954	40,053	25,901	7,657	36,485	749	303,588	176,920	179,830	218,925	76.1
20	106,594	58,067	33,662	24,405	11,347	36,485	695	293,717	170,771	174,467	207,951	76.8
27	92,734	43,880	26,286	17,594	12,171	35,987	696	314,953	179,900	183,401	205,468	81.0
Feb. 3	87,349	38,158	19,105	19,053	14,800	33,706	685	313,058	177,343	181,137	199,588	82.2
10	97,671	49,658	25,443	24,215	15,326	31,906	781	313,812	185,646	189,147	204,466	79.7
17	93,359	43,149	20,016	23,133	16,702	32,759	749	308,102	183,862	187,250	199,579	79.6
24	93,081	42,737	22,586	20,151	18,025	31,559	760	312,790	172,405	172,179	208,223	81.6
Mar. 3	100,234	48,620	27,618	21,002	19,124	31,559	931	305,224	179,034	184,180	203,448	78.7
10	107,453	52,007	24,643	27,364	21,009	33,496	941	299,226	177,130	182,124	204,189	77.5
17	95,433	48,232	29,008	19,224	20,883	25,494	824	299,302	174,542	177,245	199,058	79.5
24	118,312	68,192	44,107	24,085	20,893	28,371	856	283,924	171,466	176,166	203,339	74.8
31	116,345	64,183	44,439	19,744	21,023	30,229	910	286,880	170,688	181,188	201,458	75.0
Apr. 7	115,233	59,770	39,653	20,117	22,326	32,195	942	286,776	173,601	181,397	199,948	75.2
14	122,366	64,384	44,495	19,889	21,076	35,975	931	285,896	180,482	185,332	201,678	73.9
21	109,428	51,262	32,039	19,223	20,125	37,110	931	283,350	173,701	176,791	194,206	76.4
28	107,515	50,836	34,259	16,577	18,702	37,110	867	291,970	174,345	176,139	201,413	77.3
May 5	101,452	47,056	29,834	17,222	16,477	37,116	803	294,404	176,005	179,729	196,303	78.3
12	123,012	69,384	51,128	18,256	15,718	37,118	792	279,823	179,547	183,300	198,854	73.2
19	110,583	56,965	42,142	14,823	15,643	37,183	792	289,445	185,756	188,644	190,708	76.3
26	106,489	47,465	32,412	15,053	21,009	37,223	792	290,486	176,995	179,714	194,795	77.6
June 2	109,432	46,757	33,444	13,313	23,994	37,729	952	284,463	174,709	177,662	194,353	76.5
9	106,481	43,765	30,276	13,489	23,263	38,554	899	286,665	177,925	180,173	193,368	76.7
16	116,397	44,359	32,014	12,345	22,328	48,907	803	275,010	183,755	185,628	188,898	73.4
23	111,436	48,851	32,919	15,932	24,515	37,353	717	284,947	183,664	185,219	189,058	76.1
30	108,014	47,413	34,572	12,841	22,599	37,414	588	284,543	177,756	179,748	191,712	76.6

July	7	101,681	40,271	24,142	16,129	23,587	37,299	524	287,179	170,654	173,325	194,552	78.1
	14	98,809	40,058	26,810	13,248	20,995	37,414	342	306,737	189,634	193,011	194,541	79.1
	21	94,714	34,655	24,868	9,787	22,320	37,418	321	300,780	185,092	190,108	186,922	79.8
	28	89,359	30,456	22,563	7,893	21,346	37,418	139	305,518	181,077	186,062	189,315	81.4
Aug.	4	98,298	36,547	21,871	14,676	23,334	38,417	---	300,200	189,291	192,586	186,508	79.2
	11	104,005	42,890	25,185	17,705	23,014	38,101	---	305,803	190,045	193,433	196,276	78.5
	18	102,925	39,717	28,455	11,262	25,391	37,817	---	305,497	190,102	195,501	194,693	78.3
	25	99,803	38,105	27,186	10,919	26,484	35,214	---	316,349	192,181	194,611	200,879	80.0
Sept.	1	95,851	33,467	21,212	12,255	27,398	34,986	---	313,122	184,012	188,233	199,263	80.8
	8	98,031	37,505	25,250	12,255	26,200	34,326	---	314,250	180,413	182,593	207,065	80.6
	15	112,127	43,996	28,827	15,169	25,463	42,668	---	303,009	191,121	192,531	206,515	75.9
	22	111,200	50,353	28,547	21,806	27,102	33,745	---	301,361	183,678	191,206	204,290	76.2
Oct.	29	110,442	50,736	32,973	17,763	26,610	33,096	---	300,766	180,138	184,915	207,053	76.7
	6	120,698	58,916	30,591	28,325	28,092	33,690	---	289,756	186,067	188,640	203,548	73.9
	13	135,115	74,187	42,176	32,011	27,238	33,690	---	288,929	183,882	187,513	211,033	72.5
	20	136,604	75,139	40,681	34,458	26,775	34,690	---	275,240	188,283	191,030	203,207	69.8
Nov.	27	136,960	74,122	43,865	30,257	28,148	34,690	---	282,526	183,030	186,015	209,346	71.5
	3	134,826	69,260	38,865	30,395	30,024	35,542	---	280,157	181,867	186,705	205,309	71.5
	10	149,172	82,050	52,416	29,634	31,580	35,542	---	263,582	177,070	183,606	208,625	67.2
	17	143,939	75,981	48,950	27,031	32,416	35,542	---	268,992	187,133	192,908	204,072	67.8
Dec.	24	141,246	74,835	44,865	29,970	30,903	35,508	---	279,140	178,705	185,173	213,432	70.0
	1	141,808	75,890	50,155	25,735	30,669	35,249	---	277,088	179,552	185,502	213,228	69.5
	8	152,932	83,930	49,695	34,235	33,100	35,902	---	269,229	177,147	182,896	218,949	67.0
	15	158,769	88,742	54,363	34,379	35,354	34,673	---	268,884	185,333	187,789	224,448	65.2
Daily Average:	22	171,670	99,744	63,767	35,977	36,184	35,742	---	254,150	175,513	180,756	235,614	61.0
	29	167,378	97,147	68,240	28,907	34,488	35,743	---	259,310	180,034	183,524	225,601	63.4
	1926	114,140	55,323	---	---	22,997	35,381	439	294,183	179,202	183,181	203,893	76.0
	1925	111,919	53,024	---	---	22,496	35,387	1,012	294,410	174,737	178,206	208,181	76.2
1924	1924	95,286	32,679	---	---	19,055	43,494	---	312,337	166,194	170,793	216,380	80.7
	1923	106,765	51,717	---	---	36,380	18,668	---	312,132	158,370	162,723	237,238	78.0

*Statement of the condition of the Federal Reserve Bank of Cleveland
December 31, 1926 and December 31, 1925*

RESOURCES	Dec. 31, 1926	Dec. 31, 1925
Cash Reserves:		
Gold with Federal Reserve Agent.....	\$153,371,170.00	\$192,604,320.00
Gold settlement fund—Federal Reserve Board.....	56,281,555.12	62,915,704.02
Gold redemption fund—Federal Reserve notes.....	7,461,587.37	994,632.14
Gold bullion, coin and certificates.....	46,532,543.55	47,340,500.63
Total gold reserves.....	263,646,856.04	\$303,855,157.09
Legal tender notes, silver coin and certificates.....	11,400,132.00	9,550,701.00
Total cash reserves.....	\$275,046,988.04	\$313,405,858.09
Non-Reserve Cash:		
National bank notes.....	5,508,500.00	4,626,000.00
Federal Reserve bank notes.....	14,445.00	13,315.00
Subsidiary silver, nickels and cents.....	611,068.79	429,730.05
Total non-reserve cash.....	\$6,134,013.79	\$5,069,045.05
Bills and Securities:		
Member bank collateral notes.....	\$57,875,507.77	\$42,959,221.79
Bills discounted for member banks.....	21,566,386.84	23,169,124.19
Bills bought in open market.....	33,217,340.50	4,989,615.36
U. S. Government securities:		
U. S. 4½% Liberty Loan bonds.....	547,330.00	7,354,900.00
U. S. bonds issued since 1921.....	205,300.00	195,000.00
Other U. S. bonds.....	414,800.00	414,800.00
Treasury notes.....	15,540,700.00	10,293,700.00
Treasury certificates of indebtedness.....	5,431,500.00	499,500.00
Participation in Special Investment.....	14,015,000.00	17,651,500.00
Foreign loans on gold.....		834,600.00
Par value of bills and securities.....	\$148,813,885.11	\$108,361,961.34
Uncollected items.....	66,323,749.52	68,554,299.52
Bank Premises:		
Banking house and land—Cleveland.....	6,906,245.11	6,998,796.28
Banking house and land—Pittsburgh.....	898,373.59	928,202.76
Total bank premises.....	7,804,618.70	7,926,999.04
Less reserves for depreciation.....	686,033.25	517,999.80
Bank premises—net.....	\$7,118,585.45	\$7,408,999.24
Total miscellaneous assets.....	886,756.51	1,031,120.32
Total Resources.....	\$504,323,978.42	\$503,831,283.56
LIABILITIES		
Federal Reserve notes (in actual circulation).....	\$219,960,625.00	\$232,614,585.00
Deposits:		
Members—Reserve account.....	178,471,876.37	171,928,292.76
U. S. Treasurer—General account.....	1,260,328.50	983,276.06
Foreign banks.....	3,012,715.04	883,193.99
Non-members—Clearing account.....	816,812.53	986,490.10
Official checks and drafts outstanding.....	161,570.53	372,107.63
Total deposits.....	\$183,723,302.97	\$175,153,360.54
Deferred Availability Items.....	62,307,999.61	59,105,427.58
Other Liabilities:		
Capital stock paid in.....	13,617,750.00	13,175,800.00
Surplus fund.....	23,745,854.58	22,893,597.54
Miscellaneous liabilities.....	968,446.26	888,512.90
Total Liabilities.....	\$504,323,978.42	\$503,831,283.56

Profit and loss account—1926

Total gross earnings.....	\$4,517,884.04	
Current expenses.....	2,531,746.02	
Current net earnings.....	\$1,986,138.02	
Net deductions from current net earnings.....	325,376.31	
Net earnings available for dividends and surplus.....		\$1,660,761.71
Dividends Nos. 20 and 21.....	\$808,504.67	
Transferred to surplus.....	852,257.04	
		\$1,660,761.71

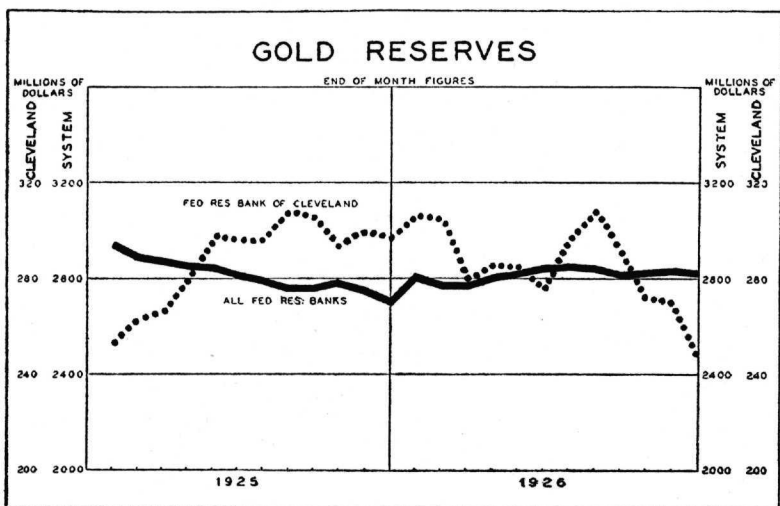


CHART I

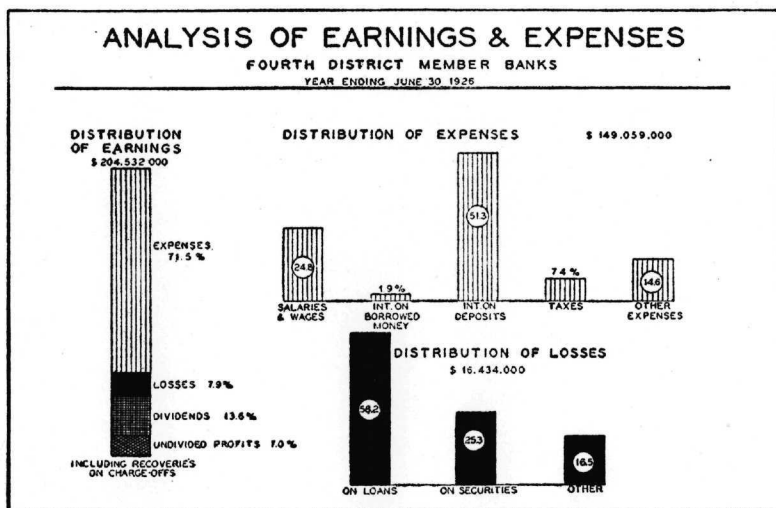


CHART II