

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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IN SPITE of the fact that the coal and rail strikes have thrown industry out of joint for the time being, business continues to push ahead. It is still headed in the right direction, but when the obstacles on the road are taken into consideration, there is still quite a long way to travel before we can feel comfortable or happy.

Strikes are slowing up industrial activity perceptibly and they will slow it up more if the coal strike is followed by a rail strike of long duration.

Last month we pointed out to our readers the dangers which might develop from production costs keeping pace with or over-stepping increased production. It is not our wish to withdraw that warning, but a drop of ointment may be applied at this time.

It is possible for forces within a situation such as now confronts us, to aid in bringing about a return to healthy conditions, and such forces are now at work.

On the one side, the resistance of the buyers is still a factor in preventing runaway prices. On the other hand, manufacturers are finding the safe and sane method to follow is the paring of production costs and accepting smaller profits for the present. It is not to be expected that these forces will bring about an immediate reformation, but rather, by working to the same end, they will effect a gradual leveling of the price irregularities which now exist.

Then, too, there is an undercurrent in the letters from our correspondents this month to the effect that dips and advances in prices are to be expected as a natural result of the changes caused by the war.

One correspondent writes: "Does it not seem inevitable that after such a drastic rise and fall as was registered during the past three years the return to normal conditions should be accompanied by more or less ups and downs in the business curve? We all

know that different commodities have changed their relation to each other in purchasing power as compared with pre-war conditions, and I think it is generally believed that these changes will continue in the future."

Here is the opinion of another of our correspondents: "While some commodity prices make slight advances, I am of the opinion that the cost from basic material to finished article will 'on the long swing' go down regardless of interest rates."

Another says: "Readjustment must still go on, and there must be an increase in some prices and costs and a decrease in others, until we get relatively on a better basis."

It is our own judgment that we are now in a period of lower costs. There will be peaks and hollows during the period, but the tendency will be downward regardless of sign posts which appear to point in the opposite direction.

Costs in some instances may advance, but it is possible to offset these by greater productiveness per person and by labor-saving devices and other economies that the power of competition will bring about.

Judging by the economic condition of our own country, by the present situation in other parts of the world, and by the reliable opinions expressed by our correspondents, the course to follow at the present time is a conservative one.

Summing up the situation at this time, it would appear that while the seriousness of the strike situation is fully appreciated, business is not discouraged by the resulting undertow, but is anchoring to those basic principles which underlie sound business. And it is wise to remember that while practically every industry is affected by what its neighbor across the way is doing, it is possible to face its own problems as related to, rather than parallel with, general conditions.

City Banks Pay Off Obligations; No Particular Change Since Last Month In Country Bank Borrowings

The reduction in loans to member banks in the Fourth District during the past month has been largely confined to industrial sections. In the period from June 20 to July 20 loans to city banks were reduced approximately \$8,500,000 while country bank borrowings showed a decline of but slightly more than \$1,500,000. While recent reports from agricultural sections indicate that some indebtedness is being paid off as a result of the sale of this year's wheat crop, on the other hand farmers have been borrowing funds for harvesting and other purposes and this is holding loans to country banks near the level of last month. It is still quite early, however, to feel any marked results from the sale of 1922 crops.

Accommodations extended to city banks have shown considerable fluctuation but on the whole there has been a marked downward trend. Shortly after the middle of July loans increased more than \$5,000,000 but they dropped again within a short time and the general downward trend is again in evidence.

Savings accounts, as reported by 18 representative banks in the Fourth Federal Reserve District, show a

decrease for June, 1922, over the same month last year of 2.7 per cent. June savings as compared with those for the previous month, show an increase of 1.2 per cent. The same number of banks reporting for May showed a gain over April of .3 per cent.

Debits to individual accounts as reported by 324 banks in the Fourth District, for the week ending July 12, 1922, increased 5.9 per cent over the week ending June 14 for the same year. The gain for the same number of banks a month ago was 2.7 per cent.

For the month ending July 20, the reserve ratio of this bank showed a little gain while the reserve System was slightly lower. On June 20, the reserve ratio of this bank was 70.8 per cent and on July 20, 71.8 per cent. The System's reserve was 78.9 per cent on June 20 as compared with 78.4 per cent on July 20.

In the acceptance market no new developments worthy of note have occurred since last month. According to dealers' reports there was a slight improvement in the supply of bills offered and also in the demand for bills.

Curtailed Iron and Steel Production Resulting From Strikes; Underlying Conditions of Market Strong; Prices Firm

Strike conditions have become a definite menace to iron and steel production, and for the moment this fact overshadows all considerations of new business or prices. In the third week in July six or eight blast furnaces were forced to bank, some steel capacity was rendered idle, while congestion of shipments and general interference with operations were spreading in a serious fashion. This enforced shackling of production primarily has been due to fuel shortages. With the industry running for some weeks with meager supplies of coal, the railroad shopmen's strike with its resulting obstacles to freight movements, soon began to block communications.

The point of greatest effect has been the blocking of shipments of coal from the non-union fields, especially in West Virginia and Kentucky, upon which so many iron and steel plants have been dependent in recent weeks.

Prolongation of the present strike situation promises to multiply rapidly the checks upon production, and on mill and furnace shipments, with a resulting curtailment of general industrial operations. This backing-up process offers serious possibilities to the country's manufacturing activities. Some of the large iron ore operators on the Lake Superior ranges have curtailed their mining operations because the lake fleet is having difficulty in keeping going by reason of slender coal supplies. The operators are not disposed to stock much ore at the mines. Furthermore, a number of the blast furnaces have asked the shippers to suspend current ore deliveries.

Despite the acute stage of fuel and traffic conditions and the dubious outlook, the underlying conditions of the iron and steel market remain strong. Immediate

circumstances have tended only to aggravate the already tense condition on deliveries in many lines of steel brought about by the filled up mills and the small stocks in consumers' hands. In some lines, particularly in certain sizes and qualities of steel bars, almost famine conditions have existed in recent weeks, deliveries on new orders running back three or four months. New offerings of business in July have kept up to a good volume and have been better than was expected. The present indications are that the tonnage is in sight to enable the steel industry to maintain a productive rate of about 75 per cent to the end of the year if operating conditions would permit. Labor shortages are a factor of considerable consequence at present and it is doubtful if the industry could be operated to capacity even were fuel supplies and transportation facilities adequate. Some of this shortage is due to the customary summer defections in the hot mills; some of it also is accountable to a general insufficient supply of industrial labor.

Automobile production has been holding up surprisingly well and the expected slowing down in July has been only in partial evidence. This activity has continued to be an important feature to the mills. Railroad buying has remained consistently good, especially in new equipment orders and repairs. The poor condition of much equipment which has been emphasized in recent weeks by the lack of shop attention has acted as a stimulus to equipment betterments. Cars placed by the railroads during the first half of the year aggregated slightly over 100,000, or at the best six months' rate in 10 years. New building construction has kept up in good volume. Building steel awards in the metropolitan district for the first six months of

the year totaled 179,000 tons as against a normal of 120,000 tons. For the country at large, June awards of structural steel were at 66 per cent of shop capacity or 119,000 tons, compared with 82 per cent in May and 92 per cent in April. Miscellaneous manufacturing demands have kept up well.

June production statistics of iron and steel made an unexpectedly good showing, especially in pig iron, in view of the recent fuel stringency. According to the compilation of *The Iron Trade Review*, production of pig iron in June was 2,356,418 tons compared with 2,309,348 tons in May with one day longer operations. The furnaces in blast on the last day of June have increased to 190, a gain of 15 in the month and of 67 since the first of the year. With June, pig iron

production has shown 11 months of consecutive gain, a record which has only been exceeded once and that in 1915 when a run of 12 months of increase was established. Steel ingot production in June was at the rate of 36,000,000 tons annually compared with an annual rate of 35,700,000 tons in May.

Iron and steel prices are strong with a continued inclination upward. Premiums are being paid for some lines of steel for prompt delivery. The conservative attitude of large interests in adopting price advances, is keeping the market reasonably steady. *The Iron Trade Review* composite of 14 iron and steel products July 19 stood at \$37.45 compared with \$37.12 in the corresponding week in June and \$26.34 in July 1913.

Ore Trade Principal Activity in Lake Shipping; Difficulties Experienced in Securing Fuel for Boats

A big addition was made to the bulk freight fleet the last half of June and early in July, but the ore trade furnished employment for most of the vessels as coal cargoes were very scarce and the grain trade only took care of a fair amount of tonnage. During the first two weeks of July, ore was sent forward at the rate of about 10,000,000 tons for the month, but the furnaces could not take the ore forward at that rate and there was a let-up in the movement during the last half of the month. Considerable ore was placed on dock during the rush. When the movement was at top speed there was plenty of tonnage, as many of the boats that usually take up cargoes had to go light on account of the shortage of coal and they got around pretty fast. Some of the fleets worked ahead on their contracts and during the last half of the month, boats had trouble getting cargoes.

The fleet loaded 6,629,711 tons of ore in June which was a good increase over June, 1921, when shipments were 3,600,989 tons. The movement for the season up to July 1 was 8,351,177 tons compared with 6,371,227 tons for the same time last year. Stocks at Lake Erie ports are smaller than they were a year ago, but ore has been placed on dock pretty fast the last few weeks. On July 1 the docks at this end of the route

were holding 6,753,991 tons and on the same date in 1921 stocks were 8,417,725 tons. The ore trade cannot take care of the bulk of the tonnage and some of the freighters will be idle until there is a better movement of coal.

Coal has been very slow coming forward the last few weeks, and boats have had considerable trouble getting fuel, as stocks are low all around. Prices are much higher than they were last season. Even if the miners return to work at an early date, it is doubtful if the movement of lake coal will get started in good shape until the middle of August, and that means that coal will have to be rushed forward in order to supply the demands of the northwest. Shipments have been very light and up to July 10 the docks only dumped 3,920,500 tons of cargo coal. That includes 837,068 tons delivered at Lake Erie ports, which means that upper lake ports only received a little more than 3,000,000 tons. The movement for the same time last season was 10,765,847 tons and in 1920 shipments were 4,428,105 tons.

Carrying charges on grain held steady but there is not much demand for tonnage. The trade is taking care of a number of small and medium sized vessels.

Encouragement Felt Over Pick-up in Industrial Lines; Results of Strikes Uncertain

In the Fourth Federal Reserve District, the climb that industrial concerns have been making for the past several months, has been hindered somewhat by the strikes of workers. Reports, however, indicate that progress is being made in spite of the difficulties that are being encountered.

When the fact of summer dullness is taken into consideration, the automobile business can still be said to be moving along at a fairly satisfactory pace. Many people who formed the habit of using cars during the post-war period are now re-establishing the habit since re-employment is so well under way. There is a belief in the automobile trade that the usual summer curtailment of operations will be less than in other years

because of orders which have been carried over from the spring period. A heavy demand for closed cars is expected for the coming fall. Buyers are critical and demand that the cars must serve well.

Motor truck manufacturers report that the motor truck industry is showing a very large increase over the business of last year and that the increase is being maintained steadily.

A large part of this pick-up in the general truck business is in the small three-quarter ton trucks. The increase in the larger units and in the higher priced trucks is not so marked.

In one large motor truck company in this District, production in the second quarter of this year showed

an increase of 40 per cent over the first quarter, and an increase of 23 per cent over the corresponding second quarter of last year.

Figures on passenger car and motor truck production for the first half of the present year, as reported by the United States Department of Commerce, are as follows:

	Passenger Cars	Motor Trucks
January	81,638	9,204
February	109,039	12,868
March	152,647	19,449
April	196,512	21,944
May	231,724	23,803
June	261,963	25,912

The automobile body industry just now is in an unusually busy period, but there are a number of changes taking place, which, body manufacturers say, make it difficult to determine the trend of future business.

One of the most important changes is the rapid increase in the use of closed cars. At a recent meeting of an important national trade association, it was stated that the demand for closed cars at the present time was about 60 per cent of the total output. A year ago, it is estimated that possibly one-third of all the automobiles built were required with closed bodies.

Due to the fact that the building of closed car bodies requires more labor and materials than the open style models, it naturally follows that the demand for closed car bodies is causing the body industry to advance more rapidly than the automobile business as a whole. Because of the increasing demand for new types and styles, however, and the different designs and modes of construction which are being tried out, orders are not placed very far ahead.

The present volume of business in this line is largely made up of short-time commitments with great pressure for rapid deliveries. There is a very decided stiffening in prices for practically all classes of body materials and body building labor.

The sustained production of automobiles is being reflected in the moulding machine business. A good number of inquiries is reported although business is still hard to close. A Fourth District manufacturer believes that the second half of 1922 will show an improvement in their business over the first half of the year.

Unfavorable Developments Seen in Canning Industry; Food Products Business Shows Healthy Increase

Reports on the canning industry vary somewhat, but taken as a whole, the general tone does not appear to be very hopeful at this writing. Late reports on spot stocks show that they are materially depleted.

The canned corn situation is not attracting much interest on the part of the buyers, even though spot stocks have been materially reduced. A late report of spot corn shows a little over 1,500,000 cases of corn in the packers hands, with the standard grades nearly closed out. Crop reports are not very favorable

Business in electrical goods for the first six months of the current year is reported to show a healthy increase over the last six months of 1921. This increase is pretty well distributed over the various lines, with sales of apparatus, which goes to make up home furnishings, being particularly strong. Owing to the unusual interest in broadcasting and the consequent demand for radio receiving equipment, sales in this end of the business have been abnormally large.

The automotive equipment business, consisting of starting and lighting devices for automobiles, has improved considerably the past six months. Public utility lines are on a firmer basis, and the electrical railway industry is gradually working back to normal.

The past month saw a continuation of the marked activity in the paint and varnish industry. Sales of paints and varnishes for structural uses were particularly heavy during the month of June. Owing to the strike conditions prevailing, however, railway sales fell off during the past few weeks.

The president of a large paint and varnish factory in the Fourth District says that manufacturers quite generally seem to be keenly interested in watching their manufacturing costs. Due to the advancing tendency in raw material prices, customers are beginning to make inquiries for contract prices over the fall period, and recently some inquiries for as long a period as six months have come in.

Glass companies report improved business, excellent prospects, and better collections.

In various tool manufacturing lines, business is just about holding even. During the first part of July there was evidence of a slight falling off as compared with May and June.

The tin can industry is reported to have shown an increase each month over the preceding month since last February, and judging by the inquiries for prices from new customers, manufacturers feel that a continued improvement will be shown.

Strike conditions, existing since May 1, have affected the shoe manufacturing business in this District. Efforts to solicit business have not been made on any large scale, and what soliciting has been done, indicates that orders are hard to get and that the shoe industry is below normal.

for the canner, and reports are to the effect that this year's crop is not up to the standard. Chinch bugs are said to be doing considerable damage in some sections.

In order to stabilize the corn canning industry, corn canners have organized a centralized sales agency. This organization is based upon the plan which has proven to be successful in the corn canning business in other parts of the country. Jobbers feel that such agencies will insure a more stable market.

There has been considerable disappointment in the pea packing sections on account of the unsatisfactory yield.

The tomato market is somewhat stronger, owing to the fact that spot stocks are low, and that the canning season is two months away. In some sections, crop conditions are reported to be unfavorable.

Canner's reports to the Department of Agriculture for May 1, indicate that about 205,900 acres would be planted in tomatoes for canning purposes. In 1921

the area of canning tomatoes was 87,900 acres and in 1920 it was 230,600 acres. This year Ohio is estimated to have about 7,700 acres of tomatoes under cultivation.

A large food products concern reports business for June as showing a healthy increase. Salesmen whose territories are in the sections affected by the coal strike, have had a decrease in business, which is not surprising. At the same time, business there has been held up very well under the conditions that exist, and the men feel confident of better business ahead.

Salt Water Developments in Mexican Oil Centers Shift Producer's Attention to Other Fields

The crude oil situation, particularly as it relates to the price of Mid-Continent grades, is receiving the chief consideration of the oil industry at this time. A new phase has been brought to bear on this situation with the definite announcement the first of the month that salt water has encroached on seven wells in the Toteco-Cerro Azul district of the southern Mexican oil fields.

The constant increase in production in our own country, particularly in the Mid-Continent fields which supply more than half of domestic production, as much as two months ago began to arouse discussion as to how long the large purchasing agencies taking the crude from the wells would continue the policy they embarked on early in the year, of taking all the oil offered and storing it, on a \$2.00 market, against future need.

These companies took the long range view of the situation and acted on the belief that the demand for oil products would be sufficient to warrant their storing crude on a \$2.00 market and carrying it indefinitely. With the exception of one company which used old storage tanks, these large purchasing interests throughout the country, built new steel tanks to hold the oil.

The extent of this movement is reflected by figures showing the holdings of one company, at the end of June, 1922, in the Mid-Continent field. At that time it had over 23,000,000 barrels of crude in storage as against 13,600,000 barrels at the end of January for the same year. Practically all of this was in new storage.

As Oklahoma production has climbed steadily, a few hundred or few thousand barrels from week to week, more and more oil has been offered these large purchasers by the producers, and there has been difficulty on the part of some companies to provide storage.

A short time ago several companies announced they would build no more new tanks and that they would buy oil so long as the present storage permitted.

The general feeling in the trade was there would be difficulty in preventing a price reduction, or pro-rating of runs to restrict drilling operations, and thus cut down the amount of new production being brought to the surface.

It is the opinion of *National Petroleum News* that the actual encroachment of salt water in the prin-

cipal remaining pool of the Mexican light oil fields, however, will have a firming influence on the domestic crude market, and that the situation will be relieved.

American operators in Mexico, with the principal exception of one large company, are said to be facing the fact that salt water will flood their wells in a very limited period of time. According to recent reports, they are expected to take all the oil they can get from the Toteco-Cerro Azul area in the next few weeks, in an effort to get as much as possible before the salt water overtakes the wells, and then turn to other fields for crude oil to run their refineries when Mexican shipments are greatly curtailed. This means they will turn to the fields in this country. There are other areas in Mexico which will continue to produce oil, but the output of Toteco-Cerro Azul is about three-fourths of the production of the Mexican light oil fields.

National Petroleum News says it was known some months ago, through the course the other light oil pools of Mexico have taken, that it was only a question of time until salt water would affect the principal remaining district, but its advent is now at hand.

While this salt water encroachment in Mexico is a firming factor in the domestic situation, it must be borne in mind that domestic production still continues to mount, and that it is drawing near that season of the year when refinery consumption of crude will begin to drop.

The development of the Teapot Dome is focusing general attention on the Rocky Mountain district and it is possible that the next two years will see a development of this territory and the extension of its producing areas.

The refined products situation is rather an anomaly at present. Right at the time when gasoline consumption is approaching its peak for the year, and with automobile usage considered quite in advance of a year ago, the refinery markets are softening and the price weakening. The reason apparently is that the jobbers over the country are refusing to buy at the prices that have prevailed up to two weeks ago, believing the refinery price for navy gasoline is too high, in relation to the present tank wagon and retail prices prevailing over the country. These jobbers are trading tank cars with each other and buying from companies which have gone into the heavy season with

large stocks in their own tanks. In addition, some plants that were shut down have started running again, on the strength mainly of the refinery price for gasoline, and their output has started to appear on the market.

The coal strike to date has not been reflected in any big change in fuel oil prices, unless an advance of 25 cents a barrel in bunker oil at New York might be a reflection. The export situation remains unchanged.

Farmers Marketing Wheat Crop; Large Increase in Burley Tobacco Acreage

With very few exceptions the many reports we have received on agricultural conditions are of very encouraging and hopeful nature. Wheat harvesting has been practically completed, and in many sections of the Fourth District threshing is well under way. While the yield is not high, and in some instances is below expectations, farmers quite generally feel encouraged over the returns. In marked contrast to former conditions, when the farmers were holding their wheat for higher prices, the crop this year is being marketed rapidly, and agricultural communities are paying off a part of their indebtedness.

The corn crop at this time is reported to be looking very favorable. The acreage in Ohio is estimated to be 3 per cent greater than that of last year. The United States acreage is about 5 per cent less than last year. The month's estimate of the acreage and condition of corn in Kentucky indicates a crop of about 94,378,000 bushels compared to 82,150,000 bushels last year.

The Burley tobacco crop is in excellent condition and the only thing that is worrying the tobacco planters is the large acreage. The crop was set out early and has grown fast and evenly. It is believed that a large part of the crop will be cut in August this year, and early cutting means good quality. Practically all of the old Burley has been sold, and it appears that the farmers are very well satisfied with the work of the marketing association, as a great many new members have been secured. Estimates of the Department of Agriculture place the 1922 tobacco acreage (all types) of Kentucky at 558,000 as compared to 385,000 acres last year, an increase of 45 per cent.

In a special pig survey made by the Department of Agriculture, it is indicated that there will be a net increase of 14.5 per cent in the number of pigs raised in the corn belt states during the first half of 1922, compared with the first half of 1921. There is a belief that this increase may overcome the present shortage in meat.

Farm Implement Lines Slowly Recovering; Crop Sales Help Collections; Tractor Business Reported Good

Although there has been quite a pick-up in the farm machinery line within the past few months, there is as yet no marked improvement. The outlook is slightly better, and the orders booked for machinery for fall seeding are appreciably better than last year.

While conditions are improving and new machinery is being shipped out for short terms or for cash, an immediate return to normal conditions is not anticipated by farm equipment manufacturers. In many cases inventories are still heavy.

Hardware jobbers and hardware retailers throughout the country have disposed of their small farm and garden tools until their stocks are very low. The numerous small orders which come in daily, assure manufacturers of this condition. One year ago the summer orders were very few in number and very small. Jobbing customers signify their willingness to order early for next spring and this leads manufacturers to believe that a nearly normal business is coming their way.

The use of trucks instead of horses has reduced the demand for stable forks in the cities. The hay loaders, and large combination reapers and threshers, have reduced the use of grain forks in the big grain growing sections. The manufacture of additional articles is being introduced to cover part of this shrinkage.

Despite an expected slump during the summer months, tractor sales are maintaining the volume of

the spring months, according to *The Chilton Tractor Journal*. Farmers are looking more hopefully to the future, and tractors are in greater demand for summer and fall plowing. Most of the business is divided among a few companies which have reduced prices and depended upon volume production to make their profits.

Three or four of the leading companies are running behind on orders, as they have for a number of weeks. One of the largest companies is not accepting orders for delivery before September 1. The majority of companies, making for the most part larger and higher priced machines, have made no price recessions, and are running on light production schedules, expecting the general improvement in agriculture to create conditions which will demand their products. Companies caught with a large finished and unfinished inventory have quite largely liquidated.

The depressed agricultural conditions of the early part of the year, which are still evident to some extent, have led some of the more progressive manufacturers to cultivate the industrial and highway market, and this now forms an appreciable part of their business. Numerous shows emphasizing the industrial application of tractors have aroused the interest of users of portable industrial power. Production now is about 50 per cent of 1920, the peak year.

No Particular Change in Textile Situation; Buyers Very Slow in Ordering for Future Needs

Due to various causes such as labor difficulties, strikes, wage adjustments, and crop conditions in certain localities, business in the women's ready-to-wear garment industry has not yet reached normal.

There are fewer concerns in this market manufacturing women's ready-to-wear garments than there were a year ago, some having discontinued or curtailed operations. Most of the firms that continued to operate, manufactured about their accustomed volume last spring. But reports on advance fall orders vary somewhat, and indicate that customers are hesitant in placing their usual volume of fall business. Fourth District manufacturers are affected by this and also by a number of jobbing houses in other sections which carry made-up stock for merchants to buy as they need the goods. In order to keep their factories running efficiently, Cleveland houses are anticipating the merchants' needs and are putting into the factory unsold merchandise, which the retailers are expected to buy later on. Since this industry is so largely controlled by the style element, and since styles change so rapidly, manufacturers do not feel greatly encouraged over this method of solving the problem.

The labor supply has become more ample. Wage rates are less firm than they were some time ago.

Prices are on a lower level than a year ago, although the popular demand is for good grades, and the consumer is said to discriminate against the cheaper varieties.

Dealers located in coal and railroad centers are reported to be trimming sail, while agricultural localities evidence a more confident air.

Fancy knit goods mills are still showing considerable activity. Buyers are showing no anxiety about any possible shortage of goods in this division of the textile industry. A heavy percentage of knitted goods being manufactured at the present time is for immediate use.

The retail garment trade has been moving along at a pretty fair rate but at present it is affected by mid-summer quiet. Sales have been stimulated to some extent by reduced prices on light wearing apparel. The purchasing of vacation outfits has also aided.

The domestic wool clip is estimated at approximately 225,000,000 pounds as compared with a normal average of 290,000,000 pounds. Of this year's production about 85 per cent has been sold.

Chaotic Conditions Exist in Coal and Coke Industries; Production Drops; Stocks Very Low

The continuation of the coal miners' strike is resulting in more uncertain conditions in the coal industry. Stocks in consumers' hands are light and reports tell of factories and mills which have been forced to curtail operations or shut down entirely on account of fuel shortage. It is the inability to build up reserves against future need in addition to the restriction of current industrial activity, however, which is resulting in the efforts to bring about a settlement. According to reports, coal users in the northwest are beginning to feel the shortage.

Production of bituminous coal which has been running on a weekly average of about 5,000,000 tons has against dropped off. A recent report of the Geological Survey estimates production for the week ending July 15 at about 4,300,000 tons. The congestion of traffic resulting indirectly from the shopmen's strike was partially responsible for this decrease.

Eastern Kentucky was the first part of this District to feel the effects of the strike, but recently loadings have decreased in other sections. In this connection

it is reported that the mines and railroads of Kentucky are handling 50 per cent more coal than ever before.

No reports have been received by the Survey to indicate any significant change in the number of men on strike.

Production of anthracite in the fourteenth week of the strike was 440 cars, or about 23,000 net tons, most of which was river coal obtained by dredging operations. In the corresponding week of last year 1,525,000 tons were produced.

To replace the shortage in beehive coke caused by the strike in the Connellsville region and other beehive coke districts, by-products ovens are now producing at a rate above the average for 1920. The total output of by-products coke in June was about 2,580,000 net tons, against a monthly average of 2,565,000 tons in 1920, the record year. Because of the low production of beehive coke which was 458,000 tons in 1920, the total output of all coke was only 3,038,000 tons.

Building Continues at Rapid Pace; Suburban Communities Show Remarkable Volume of Construction

Midsummer finds the building industry in the Fourth District making remarkable progress. There are few, if any, idle men either in the ranks of skilled craftsmen or common labor. The strike situation has resulted in an advance in the price of some lines of build-

ing materials and the increasing demand is also responsible for the higher cost. Added to this is the increased cost of labor, all of which does not seem to have retarded to any appreciable extent the demand for new structures.

Figures for the suburban communities in this locality continued to show an unprecedented volume of house building. The volume for the first half of 1922 was more than double the record for the same period of 1921. This era of new construction appears to be well distributed.

The building situation in Pittsburgh is believed to have reached the peak of small house construction for the current year. There are indications, however, of the gap being filled by the construction of large investment buildings.

Columbus reports great activity in various building lines. There are complaints of a scarcity of skilled mechanics and bricklayers.

Rubber Industry Holds to Heavy Production Schedule; Basic Principles in Marketing Show Signs of Betterment

Numerous reports this month from men who are in direct contact with the rubber situation, clearly indicate that the curtailment in operations which was expected to begin about the first of July, did not materialize to any appreciable extent. It is now believed that the peak production basis upon which the industry has been operating for some time, will continue slightly longer than was thought to be the case a month ago, and that output in the near future will be reduced to conform with the seasonal decrease in orders. The volume in which new automobiles are being sold is largely responsible for the continued high level of production.

Mechanical goods sales for the past month have shown increases over the previous month. According to reliable information now available, the year 1922 will see all records in heel production broken. Conservative estimates place production at 120,000,000 as compared with 100,000,000 two years ago.

The growing population in the cities of the United States and the improved sidewalk and highway conditions in the smaller towns, have been directly responsible for the growing popularity of the rubber heel. Rubber heel production now forms a large part of the mechanical goods output.

The India Rubber Review says—available estimates now place the American tire production for the present year at 33,000,000. The previous high record of 32,400,000 was reached in 1920.

A large rubber manufacturing concern has made recent surveys in various sections of the country concerning the consumption of tires. The surveys show that during the early part of the year very few cars were carrying serviceable spare tires. The majority

Several building projects which will cost in the neighborhood of \$1,000,000, are now under way. The home building program has also reached a remarkable stride. From all indications a great many buildings will be roofed and enclosed before winter.

June building returns to *Bradstreet's* show a new high record for the sixth month of this year. Returns from 141 cities of the United States for June show a total value of construction permits issued of \$218,674,449, as against \$206,804,015 for the same cities in May and \$127,671,278 for the same cities in June a year ago. This shows a gain of 5.5 per cent over the May total and of 71.3 per cent over the June, 1921, total.

of the smaller cars in use were either without spares or had very poor ones. Inquiry into the same condition today shows the average car to be equipped all around with good serviceable tires, and one or two new spares being carried.

Marketing conditions, with reference to tires particularly, are in a very unsatisfactory condition. There is a belief, however, which is quite general throughout the industry, that these defects are beginning to straighten out, principally for the following reasons:

During the inflation period, with large stocks of tires in the hands of manufacturers and dealers, the only way liquidation could be effected was to accept a shrinkage on inventories and to offer tires at lower levels. Up to about a year ago this activity was in process. Tires made to sell at high prices were placed on the market at low prices with the result that many bargains were available. After a taste of the bargains, purchasers wanted them to continue, but as the industry slowly worked back to normal, "bargain prices," for the most part, meant a cheaper grade of tires.

Reliable reports now indicate another change in sentiment among buyers. They are less anxious to get bargains and prefer to buy tires of known value.

This, it is believed, will eventually bring about the elimination of the factor which has played a large part in delaying the complete stabilization of the rubber industry.

All sections of the country appear to be consuming tires, and the great differences which existed between agricultural and industrial sections a few months ago, have disappeared.

FIVE MONTHS' PRODUCTION FIGURES FOR 1922

Inventory, Production and Shipments (domestic) of Pneumatic Casings, Tubes and Solid Tires, as Reported by The Rubber Association of America

"Production" and "Shipments" figures cover the entire month for which each report is made. "Inventory" is reported as of the last day of each month.

"Inventory" includes tires and tubes constituting domestic stock in factory and in transit to, or at, warehouses, branches (if any), or in possession of deal-

ers on consignment basis, and as a total represents all tires and tubes still owned by manufacturers as a domestic stock.

"Shipments" includes only stock forwarded to a purchaser and does not include stock forwarded to a warehouse, branch, or on a consignment basis, or

abroad.

PNEUMATIC CASINGS

Month	No. Mfrs. Reporting	Inventory	Production	Shipments
January	66	4,174,216	2,055,134	1,596,806
February ...	66	4,691,329	2,084,308	1,562,365
March	63	5,183,286	2,645,790	2,073,963
April	65	5,464,336	2,401,187	2,086,651
May	65	5,523,095	2,721,503	2,639,273

INNER TUBES

Month	No. Mfrs. Reporting	Inventory	Production	Shipments
January	66	5,246,647	2,343,393	1,889,724

February ...	65	6,141,956	2,596,774	1,702,583
March	63	6,991,118	3,017,511	2,090,737
April	65	7,230,096	2,650,573	2,329,343
May	65	7,189,552	2,970,696	2,938,947

SOLID TIRES

Month	No. Mfrs. Reporting	Inventory	Production	Shipments
January	11	181,769	40,224	33,294
February ...	11	183,448	39,492	36,805
March	11	182,197	49,433	48,350
April	11	173,748	46,664	52,309
May	11	170,904	57,640	60,711

Transportation During June Continued Upward Trend; Reports Indicate Grave Danger of Equipment Shortage

During the month of June the upward trend of transportation, which has been noticeable for the past two or three months, continued. There was a gradual increase in the amount of traffic handled and a reduction in the number of surplus cars.

The figures as to revenue freight loaded indicated that if the coal movement had been normal, instead of considerably less than 50 per cent of normal, the amount of traffic moved would have equaled or exceeded that of 1920, at which period the railroads reached one of their highest points as to volume moved.

In the week ending June 24, there were 877,856 cars of revenue freight loaded as against 911,503 cars in 1920 and 775,447 cars in 1921 for the corresponding weeks. On June 23 there were 255,685 surplus cars suitable for loading as against 305,198 on May 31.

The number of bad order cars remained about stationary, there being 332,681 on June 15 and 334,108 on May 15.

Figures showing the effects of the shop craft's strike are not yet available, but there can be no doubt of its resulting in a sharp increase in the number of bad order cars and a corresponding decrease in the number of surplus cars. Reports which have been received on the strike, indicate its effectiveness varies exceedingly in different sections of the country, and as yet it is impossible to make much of an estimate of its results.

The belief is quite general throughout the country, that if the strike continues and is fairly effective, and if the coal strike is settled, the result will be a serious car shortage, particularly in coal carrying equipment.

Brick Industry Beginning to Feel Fuel Shortage; Orders Strong; Portland Cement Output Gains

The common brick industry throughout the Fourth Federal Reserve District is at the present time in a fairly prosperous condition. The encouragement caused by the heavy demand earlier in the year apparently was well founded for buying is continuing and steadily increasing in volume.

It hardly could be said that all the common brick plants of the Fourth District are over-sold, or even that their season's output is taken care of. There is, however, in practically all sections of the District a sufficient demand to keep the plants in full operation.

A great deal depends upon the elements that enter into construction work as to whether there will be a slackening in building at this time.

Some of the brick plants are nearing the end of their coal reserves which were stocked at the beginning of the strike.

The Fourth District has been more favored than many sections of the country in the matter of weather, and production has not been seriously interrupted. In New York and the New England states it has rained so much that a serious shortage of brick is the result.

Reports from reliable authorities are to the effect that the paving brick industry looks upon the present strike situation as particularly unfortunate at this time. The principal reason is that for the first time in several years, orders are coming in fast enough to en-

able plants to operate at peak production and indications are that they will continue to come in for some time.

Some plants are beginning to feel the effects of the coal strike as their reserve stocks are running low and it is becoming increasingly difficult to secure new supplies. A few brick manufacturers are still depending on contracts and others are buying from non-union mines.

Reserve supplies of paving brick in the yards are reported to be all sold and most of them have been delivered.

The road building program has been favored with good weather and is progressing rapidly. No shortage of labor has been reported up to this time.

A recent report of the Geological Survey shows a steady advance in the output of portland cement. The output for June, 1922, was estimated at 11,245,000 barrels as compared with 11,176,000 barrels for the previous month and 9,296,000 barrels for June, 1921.

Shipments for June, 1922, reached 13,470,000 barrels as against 12,749,000 barrels for May, 1922, and 10,577,000 barrels for June last year.

Stocks on hand at the end of June of this year were 10,668,000 barrels as compared with 11,150,000 barrels for the same month a year ago.

Debits to Individual Accounts

(In Thousands of Dollars)

	Week End- ing July 12, 1922 (324 Banks)	Week End- ing June 14, 1922 (324 Banks)	Increase or Amount	Decrease Per Cent	Week End- ing July 13, 1921 (274 Banks)	Increase or Amount	Decrease Per Cent
Akron.....	\$15,932	\$13,383	\$ 2,549	19.0	\$13,662	\$2,270	16.6
Butler, Pa.*.....	2,812	2,428	384	15.8	.....	.....	.....
Canton*.....	9,424	8,419	1,005	11.9	.....	.....	.....
Cincinnati.....	67,345	67,990	— 645	— 0.9	59,871	7,474	12.5
Cleveland.....	131,172	128,623	2,549	2.0	122,935	8,237	6.7
Columbus.....	32,546	27,139	5,407	19.9	29,242	3,304	11.3
Connellsville*.....	1,121	1,311	— 190	—14.5	.....	.....	.....
Dayton.....	15,932	12,413	3,519	28.3	12,952	2,980	23.0
Erie.....	6,142	6,252	— 110	— 1.8	6,405	— 263	— 4.1
Greensburg.....	3,981	4,234	— 253	— 6.0	4,924	— 943	—19.2
Homestead*.....	808	765	43	5.6	.....	.....	.....
Lexington.....	5,182	4,677	505	10.8	3,697	1,485	40.2
Lima*.....	3,680	2,972	708	23.8	.....	.....	.....
Lorain*.....	1,195	1,144	51	4.5	.....	.....	.....
New Brighton*.....	2,354	2,195	159	7.2	.....	.....	.....
Oil City.....	3,086	3,559	— 473	—13.3	1,992	1,094	54.9
Pittsburgh.....	162,563	154,953	7,610	4.9	139,406	23,157	16.6
Springfield.....	4,957	4,026	931	23.1	4,400	557	12.7
Toledo.....	39,804	35,021	4,783	13.7	32,748	7,056	21.5
Warren, O.*.....	2,412	2,699	— 287	—10.6	.....	.....	.....
Wheeling.....	8,724	8,880	— 156	— 1.8	7,305	1,419	19.4
Youngstown.....	13,817	11,937	1,880	15.7	11,492	2,325	20.2
Zanesville*.....	2,724	2,529	195	7.7	.....	.....	.....
Total.....	\$537,713	\$507,549	\$30,164	5.9	\$451,031	\$60,152	13.3

* Debits for corresponding period 1921 not available.

Comparative Statement of Selected Member Banks in Fourth District

(In Thousands of Dollars)

	July 12, 1922 (84 Banks)	June 14, 1922 (84 Banks)	Inc.	Dec.
Loans and Discounts secured by U. S. Government obligations.....	30,639	32,332	.....	1,693
Loans and Discounts secured by other stocks and bonds..	330,162	329,809	353	.....
Loans and Discounts, all other.....	621,486	613,162	8,324	.....
U. S. Bonds.....	145,323	142,446	2,877	.....
U. S. Victory Notes.....	1,684	8,220	.....	6,536
U. S. Treasury Notes.....	27,487	21,773	5,714	.....
U. S. Certificates of Indebtedness.....	8,857	9,593	.....	736
Other Bonds, Stocks and Securities.....	278,182	276,107	2,075	.....
Total Loans, Discounts and Investments.....	1,443,820	1,433,442	10,378	.....
Reserve with Federal Reserve Bank.....	99,215	99,659	.....	444
Cash in Vault.....	28,803	28,891	912	.....
Net Demand Deposits.....	849,135	818,241	30,894	.....
Time Deposits.....	490,648	482,221	8,427	.....
Government Deposits.....	11,543	25,722	.....	14,179
Total Resources at date of this report.....	1,881,674	1,860,984	20,690	.....

Wholesale Trade**Percentage Increase (or Decrease) in Net Sales During June, 1922 as Compared with May, 1922 and June, 1921**

	Dry Goods	Groceries	Hardware	Drugs
Net Sales (selling price) during June, 1922, compared with May, 1922.....	4.8	11.8	0.8	1.1
Net Sales (selling price) during June, 1922, compared with June, 1921.....	—7.6	0.1	10.1	8.3

Department Store Sales

	Cleveland	Pittsburgh	Cincinnati	Toledo	Other District Cities
Percentage of net sales (selling price) during June, 1922, over net sales (selling price) during same month last year.....	7.7	-4.0	-4.3	2.9	3.0
Percentage of net sales (selling price) from January 1, 1922 to June 30, 1922, over net sales (selling price) during same period last year.....	-4.6	-13.9	-6.6	-2.8	-8.9
Percentage of stocks at close of June, 1922, over stocks at close of same month last year.....	5.4	-8.2	2.4	-1.7	-1.7
Percentage of stocks at close of June, 1922, over stocks at close of May, 1922.....	-2.9	-3.5	-8.9	-4.8	-2.1
Percentage of average stocks at close of each month this season (commencing with January 1, 1922) to average monthly net sales during the same period.....	369.1	357.6	512.0	444.1	428.7
Percentage of all outstanding orders (cost) at close of June, 1922, to total purchases (cost) during the calendar year, 1921.....	8.2	5.7	12.4	4.9	12.3

Building Operations For Month of June, 1922-1921

	Permits Issued				Valuations				Increase or Decrease	
	New Construction		Alterations		New Construction		Alterations		Amount	Per Cent
	1922	1921	1922	1921	1922	1921	1922	1921		
Akron.....	194	132	70	57	\$ 302,235	\$ 220,286	\$ 63,980	\$ 189,845	-\$ 43,916	-10.7
Canton.....	145	156	64	48	423,754	319,857	51,755	22,450	133,202	38.9
Cincinnati.....	425	290	277	277	1,801,050	1,061,090	296,175	298,810	737,325	54.2
Cleveland*.....	946	620	976	1,057	9,446,450	8,063,355	731,835	463,215	1,651,715	19.4
Columbus.....	375	311	151	140	1,127,520	673,290	134,880	416,410	172,700	15.8
Dayton.....	325	189	118	93	1,539,684	782,281	54,085	93,143	718,345	82.1
Erie.....	133	109	56	38	281,450	199,126	100,748	31,235	151,837	65.9
Lexington.....	43	23	44	33	488,925	80,000	12,911	34,071	387,765	339.9
Pittsburgh.....	502	336	144	119	3,991,315	1,018,753	218,878	160,164	3,031,276	257.1
Springfield.....	89	101	28	35	157,200	96,100	13,495	16,353	58,242	51.8
Toledo.....	333	193	274	205	705,880	324,510	178,370	205,090	354,650	57.0
Wheeling.....	98	70	34	28	329,075	89,515	22,430	5,210	256,780	271.1
Youngstown.....	163	170	41	39	406,020	1,847,670	23,660	19,750	-1,437,740	-77.0
Total.....	3,771	2,700	2,277	2,169	\$21,000,558	\$14,775,833	\$1,903,202	\$1,955,746	\$6,172,181	36.9

*Figures include East Cleveland, Lakewood, Cleveland Heights and Shaker Heights

Movement of Livestock at Principal Centers in Fourth Federal Reserve District For Month of June, 1922-1921

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1922	1921	1922	1921	1922	1921	1922	1921	1922	1921
Cincinnati.....	17,922	20,270	92,012	133,793	100,417	115,798	19,594	18,976	1,988	2,717
Cleveland.....	10,109	10,613	89,246	99,029	15,443	18,780	13,155	13,848	1,653	1,800
Columbus.....	228	60	4,305	8,665	28	162	144	205	17	21
Dayton.....	1,784	1,688	12,671	11,159	1,184	1,281	962	848	.....	.....
Fostoria.....	432	505	10,237	11,573	299	568	547	595	23	22
Pittsburgh.....	37,717	32,942	150,599	150,031	142,554	126,647	29,956	23,990	3,705	3,793
Springfield.....	236	57	5,356	6,708	505	455	197	193	.....	.....
Toledo.....	817	914	9,828	12,348	632	628	606	974	116	167
Wheeling.....	405	398	1,269	1,179	891	885	2,108	2,229	7	12
	Purchases for Local Slaughter									
Cincinnati.....	12,902	16,001	49,931	88,154	7,564	10,467	8,389	11,501	.....	.....
Cleveland.....	8,889	9,090	58,456	83,073	13,099	16,415	12,489	13,282	.....	.....
Columbus.....	202	14	527	1,335	17	139	65	200	.....	.....
Fostoria.....	77	66	601	720	9	34	156	185	.....	.....
Pittsburgh.....	5,566	6,425	35,018	71,807	9,615	21,569	8,220	9,191	.....	.....
Springfield.....	104	.....	353	1,000	26	.....	79	.....	.....	.....
Wheeling.....	405	398	1,269	1,179	891	885	2,108	2,229	.....	.....

FOURTH FEDERAL RESERVE DISTRICT

