

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 is still making remarkable progress when the present obstacles which face it are taken into consideration. The surprising thing is that the results of these obstacles have not been more immediately disturbing. The fact that they have not is further evidence that our return to more normal conditions, prior to our present labor disturbances, was more complete than many people thought.

The fact is that the full force of these disturbances has not yet struck us. Without doubt we are passing through one of the most serious labor situations we have faced in our history. It would, therefore, be little less than blind folly to suppose we will not pay for this economic interruption. Possibly, as a people, we should be excused for not being unduly concerned, for a surface view might lead us to think that business was going on as usual. The effects of the coal and rail strikes, however, have scarcely been felt when compared with the effects which will soon become apparent and which inevitably we must face—and pay for. Increased cost of fuel means increased cost of manufacturing, which in turn must be passed on to the consumer. Likewise, any interruption to transportation produces the same results.

Some lines of business were only needing an encouraging excuse to return to former inflationary tendencies; there are beginning evidences that the coal and rail strikes are furnishing those encouragements. Two months ago we pointed out certain disturbing undercurrents whose unchecked tendencies would hinder our return to business readjustment. The first of these was a growing tendency of increased cost of production paralleling increased production. The second element was that the larger facilities occasioned by war-time expansion was a constant encouragement to over production. The third element mentioned at that time was the persistent report of labor shortage, together with the returning evils of bonuses and the offering of premiums. The first and third of these tendencies have not been checked. In fact they are rapidly growing. The evidences now are that the manufacturers we had in mind at that time have seen the danger of overproduction and are protecting themselves.

During the past 60 days, however, other disturbing elements have injected themselves into the situation which forces us to enlarge our former citations, and therefore increase our warnings to our readers.

We should not be carried away or deceived by the rush of increased business activity that will follow the temporary settlement of the coal and rail strikes. Such activity will be uneconomic, as it could have been prevented. It will, therefore, be as the inrush of air filling a vacuum caused artificially by an air pump. Business has been artificially interrupted, and the effort to readjust itself to where it would normally have been at this season of the year might well deceive the unthinking.

The present situation recalls three old but very appropriate maxims—

“The darkest hour is just before the dawn.”

“Wouldst thou both eat thy cake and have it?”

—“For whatsoever a man soweth, that shall he also reap.”

Almost unnoticed, while our attention has been fixed on the strikes, comes the one big beam of hope through our complexities—a bountiful harvest. Among the important features of the government August crop reports were the three billion bushel corn crop indicated for the fourth time in the history of American farming, a record crop of hay, and the second largest crop of white potatoes ever grown. As crops are true economic wealth and since it has been proven we cannot have genuine prosperity without the purchasing power of the farmer, the abundant crops go far in aiding a return to that genuine prosperity.

Much credit should be given the American farmer for there is little doubt that he has been the greatest sufferer during the readjustment period, yet with but little complaint and with no sulking he went about his business of sowing a crop, and today in return for his labors he is reaping a bountiful harvest. All during the summer he has been busy raising the food stuffs to feed the people of a nation among whom are those, who because of their inability to reach agreements over non-essentials, have interrupted industry and penalized a whole people by needlessly raising consumption costs.

Decline in Loans to Member Banks Continues More Slowly; July Reports on Savings Reflect Unsettled Conditions

While the decline in loans to member banks shown last month, has continued during the month ending August 21, the drop is much less noticeable than it was at that time. In the month ending July 20, loans to city banks were reduced approximately \$8,500,000 as compared with a decline this month of a little less than \$1,500,000. The slowing up in the demand for accommodations continues to come principally from banks located in industrial sections. The peak borrowing point for the month was reached on August 14, when loans to city banks were approximately \$2,000,000 higher than they are at this time.

Banks located in agricultural districts continue to pay off their indebtedness slowly. A month ago the decline in loans amounted to about \$1,500,000 as compared with approximately \$1,000,000 this month.

Apparently up to this time the sale of this year's crops has not resulted in any marked change in banking conditions in Fourth District farming communities.

Reports from 18 representative banks in the Fourth

District for July, 1922, show a decrease in savings accounts, as compared with the previous month, of 1 per cent. A month ago the same number of banks reported a gain of 1.2 per cent. July deposits as compared with those of a year ago show a decline of 1.6 per cent.

According to dealers' reports on the acceptance market, up to August 11 there was little improvement in the supply of bills offered and also in the demand for bills. The 30 and 60 day bills seem to have the best demand. Bills offered in this market covered the following: storage of crude oil; storage of canned goods; storage of wheat; and exportation of automobile tires.

The month ending August 21 brought another slight gain in the reserve ratio of this bank. On August 21 the reserve was 72.8 per cent as compared with 71.8 per cent on July 20. A more noticeable gain has been shown by the System for the same period. The System's reserve was 78.4 per cent on July 20 and by August 21 it had advanced to 80.5 per cent.

Coal in Lake Freight Market Negligible; Much Activity Must Result if Northwest is Furnished Coal Before Winter Comes

The coal trade has cut very little figure in the lake freight market up to date and the indications are that it will be close to the middle of September before it takes care of a great amount of tonnage. Coal is very slow coming to the lake front and cargoes are not only very scarce but steamers have had to do considerable shifting to get a supply of bunker coal. In some cases boats have paid as high as \$11 a ton for fuel which means the small carriers are not making any money.

The lake coal movement will have to take a decided brace or the northwest will go into the winter with a very short supply. There is very little free coal at the upper lake ports and dockmen at the head of Lake Superior are turning down orders.

Loading for the week ending August 7, when only 74,924 tons were dumped, was the smallest since a start was made. Shipments for the same week in 1921 were 684,100 tons. Priority has been given cargo and bunker coal. But it is very slow coming forward and the movement of cargo coal for the season up to August 7, was only 4,406,067 tons. That included 862,221 tons that were delivered at Buffalo and other Lake Erie ports. Shipments for the same period in 1921 were 13,699,762 tons, and in 1920 the movement

was 7,049,707 tons. In the latter season the fleet loaded 16,154,617 tons after August 1, but according to the present line-up, that is more coal than will be floated this season. The railroads are far from being in good shape, and it is quite certain there will be a shortage when the movement gets fairly started. Duluth and Superior on August 1 only had 632,438 tons of bituminous and 166,621 tons of anthracite on dock. Stocks at the two ports on the same date last year were 5,081,564 tons of bituminous and 602,271 tons of anthracite.

Ore is being sent forward at a good rate and but for the labor trouble on some of the railroads in the northwest the movement for July would have been close to 10,000,000 tons. The mines sent forward 8,942,336 tons which was an increase of 4,894,649 tons over July last year. Shipments for the season up to August 1 were 17,293,513 tons which was an increase of 6,874,599 tons over the same time in 1921. The movement slowed up some as a large number of furnaces were forced to be banked or blown out on account of the labor trouble at the coal mines and on the railroads, and could not take the ore forward. There was a let-up in the demand for grain tonnage as receipts at the upper lake ports were light on account of the labor trouble on the railroads.

Production and Market Movements of Steel Disorganized Because of Coal and Rail Strikes; Prices Rising; Heaviest Importation For Years of Foreign Iron

Serious interruption of iron and steel operations with a material disorganization of both production and market movements has come to the iron and steel industry in an increasing way as the result of the coal and railroad strikes. Since the pinch first began to be felt most perceptibly the latter part of July, at least

40 blast furnaces have been forced to be banked or blown out due to a shortage of fuel. Considerable steelmaking capacity also has been put out of commission, as the producers have readjusted their operations in order to concentrate upon those lines of output permitted most advantageously under the limited

supply of coal available. This curtailment of production has had the effect of congesting deliveries which already were far extended with various makers, due to the previous accumulation of business and restricted operations. Numerous buyers accordingly with reduced inventories have been forced to come into the market for prompt material wherever they could find it, and this has lifted prices decidedly. Premium business now is freely current. Another factor in the advance in the market has been the increased cost of production for the mills and furnaces under prevailing conditions. Small hope is held out for any early betterment of the situation. Even should an early settlement of the present strikes be brought about, it undoubtedly will require some weeks for the present disruption of operations to be overcome. Furthermore, the car shortage and freight congestion which is foreshadowed when general business activities are resumed, promise to prolong the restraint on iron and steel production for an indefinite period. Some iron and steel manufacturers entertain the opinion that 70 per cent operations for the remainder of the year is all that can be safely expected.

Figures of iron and steel production in August promise to reflect very plainly the present shrinkage of activity. While the July statistics show considerable reduction the result was better than was indicated. This is due to the fact that much of the capacity now suspended was not forced out of operation until the latter part of the month; also the loss from these cessations was offset in part by additional capacity which had become active in the earlier part of July. Production of pig iron in July, according to *The Iron Trade Review*, in total actually was slightly greater than in June, due to the one day longer operations, but the daily average was less. The July total was 2,400,465 tons compared with 2,362,455 tons in June. The daily averages were 77,434 tons in July and 78,748 tons in June. Furnaces in blast at the close of July were 170 against 191 in June and 175 in May. Steel ingot production in July was at the indicated yearly output of 34,000,000 tons. This compared with an indicated annual rate of 36,010,000 tons in June. At the July rate, ingot output was running 78 per cent of the high

annual mark in 1917. Lake ore shipments in July were 8,942,336 tons which was greater than May and June combined. The movement for the season to August 1 totaled 17,293,513 tons compared with 10,418,914 tons in a similar period in 1921.

Despite the current disturbances, some branches of the market have continued to show a fine degree of activity. The railroad strike has greatly stimulated buying of new equipment and repairs, especially the latter. Car repairs ordered by the railroads from outside shops have been running into many thousands. Buying of new equipment has kept up fairly well. The total number of new cars ordered in July was 13,700, bringing the total for the seven months of the year to date to slightly over 114,000. Considerable activity has been shown in locomotive buying. Oil companies have been buying storage tanks and refining equipment in a liberal fashion and some large orders have been placed with numerous others now under negotiation. Building steel tonnage now is showing a sharp falling off after a favorable volume for many weeks.

Prices on finished steel on the average have risen \$2 to \$3 a ton. Many companies are quoting advances considerably greater than this, while premium business has been taken many dollars higher. Spot pig iron has ascended \$4 to \$5 per ton during the past month, this being attributable to the reduced furnace output, the scant supply of free iron and the shipping difficulties. At certain points, particularly along the eastern seaboard, this advance in pig iron has provided a more favorable opportunity for the importation of foreign iron. Sales from Great Britain and France especially during the past six weeks are estimated at 60,000 to 65,000 tons, largely to consumers located along or adjacent to the Atlantic Coast. This is the heaviest importation of foreign iron this country has seen for many years.

A reflection of the price situation is furnished by *The Iron Trade Review* weekly composite of fourteen iron and steel products. As of August 9, this figure stood at \$38.75 compared with \$37.45, the nearest corresponding date in July, and with \$32.80 on March 22, the low point of the decline from the war period.

Manufacturers' Reports Show Business Holding Up Well

Although some reports from manufacturers this month naturally reflect the unsettled conditions caused by the long continuation of the coal strike, and the complications brought about by the more recent rail strike, business is holding up remarkably well.

Automobiles—As a whole, it is very probable that the automobile industry is running too strong to be conservative.

The price reduction in pleasure cars has done much to check the recession of sales which comes at this season of the year. The demand for closed cars is still increasing.

The motor truck industry is holding up fairly well, although showing to some extent the seasonal effect usually experienced. Orders continue to come in to the truck manufacturers from practically every line of

business and from the entire country. The manufacturers believe that they can continue to expect a slow but constant increase in the industry.

Late production figures on passenger car and truck output for July show a considerable decline from June.

There is a nice volume of business being done in the automobile body industry at the present time with schedules pretty well established for the balance of 1922. The body builders have been forced to align their prices with the downward price tendency of the motor car industry.

There is already quite a tendency to compete for body building labor with rising labor rates resulting. Material of some classes is becoming harder to obtain and prices are stiffening.

Paint and Varnish—The paint and varnish industry has enjoyed a splendid volume of sales during the past several months. Ordinarily the months of July and August are quiet for this industry. But this year the demand has resulted in a large increase in sales for the month over the same period last year. While August may not be equally as good as July, nevertheless it is going to be much better than is usual for this time of year. The orders are coming from diversified industries, while a very liberal number are from the automobile trade. The continued activity in the building lines contributes to the general distribution of paints and varnishes for the building trades, and the manufacturers are looking forward to a considerable increase in sales from this source during the early fall months.

"The present demand for paint and varnish products is the greatest in history," is the statement of the National Paint, Oil and Varnish Association which recently made a survey of production and sales of 150 paint and varnish manufacturers.

Ninety-four per cent of the firms reported an equal or increased tonnage for this year up to June 1, as compared to the same period in 1921. Fifty-six per cent reported an equal or increased tonnage for this year up to June 1, as compared with the same period of 1920.

Hardware—A large hardware manufacturing concern reports a steadily increasing business, far from normal but still for June and July nearly double that of a year ago.

Machine Tools—In various tool manufacturing lines prices are still low. The demand continues steady and in fact has held up surprisingly well in view of all the industrial disturbances that are going on. An explanation of this is that the stocks of dealers and customers are so low that they are ordering slightly in advance of their needs in order to insure a supply of tools in the event of a complete suspension of transportation. Present signs indicate that business, so far as volume is concerned, will continue good for the remainder of the year.

Electrical Goods—There has been no material

change in the electrical goods situation since our last report. A large electrical goods manufacturer reports an upward tendency in practically all departments. He believes that the electrical business is more favorably situated than many other industries, owing to the natural development of electrical appliances and their constantly broadening uses.

Cork—According to recent information the coal and railroad strikes have not as yet caused any serious injury to the cork business.

Moulding Machines—A moulding machine manufacturer reports sales for July almost exactly the same as those for June. August made a good start with indications of a 25 to 33 1/3 per cent increase over July. The brush and supply division during the first part of this month, instead of showing the customary seasonal decline, bids fair to show an improvement over other months so far this year with the possible exception of June.

Plate Glass—There is an excellent demand for plate glass and it is sufficient to take all that is being produced. The month ending August 11 brought a distinct improvement in the demand.

Printing and Lithographic Inks—In the printing and lithographic ink industry, business continues on the up grade. Cheering reports have been coming in from Argentine, Uruguay, Brazil, and China. In London business is not so good, due to a strike of lithographers. In Canada business appears to be in excellent shape.

Shoes—The shoe manufacturing industry in the Fourth District has not shown any appreciable improvement as factories are still on strike and no efforts are being made to solicit new business.

Tin Cans—Tin can manufacturers are extremely busy at this time and there is a good volume of orders. Customers in all parts of the United States are making prompt payment for goods.

Pottery—The strike situation has not had any serious effects on the pottery industry with the exception of slowing up buying to a certain extent, and hampering salesmen by disarranged schedules. Potteries are said to be pretty well supplied with coal.

Sharp Reduction in Crude Oil Demoralizes Oil Industry and Reduces New Drillings

The reduction in prices of crude oil throughout the country which came the latter part of July and the early days in August, threw the producing division of the industry into a stagnant condition.

Prices of refined products followed the down trend and markets were generally demoralized, despite the season when the peak of consumptive demand for gasoline is reached. Service station prices of gasoline in Ohio declined one cent in July. In Kentucky the decline was the same. Other parts of the Fourth Federal Reserve District witnessed declines after the end of July.

At the end of July the effect of the rail tie-up on the transportation of refined petroleum was evident. Some jobbers who had delayed buying in anticipation of lower prices were obtaining their requirements with

difficulty, particularly those who were buying from Mid-Continent refiners. This factor has doubtless staved off greater declines in gasoline prices.

Fuel oil, due to the coal strike, came into its own during July. Prices advanced roundly 50 cents a barrel over the month.

While a radical break in imports of Mexican petroleum occurred during the month, it did not come in time to save the domestic price structure. The condition in which the major purchasers of crude oil in the Mid-Continent find themselves, is instanced by the condition in which a large crude oil purchasing company finds itself. This company had at the end of January, 13,600,000 barrels of crude in storage while at the end of July it stocks amounted to 25,000,000 barrels.

The Mid-Continent field, embracing in general sense Oklahoma and Kansas, has not shown any appreciable decline in daily production, *National Petroleum News* finds. The decline in the price of the high grade oil produced in these fields from \$2.00 a barrel to \$1.25 now appears to be having its effect on operations and the amount of new drilling being started is growing less.

In connection with the movement for lessened production there is another and correlated campaign getting under way which promises much for the future of the producer. This is the building of storage by the producer on his leases where he can in times like the present, store his oil and hold it until the market

is higher. Considerable progress has already been made and there have been withdrawn from the congested market of the Mid-Continent, which is the keystone of the arch, several thousand barrels daily.

Along with this, producers are working toward some definite system of obtaining loans secured by the stored oil, in the same manner that warehouse receipts on cotton or grain are collateral for loans.

In the Fourth District, crude oil prices have suffered along with the rest although not so greatly as Mid-Continent. Pennsylvania crude was reduced in price 50 cents; southeastern Ohio, 15 cents and eastern Kentucky, 50 cents. Little new work is being started in southeastern Ohio and Pennsylvania.

Special Report of the Apple Industry as Found in an Investigation by the Ohio Division of Markets of the State Department of Agriculture

There has been a radical change in the marketing of the fruit products of Ohio during the past few years. The adoption of new methods has proven beneficial. In the days of our forefathers, fruit was taken to the market in small quantities suited to the convenience of the producer. Many can remember not so long ago, seeing a wagon go by loaded with apples. That plan is rapidly passing. Marketing has largely become a specialty. The grower now figures his harvest in car load lots. This wholesale production has necessarily brought about a great shift in marketing conditions.

At present when a car is loaded for some distant market—and fruit is generally shipped in this way—the loader must consider the market demands in order to realize to the fullest, the most beneficial returns for his labor. A straight car load of one variety usually commands a premium over one of many varieties.

The wise producer recognizes this, and it is the wise producer who flourishes. When he loads a car with goods of the finest variety he realizes that the natural question asked by the buyer will be "What of the variety?" He will purchase much the more rapidly if the shipper quotes some of the more popular names, as Grimes, Jonathan, Wealthy, Dutchess, Baldwin, Rome or even the much and unjustly maligned Ben Davis. It has come that but few receivers will give even consideration to the purchase of a car containing a mixture of varieties, except at a cash discount.

Such mixed cars are usually handled upon an out and out commission basis. The growers are finding "merchandise cars" or cars that are sold F.O.B. to be the most profitable and with the least attendant worries. If the car is sold on a delivered basis, or is consigned, the shipper is compelled to shoulder all losses from decay or the many other transit ills. If the shipment is consigned he also loses in case the market declines. In this case he is the one who gambles against market demand. In the F.O.B. sale, the buyer is the gambler,

and when the losses of the perishable market are considered, the roulette wheel and crops are infant industries.

The foremost apple growers of the State find the most ideal arrangement to be one or two varieties maturing during July, one during August and not over four during the fall picking period. The summer, or July, varieties are either the Yellow Transparent, or the Dutchess. Wealthy is the most commonly grown August variety. When it comes to the late, or winter crop, the section of Ohio in which the orchard is planted is a big determining factor. Grimes, Jonathan, and Delicious do equally well all over the State. The Baldwin, however, does not produce as profitably in the southern part, the stronghold of the Rome, as it does north of the central line. The bulk of the 642,000 barrels, the estimated apple crop in Ohio for 1922, will be Transparent, Dutchess, Wealthy, Baldwin, Grimes, Rome, Jonathan, Delicious, Winesap and Ben Davis, or its offspring the Gano. There are other varieties such as McIntosh Red, Ensee, Arkansas Black, Mammoth Black Twig, Stark, Spy, Greening, Winter Banana, Wagener and Hubbardston grown extensively, but not to equal those first named.

Such a popularity has its causes. The growers have found all the first given varieties to be early bearers, with the possible exception of the Baldwin. They fill the need for fresh fruit from July to May; are attractive in appearance and of good quality, and comfortably pad the owner's pocket book.

The same principles bearing upon apple production are applicable to all fruits. Unless the grower positively knows a variety to be a money maker in his locality, he should not heed, perhaps, well intended but ill given advice from acquaintances, but thoroughly investigate before tying up his land and capital for a period of years.

It is the producer who sees the change in conditions and adapts himself to modern marketing methods, who succeeds best.

Coal Strike Stimulates Tractor Sales for Threshing; Replacement of Farm Machinery Soon Necessary; Manufacturing of Agricultural Implements As Yet Only Slightly Affected by Coal and Rail Strikes

The past month has shown but little change in the activity of the immediate tractor market, and so far has

not been materially affected by the coal or rail strikes. In the small grain states the coal strike has stimulated

tractor sales for wheat and oats threshing, coal being unavailable for steam threshing engines. The rail strike has not affected sales or deliveries materially as shipments from factory to dealer are light at this season, the industry's sales activity being largely confined to retailers.

However, unless speedy settlement is accomplished, present industrial conditions are bound to menace the future of the industry. Manufacturing operations for next year start at this time of year and continue through the winter months. With uncertain transportation facilities and a shortage of coal, production will be seriously curtailed at a time when the industry and the needs of agriculture can least afford it.

The farmer's mechanical equipment ordinarily requires replacement every six or seven years. During the five years prior to 1921 farmers bought only about 70 per cent of their normal requirements, due largely to the restriction of production through diversion of material to war purposes, and the subsequent shortage of materials and transportation conditions. During this period machinery was given more than normal use.

Corn Yield About Average; Wheat Average Better Than a Year Ago: Twenty Per Cent Increase in Hay Crop; Average Crop of Potatoes; Result of Tobacco Crop Uncertain; Badly in Need of Rain

Corn conditions at this time are still a little below the average for the last ten years and whether we have a fairly good crop depends largely on the rainfall during the next few weeks. This is especially true in the northern and north central parts of the State where corn still shows the effects of late planting, according to the State Federal Crop Reporting Service.

On the basis of the present outlook for the crop the Ohio production of corn will probably be from 150,000,000 to 155,000,000 bushels, which is about the same as last year. And likewise the United States prospects now stand at about the same point as a year ago and indicate a crop of around 3,000,000,000 bushels. It must always be remembered, however, that a corn forecast near the first of August carries with it all the uncertainty of the weather during the next month so that the September report may show a considerable increase or decrease from these August figures.

Returns from several thousand farms in the State show that the average threshing yield of wheat is about 15 bushels per acre. This is a marked decline from the indications earlier in the season and gives a total production of about 35,000,000 bushels. The yield last year was 12.5 bushels per acre and the ten year average is 16.5 bushels. The United States crop of winter wheat is estimated at 541,000,000 bushels which is 40,000,000 bushels less than last year's crop. The spring wheat crop is forecast at 263,000,000 bushels or about 60,000,000 bushels more than last year, so that the total wheat crop of the United States will, from present indications, be about the same size as last year.

Farm stocks of oats carried over from last year amount to 73,000,000 bushels for all the country, which is less than half the number of bushels carried over a year ago. The estimated United States oats crop

Following the war, the farmer's condition did not permit of buying new equipment and the business done in this line in 1921 was only about 30 per cent of normal.

It is logically to be expected, therefore, that the long delayed replacement of farm machinery will be necessary in 1923, and crop and market conditions indicate that the farmer will be in a position to recoup his production machinery next year. This forecasts a heavy and imperative demand, which the tractor and implement manufacturers will be unable to supply in the event that stocks carried over from previous years will be removed during the present season of fair demand and light manufacturing production.

The manufacturers of agricultural implements who have used up their raw materials are reporting the effects of the coal and rail strike. Pig iron production is being curtailed, and ovens furnishing coke are closing down because of lack of coal. One manufacturing concern writes, "We are now forced to resort to 'war time measures' and go on the market to buy these commodities at increased prices, and being unable to dictate quality must take what we can get."

is 1,250,000,000 bushels or about 200,000,000 bushels more than last year. The prospects in Ohio are for a decidedly better crop than last year but even at that the crop will be below the average with indications of a crop of from 45,000,000 to 50,000,000 bushels.

The hay crop in Ohio will be large this year because the acreage has been increased by 7 per cent and because the yield per acre is above the average, the estimated acreage cut for hay this year is a little more than 3,400,000 acres, and it appears that the yield will be about 1.45 tons per acre, giving a total State production of a little less than 5,000,000 tons of all kinds of hay. This is a 20 per cent increase over last year's crop. Tame hay shows a 5 per cent increase in the United States as a whole in acreage and 12,000,000 tons or around 15 per cent increase in tonnage over last year.

The acreage of pure timothy, or hay which would ordinarily be sold as timothy, is estimated at about the same as last year with the most of the increase in hay acreage in the State found in clover and mixed hay, and the condition is 8 points above the ten year average. Clover hay acreage is from 10 to 15 per cent greater than last year and the average yield of clover hay is estimated at 1.5 tons per acre.

The condition of alfalfa hay as reported by correspondents averages 93 per cent as compared with 85 per cent a year ago and a ten year average of 90 per cent.

The condition of millet is a little better than average. Pasture is in a better than average condition in Ohio and the same is true throughout the country.

The preliminary estimate of the buckwheat acreage in Ohio this year shows about a 5 per cent increase over last year, making a total acreage of 22,000 acres. The indications at present are for a State crop of about 445,000 bushels. The yield of buckwheat has varied

anywhere from 15 to 25 bushels per acre and the total Ohio production has been around a half million bushels for each of the last five years. The forecasted crop for the whole country is 13,788,000 bushels or slightly less than the heavy yielding crop of last year. The United States acreage shows about a 5 per cent increase, the same as does the acreage in Ohio.

The interest in buckwheat shown by Ohio farmers has varied greatly during the last fifty years. During the late sixties from 50,000 to 75,000 acres and more were grown. The acreage then fluctuated from time to time with a general decrease until about 1900 when the acreage was as low as 9,000 acres. This low point was followed by an increase until the high acreage of 30,000 acres was reached in 1918.

Berries and vegetables are in good condition and sugar beets in fair condition. The condition of Irish potatoes averages slightly less than the ten year average condition. The condition of sweet potatoes is somewhat above an average.

Tomatoes, cabbage, and onions are all in good condition.

The condition of field beans is 2 points above the ten year average.

Watermelons and cantelopes remain in about the same condition as a month ago, which is about the same as the ten year average.

The condition of Ohio's sugar beet crop remains a little below the ten year average.

Lack of rain in various parts of the Kentucky Burley tobacco district has been one of the factors which

has affected the outlook for tobacco to a considerable degree. In the central blue grass section a severe drouth prevails over many of the counties. This has injured the tobacco crop to some extent. There has, however, not been the outbreak of leaf disease in the Burley district there was in 1920, as weather conditions have not been favorable to its development and spread. The crop is now being cut and conflicting predictions are prevalent both as to the quality of the crop and the probable yield. The best informed people in the tobacco business think that the tobacco now ready to be cut will be of a fine quality and weigh out fairly well. There are, however, many thousands of acres of tobacco which have not yet developed to the harvesting point. It is this tobacco that is so badly in need of rain.

The marketing association has reported some additional sales of tobacco recently. While no definite figures have been given out lately regarding the amount of tobacco sold, it is thought that about two-thirds of the tobacco delivered to the association has been marketed. The growers in the Burley section appear very well satisfied with the new plan of marketing and several thousand growers have signed contracts this year. The association had about fifty-five signers last fall, and now has over sixty-three thousand.

The signing drive in western Kentucky is being continued and satisfactory progress apparently is being made in the establishment of a similar organization to handle dark tobacco.

Remarkable Volume of Building Continues; High Construction Costs One Obstacle in Path of Lower Rents

There has been no particular change in the building situation during the past month except that lack of transportation facilities is hindering the natural flow of materials to meet the needs of midsummer activities. A shortage of building tile and certain other materials is evident from this cause. There is a lack of coal to supply the kilns and a number of plants have been forced to close down for want of fuel.

The cost of labor and building materials have both advanced and there is some anxiety as to whether the present house building program will continue unabated in the face of war-time wages and increasing cost of materials.

The records for suburban home building to August 1 of this year show a total of nearly \$20,000,000 in value of permits issued as compared with about \$10,000,000 for the same period in 1921. This gives evidence of the manner in which the housing shortage caused by the war is now being relieved. This volume of construction should help to reduce rentals were it not for the fact that the cost of these dwellings is

running so high that in order to obtain returns on the money invested the rental charges are kept at a high level. One thing that has aided building material dealers so far in solving transportation problems is that stocks on hand, as a rule, were sufficiently heavy to fall back on in case of an emergency. However, a large lumber dealer says that a continuation of present conditions would mean an accumulation of stocks at the producing points, which in turn would necessitate some of the mills curtailing operations and even closing down entirely.

Reports to *Bradstreet's* from 149 cities of the United States on building expenditures for July show a slight decline from the peak totals of June, but when compared with the corresponding month of last year a heavy gain is indicated.

The valuation of July permits for these cities was \$188,155,537 as compared with \$224,503,146 for the same cities in June and \$135,327,833 for July, 1921. This is a decrease of 16.2 per cent from June, but a gain of 39 per cent over July a year ago.

Rubber Companies Continue Heavy Production Program; 1923 Tire Requirements Placed at 40,000,000

The rubber industry continued on a high production basis during the first weeks of August with many plants operating at full capacity. This is causing some surprise in the trade, for it was predicted by some ob-

servers that even July would find a slackening of demand for tires. The heavy volume of automobile sales, the disappearance of dealers who handle inferior quality tires, good touring weather and the increased mile-

age upon all vehicles used in business or for pleasure, are given as the chief responsible factors for the continued demand.

The general opinion expressed in many quarters is that the present month will witness some reduction in output, with the reduction coming largely from automobile manufacturers rather than from the dealers.

The full effects of the strike situation are not yet apparent, but the resulting inconveniences to rubber manufacturers are growing. The coal strike has resulted in increased fuel costs and a little slowing up in mechanical rubber goods business. Akron manufacturers are reported to have enough coal in their yards to run for some time.

It is evident, even though the settlement of the rail strike is consummated at a very early date, that manufacturers are going to be inconvenienced for a number of months to come in the movement of raw materials to their plants as well as in the movement of their finished products to the various outlets. Some preparations are being made to deliver by truck within a radius of 500 miles.

Collections and the financial situation are in an improved condition. Dealers are taking advantage of

cash discounts and requests for extensions that prevailed 30 or 60 days ago, are now absent. During October, tire people will offer their new terms covering the winter months, and this is expected to cause some uncertainties in the trade for a time.

During the past month there were further decreases in automobile tire prices. *India Rubber Review* says the reductions made during the past year have brought the prices of automobile tires to the lowest point in their history.

On the basis of July 1, 1922 automobile registrations as reported by the Akron Chamber of Commerce, 10,863,744 cars are used in the United States. According to the *Review*, on the former basis of three and one-half tires to an automobile a year, the tire requirements for 1923 would be brought very near the 40,000,000 mark, but because of the reduction in the price of tires during the past year which has made the motorist prone to discard casings more quickly than during the period when three and one-half was established, the difference between the old estimates and the 40,000,000 is accounted for. Tire production this year, will be about 33,000,000 according to some authorities.

SIX MONTHS' PRODUCTION FIGURES FOR 1922

Inventory, Production and Shipments (domestic) of

"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 dealers 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

Pneumatic Casings, Tubes and Solid Tires, as Reported by The Rubber Association of America

May	65	5,523,095	2,721,503	2,639,273
June	64	5,042,147	2,838,890	3,133,260

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
June	64	6,186,534	3,130,629	3,973,678

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
June	11	169,808	66,089	63,408

Slightly Better Demand in General Textiles; Makers of Knitted Underwear Finding Market Sluggish; Fall Trade in Men's Clothing Expected to be Satisfactory; August Sales of Women's Ready-to-wear Very Good

There is little or no change in the textile business, except a possible slightly better demand than a month ago. The outstanding fact of the nature of the demand is that everybody is calling for something different or special with the result that the manufacturers are put to the necessity of preparing special yarns. This condition exists notwithstanding the fact that staple yarns are in stock to the extent of millions of pounds. It is such demands as these that raise the cost of the manufactured goods.

The manufacturers of knit underwear are finding themselves placed in an embarrassing situation due to the fact that they are being compelled to absorb the rise in cotton and cotton yarns. The retailer and consumer refuse to pay the advances. The buyers are finding their advance sales slow and the retailers interest sluggish, and the wholesalers are consequently covering on only a hand-to-mouth basis.

Re-orders for the fall season are not particularly active. The trade feels that the ultimate result will be

contingent upon the kind of weather we have this fall.

Regarding the men's clothing industry, the opening prices of some of the important lines of the spring, 1923, woolens and worsteds during the last month have shown some decline from the closing fall prices but advances over the opening of the same season.

Cancellations of fall orders have been considerably influenced by the continued coal strike and orders placed in mining districts have in many cases been entirely cancelled or substantially reduced. Retail business, generally speaking, continued up to expectancy through July, and current orders on staple goods seem to indicate the resumed buying power of that part of the public which the industrial depression has most seriously influenced in the direction of economy, namely, the farmer and the middle aged mechanic. The better condition of both of these groups would be apt to influence this element in the business. There seems to be an agreement of opinion that if the railroad and coal strikes are soon adjusted, fall business should be satisfactory.

Coal Situation Clearing; Production Grows as Agreements are Reached; Homes to be Given Supplies

In marked contrast to conditions prevailing a month ago when the seriousness of the coal strike situation was causing much anxiety, the present outlook is one of hopefulness with expectations of a slow but steady improvement. The course of the coal industry in the near future will naturally be guided by the trend of the present transportation problems. At this writing the movement of bituminous coal is seriously affected by the rail strike which is, to some extent, counteracting the good effects of heavier output caused by the recent opening of union mines.

While union mines are re-opening, acute railroad disability is hurting certain of the non-union fields. Transportation in certain fields of southeastern Kentucky was for a time almost completely blocked. Western Kentucky also reported considerable transportation loss.

It is still quite early to determine the effects of the agreements signed at Cleveland between mine workers and bituminous operators, but from reports received from local coal men it would appear that the

The question of price is reported to be less dominant. In other words as employment continues to increase and the farmers debts are slowly liquidated and individuals accumulate funds, buying habits are again resumed and quality instead of price becomes again a factor in influencing the consumer's mind. This does not mean that the public will stand for resumption of high prices. It would seem to indicate that it is accepting the present level as rather fixed for some time to come.

In the women's ready-to-wear industry the merchandise fair in New York City has had a very marked influence on merchandise purchasing. It had a tendency to delay all purchases until its start on August 7. That seems to have been a psychological date fixed in the minds of all merchants. As a result orders began to be placed so rapidly that manufacturers are complaining they cannot take care of the peak load. August sales have been in excess of the usual August sales, but the total sales have not equaled last year's, due to a slow start.

temporary settlement is looked upon with favor and as a step in the direction of a stabilized coal industry in the future.

Considerable anxiety is being experienced by home owners as to whether there will be sufficient coal to supply their furnaces during the coming winter months. According to reliable authority there will be enough coal for the homes in this section of the country and the home owners' needs will be supplied, provided the rail strike does not become too great an obstacle.

The Geological Survey estimates bituminous coal production of the mines already working, for the week ending August 19, at about 4,300,000 tons. The previous week 4,576,000 tons were produced. The union mines which re-opened are not expected to raise production for the week much above this point.

The production of beehive coke appears to have found a temporary level around 110,000 tons per week. Using reports of cars loaded by the principal coke carriers as a basis, the total output for the week ending August 12 was estimated at 113,000 net tons.

Paving Brick Industry Not Seriously Handicapped By Strikes So Far; Common Brick Manufacturers Complain of Coal Shortage

The paving brick industry has probably suffered less up to this time than some other important lines of business, as a direct result of the coal strike, but it is believed by men in the trade that the full effects have not yet been experienced and may not be for several weeks.

Under normal conditions the paving program extends well into the fall months. Although orders naturally slow up as the end of the paving season approaches, they are still coming in. Just recently some new contracts have been placed for street paving.

The National Paving Brick Manufacturers Association reports that perhaps with one or two exceptions, none of the plants have been forced to shut down on account of coal shortage, although they have been forced to restrict operations. Coal prices are advancing thus causing an increase in production costs. This increase in costs is not being absorbed by increased prices for the finished product, for contracts for paving brick were let early in the summer prior to the coal strike, and at that time the increase in the price of coal was not taken into consideration. A few of

the paving brick plants are still getting a little coal through contracts made early in the year.

Up to this time the rail strike has not been a serious handicap in either the paving or common brick industries. Brick can be shipped in almost any kind of equipment; box cars and stock cars listed as in bad order, may safely be used for this purpose. The leaky roof, while prohibiting the shipping of general merchandise, causes no damage to brick. Cars minus their doors and other defects which keep the equipment out of general service, are being used to take the place of open top cars, now necessarily given over to the shipment of coal.

Except for the coal and rail strike situation, good progress would have been made in the common brick industry during the past month. The first signs of

trouble in coal shortage and excessive cost of coal appeared about a month ago and since that time complaints have been steadily increasing.

In Cleveland, the brick plants were receiving coal on contracts at about \$3.50 per ton at the mines. This makes the fuel cost about \$5 per ton when delivered at the brick plants. It is practically impossible to get coal on contract, and the manufacturers going into the local market for coal are forced to pay in the neighborhood of \$10 per ton delivered to the plant. Since an average of 1,000 pounds of coal is used in making 1,000 bricks, the present situation adds materially to the cost of manufacturing. This has caused one slight advance in the cost of brick and has resulted in the closing down of several plants.

Car Shortage Becoming Noticeable; Increase in Cars Waiting Repairs Small; Revenue Freight Nearly Normal

During the past month the matter of transportation has been confused and complicated by the coal and rail strikes, and the conflicting reports received are such as to becloud the situation and make it difficult to give any information of great value.

The number of surplus serviceable cars on hand July 23 was 203,322 as against 233,029 on July 15. This may be to some extent accounted for by an increase in the amount of business moving, partly by transportation delays in some sections of the country caused by the strike, and partly by the fact that coal is moving over unusual routings and on longer distances on the average than is customary. Car shortages are also becoming noticeable. On July 15 there

were 6,097 cars short in various parts of the country and on July 23 this number had increased to 15,366.

The car shortage at present is largely made up of box cars, and this shortage will probably continue to increase partly because of movement of grain and the need of grain-tight cars in the west.

On June 15 there were 332,681 cars awaiting repairs, and on July 15 there were 342,079. This increase is rather small when it is remembered that the latter figure represents the situation after the shopmen's strike had been in effect two weeks.

During the week ending July 29 the railroads of the country handled 859,733 cars of revenue freight as against 860,907 during the two weeks of July and 795,432 for the fourth week of July, 1921.

Pulp and Paper Mills Receiving Large Volume of Orders; Prices Firming

The pulp mills and paper mills all over the country are receiving a large volume of orders, much larger than is usually customary at this time of the year.

Wrapping paper is gradually becoming firm in price; news-print is much stiffer; book paper is firm; tissue, cover and writing papers are all steady with some advances being reported. Undoubtedly wholesalers are purchasing in larger volume in anticipation of slow deliveries but they are also influenced apparently by the fact that their stocks have been moderate at best and the steady speeding up of all industries has brought them a larger demand. As a result it is reasonable to assume that the demand on the mills will be substantial even after the settlement of the strikes, because the extra tonnage that is being ordered in anticipation of the slow deliveries will apparently be needed to serve actual consumption.

We hear on good authority that many large jobs

of printed matter are being held up by the consumer pending the settlement of the strikes and that these jobs will come into the market just as soon as the big labor issues are settled.

The paper box board mills are quite seriously affected by the coal and rail strikes. A great majority of the box board is used for paper box containers in which food stuffs and essentials are packed and shipped.

Tonnage on file with the paper box board manufacturers is still large, but the incoming new business is not as large in volume as it was in June or the early part of July. Taken as a whole, July was a very good month and a profitable month for the paper box board industry. Prices have advanced materially due to increased cost and poor quality of coal used in manufacturing

Debits to Individual Accounts

(In Thousands of Dollars)

	Week End- ing Aug. 16, 1922 (324 Banks)	Week End- ing July 19, 1922 (324 Banks)	Increase or Amount	Decrease Per Cent	Week End- ing Aug. 17, 1921 (272 Banks)	Increase or Amount	Decrease Per Cent
Akron.....	\$13,692	\$13,294	\$ 398	3.0	\$13,353	\$339	2.5
Butler, Pa.*.....	2,311	2,186	125	5.7	.....	.....	.....
Canton*.....	8,405	9,344	— 939	—10.0	.....	.....	.....
Cincinnati.....	64,706	72,222	—7,516	—10.4	57,615	7,091	12.3
Cleveland.....	149,481	141,308	8,173	5.8	114,165	35,316	30.9
Columbus.....	27,709	31,977	—4,268	—13.3	25,440	2,269	8.9
Connellsville*.....	1,400	1,178	222	18.8	.....	.....	.....
Dayton.....	13,171	14,071	— 900	— 6.4	12,857	314	2.4
Erie.....	6,324	6,021	303	5.0	5,354	970	18.1
Greensburg.....	6,129	4,485	1,644	36.7	3,349	2,780	83.0
Homestead*.....	702	797	— 95	—11.9	.....	.....	.....
Lexington.....	3,873	4,457	— 584	—13.1	3,755	118	3.1
Lima*.....	3,119	3,560	— 441	—12.4	.....	.....	.....
Lorain*.....	1,170	1,226	— 56	— 4.6	.....	.....	.....
New Brighton*.....	2,116	2,196	— 80	— 3.6	.....	.....	.....
Oil City.....	3,171	2,800	371	13.3	1,958	1,213	62.0
Pittsburgh.....	165,196	158,401	6,795	4.3	136,527	28,669	21.0
Springfield.....	4,802	4,776	26	0.5	3,211	1,591	49.5
Toledo.....	37,040	43,869	—6,829	—15.6	23,194	13,846	59.7
Warren, O.*.....	2,599	3,122	— 523	—16.8	.....	.....	.....
Wheeling.....	8,552	9,512	— 960	—10.1	6,575	1,977	30.1
Youngstown.....	12,388	12,302	86	0.7	9,457	2,931	31.0
Zanesville*.....	2,358	2,465	— 107	— 4.3	.....	.....	.....
Total.....	\$540,414	\$545,569	—\$5,155	— 0.9	\$416,810	\$99,424	23.9

* Debits for corresponding period 1921 not available.

Comparative Statement of Selected Member Banks in Fourth District

(In Thousands of Dollars)

	Aug. 9, 1922 (84 Banks)	July 12, 1922 (84 Banks)	Inc.	Dec.
Loans and Discounts secured by U. S. Government obligations.....	31,871	30,639	1,232	.....
Loans and Discounts secured by other stocks and bonds..	334,241	330,162	4,079	.....
Loans and Discounts, all other.....	628,170	621,486	6,684	.....
U. S. Bonds.....	149,621	145,323	4,298	.....
U. S. Victory Notes.....	2,130	1,684	446	.....
U. S. Treasury Notes.....	41,654	27,487	14,167	.....
U. S. Certificates of Indebtedness.....	10,181	8,857	1,324	.....
Other Bonds, Stocks and Securities.....	286,639	278,182	8,457	.....
Total Loans, Discounts and Investments.....	1,484,507	1,443,820	40,687	.....
Reserve with Federal Reserve Bank.....	98,338	99,215	.....	877
Cash in Vault.....	28,337	29,803	.....	1,466
Net Demand Deposits.....	856,538	849,135	7,403	.....
Time Deposits.....	502,799	490,648	12,151	.....
Government Deposits.....	16,986	11,543	5,443	.....
Total Resources at date of this report.....	1,887,641	1,881,674	5,967	.....

Wholesale Trade

Percentage Increase (or Decrease) in Net Sales During July, 1922 as Compared with June, 1922 and July, 1921

	Dry Goods	Groceries	Hardware	Drugs
Net Sales (selling price) during July, 1922, compared with June, 1922.....	—5.0	—11.1	—13.1	—3.4
Net Sales (selling price) during July, 1922, compared with July, 1921.....	—3.0	—3.8	16.1	3.4

Department Store Sales

	Cleveland	Pittsburgh	Cincinnati	Toledo	Other District Cities
Percentage of net sales (selling price) during July, 1922, over net sales (selling price) during same month last year.....	7.9	0.8	-5.3	-2.1	8.5 2.2
Percentage of stocks at close of July, 1922, over stocks at close of same month last year.....	4.2	-9.1	-5.8	2.7	-1.7 -3.4
Percentage of stocks at close of July, 1922, over stocks at close of June, 1922.....	-8.7	-5.8	-5.1	-7.7	-8.2 -6.7
Percentage of stocks (selling price) at close of July to net sales for the same month.....	431.0	429.6	624.7	427.1	436.4 458.4
Percentage of all outstanding orders (cost) at close of July, 1922, to total purchases (cost) during the calendar year, 1921.....	10.3	9.3	11.0	6.0	14.5 9.7

Building Operations For Month of July, 1922-1921

	Permits Issued				Valuations				Increase or Decrease	
	New Construction 1922	Alterations 1921	New Construction 1922	Alterations 1921	New Construction 1922	Alterations 1921	Increase or Decrease Amount	Per Cent		
Akron.....	170	96	72	49	\$ 556,546	\$ 73,527	\$ 53,250	\$ 22,415	\$ 513,854	535.6
Canton.....	164	104	51	58	530,236	154,208	42,835	33,725	385,138	204.9
Cincinnati.....	389	264	255	230	3,127,435	975,135	207,835	293,150	2,066,985	163.0
Cleveland*.....	702	522	794	808	11,725,628	3,430,023	1,931,770	698,926	9,528,449	230.8
Columbus.....	367	267	126	140	1,267,645	746,225	272,555	154,465	639,510	71.0
Dayton.....	214	152	82	61	1,192,161	560,275	60,518	24,375	668,029	114.3
Erie.....	108	95	35	37	477,341	208,730	80,770	61,110	288,271	106.8
Lexington.....	34	10	23	41	66,900	50,000	9,840	13,355	13,385	21.1
Pittsburgh.....	401	318	89	111	2,906,061	1,205,656	128,403	263,308	1,565,500	106.6
Springfield.....	73	69	25	27	86,355	170,205	14,475	16,275	-85,650	-45.9
Toledo.....	257	187	193	171	625,119	734,219	152,196	144,102	-101,006	-11.5
Wheeling.....	73	47	35	19	420,780	94,170	28,597	3,515	351,692	360.0
Youngstown...	140	95	23	17	1,158,430	276,380	8,070	6,700	883,420	312.1
Total.....	3,092	2,226	1,803	1,769	\$24,140,637	\$8,678,753	\$2,991,114	\$1,735,421	\$16,717,577	160.5

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

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

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1922	1921	1922	1921	1922	1921	1922	1921	1922	1921
Cincinnati.....	22,955	23,837	88,827	98,221	82,993	99,170	12,794	17,160	2,060	2,458
Cleveland.....	10,614	9,085	63,336	62,469	17,855	21,095	10,767	11,063	1,364	1,336
Columbus.....	52	16	2,657	5,266	2	158	88	123	6	16
Dayton.....	2,056	1,575	9,384	9,082	745	817	824	811	.....	.....
Fostoria.....	102	75	5,940	6,337	500	553	394	588	11	8
Pittsburgh.....	.....	35,312	.....	130,709	.....	154,485	.....	27,411	.....	3,827
Springfield.....	519	100	5,015	5,086	970	519	238	199	.....	.....
Toledo.....	853	691	5,981	6,090	918	754	511	888	90	109
Wheeling.....	288	295	914	700	670	677	1,600	1,410	4	1
Purchases for Local Slaughter										
Cincinnati.....	13,326	16,170	42,092	61,257	7,978	14,387	4,218	8,630	.....	.....
Cleveland.....	10,058	8,252	41,748	46,188	15,631	18,408	10,240	10,548	.....	.....
Columbus.....	52	.....	782	.....	2	.....	74	.....	.....	.....
Fostoria.....	32	40	767	672	6	10	39	175	.....	.....
Pittsburgh.....	.....	6,562	.....	33,567	.....	13,667	.....	8,316	.....	.....
Springfield.....	53	.....	322	.....	23	.....	53	.....	.....	.....