

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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BUSINESS has laid aside its finer raiment and is now wearing its plain, everyday working clothes, which are more serviceable and just about as comfortable.

Quite frequently in the past we have stated that business is gradually regaining its health, and that improvement is steady, though slow. In reiterating the assertion, we acknowledge that it is still necessary, however, that a measuring stick with some pretty fine marks is required to determine the improvement in some directions.

The road over which business had to travel in 1921 was not a smooth one. Many of the difficulties have been carried over into the present year, but recently industry is showing a tendency to cease brooding over the past and is finding more courage in considering the present and the future with the purpose of moving ahead. The outlook for 1922 is one of hopefulness for a slow but genuine recovery until the place is reached that we like to call normal.

The eye of the alert public is discovering those industries that have been adjusted to meet present

conditions, and, as this same kind of feeling is developed in respect to all business, the time of the readjustment period will be shortened.

Foreign trade as a safety valve for production is absolutely essential for future prosperity, and without minimizing the importance of foreign trade as affecting the industrial and financial well-being in this country, there are plenty of opportunities for business and finance in caring for the needs of the 110,000,000 people in this country. Instead, therefore, of assuming that the developments here must wait for developments elsewhere, business men are finding a response, however feeble, to their efforts toward reviving domestic trade.

World business is closely competitive, and to engage in it will require business organizations keyed to compete.

Business men intending to engage in foreign trade find in their efforts to stimulate domestic trade that they are in reality fitting their organizations to handle foreign trade in their respective lines.

Textile Industry Faces Difficulties; Advance in Price of Raw Wool; January Sales Liquidate Stocks

The textile business is in a peculiar position at present as several new factors have entered this field during the last few weeks. Since the first of September, raw wool has advanced in price nearly 40 per cent. It has also been decided among the large textile organizations of the country not to reduce any wages for the time being.

In the face of these facts the wholesale clothier is wanting lower prices for next fall—which market will open shortly—than he paid for goods in the spring. The result is that at present a considerable amount of textile machinery in the country is idle.

Knitting yarns have also advanced in price, although in this particular branch of the industry the condition of the knitting trade would indicate a very satisfactory situation. Jobbing and retail stocks are very low and substantial business is being anticipated.

The price of silks has advanced within the last few weeks.

Opening of fall lines for the men's wear trade has been delayed due, no doubt, to the uncertainty in the minds of the mill executives with reference to the establishment of prices.

The men's clothing trade generally does not show the activity for spring that the early outlook for the fall season just passed had led it to anticipate. January sales are, no doubt, liquidating retail stocks, and manufacturers quite generally are hopeful that whatever business has been lacking in advance orders, will be offset by substantial additions through late buying when the retail season opens.

While occasional reactions are expected, textile men in close touch with the situation feel that 1922 should show some improvement over 1921. A very rapid increase in the volume of business is not wished for but rather a steady increase, accompanied by a stabilized price market showing a gradual lowering of such prices as are still above a reasonable level.

ON PAGE 9 APPEARS THE SECOND OF A SERIES OF DEPARTMENTAL ARTICLES OF OUR BANK

Loans to City and Country Banks Decline; Acceptance Market For 1921 Shows Improvement Over Previous Year

From December 20, 1921, up to January 20, 1922, there has been a gradual decline in the demand for accommodations both from city and country banks. The decrease in city bank borrowings has been especially noticeable since the first of the year. It would appear that part of the funds borrowed for the payment of taxes have completed the circle and are again finding their way back to the banks. This is also true of money borrowed for holiday trade, although it is still too early to feel much of a reflex from this source. The number of borrowing city banks has shown little change.

While there has been very little liquidation of credits in the agricultural districts as the result of crop selling, the volume of loans to country banks, during the month ended January 20, were somewhat lower than for the previous month. However, the number of banks borrowing continues much above the average and in the past month a considerable number have been added to the list. As is the case in the city banks, the return of tax money is partially responsible for the decrease in the volume of loans.

The combined ratio of total reserves to deposit and Federal Reserve note liabilities of this bank for the month ended January 18, has fluctuated to some extent, but the trend has been upward. The same is true of the reserve ratio of the Federal Reserve System.

On December 14, 1921, the reserve ratio of the System stood at 72.6 per cent. On December 21 it dropped to 70.7 per cent but advanced again to 75.1 per cent on January 20. On the fourteenth of last month the reserve ratio of this bank was 71.9 per cent, on the twenty-first it was 68.8 per cent and on January 18, 74.6 per cent. From these figures it is apparent that the improvement in the reserve ratio of the Cleveland Federal Reserve Bank is in harmony with that of the System as a whole.

The combined reports of nineteen large savings banks and trust companies in the Fourth Federal Reserve District show a decline in total time deposits of 4.6 per cent compared with the same period for 1920. This is a heavier decrease than the previous month when the total drop as compared with November, 1920, amounted to 3.4 per cent. A decline of .6 per cent from November, 1921, to December, 1921, shows little change as compared with the previous month's decrease of .4 per cent.

Bankers' acceptances bought by the Federal Reserve Bank of Cleveland in December amount to \$5,236,707, and the maturing and paid, \$2,760,921. Eight banks in the Fourth District reported acceptances executed for customers during December to the amount of \$1,764,205, and acceptances paid for the same period \$2,870,860.

The acceptance market for the month ending January 15, was very irregular in activity and rates. The opening weeks brought few bills into the market and little demand was evidenced from any source.

The rates for prime bills remained constant at 4 3-8 bid and 4 1-4 offered. Call money during the time ranged from 6 per cent to 4 1-2 per cent ruling at about 5 per cent.

When the new year opened and call money went to 3 1-2 per cent, the lowest since July 28, 1921, the rates on bankers' acceptances followed downward and were quoted during the first week of the new year at 4 1-4 per cent bid and 4 1-8 per cent offered. During the last week of the month there was a further decline to the lowest rate that bankers' acceptances have sold at in over two years. Bid 4 per cent, offered at 3 7-8 per cent.

With the decline in rate, the demand increased from all sources and many additional bills from the customary regular supply were thrown into the open market. These offerings were readily absorbed, and the brokers' portfolios became limited. The greater part of the offerings were domestic bills.

Foreign export bills still continued to increase. There was a slight improvement in the supply of bills drawn against imports, which can be attributed to the slight strengthening of foreign exchange rates.

During the past year, taken as a whole, the acceptance market showed a general improvement in this District over the previous year of 1920. The first six months of the year were very active. Many banks throughout the District have shown their interest by entering the acceptance field and are apparently favorably impressed with this class of business. The demand for this form of paper has continually broadened and individuals, as well as corporations and banks, have entered the market when in funds. During the latter period of the past year, the market was directly influenced by dull business and the falling off of foreign trade.

The range of rates for the past year for prime eligible bills is as follows:

RATES FOR THE PAST YEAR

Maturities	Bid		Offered		Closing Bid
	High	Low	High	Low	
Under 30 days	6¼	3¾	6¼	3¾	4½
30 to 60 days	6¾	3¾	6¼	3¾	4½
60 to 90 days	6¾	3¾	6¼	3¾	4½
*90 to 120 days	6¾	3¾	6½	3¾	4½
*120 to 180 days	6¾	4	6½	3¾	4½

RATES FOR THE PAST MONTH

Maturities	Bid		Offered		Closing Bid
	High	Low	High	Low	
Under 30 days	4¾	3¾	4¼	3¾	4
30 to 60 days	4¾	3¾	4¼	3¾	4
60 to 90 days	4¾	3¾	4¼	3¾	4
90 to 120 days	4¾	3¾	4¼	3¾	4
120 to 180 days	4½	4	4¼	3¾	4½

*Foreign bills ineligible for rediscount prior to May 6, 1921.

More Favorable Appearance in Iron and Steel Industry; Miscellaneous Business Helps; Renewed Interest in Larger Projects

Following the cessation of activities at the holidays, which was somewhat more pronounced this year than usual, market conditions in iron and steel in the new year, by contrast, make a more favorable appearance. The volume of business is slightly larger since some sizable negotiations which had been held up for several weeks have been released and there is some disposition on the part of buyers to figure definitely on their future requirements. At the same time the miscellaneous flow of business, which has been the mainstay of the recent market, is being maintained. Emphasis needs to be laid on the modest character of the market revival; in fact the best that producers are hoping for is a slow and gradual expansion of business. Steelworks operations at the beginning of the year were down to 40 to 45 per cent of ingot production. This rate is expected to be somewhat larger February 1, and the general belief and hope is that a gradual growth of output will be sustained from that time forward.

Tin plate and tubular goods are making the best showing of all the steel lines at the present time. Railway equipment buying is more promising and some important orders of this kind have been distributed in recent weeks, while others are in early prospect. About 500,000 tons of rails have been placed for 1922 delivery with as much more business definitely in sight before the mills.

One encouraging feature of the situation is the appearance in the market of major projects as far as tonnage goes, the time of execution of which would run many months ahead. Some of these represent revivals of plans originally brought forth a year or so ago, but put aside in the conviction that conditions were unfavorable for their being carried through. Accordingly the offering of this work at this time suggests that the prospective investors are reaching the point of satisfaction with the liquidation of steel prices and other cost factors and are more disposed to seriously undertake these enterprises.

Inclusion of some speculative projects in this list further points to returning confidence. Among the propositions again coming to the front are plans for large building, railway equipment, vessels, etc., all of which entail heavy outlays of capital for investment purposes. One source of special satisfaction is the renewal of definite figuring on new construction by lake shipyards. After a practical blank in this respect for about two years, contracts for one large freighter have been closed and two ore carriers are actively under negotiation. Some smaller craft have been let and there is talk of other new construction in sight. How much the country can stand a stimulation of building activity is illustrated by the fact that total lettings of structural steel in 1921 represent about 35 per cent of shop capacity. The December figure just announced was on the basis of 40 per cent of capacity. Some enlargement of this latter figure in January is expected.

Iron and steel prices while not firm, generally show relatively little yielding from their recent levels which are below cost for many producers. Concessions at this time largely are of the character of dividing advantages of locations with the buyer. The composite market average of *The Iron Trade Review* covering fourteen iron and steel products tends to reflect the shaken down condition of prices. This average for the week of January 18, was \$33.36, compared with \$33.54 one week previously, \$33.64 two weeks previously, and \$33.99 for all December. The comparative figure in January, 1913, was \$27.96.

Steel production in December showed some falling off from the November rate, due to the widespread cessation of operations at the holidays. Ingot output in December was at the rate of approximately 20,270,000 tons annually, compared with the annual rate of 23,580,000 tons in November. Pig iron output however in December continued to gain slightly. The final month's output according to the *The Iron Trade Review* was 1,642,775 tons. An average daily rate of 52,999 tons in December compared with an average daily rate of 47,165 tons in November. Furnaces in blast at the end of the year were 124, a gain of 4 over the corresponding date in November.

Steady Improvement Expected in 1922 Shipping Season; Coal Movement Slow; Grain Stocks Heavy

The outlook is a little brighter than it was at the close of the shipping season, and while a steady improvement is looked for, the general opinion is that the start will be slow and that there will not be employment for all the bulk freighters during the early part of 1922. There has been quite a let-up in the ore movement from Lake Erie docks to the interior furnaces since January 1, when the rail rates were advanced and the furnace men are only taking for-

ward ore that is needed for mixtures. The shippers do not look for much change in the situation until the rail carrying charges are reduced and the movement will be light during the winter. Stocks of ore at this end of the route are about 3,000,000 tons smaller than they were a year ago, as the Lake Erie docks early in January were holding about 1,500,000 tons less, and a similar cut was made in the ore in store at the furnace yards.

It will probably be some time before prices, handling charges and freight rates are taken up, but a cut all along the lines is looked for. Six furnaces were added to the active list in December, which is quite a change from a year ago, when stacks were being blown out at a pretty fast clip. That the ore requirements will be greater than they were last season is certain, but the men in the trade will not make a guess on what the movement will be.

Coal is going forward slowly from the upper lake docks and unless there is some improvement along that line, considerable coal will be carried over at the opening of the shipping season. Some of the boats that took late cargoes to Lake Michigan ports have not been unloaded, owing to the crowded condition of the docks. Stocks of grain at the Lake

Superior ports are heavier than they were a year ago and the indications are that all the elevator room at Duluth, Fort William and Port Arthur, will be taken before the boats are ready to move. This means there will be a good demand for early loading tonnage. There is very little storage vessel capacity available at the head of the lakes.

Some figuring has been done for new boats but up to date only one order for 1922 delivery has been booked. A large steamship company of Toronto, has closed a contract for a 10,000 ton steamer to come out next September. The big storm on December 18, which forced 22 steamers on the beach at Buffalo, made considerable repair work for the yards at the Lake Erie Ports. A dozen freighters that were damaged in the storm were shifted and sent to Ohio ports for repairs.

Fourth District Manufacturers Feel Effects of Slack Holiday Period; Interest of Automobile Buyers Centered on Auto Shows

The results of a somewhat slack period preceding and during the holiday season are being experienced by Fourth District manufacturers. A gradual recovery in several directions is reported but trade for the most part does not show any great amount of improvement. Near the end of the year there was a sizable decrease in exports with imports remaining comparatively heavy. Manufacturers quite generally are optimistic as to the outlook for a gradual improvement in business.

The automobile trade is sensitive to rumors at the present time as they relate to prices, and this is causing some hesitation on the part of buyers. For the most part, however, the public apparently believes that automobile prices have about reached the bottom. Sales are reported to be improving especially in the eastern states.

In the purchase of cars buyers are looking for lasting value, endurance and reliability. Low operating cost and high tire mileage are also important factors. Some orders for sheets have come in to the iron and steel trade as a result of the resumption in automobile production.

The situation in the motor truck industry is about the same as it has been for several months past. There is apparently very little new business in sight. A large truck manufacturer in this District reports that 80 per cent of the sales that are made are to owners who have old equipment to trade in. There is little demand for second-hand trucks. This refers to motor trucks of the heavier type and does not include the $\frac{3}{4}$ -ton and light 1-ton speed wagon. No increase in the demand for new motor trucks is expected until general business revives to such an extent that increased equipment will be required.

At this season of the year interest in the automobile trade is centered on the shows and there is a tendency on the part of buyers to await develop-

ments. This affects the automobile body manufacturer. A large supply of second-hand cars on the market is one of the big problems facing the industry.

Conditions in the automobile axle manufacturing business have not changed much since last month when orders were reported as picking up.

The storage battery business has already felt some good effects from the New York Automobile Show and car manufacturers are increasing their specifications daily.

December business in the tool manufacturing line was lower than in November and is reported as being the smallest of any month in 1921. Many dealers and large users of tools are busy taking inventories, and do not place orders of any size just preceding this period.

The paint business has shown a very noticeable improvement since the holidays. Large and well assorted stock orders from the trade are reported and big gains, based on actual orders, are anticipated for the next six weeks.

A manufacturer of white lead reports that the volume of business for last month as compared with December, 1920, shows a very marked improvement. Since the first of the year orders are increasing in volume. Collections are good.

In the printing and lithographic ink business no improvement over conditions a month ago is seen.

Orders in the tin can industry are reported to be growing, indicating that the stock taking period has passed and customers are continuing to order. The volume of these orders are very satisfactory for this period of the year.

The cork trade is very dull and December is reported as being the poorest month for eight years. There is a fairly good demand for corkboard for insulating, and the prospects are that it will continue for the next three or four months.

Plate glass shipments during December were somewhat in excess of December, 1920. Window glass sales are declining in volume, partly incident to the season, and partly on account of greatly increased importations and the uncertainty of the tariff.

Orders being written for spring in the farm machinery line show some slight improvement, but no substantial volume of business is expected for the first half of 1922.

No particular change is seen in the hardware business since the holidays. Customers apparently are a little more hopeful for it is drawing near the time when wagon implement manufacturers, tractor

makers, etc., usually start operations for spring delivery. There has been considerable liquidation of stocks during the past year but in many cases inventories are still large.

The pottery industry is reported to be running strong. Orders are holding up well, although they are not so numerous as they were a year or two ago. Collections on the whole are rather slow. Prices are getting closer to the cost of manufacture.

In the hardwood lumber business various industries are coming into the market with a renewed interest. Saw mills that have been shut down from six to eight months are starting up again. Since the first of the year there has been quite an improvement in inquiries and purchases.

Oil Industry Affected by Cut in Crude Prices; Refineries Running Slow

The year-end dullness of trading in refined products, which is seasonal every year, was accentuated somewhat as 1921 ended by the general industrial depression.

The industry, however, generally looks forward to 1922 as a year which on the whole will show a gradual rather than an immediate marked improvement.

There were many in the oil industry who contended that the posted prices of crude prevailing were higher than were justified by the market for refined products. These found their notions to some degree vindicated when Pennsylvania crude was cut 25 cents a barrel January 3, bringing it to \$3.75 a barrel and was further cut on January 9 to \$3.50 a barrel.

General belief at that time was that the posted prices of western crude would be likely to follow the reduction in eastern grades. However, the situation in the Mid-Continent field was radically different from that in Pennsylvania, where supplies of crude were piling up in the hands of the purchasing companies, and refiners were refusing to buy crude except in very small amounts, because of the difficulty in finding a possible market for their products.

However, there has been no reduction in the posted prices of western crude to date, and the fact that a large oil and refining company on January 14 advanced the posted price of crude from the new Mexia field, 25 cents a barrel, seems to indicate a firmer market on present figures.

It appears that the refiners, both eastern and western, have made up their minds that three or four hard months lie before them and have taken the only course by which the situation could be remedied, that is, either closing down their plants entirely or reducing their run to the lowest possible minimum.

For a refinery to close down entirely usually means the relinquishment of a contract for crude and many refineries prefer running at a loss rather

than giving up their source of supply, because it is difficult at times to obtain an assured supply when wanted.

The closing down of refineries in the west which has reduced the refinery capacity operating to about 40 per cent of normal, and a similar condition in the east, is expected to make itself felt before long in a reduction of the supply of refined products available. This should have a stabilizing influence on the market.

The unsettled condition of the crude market has led jobbers over the country to refrain from placing large orders for gasoline for a summer business, which means that buying is very slow at the refineries.

Most of the jobbers have reduced their stocks on hand to a pretty low point, and, it is believed, it will be necessary for them to come into the market within the next two or three months.

The fact that there is very little gasoline in storage in the hands of the independent refiners, indicates that when demand increases, the refineries will gradually expand their operations to meet the demand.

The general idea is that the demand for crude oil during the spring and summer will be heavy, due to the increasing demand for gasoline. It is taken as a matter of course by oil companies generally, that regardless of financial and industrial conditions, the demand for gasoline each year will be greater than that of the preceding year, although, of course, the demand for fuel oil and to a large extent the lubricating oils of various sorts depends mainly on prosperity in industry.

National Petroleum News finds throughout the industry a feeling of optimism, but it is optimism tempered with caution and common sense. The oil companies generally in all branches of the industry are reducing their costs, cutting wages, lengthening hours and adopting all the efficiency methods they can work out to cut down their expenses and increase their efficiency.

Upward Trend in Common Brick Industry; Outlook for Paving Brick Bright

For the past three months, reports from members of the Common Brick Manufacturers Association of America indicate an improved condition in the market for common brick. The pick-up is slow but it seems to be consistent. The Association is informing its members that every indication points to a very satisfactory year in 1922. No great rush is predicted in the market, but it is felt that there will be an increasing ratio of improvement as the months go by and the building season progresses.

The stocks on hand in the brick yards at the present time are small and considerably below normal. Manufacturers are showing a desire to resume operations at the earliest date that the weather will permit. At this time a year ago they were at a loss to know whether or not they should make any brick because the market was so uncertain, but the feeling today is that there will be a fair demand with the opening of the spring building operations.

One of the big factors in the present price of common brick is the low and irregular production. It is believed that with production reaching a point nearer normal, prices will be slightly lower.

The National Paving Brick Manufacturers Association reports that shipments of vitrified paving brick for 1921 in the Fourth District reached a total of 100,000,000 brick, the high level attained in 1916, which was the previous record year.

The year just past was the best year in the industry since 1916 in home markets. At distant points, however, the following losses were recorded by Fourth District manufacturers:

Market	Loss in number of brick
Michigan	9,250,000
Wisconsin	1,000,000
Kentucky	2,750,000
New York	4,000,000

It is estimated by officials of the National Paving Brick Manufacturers Association that a billion dollars will be spent during 1922 for street and highway paving throughout the entire country. Of this \$75,000,000 will be in the form of federal aid, to be matched dollar for dollar by the individual states. Large amounts are available for municipal work.

The following table shows the shipments for each year from 1914 to 1922 inclusive for the entire industry. The effect of war-time restrictions can be noted:

Year	Number of brick
1914	451,116,273
1915	441,555,493
1916	462,442,795
1917	428,158,211
1918	235,857,141
1919	325,413,109
1920	301,436,339
1921	375,000,000

In the foregoing table, the noted improvement in the industry following the loss due to war-time restrictions, is caused by the recovery of the short haul markets. The distant markets still are unavailable and are dependent upon freight rates. Normally about 100,000,000 brick are shipped to distant points.

Winter Wheat Acreage Shows Little Reduction;

Farm Labor Cheaper; Burley Tobacco Sales Expected to Start Shortly

The condition of the winter wheat crop throughout the country is generally good and the crop has entered the winter with no great amount of damage from freezing. The acreage seeded to wheat in Ohio last fall was practically the same as a year ago with a slight reduction if anything, according to the report of the Ohio Department of Agriculture.

In Ohio the average wage paid by farmers for help by the month was \$33 and board on December 1, 1921. The rate the previous year was \$47 per month which is a decline of 30 per cent. Day wages for farm help have declined about 34 per cent. The average paid for harvest hands was \$2.70 during 1921, as compared with \$4.11 in 1920. Last year the average for day labor on the farm for other than harvest work was \$2.07 as compared with \$3.19 during 1920. These figures are for labor where the farmer furnishes board.

Wages where board was not furnished are naturally somewhat higher and show about the same decline over last year as do the rates with board. The monthly rate without board was \$48 in 1921 and \$66 the previous year.

There is no particular activity reported in the Burley Tobacco district. Sales of tobacco which

have not been signed up by the Growers' Co-operative Association, and which started about a month ago, have continued. Three houses are holding sales in Lexington and sales are being held at four or five other points in the Burley district.

The prices have averaged materially higher than 1920 sales. The Association has just been incorporated under a new co-operative law which was rushed through the Legislature, and expects to open up the selling season in a short time. A system of grading has been decided upon and graders have been selected. Arrangements have been made to take over the loose leaf warehouses for use during the sales. The growers are very anxious for the sales to begin as they have been accustomed to start selling considerably earlier in the season.

As tobacco is the important cash crop of Kentucky, the agricultural prosperity of the state is measured largely by the price which it brings. It is estimated that the present price is about twice the average price of the period immediately preceding the war and that tobacco is one of the best paying crops grown in the country this year.

Soft Coal Production Continues at Low Ebb; Stocks Low; England Re-enters Shipping Field

Production of soft coal which dropped sharply during the holiday season showed an appreciable recovery in the first week of 1922. The extent of the drop is seen in the estimated production figures of the United States Geological Survey. During Christmas week total production amounted to only 5,996,000 net tons as compared to the previous week's production of 7,468,000 net tons.

The year 1921 was a feeble one for the coal industry. To match the 407,000,000 (estimated) tons of soft coal produced, one must go back 10 years. But this tonnage comparison is not enough, for it ignores the normal increase from year to year. To match the completeness of the depression one must go back to a much earlier day.

Anthracite alone stands an exception to this statement. Until late November the hard coal mines continued in active operation and the total output for 1921 was not far behind the two years just preceding.

At present there is quite a heavy drain on reserve stocks of coal in the hands of industries and dealers. Stocks held by dealers and large consumers, exclusive of household stocks and coal in transit on December 1, were estimated to be about 25 per cent below the maximum reserve built up by the fuel administration as reported on Armistice Day (November 11, 1918).

The policy of hand-to-mouth buying is still very much in evidence. It is not an unusual occurrence for buyers to request the tracing of coal shipments, stating they are about out of coal.

Before the war the United States did a large export business with Canada, but during the past year this trade has dropped off rapidly. Shipments of British coal abroad have increased greatly. Since the adjustment of the coal dispute in that country which was at its peak last May, England is rapidly regaining her former prestige in the coal shipping field.

Seasonal Fluctuation Felt in Paper Industry; Good Prospects for Advertising

The paper industry has shown little change since last month's report. Business in this line is still showing a tendency to fall off following the usual seasonal fluctuation. Prices have been inclined to stiffen a little on a cost basis following the upward trend of some raw materials. It is expected that there will not be any large amount of business available until March, although it appears likely that the latter part of January will be better than the month preceding.

Paper dealers are showing a tendency to stock up. A Fourth District paper manufacturer reports many small orders for shipment by express, indicating that some paper jobbers do not have the stock on hand from which to fill even the smallest orders.

Colored paper used for advertising purposes, catalogues, price lists, descriptive pamphlets, etc., is in better demand and reports are to the effect that manufacturers of automobiles, furniture, piano and musical instruments, and also in other lines, will have a lot of this kind of advertising to do. Artists and designers report that they are very busy on work to be gotten out for the coming spring. The writing paper end of the business is picking up rapidly.

There is still some foreign competition in newsprint but the fact that the quality of imported material is not up to American standards, and that deliveries are very uncertain, is rapidly swinging business in the direction of American and Canadian firms.

Volume of December Traffic Shows Usual Drop; Number of Idle Cars Continues to Increase

As is quite usual in December of any year, there was a considerable reduction in the volume of traffic moved as compared with October and November. This is best evidenced by the situation in regard to car supply. On December 31 there was a total of 470,516 serviceable cars idle throughout the country, this being the highest figure for some months past. On October 31 there was a total of 80,203 idle serviceable freight cars in the country and on November 30 the number had increased to 282,926.

There has been a gradual reduction in the number of cars awaiting repair. On December 15 there

were 308,556 of such cars or 13.5 per cent of the total, as compared with 333,616 on the fifteenth of the previous month or 14.4 per cent of the total.

On the whole, railroad service is satisfactory and according to reports there are few complaints as to delays in transit.

Records compiled by the Interstate Commerce Commission indicate that more miles of railroads are being abandoned than are being built. The Commission during the year ended October 31, 1921, authorized 405 miles of new construction and 702 miles of abandonment.

Rubber Industry Swinging Into Line; Raw Material Prices Firmer; Orders for New Equipment

There are many indications of prosperity in the rubber industry today that were lacking in January 1921. Manufacturers, dealers and equipment men are looking forward to increasing activity. Many buyers are taking on new and larger stocks for spring business and orders now being booked for February and March are on a satisfactory basis.

This increase in business has caused manufacturers to take on some additional help and to lengthen the working periods in order to meet the heavier production demands. Business in tires, mechanical goods and footwear is improving. A reduction of eight per cent in footwear prices has been announced. Stocks are low and orders are expected in larger volume.

Last year at this time there was an over supply of tires. Now inventories are low and manufacturers are swinging organizations back into line. The worst year of the rubber industry, a year which has witnessed much liquidation has passed.

Evidence of greater stability is seen in the raw material end of the business and it is thought that the bottom has been reached in this direction. This is also conducive to more buying.

Competition among manufacturers is growing. Rivalry for business on a profitable basis is the preferable kind of competition.

Under normal conditions the railroads are heavy buyers of mechanical rubber goods and a greater activity of the roads means much to mechanical rubber goods manufacturers. Already there is a better tone in this part of the industry.

Equipment manufacturers report that the smaller rubber companies are coming into the market for new equipment. Some of the larger companies are also showing some interest in this line.

The recent reduction of tire prices by large manufacturers is reported by smaller companies as having a bad effect on their trade and has led jobbers and dealers to expect another reduction.

Business in Canning Industry Picking Up; Stocks of Canned Goods Light; Food Products Business Good

In the canning industry conditions are better than last month and a marked improvement has been shown since the first of the year. Wholesale grocers are beginning to realize that stocks of canned fruits and vegetables are light and that it is quite a long time until the next packing season. Recent statistics show that there has been a very heavy reduction in the number of cases of tomatoes packed in 1921 as against the number packed in 1920. The result is that the price has advanced considerably since the first of the year. Nearly all the standard grade of peas has gone out of the hands of the packers.

The normal consumption of canned corn is about 1,000,000 cases per month. Statistics show that there are only approximately 3,500,000 cases of can-

ned corn in packers' hands, to last until the next corn packing season which is in September.

The past year has been a hard one for canners but they are forgetting the troubles of the past and are turning hopefully to the future. A year ago there was a heavy surplus of canned goods and many debts, and the industry in general was in a tight place. In marked contrast today, the canner very largely has been able to take care of his indebtedness, and instead of big stocks of canned goods, the stocks carried by the canner are exceptionally light.

The food products business has been very satisfactory. Reports from a large number of salesmen are optimistic. Stocks of goods in the stores are light, the trade is buying freely and collections are good.

Building Operations Show Little Change; Evidence of Greater Activity in Home Building

Contemplated building operations throughout the country fell off slightly during November. It is estimated that total operations during the past year were something like 65 per cent of normal.

The outlook for the present year seems to be improving as the prospective building operations gradually come to the surface.

As compared with last year the local situation is decidedly better. The city of Cleveland and nearly all of the suburbs a year ago were showing about the same volume of operations as for the corresponding months in 1920. The last month of 1921, however, indicated a marked increase for the suburbs

and this ratio is keeping up with the start of the new year. In some cases the volume is more than double both in number of permits issued and their valuation.

This would seem to indicate a gradual return to the home building attitude on the part of the public. Up to the present time speculative building has played a minor part in the recent building revival.

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

The Story of The Discount and Credit Department

This is the second of a series of departmental articles of the Federal Reserve Bank of Cleveland, which we are publishing with the thought of familiarizing our member banks and readers with the detail and volume of work that passes through their Federal Reserve Bank. In this article we tell the story of what happens to paper presented to us for rediscount, the proceeds of which go back into the manufacturing and productive channels of industry and agriculture.

In the early days of the Federal Reserve bank the rediscount operations were very few, and all of the work in this department was done by one man, who spent his spare time in working out and setting up a system for the department, designed to meet future requirements. This was in 1914. In 1915 the department required another employee; in 1916 four people were required; in 1917, eight. The war then came upon us, and this department gradually increased until in 1920 it required twenty-three employees, in addition to the two officers in charge.

Perhaps the clearest idea of the operations in this department can be obtained by following the course of paper through the department. When paper arrives at the department, it is checked with the applications and letters that accompany it, and notations are made of any special requests or information regarding the paper or its proceeds. Investigation is made as to whether a resolution of the member bank's board of directors authorizing loans and rediscounts is on file with us. The signatures on the applications and the bank's endorsement on the paper are examined to make sure that they agree with the signatures authorized by the resolution.

The paper next goes to the Credit Department, where all information on file regarding the desirability and eligibility of the paper is assembled. Cards giving pertinent information regarding the borrowings and condition of reserve accounts of the banks presenting the paper are attached as well as slips giving the amount of our present holdings of paper of the makers and endorsers.

A committee of senior officers passes on the paper, keeping in mind the following conditions:

Is the member bank maintaining its reserve according to the law?

Is the member bank's borrowings with us abnormal? If so, why?

Has it been necessary to write the member bank on either of these subjects?

Is it eligible under the Federal Reserve Act and the Regulations of the Federal Reserve Board?

Is there any question of classification of paper between six months' agricultural and livestock paper and ninety-day commercial paper?

Will rediscounting the paper presented bring the line of any borrower above the amount the Federal Reserve Act permits us to rediscount for any one member bank?

Has the member bank furnished all of the financial statements required by the regulations of the Federal Reserve Board?

What is the distribution of credit to industries? Is credit to any particular industry abnormally large? Does such a situation indicate that special consideration should and can be given?

Special cases requiring immediate decisions are submitted to the Governor and Chairman of the Board.

Paper that has been approved by this Committee may be immediately rediscounted, but is subject to the final approval of the Executive Committee. The proceeds of all approved paper is credited to the account of the offering member bank as of the date of receipt at the Federal Reserve bank or its branches.

When the approved paper is received by the Discount Department, it is checked first for maturities, which are refigured and verified, and then for interest on any interest-bearing items. All through this procedure a sharp scrutiny is kept for technical defects that may have been overlooked. The discount is then figured and noted on each item, and the proceeds of each application is computed and noted on the application.

Large computing typewriters are used in scheduling the paper and show sub-totals, totals and the grand totals for the day. The typists write with one operation the statement to be mailed to the member bank, the credit for our bookkeeping department, our discount register and the daily schedule to the Federal Reserve Board. These schedules are practically a full description of the items, including our rates, the amount of the discount and the rates charged by the member bank on each item, and the classification of the paper.

When the credit memorandum is received by the bookkeeping department and the entry is made, the proceeds are available in the member bank's reserve account. As fast as this scheduling is done, the paper is handed to the liability-ledger clerks, who make entries of the member bank's liability, the payer's liability and the endorser's liability of each item as well as the collateral if any, and the maturity of the item. These liability ledgers are so complete that we can ascertain at a glance the amount of any one borrower's liability to us, whether as maker or endorser, and for which member bank the paper was rediscounted, the maturity date and whether or not it is secured paper.

The paper is then re-sorted by maturity dates and entered on the maturity register, with notations of the member bank's instructions regarding collection. It is then endorsed to the Federal Reserve Agent and pledged as collateral to Federal Reserve notes. Thereafter it is held in joint custody by the Federal Reserve Agent or his authorized representative, and a representative of the bank.

The collateral clerks carefully check all collateral received and again check it when it leaves their hands, obtaining a receipt for it. If it is being delivered to someone not connected with the Federal Reserve Bank, they make sure that the loans secured by the collateral have been paid and that the person to whom the collateral is delivered is the proper person to receive it.

With the maturity register as a guide, the collection division of the Discount Department sends out, about ten days before the maturity of each member bank's collateral note, a notice calling attention of the member bank to the maturing date. If the member bank for whom paper has been rediscounted has signified a desire to make collection of such items, they are sent about ten days before their maturity to the member bank for collection at maturity, in which event the member bank acts as our collecting agent. Items sent to a discounting bank for collection are charged to that bank at maturity.

If the member bank signifies in the application for rediscount that it desires us to make collection of items payable elsewhere than its own counter, we forward such items for collection about ten days prior to maturity. Paper that is payable in our own District is sent direct to a member bank located in the place of payment, unless there is no member bank at such location, in which event the items are sent to the bank that is nearest the place of payment, whether it be a member or non-member bank.

Items that are payable in any other District are forwarded to the Federal Reserve bank of that District or the Federal Reserve bank's branch nearest the place of payment.

Federal Reserve banks make no collection charges except when charges are made by the collecting banks, in which instance such charges are passed on to the discounting bank.

If any of the items which we have undertaken to collect at maturity are not paid on the maturity date, they are protested and charged to the member bank, who, of course, is notified of the protest. The collection division keeps a close check to make sure that advices of payment or actual payment is received on each item within a reasonable time.

When unpaid items are returned to us, they are sent to the member bank for whom they were discounted with a letter stating the facts regarding non-payment.

If the Federal Reserve notes against which the paper was pledged have not been withdrawn from circulation when the paper is due or otherwise passes out of the Federal Reserve Agent's custody, other paper or gold is substituted.

Under the Federal Reserve Act the Federal Reserve banks are authorized, subject to the rulings prescribed by the Federal Reserve Board to purchase and sell in the open market bankers' acceptances arising out of the importation and exportation of goods, the domestic shipment of goods or the storage of readily marketable staples pending reasonably immediate sale, and to purchase and sell United States Government securities and certain classes of municipal securities with a maturity not exceeding six months. Our funds have been kept available for meeting the demands of our member banks, consequently our open market purchases have been confined to bankers' acceptances and United States Government securities. Bankers' acceptances which we purchase in the open market pass through a process similar to that of rediscounted paper.

The commercial credit department is included in the Discount Department, but is a complete department in itself. It receives thousands of confidential statements of various commercial and industrial organizations, farmers, stock raisers and individuals whose paper is presented to the Discount Department, as well as statements of accepting banks whose acceptances may be offered to us. When these statements are received they are scrutinized for any unusual features. If anything is found that warrants investigation, this investigation is started immediately in the manner that seems best through one or more of the various channels at our service. These statements are then analyzed and a comparative analysis sheet showing the information received each year and a ready reference card is made for each name, except those of farmers, whose statements are in simpler form.

On the face of the ready reference cards mentioned above is recorded information from the statements in condensed form. On the reverse side of these cards pertinent credit information is noted. The filing of these statements, comparative analysis sheets, and ready reference cards requires a very complete filing system.

The following figures will give the reader some idea of the magnitude of the transactions handled during the year 1921:

Total discounts and loans on hand 12-31-20....\$	228,554,538.36
Total discounts and loans made during 1921....	3,527,373,578.52
Total discounts and loans paid during 1921....	3,635,956,426.88
Total discounts and loans on hand 12-31-21....	119,971,690.00
Short time loans to United States Government during 1921	345,000,000.00
United States Government securities purchased during 1921	3,877,700.00

A Story of The Textile Industry

The stupidity of the sheep in blindly following the leader of the flock has made its "silliness" proverbial. But shepherds say they know more than the casual observer supposes. Regardless of its intelligence, it is a decidedly useful animal and adds very materially to the wealth of nations. About this humble animal the textile industry centers. This industry, which supplies the world with clothes stands out as a sage among industries. Its history reaches far into the past. The years with their changing styles and customs apparently add to its importance.

The textile industry in the Fourth District, while comparatively small in so far as the actual manufacture of cloth is concerned, looks entirely different when viewed from the angle of finished goods. In the making of clothes for men and women, and especially the latter, this District is one of the leaders.

In the stories of various industries it is impossible to enter very deeply into the details of the work. Unless one happens to be in close touch with the work, the average run of detail work adds little interest. Some lines of business include an almost limitless amount, and this is certainly true of the textile industry. In fact the manufacture of woolen textiles is so complicated that after a trip through the mills of a big woolen company where it is possible to turn out the finest grades of worsted cloth at the rate of seventeen miles a day, one feels that nothing less than volumes would properly describe it.

One of the really big surprises in store for the visitor in a big woolen mill is the machinery. Row after row, each machine forms a link in the long chain of processes through which the wool fibers must pass from the time the raw wool, just as it is clipped from the sheep, enters the factory, until under the magic touch of the near-human machines the fine threads slowly grow into cloth. The finished product may be a plain serviceable serge for the business man's suit, a fancy herringbone effect, perhaps a fashionable worsted for milady's golf outfit, or indeed just about anything that the ever-changing styles of modern times may happen to call for. These machines are the result of careful and patient study for hundreds of years. They are so sensitive that a single misplaced thread will stop an entire operation until the mistake is corrected. Many of the ideas have been brought from England, the home of the textile industry. American inventions and improvements have aided considerably and make the work convenient for the operators.

It is only natural for a manufacturer to feel that his particular line of business presents more than the average maze of problems and details. The textile manufacturer certainly gets his share of them. The ever-changing styles naturally bring more business, but it is a real problem to meet and satisfy the whims and fancies of the public. Not only must the quality maintain a fixed standard, but new ideas in coloring and textures, to harmonize with new styles, are constantly in demand.

With the exception perhaps of inhabitants of a few of the South Sea countries, we must have clothes to wear. Dame Fashion steps in and plays a leading part. She dictates that clothes, while really not essential to life, are surely essential to be in style. Other comforts are of secondary importance. The textile industry, one of the first to recover from the effects of post-war depression, has continued to move along at a very fair rate of speed even in the face of considerable unemployment. Not among the least of the factors contributing to this stability is the hunger for style, certainly a laudable one if not carried to the extreme.

The industry of wool is one of the oldest in the world. This refers to growth rather than to manufacture. Wool remained purely domestic in use for ages before it entered the marketable field.

It is not known just at what time man began to live a partially civilized life and call for a more comfortable and presentable garment than his rude sheepskin, but to find the date it would be necessary to go back a long time prior to the history not only of Greece and Rome but of Ancient Egypt itself.

Biblical records are full of allusions to sheep and shepherds. The words of Job who lamented that his days were "swifter than a weaver's shuttle" show that weaving is a very ancient branch of the wool industry. Frequent allusion to people being clothed in purple and fine linen proves that dyes were well known at that early time. The quality of Egyptian linen was remarkable. Even with all their experience and mechanical aids, our own textile manufacturers have not appreciably out-distanced in quality the linen product of that ancient day.

The Romans are credited with having brought the manufacture of wool to England. For a long time England manufactured only enough woolen goods for her own domestic needs. The remainder was shipped to other countries, made into cloth and then sent back to her. Finally a "manufacture at home" movement was started and this combined with a system of apprenticeship to teach the trade gave England her start.

No domesticated sheep were found in North America by the early explorers. The wild Rocky Mountain sheep has neither been successfully domesticated nor crossed with the domestic sheep, so it is safe to assume that practically every phase of the textile industry originated outside of our own country.

The Spanish merinos were introduced into the United States during the first quarter of the nineteenth century and from these the American and Delaine merinos have been developed. This breed of sheep is the result of years of careful cross-breeding and they are known the world over for the amount and quality of wool they produce.

The majority of sheep in the United States is raised on the farms and ranges of the west, Wyoming, Montana, Washington, Utah, Idaho, Oregon and California are among the leading states in the

production of raw wool. Sheep raising, however, is not confined to the west by any means. In 1914 Ohio was ranked as a leading wool producing state. *It is very interesting to note in this connection that textile manufacturers consider the grade of wool produced in south-eastern Ohio as superior to any other on account of its strength and very fine texture. The only drawback is that there is not enough of it to meet the demand.*

Foreign wool is very popular with American textile manufacturers, not so much because of its superior quality, but because foreign wool growers are careful to send clean wool to market. A natural trait of the average American farmer is to do things up in a hurry. When his wool clip is ready for market he ties a string around it. The foreign wool grower ties the neck and the tail of the fleece together. The advantage of this system is that at the very start of the manufacturing process no little pieces of string are mixed with the wool fibers. It is practically impossible to remove all of them once they are mixed with the fleece and since they will not take the dye when the wool is being colored the finished material is damaged. And not only this, but in the careless handling of the fleece other foreign materials become mixed with the fibers and are very detrimental to the product as a whole. Now these are only little things, but bits of string, pieces of straw, etc., in the shipments of home grown wool is enough to swing buyers in the direction of foreign markets where they can get clean wool. American wool growers whose product can be relied upon are assured of a readier market and better prices than those whose wool clip is in poor condition when it reaches the manufacturers.

Clipping the wool from the sheep is the first process. There was a time in some parts of the world when the wool was torn from the sheep without further ceremony. This barbarous method, however, has about passed into the discard and modern machines now do the work with no cruelty and more speed. A farm hand using hand shears will have done a good day's work in clipping thirty sheep. With the later machines and electrical power, one man has been known to shear more than 300 animals in the course of a nine hour day.

Wool calls for a good deal of preparation before it can be made into cloth. First of all it must be sorted

and this process calls for great skill. How to be able to tell at a glance the length and quality of the wool fiber and just what sort of wool is best fitted for a particular purpose requires long training and experience. Australia and a few other countries have a system of classing the wool before it is shipped which greatly simplifies the work of the sorter.

After the sorting and grading process the wool is thoroughly washed in a warm alkaline bath. This removes the impurities and natural grease. Later on this grease is saved and manufactured into a soothing medicine. After the wool has been dried and the fibers straightened and again oiled by passage through a grilling machine it enters the combing machines. Here it is divided into two parts, "top" and "noil." The former is the long wool used by the worsted spinner. The noil or short wool is used for making felting, blankets, tweeds, etc. In the manufacture of the last named materials which are known as woollens, the noil or short wool is sent through a carding machine and the fibers are separated very minutely.

Spinning comes next and the long wool fibers are twisted into strands of yarn suitable for weaving purposes. The wool leaves the combs in long fleecy ropes and it is necessary to reduce this to strong thread of uniform size. This is done by gradually drawing out the uneven coil until it becomes a series of thin, smooth threads.

Weaving is the process of making cloth by means of interlacing threads. To properly describe it would make a story in itself. We will now stop in our journey only long enough to watch the threads as they are wound from the bobbins and under the magic of the sharp-nosed shuttle rapidly change into cloth.

The coloring of the goods completes the journey. In some instances the material is dyed before it is woven into cloth, in others the coloring is the final operation. Ravenna, Ohio, boasts of dye factories unsurpassed in efficiency and the quality of their products. Up-to-date machinery, and water from the nearby lakes containing ingredients essential to successful coloring are said to be chiefly responsible.

In later numbers of the *Review* it is planned to publish further information along this line, including markets, wool supply, reworked wool, the making of clothes, etc.

The following is a list of woolen mills located in the Fourth Federal Reserve District:

Beckman Company, Cleveland, Ohio
 Benjamin Hey Co., Cincinnati, Ohio
 Bush Rug Manufacturing Company, Columbus, Ohio
 Clermont Woolen Mills, New Richmond, Ohio
 Cleveland Worsted Mills Company, Cleveland, Ohio
 Cleveland Worsted Mills Company, Ravenna, Ohio
 Cleveland Woolen Mills Company, Dresden, Ohio
 Colonial Woolen Mills Company, Cleveland, Ohio
 Columbus Rug Company, Columbus, Ohio
 Conneaut Woolen Mills, Conneaut, Ohio
 Covington Woolen Mills, Covington, Ohio
 Dresden Woolen Mills Company, Dresden, Ohio
 International Waste & Textile Co., Columbus, Ohio
 Kuenzel Mills Company, New Bremen, Ohio
 Milford Woolen Mills, Milford Ohio
 Minster Woolen Mfg. Company, Minster, Ohio
 National Woolen Company, Cleveland, Ohio
 Orr Felt & Blanket Co., Piqua, Ohio

St. Marys Woolen Mfg. Co., St. Marys, Ohio
 Shuler & Beanninghofen, Hamilton, Ohio
 (Miami Woolen Mills)
 Taylor-Lockwood Co., Cleveland, Ohio
 Barkley Woolen & Knitting Mills, Somerset, Pa.
 Eastern Woolen Mills Co., East Brady, Pa.
 Erie Woolen Mills, Erie, Pa.
 Fauber Woolen Mills, Spartansburg, Pa.
 Peter Graff & Company, Worthington, Pa.
 (Buffalo Woolen Mills, Inc.)
 P. McGraw Wool Co., Pittsburgh, Pa.
 Keystone Hair Insulator Co., Allegheny, Pa.
 Langville Woolen Mills, Langville, Pa.
 Pearce Manufacturing Co., Latrobe, Pa.
 J. M. Schaeffer, Sandy Lake, Pa.
 (Sandy Lake Woolen Mill)
 Bert J. Wilson, Chandlers Valley, Pa.
 Phoenix Woolen Mills, Lexington, Ky.

Clearings

	December 16 to 1921-22	January 15 1920-21	Increase or Decrease	Per cent Inc. or Dec.
Akron.....	\$24,922,000	\$36,566,000	—\$11,644,000	—31.8
Canton.....	13,609,424	19,225,890	—5,616,466	—29.2
Cincinnati.....	240,128,801	209,616,355	30,512,446	14.6
Cleveland.....	358,855,022	573,399,248	—214,544,226	—37.4
Columbus.....	58,914,400	67,441,300	—8,526,900	—12.6
Erie.....	8,002,252	11,296,330	—3,294,078	—29.2
Greensburg.....	5,452,122	6,987,152	—1,485,030	—21.4
Lexington.....	6,934,247	5,850,281	1,083,966	18.5
Pittsburgh.....	537,035,414	817,085,707	—280,050,293	—34.3
Springfield.....	11,658,153	7,305,220	4,352,933	59.6
Toledo.....	53,794,000	62,633,665	—8,839,665	—14.1
Wheeling.....	18,546,677	22,419,758	—3,873,081	—17.3
Youngstown.....	15,138,924	22,368,066	—7,229,142	—32.3
Total.....	\$1,352,991,436	\$1,862,144,972	—\$509,153,536	—27.3

Dayton no longer publishes clearings figures.

Debits to Individual Accounts

	Week Ending Jan. 18, 1922 (270 Banks)	Week Ending Jan. 19, 1921 (261 Banks)	Increase or Decrease	Per Cent Inc. or Dec.
Akron.....	\$12,463,000	\$13,747,000	—\$1,284,000	—9.3
Cincinnati.....	65,464,000	73,909,000	—8,445,000	—11.4
Cleveland.....	119,693,000	159,550,000	—39,857,000	—25.0
Columbus.....	27,921,000	29,087,000	—1,166,000	—4.0
Dayton.....	11,905,000	11,539,000	366,000	3.2
Erie.....	5,479,000	6,759,000	—1,280,000	—18.9
Greensburg.....	4,086,000	5,400,000	—1,314,000	—24.3
Lexington.....	4,734,000	4,363,000	371,000	8.5
Oil City.....	2,627,000	3,950,000	—1,323,000	—33.5
Pittsburgh.....	146,317,000	216,622,000	—70,305,000	—32.5
Springfield.....	3,760,000	4,107,000	—347,000	—8.4
Toledo.....	33,368,000	27,942,000	5,426,000	19.4
Wheeling.....	6,680,000	9,544,000	—2,864,000	—30.0
Youngstown.....	8,347,000	15,317,000	—6,970,000	—45.5
Total.....	\$452,844,000	\$581,836,000	—\$128,992,000	—22.2

Comparative Statement of Selected Member Banks in Fourth District

(In Thousands of Dollars)

	Jan. 11, 1922 (85 Banks)	Dec. 14, 1921 (85 Banks)	Inc.	Dec.
Loans and Discounts secured by U. S. Government obligations.....	46,707	48,101	.....	1,394
Loans and Discounts secured by other stocks and bonds.....	326,855	331,248	.....	4,393
Loans and Discounts, all other.....	562,185	568,094	.....	5,909
U. S. Bonds.....	115,728	115,319	409	.....
U. S. Victory Notes.....	14,845	18,800	.....	3,955
U. S. Treasury Notes.....	2,763	3,032	.....	269
U. S. Certificates of Indebtedness.....	8,869	7,909	960	.....
Other Bonds, Stocks and Securities.....	267,165	265,855	1,310	.....
Total Loans, Discounts and Investments.....	1,345,117	1,358,358	.....	13,241
Reserve with Federal Reserve Bank.....	92,352	91,483	869	.....
Cash in Vault.....	31,187	32,842	.....	1,655
Net Demand Deposits.....	763,051	783,892	.....	20,841
Time Deposits.....	425,969	419,329	6,640	.....
Government Deposits.....	26,001	11,398	14,603	.....
Total Resources at date of this report.....	1,750,635	1,765,527	.....	14,892

Wholesale Trade
Percentage Increase (or Decrease) in Net Sales During December, 1921,
as Compared With November, 1921, and December, 1920

	Dry Goods	Groceries	Hardware	Drugs
Net sales (selling price) during December, 1921, compared with November, 1921.....	-16.0	-8.7	-18.1	2.6
Net sales (selling price) during December, 1921, compared with December, 1920.....	-10.6	-24.1	-27.2	-8.8

Department Store Sales

	Cleveland	Pittsburg	Cincinnati	Toledo	Other Cities	District
Percentage of net sales (selling price) during December, 1921, over net sales (selling price) during same month last year.....	-10.0	-15.2	-3.2	-4.7	-7.4	-10.7
Percentage of net sales (selling price) from July 1, 1921, to December 31, 1921, over net sales (selling price) during same period last year.....	-18.9	-21.6	-7.3	-9.5	-17.5	-17.3
Percentage of stocks at close of December, 1921, over stocks at close of same month last year.....	-11.2	-13.3	-14.2	-23.4	-2.7	-13.4
Percentage of stocks at close of December, 1921, over stocks at close of November, 1921.....	-15.3	-16.1	-19.0	-28.0	-18.4	-17.6
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.....	379.1	363.6	407.7	388.2	443.1	381.0
Percentage of all outstanding orders (cost) at close of December, 1921, to total purchases (cost) during the calendar year, 1920.....	5.7	5.2	7.1	4.6	7.5	5.6

Movement of Livestock at Principal Centers in Fourth Federal Reserve District For Month of December, 1921-1920

	Cattle		Hogs		Sheep		Calves		Cans Unloaded	
	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920
Cincinnati.....	24,289	17,961	141,412	160,779	11,518	7,385	10,329	6,783	2,226	2,297
Cleveland.....	9,679	8,139	85,601	98,030	45,247	36,805	9,384	8,895	1,700	1,847
Columbus.....	26	.....	3,655	.....	28	.....	258	.....	15	.....
Dayton.....	1,444	1,221	12,359	12,871	210	405	665	495	.....	.....
Fostoria.....	411	467	8,485	12,068	1,970	2,430	518	516	28	30
Pittsburgh.....	47,460	31,520	282,668	266,747	112,855	79,925	26,600	18,223	5,154	4,762
Springfield.....	161	196	5,609	4,651	820	243	198	171	.....	5
Toledo.....	703	547	7,685	17,353	2,442	2,978	542	799	124	236
Wheeling.....	234	469	2,230	2,434	305	315	659	583	29	30

Purchases for Local Slaughter

Cincinnati.....	15,589	13,772	95,423	93,431	9,417	5,893	6,062	4,231	.....	.....
Cleveland.....	9,200	7,364	62,793	75,343	24,370	16,467	8,885	8,486	.....	.....
Columbus.....	2	.....	881	.....	18	.....	95	.....	.....	.....
Dayton.....	.....	971	.....	7,924	.....	385	.....	420	.....	.....
Fostoria.....	32	35	1,679	550	8	20	40	25	.....	.....
Pittsburgh.....	5,769	5,671	56,462	55,554	11,890	14,209	6,513	6,872	.....	.....
Springfield.....	.....	.....	600	.....	.....	.....	.....	.....	.....	.....
Wheeling.....	234	.....	2,230	.....	305	.....	659	.....	.....	.....

Building Operations For Month of December

	Permits Issued				New Construction		Alterations		Inc. or Dec. of Total Valuation	Per cent Inc. or Dec.
	1921	1920	1921	1920	1921	1920	1921	1920		
Akron.....	87	57	25	26	230,120	88,475	8,535	32,450	117,730	97.4
Canton.....	55	42	23	19	118,669	120,890	9,538	15,380	-8,063	-5.9
Cincinnati.....	194	120	158	347	2,569,445	130,860	342,685	209,425	2,571,845	755.8
Cleveland*.....	243	169	420	401	2,333,645	6,000,044	442,165	391,950	-3,616,184	-56.6
Columbus.....	147	79	61	50	328,290	523,540	66,375	31,370	-160,245	-28.9
Dayton.....	73	82	23	29	395,885	336,125	15,641	25,350	50,051	13.8
Erie.....	57	29	23	12	152,090	68,750	68,940	9,600	142,680	182.1
Lexington.....	17	5	42	16	163,695	16,000	75,000	2,567	220,128	1,185.6
Pittsburgh.....	272	130	66	58	2,458,392	597,465	132,463	199,589	1,793,801	225.1
Springfield.....	28	15	7	7	15,940	27,640	4,925	9,050	-15,825	-43.1
Toledo.....	96	42	65	65	962,020	70,950	88,361	44,175	935,256	812.4
Wheeling.....	27	11	2	5	122,865	30,105	150	1,585	91,325	288.2
Youngstown.....	55	50	18	13	148,505	113,935	11,050	15,700	29,920	23.1
Total.....	1,351	831	933	1,048	9,999,561	8,124,779	1,265,828	988,191	2,152,419	23.6

*Figures include Lakewood and East Cleveland.

Commercial Failures in the Fourth Federal Reserve District by Years 1916-1921

The following is a record of commercial failures in the Fourth Federal Reserve District from 1916 to 1921 inclusive, compiled from figures as published by Dun's Review. During the years 1916 and 1917, failures were quite heavy. Then came the war years of 1918 and 1919 when orders grew and expansion was the general rule. Failures at this time and continuing through 1920 show a decided drop. Following the inflation period the number of failures has shown another marked increase:

Year	Number Failures	Total amount	Liabilities Average amount per firm
1916.....	1,278	\$17,683,783	\$13,837
1917.....	1,109	15,749,017	14,201
1918.....	858	12,413,340	14,468
1919.....	587	13,329,257	22,707
1920.....	692	14,327,557	20,705
1921.....	1,603	53,675,492	33,484

FAILURES 1921, BY MONTHS

January.....	133	\$6,661,913	\$50,090
February.....	144	3,613,291	25,092
March.....	88	2,767,384	31,448
April.....	118	4,366,788	37,007
May.....	102	1,969,231	19,306
June.....	98	4,744,487	48,413
July.....	167	4,200,340	25,152
August.....	137	5,183,707	37,837
September.....	118	2,815,406	23,859
October.....	177	2,613,018	14,763
November.....	141	10,689,437	75,812
December.....	180	4,050,490	22,503
Total.....	1,603	\$53,675,492	\$33,484

FOURTH FEDERAL RESERVE DISTRICT

