

The Monthly BUSINESS REVIEW

Covering business and industrial conditions in the Fourth Federal Reserve District

FEDERAL RESERVE BANK of CLEVELAND

D. C. Wills, Chairman of the Board

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SEVERAL months ago any slight improvement in business, doubly noticeable on account of the generally quiet conditions existing everywhere, was the cause for considerable rejoicing. The direction of the wind was determined by a straw. Today, more substantial signs of solidity are everywhere in evidence and the look of gloom on the face of business is disappearing. Manufacturers, with few exceptions, report September business as showing an upward trend with orders and inquiries becoming more numerous.

Fall usually brings increased activity even in normal years and this is true of the present season. Farmers are marketing their crops as they are harvested, and while there has been little evidence of results up to this time, there is a decidedly better feeling in the rural districts in comparison with the Fall of 1920. As the Winter months are approaching, unemployment is attracting more attention. There are always a large number of men who voluntarily or otherwise are idle, as a perfect adjustment in this direction has never been reached. Definite plans to decrease the number of unemployed are now under way. In past years with manufacturers in need of additional help, the end of the harvest season was the signal for a general influx of labor from the farms to the cities, but the movement this year is not so much in evidence.

At the present time the feeling is quite general that the marked improvement in business is substantial and sound in every respect, and that the period of depression gradually passing into the background will remain there for a long time. However, the presentiment that further readjustments are necessary still continues to show up in spots. It is to the effect that business, still hampered by price inequalities and wage scales which have not yet been completely adjusted, cannot continue its present pace, and that the Winter months will bring a slight reaction.

The fickleness of the general business situation in the past has succeeded in making confirmed pessimists of some people. While the psychological effect of any talk on another slow-up in business is harmful, the fact that one division of business cannot reach a normal plane while another is holding back, must not be overlooked. The quicker these final adjust-

ments are complete, the better it will be for all of us.

The production and sale of goods on a reduced scale and at a smaller margin of profits, naturally brings a keener competition for business. In answer to a query as to how he found business, a manufacturer replied, "By getting out and looking for it." This answer certainly sizes up the situation pretty accurately, for that is the very thing manufacturers must do if they expect to keep up with their neighbors. It is not difficult to remember the time when the big problem confronting them was how to secure sufficient goods to fill all orders, but an entirely different situation exists today. Now, orders must be worked for, prices and the quality of the goods have to compare favorably with those of competitors, and deliveries must be prompt, the latter requisite being the principal reason why dealers can continue to operate with very low stocks.

To meet this competition the manufacturer must take advantage of every possible saving in the cost of production. The efficiency of factory management and labor has been increased and the prices of raw materials are watched closely, as all these factors play a prominent part. The public benefits by this competition and it is a good thing for any community. It is much better to have keen competition with reasonable profits than a condition of no competition and excessive profits.

In addition to the manufacturer, the distributor of goods must meet an increasing amount of competition. The same customers who were so easy to please but a few months ago, must now be satisfied before they will buy, and distributors are finding that the only safe way to insure future buying is to keep them satisfied by selling goods which are up to standard and which will prove to be worth the price paid for them.

There are many who have met this situation by price cutting and the man who had sufficient foresight to start before his competitor was the man who reaped the harvest, but with the movement becoming more general, this policy has lost much of its selling punch. It is beginning to look as though more reasonable profits and keen competition, temporarily set aside during the mad scramble of 1919 and 1920, are returning.

Slight Increase in Volume of Loans to Member Banks; August Deposits Show Decline; Acceptance Market Strong

The easing off in the demand for accommodations from member banks in evidence during July and August has shown a reaction and the trend is now in the opposite direction, although loans and rediscounts are still somewhat lower than for that period. The increase in the demand was noticeable the first part of September and continued for about ten days. A slight decline followed, but the demand again increased within a few days and the movement is now upward.

Up to the present time the country banks have benefited but little from the sale of this year's crops. The wheat crop this year was not up to standard and as the corn crop has not yet been marketed, the crop selling movement has so far made little headway. Some farmers are requesting additional loans for the purpose of purchasing cattle to fatten on the Fall corn crop.

June and July time deposits showed a considerable gain this year over the same months for 1920, but reports for August show a decrease. The combined reports of fourteen large banks and trust companies in this District show a decrease in time deposits for August, 1921, over July, 1921, of 4.14 per cent and a decrease of 1.4 per cent for August, 1921, over August, 1920.

Of twenty-three reporting accepting banks, fourteen report acceptances executed for customers to the amount of \$5,416,839 and the amount paid \$5,999,443. Bankers Acceptances bought by the Federal Reserve Bank during August, 1921, amounted to \$3,482,056; paid \$2,886,966.

During the past month there has been a decided improvement in the acceptance market, it being much the best month since February. The rates have remained stationary until the past few days when they dropped $\frac{1}{8}$ of 1 per cent on all bills.

The continued erratic character of the foreign exchange market and the further decline in some currency was very noticeable in the supply of export bills. Of these, practically all were drawn against the exportation of motors and a very few arose out of the exportation of oils, tires and machinery tools. By far the largest number of bills was drawn against domestic shipments of tractors and coal. An appreciable increase is noticed in paper drawn against warehouse receipts. The supply of such bills available was in the following order: coal, canned vegetables, wheat, evaporated milk, flour and oil, with almost a third of these being coal bills. A larger number of import bills was also available, all of which were drawn against the importation of paints and oils. The maturity of the bill has played little part in the unusual demand during the past month.

During the first two weeks of the month there was a greater demand for short time bills, but later bills of longer maturities were disposed of just as readily. There has been a greater demand on the part of the city banks and corporations, but at the same time the country banks, especially in the southern part of the District, have been heavy buyers in the acceptance market. At times sufficient bills could not be secured to meet the demand which arose simultaneously from all classes of banks, as well as from all parts of the District.

The dealers rates on prime bills are now $4\frac{1}{8}$ per cent on both short and long time maturities, and on secondary bills from 5 per cent to $5\frac{1}{8}$ per cent. The fact that prime bills are now offered at less than 5 per cent has brought about a noticeable decrease in the demand, and at the same time very few bills are being originated.

Iron and Steel Industry Shows Further Improvement; A Gradual Growth Indicated; August Output of Pig Iron Shows First Monthly Gain in Ten Months; Price Situation Mixed

A mild improvement in the iron and steel industry, which first developed in August, is continuing, and on a slightly enlarged scale, strengthening the belief that July marked the low point of trade and production. New business and shipments in August were the best in some months, and in certain lines the best of the year. In September this rate not only has been maintained, but has been somewhat increased to date. The improvement is not so pronounced that it has materially raised the general average of operations, but it is so widely distributed over various

products that it indicates a gradual growth of consumption is under way. Furthermore the increased buying reflects the fact that stocks of material in consumers' hands have been well absorbed during the period of light new buying in recent months.

Iron and steel production of the country at the present time approximates 35 per cent. The August output of pig iron, according to the statistics compiled by The Iron Trade Review, showed the first monthly gain in 10 months. The average daily production was 30,608 tons compared with 27,892 tons

in July, and the total, 948,850 tons, compared with 864,642 tons in July. The number of furnaces in blast at the end of August was exactly the same as at the end of July, or 69, but this is the first time since September, 1920, that the active list has not shown a loss. Since September 1, probably half a dozen furnaces have rejoined the active list. Steel ingot production in August, according to the official figures of the American Iron and Steel Institute, showed a substantial gain of 41.7 per cent over July, and were the largest since May. They indicated that the country in August produced steel ingots at the annual rate of about 15,500,000 tons, compared with a rate of less than 12,000,000 tons in July.

A mixed price situation in iron and steel still prevails, but general advances posted by the manufacturers in several lines reflect the more comfortable position of the mills and furnaces in these products. This latter development offers a sharp contrast to the persistent drooping of prices in all lines since September, 1920. For the week of September 15, The Iron Trade Review composite market average of 14 different products was \$35.56, which compares with \$35.35 for the week preceding, and \$35.53, two weeks previously, with an average of \$35.99 for August. \$68.86 for September, 1920, and \$25.55 for September, 1913.

Manufacturers of wire products have advanced their prices \$2 to \$3 per ton, following the closing of

heavy contract tonnage, at least 200,000 to 300,000 at the previous low prices. As buyers are now well covered, the new prices are yet to be tested. In sheets, a \$5 per ton advance has been made. On the other hand lower prices have been appearing in plates, shapes and bars, and other lines, and a new card on steel pipe has been put out by the mills, effecting a reduction of \$8 per ton. These lower prices have resulted from a continuing sharp competition among the producers for the limited amount of business that has been current in these certain materials.

The pig iron market has a more hopeful tone than it has exhibited at any time this year. Total sales in August were the best of the year by a substantial margin and shipments in an even greater proportion. The latter exceeded production materially, as a result of which there was a considerable reduction of furnace stocks. A gain in pig iron production in August was due principally to the operations of steelworks stacks, but since then several merchant furnaces have resumed, and indications are that the latter output is on the increase. Buyers of iron apparently are more satisfied that present prices are substantially at bottom and have been more interested in contracting for their requirements for future delivery, this applying both to the remainder of the year, and in some cases through the first half of 1922. Prices of iron have strengthened and in several localities \$1 to \$2 per ton higher now is being quoted.

End of Lake Shipping Season in Sight; Slight Improvement in Ore Shipments Continues; Coal Movement Slowing Up; Grain Carriers Active

The indications are that the finish in the lake trade will be as tame as the start, as according to the present line up very little ore and coal will be moved after November 1, and while a good movement of grain is looked for, that trade will only take care of a small part of the tonnage. Sales of ore were very small during the past month and as only a few of the idle furnaces have been added to the active list it is not expected that orders will come in any more freely the rest of the season. A number of the shippers are planning on cleaning up in October and the ore movement for November will be the smallest for many years. That means that a large number of ore carriers will be laid up for the winter early next month and that most of the unloading plants at Lake Erie ports will be through for the season.

That the ore movement for 1921 will not reach the 25,000,000 ton mark is certain. The mines in the Lake Superior district in August sent forward 4,329,158 tons which was a small increase over July when the fleet loaded 4,047,687 tons, but a loss of 4,941,605 tons compared with August, 1920, when the movement was 9,270,763 tons. Shipments for the season up to September 1 were 14,748,072 tons, or 20,601,802 tons less than for the same time last season, when the fleet moved 35,349,874 tons. Shipments to the interior furnaces are small and stocks at Lake Erie ports are heavier than they were a year ago. On September 1 the docks at this end of the route were

holding 9,285,708 tons and on the same day in 1920 stocks were 8,554,455 tons. There is more ore in store at the furnace yards than there was a year ago and storage room is getting scarce all around.

At the rate that the coal movement is slowing up the total will not reach the 1920 mark when the fleet delivered 22,408,355 tons. The movement for the season up to September 1 was 15,947,763 tons. Shipments for August were 2,932,101 tons compared with 3,554,686 tons in July and 4,658,309 tons in June. The fleet will not take as much coal in September as it did in August, and unless there is a much better movement from the upper lake docks there will not be much change in October. A number of boats that took on cargoes early in the season did not sail until last month.

The grain movement is much heavier than it was a year ago and with a good ore and coal movement the freight market would be active. Carrying charges on grain are a shade better than they were a month ago, but owing to the shortage of coal many of the boats have to go up light and for that reason earnings are small. There has been much delay at the Canadian receiving ports owing to the crowded condition of the elevators and grain carriers have been held for a week or more at Georgian Bay ports. Boats are getting good dispatch at Buffalo and the indications are there will be a large amount of grain afloat at that port at the close of navigation.

Rubber Industry Holds Up Well; Mechanical Goods Business Fair; Liquidation of Stocks Continues

A remarkable improvement was shown in the rubber industry during the months of June, July and August and the month of September so far has brought little change. Some companies are slowing up a little as the height of this season's activity is passing and a new period is approaching which even in normal years is very slow in the sales department. Weather conditions have been very favorable for travel and are an important factor in holding up the present volume of sales. Business in mechanical rubber goods is fair and no great improvement is expected until the general industrial situation gains more headway and other industries begin operating on a more extensive scale.

According to recent reports manufacturers are cleaning out old stock and odd sized tires which are slow-moving, but which create numerous attractive bargains in advertising mediums.

A tire manufacturer in this District sees an encouraging feature in business with dealers in their hesitancy during the past few months to obligate themselves to the extent they have in years past. A more satisfactory credit situation is seen, as tire dealers are not overloading, thus necessitating large borrowings to carry stocks it is impossible for them to liquidate, and furthermore, creating a continuous demand during the winter months in order to supply users of tires who operate their cars during the entire twelve months of the year.

Tire dealers are reported to be paying their bills more promptly and taking advantage of discounts. Good progress has been made in liquidating old inventories and manufacturers are expecting orders for new stock to be delivered early next year.

Improvement Shown in Many Lines of Manufacturing; Orders and Inquiries More Numerous

Reports received this month from manufacturers throughout the Fourth District quite generally reflect an improved tone. Manufacturers with very few exceptions see an improvement in present business as compared with that of last month. Fall trade is already helping out in several lines, and having a stabilizing effect on general business conditions.

While there has been no notable change in the automobile industry during the past month, the general movement is apparently upward. Some companies report orders as about holding their own and others state that September orders show a considerable improvement over those for July and August. Production is being gauged accordingly. The August shipments of automobiles, including only the twelve leading companies, were seventy-two per cent of August shipments last year, and increased two per cent over July of this year. Last year's shipments in August were fourteen per cent less than those for July.

Sentiment in the farm implement line is reported to be distinctly better.

There has been no material change in the hardware manufacturing business during the past month. Reports from salesmen recently sent out on the road seem to indicate that stocks are getting low with no disposition on the part of customers to buy ahead.

The tool manufacturing line is reported to show an improvement in August as compared with July. One tool manufacturer reports more tools sold during August than any month so far this year.

In the foundry moulding machine line, the machine end of the industry is said to be at low ebb. Some increase is shown in the brush and broom business.

The paint business is holding up well. A white lead manufacturer reports an increasing volume of business each month with indications pointing to more

business in September than in August. Stocks are said to be light.

A steady improvement is reflected in the tin can industry and orders are being received in increasing volume. In some cases delivery is being urged.

During the past few weeks the market on box-board is reported to have stiffened materially. Orders placed in the last thirty days have shown a little increase, but not in sufficient quantity to enable all mills to resume operations.

Conditions in the hollow building tile industry have been very dull since the first of the year, especially in connection with large buildings. The demand for dwelling houses is reported to be fairly active and at present there are signs of activity in various lines, farm building excepted.

The month of August brought a little increase in the volume of business in the cork industry.

The storage battery business is reported to be improving consistently month by month. The customary seasonal valley during the winter months is expected.

The furniture and mirror manufacturing business is said to show a marked improvement.

Practically all of the plate glass factories in the country are reported to be in operation at the present time and producing about eighty per cent of their capacity. Many window glass factories are starting up this month, but the demand for window glass is not as good as for plate glass. This is due in part to the purchase of plate glass by automobile companies and mirror buyers.

The printing and lithographic ink business is reported as showing more evidence of life during the past few weeks than at any time during the nine months previous, but the industry is still considerably below normal.

The motor truck industry is reported to be at low ebb so far as immediate orders are concerned, but there is a better feeling on the part of manufacturers due to the fact that inquiries have recently been increasing. Truck sales for the first six months of 1921 amounted to 32,170 while 1920 sales for the same period reached a total of 92,212.

The following is a table published by the Philadelphia News Bureau on the sales of motor trucks to which has been added figures showing percentage of increase or decrease.

Cleveland—Sales of leading motor truck companies the second quarter of 1921 were 18,456 commercial cars. This compares with 46,982 in the similar period of last year; 13,714 the first quarter of 1921 and 45,230 the first quarter of 1920. All figures are exclusive of Ford. On a percentage basis the motor truck industry in the second quarter operated 30 per cent of 1920; the passenger car industry, excluding Ford, 57 per cent of 1920.

SALES OF SOME OF THE LEADING TRUCK COMPANIES

	1921		1920		6 months		Increase or Decrease	Per cent. Inc. or Dec.
	2nd quarter	1st quarter	2nd quarter	1st quarter	1921	1920		
Acme.....	82	112	392	274	194	666	-472	-70.9
Autocar.....	979	558	1,072	1,020	1,537	2,092	-555	-26.5
Chevrolet.....	863	466	3,888	2,265	1,329	6,153	-4,824	-78.4
Clydesdale.....	109	62	338	321	171	659	-488	-74.1
Commerce.....	412	235	613	742	647	1,355	-708	-52.3
Denby.....	47	24	292	264	71	556	-485	-87.2
Diamond T.....	131	109	515	500	240	1,015	-775	-76.4
Dodge.....	3,913	781	4,390	3,641	4,694	8,031	-3,337	-41.6
Duplex.....	22	43	284	191	65	475	-410	-86.3
Federal.....	284	232	1,488	1,297	516	2,785	-2,269	-81.5
Garford.....	260	120	897	1,118	389	2,015	-1,626	-80.7
General Motors.....	801	491	1,358	1,826	1,292	3,184	-1,892	-59.4
International Harvester.....	1,434	2,023	1,481	1,849	3,457	3,330	127	3.8
Kelly-Springfield.....	41	7	139	261	48	400	-352	-88.0
Locomobile.....	5	14	106	76	19	182	-163	-89.6
Mack.....	1,442	1,018	2,234	1,603	2,460	3,837	-1,377	-35.9
Maxwell.....	68	31	2,322	2,904	99	5,226	-5,127	-98.1
Nash.....	51	36	954	1,327	87	2,281	-2,194	-96.2
Olds.....	....	24	2,583	4,537	24	7,120	-7,096	-99.7
Packard.....	449	270	2,272	1,452	719	3,724	-3,005	-80.7
Paige.....	32	28	287	185	60	472	-412	-87.3
Pierce.....	125	114	775	624	239	1,399	-1,160	-82.9
Reo.....	2,356	3,394	4,625	4,690	5,750	9,315	-3,565	-38.3
Republic.....	400	341	2,857	3,049	741	5,906	-5,165	-87.5
Seldom.....	147	145	463	614	292	1,077	-785	-72.9
Standard M.....	19	13	168	161	32	329	-297	-90.3
Sterling.....	176	77	249	170	253	419	-166	-39.6
Stewart.....	283	160	1,392	1,172	443	2,564	-2,121	-82.7
United M.....	12	6	53	45	18	98	-80	-81.6
Vim.....	74	141	814	905	215	1,719	-1,504	-87.5
White.....	1,995	1,531	3,971	2,959	3,526	6,930	-3,404	-49.1

Special Report on the Clay Products Industry

We have become so accustomed to the everyday practical value of brick, to its varied uses and to the part it plays in our lives, that its significance is easily forgotten. Because of the nature of this industry, many of us are inclined to regard it as of minor importance, but if its past record is a criterion of future events, the role it will play in the days to come will stand out with even greater prominence.

The clay products industry includes a wide variety of lines, the most important of which are face, common, paving and fire brick, hollow building tile, floor tile, and sewer pipe. In the production of face brick the Fourth Federal Reserve District holds first place in the United States. Ohio and western Pennsylvania form the nucleus, and from these states, this particular kind of building material is shipped broadcast over the country. In the amount of common brick produced the Fourth District ranks about third.

The record of brick is a long one and may be traced far back into ancient times. In fact evidence has

been found that sun-dried brick were used thousands of years before the earliest recorded date of history. Since the dawn of civilization this common but very useful material has been bound up with the progress of the human race, and it is but natural that its past is referred to with pride.

At the time the famous tower of Babel was built, the Ancients had learned to convert the clay into a hard durable substance by burning it. Sun-dried brick were used extensively in Egypt where their manufacture formed the principal occupation of the Israelites during their bondage. Khammurabbi, the great law giver of Babylon who lived about 2350 B. C. was probably the first common brick manufacturer to trade mark his brick. King Nebuchadnezzar also put his own stamp on the bricks he made. That he made a good product is proved by the fact that many bricks bearing his mark are in the walls of buildings in actual use today.

Europe naturally learned its practice of making and using brick from the Romans and it was during their three and a half centuries occupancy of England that the manufacture of brick first started in that country. The great fire of 1660 transformed London from a wooden to a brick town and gave a great impetus to the brick industry. It was, however, the days of Queen Anne and the Georges, in the eighteenth century, that brought a decided brick vogue which almost drove out other kinds of building material, and resulted in the comfortable looking old country houses which may be found scattered throughout England.

In the North American colonies, the first brick houses were built of material brought from Holland or England, but in Virginia, as early as 1611, and in Massachusetts, as early as 1629, the domestic industry was established. From that time to the present there has been an ever growing demand. The many historic old buildings standing today in a state of almost perfect preservation, bear silent testimony to the ability of this material to stand the wear of time. Independence Hall built of brick in 1729 and still in perfect condition is a notable example. Another brick structure is the little house in which Betsy Ross made the first American flag. Then there is the famous old state house of Boston, Faneuil Hall; the home of William Penn; the many brick inns of the Jersey and Pennsylvania early settlements; the stately old houses of Virginia and a host of others. The walls of these buildings do not know what time means.

In the main, three kinds of clay are utilized for the manufacture of brick: surface clays of which the common types of brick are made, shales which immense pressure has nearly reduced to the form of slate, and fire clays mined at deeper levels and known for their refractory qualities.

Although the processes employed in the manufacture of brick vary in different parts of the country, the general methods are much alike. One plant with very little change in the style of machinery used may turn out several varieties. It is a long cry from the primitive method of mixing and moulding brick by hand and drying them in the sun, to the modern technical methods and power machinery used by the American manufacturer. At the present time, many plants are installing modern up-to-date machinery for the purpose of cutting down production expenses and with the idea of furnishing a more satisfactory product to the customers.

Determined by the kind of clay and the kind of brick wanted, there are three chief methods of manufacture; slop or sand-mould, wire-cut, and dry-press. By the first method the clay, in a soft condition, is pressed by hand or machine into moulds which have been flushed with water—hence the term, slop-mould—or sprinkled with sand, in which case the brick are called sand mould. By the second method the clay or shale is ground and tempered into the consistency of a stiff mud which is forced by an augur machine

through a mould. From the mould it comes out in the form of a stiff mud ribbon and is carried by a belt to a slotted steel table. Here a series of wires strung on a frame which is revolved by the machine at proper intervals, cut the mud ribbon into the desired sizes. The soft brick are then placed on small cars and put through a drying oven. The heat is supplied by waste heat drawn from kilns where brick already burned are in the process of cooling.

When the brick are sufficiently dry they are built in the kiln with a sprinkling of silica sand between them to prevent sticking. The openings of the kiln are then sealed and the brick subjected to intense burning, usually from five to seven days depending on the character of the finished material. Great care must be taken in securing the proper amount of heat for if it becomes too intense the shrinkage will not be uniform and the whole mass may melt and run together. After the burning process the kilns are opened and when sufficiently cool the brick is ready for shipment.

Because of the fact that clay suitable for the manufacture of common brick is found in so many parts of the country, brick plants are very numerous. They are usually located near points where the demand for construction material is heavy and in this way transportation costs are reduced. In the shorter hauls, motor trucks are gradually replacing railroad transportation.

According to reliable authority, brick buildings depreciate more slowly than any other class of construction, and this is a strong point in their favor. Statistics show that a brick house does not depreciate at all during the first five years after it is built and after that at the rate of 1 per cent each year. As a comparison frame buildings depreciate 3 per cent each year, beginning as soon as built.

Prevention of fire is another very important consideration. Last year the people of this country lost more money and more lives through fire than in any previous year in our history. \$269,000,000 was the fire loss for 1919 and it is said that 889 homes burned daily. Fire losses together with the cost of fire fighting equipment, maintenance and water is estimated to cost America more than \$2,000,000 a day.

The limitations placed on construction work during the war struck the brick industry pretty hard and there was little activity at that time. A rush of business came with the building boom of 1919 and 1920, but since that time it has, with other industries, been passing through a period of readjustment. At present there is a decided upward trend. Building codes are being revised in order to lower production costs, promotion work is going forward and manufacturers, keeping a watchful eye on orders, see increased production ahead.

Note.—Report will be continued in November Review.

A Slow But Gradual Climb Is Indicated in the Pulp and Paper Industry; Confidence Returning

The pulp and paper industry is gradually recovering from the sudden drop that came in the late Fall of 1920. During the latter part of 1919 and the first ten months of 1920 this industry enjoyed a period of decided prosperity, but since that time the mills in this District have been operating on a considerably curtailed basis, averaging in the vicinity of 50 per cent. Readjustment has been slow, the market breaking in January, March, June and again in August.

While the cost of production is still high, one manufacturer reports that a considerable liquidation in the cost of raw materials has been going on from time to time, and that at present the cost of raw materials has been reduced to figures varying from the 1914 level, up to approximately 50 per cent advance above the same, according to the nature of the materials. Conversion costs since the first of January have been considerably lowered by wage reductions and in-

creased efficiency, wage reductions averaging around 20 to 30 per cent.

One factor contributing to the drop in the price of paper has been the shipments of foreign pulp and paper to this country at prices below the cost of domestic production. The tonnage, while not so large, has been sufficient to upset the confidence of the domestic buyer. Price readjustments made by American mills the latter part of August have met this situation to a great extent and the general impression at present appears to be that there will be no further reduction for some time to come.

This particular industry is largely dependent on other industries and as business in general improves, paper and pulp sales will show a gradual upward trend. The Fall months are normally the period of greatest activity and manufacturers report a marked change for the better in the attitude of printers and jobbers during the past few days.

Building Reflects Improved Tone; Permits Show Gain

Following a very dull summer in practically all lines of building, the Fall season is bringing signs of improvement and a slightly better feeling now pervades this industry than was shown six weeks or two months ago.

A wide variation has been shown in the valuation of permits issued in this District during the past few months. The combined valuation of permits issued in thirteen of the largest cities in the Fourth District for the month of May, 1921, showed a loss of \$2,488,863 as compared with the same month for 1920, or 18.9 per cent. The valuation of June permits showed a decided upward trend with a gain over June, 1920, of \$1,191,655 or 8.1 per cent. July brought another marked drop with the decrease amounting to \$5,577,983 or 36.9 per cent as compared to the same

month last year, while August reports show a gain of \$116,472 or 1 per cent.

Although labor difficulties and wage disputes are still in evidence, the slump in operations which began about the middle of last year is easing up and the trend is now upward.

According to recent reports there is a 20 per cent increase in housing construction as compared with the ratio a year ago. A wide variety of operations is a pleasing feature of the existing situation and this fact is clearly evidenced in the number of dwellings being erected in Cleveland suburbs, the number in course of completion in some of the communities being double the number under way a year ago.

Elsewhere in this issue may be found a table showing building operations in the Fourth Federal Reserve District for the month of August.

Farmers Make Good Headway With Fall Work; Corn Past Danger Point; Rain Saves Burley Tobacco Crop

Farmers have been aided in their Fall work by very good weather. There has been sufficient rainfall to help out the late crops, particularly corn, tobacco and potatoes, and at this writing practically no damage has been done by frost. Threshing has been pretty well completed. Fall plowing for winter wheat is now well under way and present indications are that there will be little reduction in the acreage.

According to the report of the United States Department of Agriculture, more than 80 per cent of the Ohio corn crop was estimated to be past danger from frost on September 15, and about 40 per cent of the crop had been cut. It is estimated that 70 per cent of silo filling has been completed except in the north-

western part of the State where this work is usually somewhat later. From five to fifteen cents per shock is being paid by the farmers for cutting the corn with a State average of a little less than nine and one-half cents.

Improved weather conditions have been a big help to the corn crop and from present prospects the yield in this state is expected to reach 146,400,000 bushels. On September 1 the condition of corn in the United States was placed at 85 per cent with an indicated crop of 3,185,000,000 bushels as compared with 3,232,000,000 bushels last year and a five year average of 2,798,000,000 bushels.

Final returns from oats threshing substantiate the

early season fears that the oats crop would be much below normal. In many parts of the country, it is placed at half a crop and the grain is light. Although the potato crop has been aided by rains, from the present stand little over half a crop is indicated. In Pennsylvania the late vines are still green and near an average late crop is expected.

In Kentucky the drought was not broken in time to aid the wheat crop, but the recent abundance of rain has caused a rapid growth of Burley tobacco.

This valuable crop requires ideal weather and it is feared the rapid growth of the leaves caused by frequent rains may detract from the quality of the tobacco. The acreage is estimated at from 60 to 70 per cent that of last year.

The Burley Tobacco Growers' Cooperative Association is reported to be making good headway in obtaining signatures of tobacco growers to its contracts. Several of the counties have announced that 75 per cent of the acreage has already been signed up.

Domestic Consumers Ordering More Coal; Transportation Service Slower

Coal dealers in this District see a decided improvement in retail business. As winter is approaching many domestic consumers are beginning to stock up their coal bins for the coming months and the stimulating effects are very evident.

The United States Geological Survey reports a slight downward movement in total soft coal production during the week ended September 3. Production for the week ended August 20 was 7,708,000 tons, for the week ended August 27, 7,763,000 tons and for the week ended September 3, 7,571,000 tons. Preliminary reports indicate a sharp drop in the total output during the week of September 5-10, because of the Labor Day holiday. The total loadings on Labor Day were approximately 4,520 cars as against 26,612, on the preceding Monday. Loadings recovered promptly

after the holiday reaching 26,830 cars on Tuesday, September 6.

One large coal operator in this District reports a considerable slowing up in transportation service and that at the present time it takes from eight to ten days for a car of coal to reach Detroit from Pittsburgh where formerly it required from four to five days.

Sentiment is mixed as to the attitude the unions will take when the miners' present contract for wages expires on April 1. According to reports the non-union districts have reduced wages from 20 to 50 per cent. The union districts are being held to the scale by the unions and as a consequence many union mines have not operated during the present year.

Transportation Situation Improves; Number of Idle Cars Decreasing

The railway situation gives promise of a slight improvement. There has been some decrease in operating expenditures, due in part to deferred maintenance charges, as the railroads have not yet reached a financial position to make any large amount of repairs on their rolling stock.

While equipment reports for the country as a whole show an increase in the amount of freight

moving, this immediate vicinity fails to show much improvement in this direction.

The number of idle cars is decreasing somewhat from week to week and during the month of August there was practically no increase in the number of cars idle on account of being in bad order.

A slight slowing up in service is indicated from recent reports, but for the most part deliveries are promptly made.

Little Change in Textile Industry During Past Month; Fall Business Held Up by Warm Weather

The last month, according to recent reports, has shown little change in the textile industry. In men's wear, the opening of woolen lines for next Spring indicates fair bookings.

One large manufacturer reports that in certain lines there is a decided tendency toward further weakening of prices after the opening quotations indicating small business. Prices in general are slightly below Fall 1922 quotations, the general impression prevailing that a substantial level has been reached on the basis of current quotations of wool and labor costs.

The warm September weather has prevented any marked opening of Fall retail business. Generally speaking, it seems that weather conditions are more important this season than usual. Customers are shopping more closely than they have for several years and show a tendency to make old garments last as long as possible.

With cool weather still holding off many stores have been putting on sales of Fall and Winter wraps, dresses, suits and cloaks.

Clearings

	August 16th to 1921	September 15th 1920	Increase or Decrease	Per cent Inc. or Dec.
Akron.....	\$24,867,000	\$44,646,000	—\$19,779,000	—44.3
Canton.....	14,669,544	20,793,873	—6,124,329	—29.5
Cincinnati.....	216,510,867	294,947,771	—78,436,904	—26.6
Cleveland.....	362,757,340	547,736,793	—184,979,453	—33.8
Columbus.....	51,420,400	63,619,200	—12,198,800	—19.2
Dayton.....	17,648,097	20,425,145	—2,777,048	—13.6
Erie.....	8,069,201	11,726,077	—3,656,876	—31.2
Greensburg.....	4,059,614	5,811,549	—1,751,935	—30.1
Lexington.....	4,545,599	5,927,124	—1,381,525	—23.3
Pittsburgh.....	465,867,164	732,829,674	—266,962,510	—36.4
Springfield.....	5,865,808	7,615,206	—1,749,398	—23.0
Toledo.....	44,175,000	65,348,934	—21,173,934	—32.4
Wheeling.....	15,642,072	21,312,939	—5,670,867	—26.6
Youngstown.....	15,925,273	20,039,605	—4,114,332	—20.5
Total.....	\$1,252,022,979	\$1,862,779,890	—\$610,756,911	—32.8

Debits to Individual Accounts

	Week Ending Sept. 15, 1921 (272 Banks)	Week Ending Sept. 15, 1920 (257 Banks)	Increase or Decrease	Per cent Inc. or Dec.
Akron.....	\$11,778,000	\$22,349,000	—\$10,576,000	—47.3
Cincinnati.....	59,019,000	74,759,000	—15,740,000	—21.1
Cleveland.....	115,741,000	189,513,000	—73,772,000	—38.9
Columbus.....	27,468,000	32,671,000	—5,203,000	—15.9
Dayton.....	13,621,000	11,451,000	2,170,000	19.0
Erie.....	6,375,000	8,829,000	—2,454,000	—27.8
Greensburg.....	4,421,000	7,256,000	—2,835,000	—39.1
Lexington.....	3,473,000	4,723,000	—1,250,000	—26.5
Oil City.....	2,297,000	4,303,000	—2,006,000	—46.6
Pittsburgh.....	131,848,000	212,087,000	—80,239,000	—37.8
Springfield.....	3,863,000	3,754,000	109,000	2.9
Toledo.....	30,074,000	33,905,000	—3,831,000	—11.3
Wheeling.....	5,800,000	9,988,000	—4,188,000	—41.9
Youngstown.....	12,026,000	18,214,000	—6,188,000	—34.0
Total.....	\$427,799,000	\$633,802,000	—\$206,003,000	—32.5

Comparative Statement of Selected Member Banks in Fourth District
(In Thousands of Dollars)

	Aug. 17. 1921 87 Banks	Sept. 14. 1921 85 Banks	Inc.	Dec.
Loans and Discounts secured by U. S. Government obligations.....	50,730	49,472	.....	1,258
Loans and Discounts secured by other stocks and bonds.....	335,092	336,394	1,302	.....
Loans and Discounts, all other.....	579,955	593,876	13,921	.....
U. S. Bonds.....	104,876	101,599	.....	3,277
U. S. Victory Notes.....	16,520	16,685	165	.....
U. S. Treasury Notes.....	1,537	5,028	3,491	.....
U. S. Certificates of Indebtedness.....	12,797	10,000	.....	2,797
Other Bonds, Stocks and Securities.....	276,684	273,801	.....	2,883
Total Loans, Discounts and Investments.....	1,378,191	1,386,855	8,664	.....
Reserve with Federal Reserve Bank.....	93,078	94,753	1,675	.....
Cash in Vault.....	26,882	29,305	2,423	.....
Net Demand Deposits.....	790,069	817,811	27,742	.....
Time Deposits.....	420,485	424,290	.....	5,195
Government Deposits.....	19,977	10,995	.....	8,982
Total Resources at date of this report.....	1,794,338	1,794,908	570	.....

Wholesale Trade
Percentage Increase (or Decrease) in Sales During 1920 and 1921
Over the Corresponding Month in Previous Year

	Dry Goods	Groceries	Hardware	Drugs
August, 1920.....	10.0	1.0	21.5	11.1
September.....	....	23.8	12.4	31.1
October.....	-27.5	-10.8	2.0	....
November.....	-4.2	-3.8	16.7	45.8
December.....	-20.0	-18.8	-16.9	-17.0
January.....	-51.6	-36.7	-20.6	-19.0
February.....	-22.3	-27.1	-19.0	-31.2
March.....	-14.9	-33.1	-16.3	-29.2
April.....	-4.2	-37.7	-21.9	-23.4
May.....	-13.6	-35.1	-22.0	-23.4
June.....	-24.4	-49.8	-32.9	-22.2
July.....	-35.5	-43.6	-38.5	-15.0
August, 1921.....	-13.2	-20.4	-41.1	-21.2

Department Store Sales

	Cleveland	Pittsburgh	Other Cities	District
Percentage of net sales (selling price) during August, 1921, over net sales (selling price) during same month last year.....	-22.4	-22.5	-11.0	-21.0
Percentage of net sales (selling price) from July 1, 1921, to August 31, 1921, over net sales (selling price) during same period last year.....	-22.8	-17.8	-17.4	-19.3
Percentage of stocks at close of August, 1921, over stocks at close of same month last year.....	-28.7	-13.4	-20.3	-18.8
Percentage of stocks at close of August, 1921, over stocks at close of July, 1921.....	7.8	6.2	7.3	6.8
Percentage of average stocks at close of each month this season (commencing with July 1, 1921) to average monthly net sales during the same period.....	461.0	443.1	588.9	467.3
Percentage of all outstanding orders (cost) at close of August, 1921, to total purchases (cost) during the calendar year, 1920.....	8.6	7.1	11.3	8.0

Movement of Livestock at Principal Centers in Fourth Federal Reserve District For Month of August, 1921

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920
Cincinnati.....	28,925	27,462	93,426	94,454	80,508	86,239	16,819	14,334	2,380	2,518
Cleveland.....	10,801	10,886	59,901	57,159	26,920	19,710	10,409	11,715	1,446	1,380
Columbus.....	11	.....	3,447	.....	.....	.....	.....	.....	.....	.....
Dayton.....	1,914	2,175	9,009	10,249	1,055	1,808	667	845	.....	.....
Pittsburgh.....	43,933	47,357	136,208	158,920	143,182	117,394	26,283	31,395	3,915	4,681
Springfield.....	900	.....	4,500	.....	1,200	.....	150	.....	.....	.....
Toledo.....	573	964	7,540	4,868	1,167	761	581	726	107	96
Wheeling.....	664	487	953	954	797	852	1,195	1,465	8	8
	Purchases for Local Slaughter									
Cincinnati.....	19,111	17,465	53,557	50,385	16,793	16,474	8,857	7,865	.....	.....
Cleveland.....	9,410	9,462	40,293	37,098	21,044	16,623	10,089	10,649	.....	.....
Columbus.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Dayton.....	.....	1,904	.....	5,043	.....	633	.....	827	.....	.....
Pittsburgh.....	7,991	6,734	35,161	27,509	11,873	13,271	7,253	8,205	.....	.....
Springfield.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Toledo.....	.....	645	.....	3,652	.....	106	.....	654	.....	.....
Wheeling.....	631	.....	905	.....	757	.....	1,135	.....	.....	.....

Building Operations For Month of August

	Permits Issued				Valuations				Inc. or Dec. of Total Valuation	Per cent Inc. or Dec.
	New Construction 1921	New Construction 1920	Alterations 1921	Alterations 1920	New Construction 1921	New Construction 1920	Alterations 1921	Alterations 1920		
Akron	138	234	37	66	113,565	1,654,503	29,625	92,780	-1,604,093	-91.8
Canton	105	83	50	43	843,560	313,912	29,318	50,030	508,936	139.8
Cincinnati	309	165	211	562	858,585	211,970	199,800	437,025	409,390	63.1
Cleveland*	493	207	986	880	3,331,044	1,571,600	502,155	1,286,800	974,799	34.1
Columbus	283	143	122	106	508,570	1,538,250	150,445	108,650	-987,885	-60.0
Dayton	185	101	79	67	463,136	310,388	33,176	84,061	101,863	25.8
Erie	99	51	63	33	286,206	320,145	112,410	77,319	1,152	.3
Lexington	8	15	52	58	56,000	500,000	13,844	34,070	-464,226	-86.9
Pittsburgh	363	263	111	103	3,138,844	1,827,027	248,028	191,347	1,368,498	67.8
Springfield	70	14	25	12	62,648	102,675	17,840	14,250	-36,437	-31.2
Toledo	181	261	192	110	274,760	474,605	130,929	109,725	-178,641	-30.6
Wheeling	58	29	25	11	66,386	78,660	9,640	43,340	-45,974	-37.7
Youngstown	114	82	34	29	227,635	141,910	22,440	39,075	69,090	38.2
Total	2,406	1,648	1,987	2,080	10,230,939	9,045,645	1,499,650	2,568,472	116,472	1.0

*1921 figures include Lakewood and East Cleveland.

**Statement of Bituminous Coal Loaded Into Vessels (As Dumped by Docks)
In Net Tons for Season to End of August, 1921, as Compared with the Same Period
for the Seasons of 1920-1919**

Ports	Railroads	1921			1920			1919		
		Cargo	Fuel	Total	Cargo	Fuel	Total	Cargo	Fuel	Total
Toledo	Hocking Valley	2,964,611	78,923	3,043,534	1,811,256	34,760	1,846,016	2,984,508	84,205	3,068,713
	Toledo & Ohio Central	811,064	22,425	833,489	854,755	35,862	890,617	885,291	26,713	912,004
	Baltimore & Ohio	1,684,130	48,591	1,732,721	644,643	20,507	665,150	1,623,051	37,891	1,660,942
Sandusky	Pennsylvania	1,022,312	28,999	1,051,311	723,938	9,312	733,250	936,149	26,512	962,662
Huron	Wheeling & Lake Erie	1,265,489	33,712	1,299,201	1,123,653	61,928	1,185,581	1,063,902	34,409	1,098,311
Lorain	Baltimore & Ohio	1,980,137	75,192	2,055,329	1,723,662	131,549	1,855,211	1,961,786	103,710	2,065,496
Cleveland	Pennsylvania	1,577,958	57,749	1,635,707	445,663	80,582	526,245	1,598,451	163,919	1,762,370
	Erie	310,858	10,402	321,260	140,609	10,617	151,226	135,170	4,289	139,459
Ashtabula	New York Central	901,756	43,633	945,389	698,814	148,576	847,390	1,246,265	93,481	1,339,746
	Pennsylvania	1,732,874	55,739	1,788,613	820,404	55,126	875,530	1,260,910	57,258	1,318,168
Conneaut	Bessemer & Lake Erie	836,695	11,396	848,091	1,478,112	24,251	1,502,363	935,857	5,739	941,596
Erie	Pennsylvania—West	740,278	25,400	765,678	110,116	8,008	118,124	527,052	27,338	554,390
	Pennsylvania—East	119,601	19,347	138,948	86,901	47,039	133,940	145,472	9,328	154,800
Total		15,947,763	511,508	16,459,271	110,662,526	668,117	111,330,643	15,303,864	674,793	15,978,657

PICKUPS ON BUSINESS TOPICS

THE first scientifically thorough and substantially accurate census ever taken in Japan gives the population of Japan proper as 53,961,140, while the total population of the Japanese Empire is 77,005,510. The population of Tokyo, the largest city in Japan, is 2,173,000.

Since the area of Japan proper is 148,756 square miles, the theoretical density of its population is 376 per square mile, which compares with 658 for Belgium, 177 for France and 35 for the United States. On the basis of habitable area, however, the comparison is much less favorable to Japan. Owing to the nature of the country's topography, it is estimated that only 19 per cent of the total area of Japan proper is habitable, against 74 per cent for Belgium and 70 per cent for France. Upon this basis the density of the population of Japan proper is 1,980 per square mile of habitable area, which signifies congestion of a very serious kind.

A new form of rubber sponge has been invented under the trade name of Onazote. It is manufactured in sheet varying from one-eighth of an inch to an inch and a quarter in thickness. It is three times lighter than cork, a non-conductor of heat and cold, and impermeable to water. It will be available for lining refrigerating chambers, especially for railway and steamship use. Its lightness and waterproof qualities will render it suitable for many other uses as well.

Fire losses for the first eight months of 1921 reached the alarming total of \$224,111,050, largely in excess of the figures of a year ago, and nearly fifty millions more than the first eight months of 1919. The excessive losses are explained as due to the general business depression. It is a sad commentary on American business honesty, says the Journal of Commerce, that fire losses invariably increase when business is depressed.

Trade Commissioner Donald L. Breed has reported that there is very little chance for the sale of American drilling machines in Czecho-Slovakia at present. This condition is due both to the unfavorable condition of exchange and to the fact that the domestic makers of similar machinery are now heavily overstocked and find it next to impossible to dispose of their goods.

The high grade of American lumber and the reputation it has established abroad assures its continued popularity in the world's markets, and pessimistic reports to the contrary are unwarranted, says Alex H. Oxholm, chief of the Commerce Department's new Lumber Division.

It is estimated that on August 1, gold in possession of the Soviet Government amounted to \$19,040,200. Total gold shipments from Russia between August 2 and August 10 were \$17,775,889, leaving a balance in the hands of the government on August 10 of \$1,264,311.

The Obras Sanitarias de la Nacion of the Argentine Republic requests tenders for 7,000 long tons of cast-iron piping, according to a cablegram from Commercial Attache Feely, Buenos Aires, dated August 24. Bids will be opened October 19.

Canadian exports of paper, wood pulp, and pulp wood for July, 1921, were valued at \$9,661,595—a decrease of \$7,899,058 as compared with July, 1920, and an increase of \$1,858,730 above similar exports for June, 1921.

Kentucky produces more than a third of all the tobacco in the United States. According to the Bureau of the Census, the United States produced 1,372 million pounds in 1919, of which 506 millions came from Kentucky.

THERE is need in Brazil for modern machinery for making statues, headstones, and other cemetery work. Various firms have imported machinery for this purpose, but have been unable to use it to advantage for lack of experienced workmen. It is the opinion of Consul General A. Gaulin that an American concern that would establish proper presentation and efficient repair service and would furnish capable demonstrators would find Rio de Janeiro a worth-while market for this type of machinery. He also believes that there would then be a demand for machines equipped with emery wheels for making grooves and other simple parts of this work and for machines for polishing marble and granite. A list of sculptors in Rio de Janeiro may be obtained by referring to the Bureau of Foreign and Domestic Commerce at Washington.

Although all materials made of wood are subject to the ravages of ants and other insects, it is believed there might be some sale for wall board in Pernambuco. According to Consul C. R. Cameron, contractors in his district have shown interest in the possibilities of wall board and would doubtless undertake the sale of it. A list of contractors and builders in Pernambuco may be obtained from the Bureau of Foreign and Domestic Commerce or from any of its district or cooperative offices by referring to File No. LA-12031.

The prosperity of the corn belt along Lake Erie is threatened, according to L. J. Tabor, Ohio Director of Agriculture, upon the return of thirty American entomologists from Canada, where they went to study the ravages of the European corn borer.

Taken by Canadian officials to fields where two years ago the borer was unknown, the party saw fields of sweet corn where 100 per cent of the stalks were riddled, and flint corn where not an ear was fit to harvest.

A monthly freight service is being established by the Compagnie Generale Transatlantique between Bordeaux and San Francisco, according to a cablegram from Bordeaux. On September 15 the steamship "Ontario" will sail from Bordeaux for several ports, including San Francisco. This will be the first sailing.

After a long-continued suspension of imports of chemicals into Japan, owing to high quotations in overseas countries, the demand for foreign chemicals is increasing, states the Japan Chronicle. About 3,500 tons of sulphate of ammonia are said to have been ordered from the United States, while demand is brisk for formalin, rosin and shellac.

The Department of Commerce has begun a study of the commercial aircraft problem in the light of the possible establishment of a bureau of aviation to regulate travel by air, bringing air travel to a plane of safety comparable to that in rail and water transportation.

Consul John P. Hurley, of Riga, Latvia, reports that he is in need of trade literature and will be glad to receive recent copies of catalogues and periodicals for the use of inquirers. Address American Consulate, Riga, Latvia.

The production of Portland cement in 1920 was 100,023,245 barrels, exceeding that in 1917, the next highest year in production, by 7,209,043 barrels. This amount was an increase of 24 per cent over the production in 1919.

The U. S. Bureau of Foreign and Domestic Commerce, at its Washington office, answered during August, 5,987 commercial inquiries by mail, and at its seven district offices, 12,547 inquiries.