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

(COMPILED SEPTEMBER 20, 1922)

VOL. 4 | CLEVELAND, OHIO, OCTOBER 1, 1922 | No. 10

THE vacation period of business is now over. Executives and employes are back to work again and the immediate result has been a better feeling based upon actual orders for new business. In practically every section of the country, industry has been tempered by strikes and has stood the test much better than was expected. Among the outstanding features of the past month has been the remarkable volume of business that is being done in the automobile, rubber, and building industries. The fall months usually see a marked tapering off in these lines of business, but this fall is proving an exception to the rule.

Another side of the picture is the persistent reports of a car and locomotive shortage which at present gives indications of being a serious handicap to fall and early winter business.

In the place of manufacturers endeavoring to "make" work for their employes, we find them looking for men to take the jobs and adding finishing touches to efficiency programs in order that there may be no idle machines.

There has been considerable recent discussion of a shortage of labor. This complaint has been especially evident among the steel manufacturers. There is somewhat of a question whether there is a real labor shortage or whether it is a matter of unequalized distribution. For instance there is one of the major industries from which we are receiving the information that there are nearly twice as many men employed as are needed. It is because of this overcrowding that emanates almost annual labor disturbances. Could a redistribution be effected, there is a question in the minds of some of our correspondents whether a real labor shortage would exist.

Men have been seeking employment in unusual occupations and lines of activity. Many of them have found steady work and are reluctant about returning to their former work without the assurance of steady employment. The transition is now taking place. This, together with the coming of winter, the cessation of highway road work, building, and farming demands, will doubtless release the labor to those industries which are experiencing a shortage. At least it is to be hoped it will, as a real shortage of labor would necessarily act as a check upon business.

Loans to Banks in Industrial Sections Grow As Business Picks Up

The up-turn in general business which has followed the strike agreements is clearly indicated by a call for more funds from the industrial sections. Mine operators needed money to get the mines in working condition after the long idleness and to meet the payrolls; following the improvement in the fuel situation. Fourth District manufacturing has shown an upward trend; railroads have been purchasing new equipment and making repairs; school has again started which means salaries to teachers; income tax payments were due September 15; all of which have contributed to an increase in the demand for accommodations.

The past month ending September 20 has shown a marked fluctuation in loans to city banks but the general trend has been upward. A low point for the month was reached on September 9 when loans to city banks were approximately $4,000,000 less than on August 21, but since that time an upward tendency has been in evidence. For the month as a whole loans to city banks increased slightly more than $7,000,000.

Loans to country banks have shown no particular change, holding fairly steady for the entire month. There has been a decline of about $500,000 for the month. At this time of year there is usually a call from the country districts for funds for crop moving purposes but up to this time the demand has been light. This is attributable to the fact that farmers are finding it difficult to move their produce on account of the present condition of transportation facilities.

The reserve ratio of this bank and of the System has declined during the past month ending September 20. On August 21 the reserve of this bank was 72,8 per cent as compared to 71 per cent on September 20. The reserve ratio of the System on August 21 was 80.5 per cent and by September 20 it had declined to 78.3 per cent.

According to a recent report by the Comptroller of the Currency, resources of the national banks of the country on June 30 amounted to $20,706,000,000. This is an increase of $529,000,000 over May 5 figures and when compared with June 30, 1921 an advance of $188,000,000 is shown.

Resources of the national banks in the Fourth Federal Reserve District on June 30 were $1,835,348 and on May 5, $1,792,515. This is a gain of $42,833. When comparison is made with June, 1921, when resources were 1,821,086 a gain of $14,262 is indicated.

From these figures there is indicated a gain for the year in the national bank resources of the country of about .9 per cent, and a gain in Fourth District resources of .8 per cent. In other words, the recovery in the Fourth District is practically paralleling that of the country as a whole.

Reports from 18 representative banks in this District for August, 1922, show a gain in savings accounts, as compared with the previous month, of .8 per cent. August deposits as compared with those for the same month last year show a decrease of .1 per cent.

The acceptance market has shown no particular change during the month. A slight stiffening in the rates for bills was in evidence.

Iron and Steel Industry Recovers Slowly; Increase in Buying Follows Price Advances; Delivery Situation More Acute

Effects of the coal and rail strikes are still plainly marked in the iron and steel situation. While production again is on the up-grade and considerable ground lost during July and August through enforced shutdowns or intermittent operations of plants has been recovered, it is apparent the restoration of the June basis of output is only to be accomplished under prevailing conditions by a slow and difficult process. Probably about 25 blast furnaces have been blown in during the past several weeks out of the 48 put out of commission from the end of June to the end of August. Steel ingot production is back around 65 per cent. The car and coal priorities incident to the resumption of mining work, however, to which has been added some shortage of labor, have interposed obstacles to a rapid recovery of iron and steel production. Both mills and consumers are finding that new problems now are arising which must be taken into account seriously in their operations over the next few months.

The question of deliveries is becoming more acute, especially with respect to those steel companies which had accumulated large order books for delivery over the balance of the year. The shortage of material occasioned by the restriction of production, plus the added cost of manufacture recently, which some mills place at $8 to $10 a ton, has greatly stimulated a further advance in steel prices and the payment of premiums for early shipment. During the past month plates, shapes, and bars have risen from $4 to $6 per ton on the average and other finished materials correspondingly. Pig iron advances in that period have ranged from $4 to $7 per ton. At the present time the general market is more stabilized at the higher levels but is very strong in view of the fundamental conditions. *The Iron Trade Review* composite of fourteen iron and steel products rose from $39.69 on Aug. 16 to $44.18 on Sept. 20.

Notwithstanding the fact that consumers of steel particularly, are concentrating their efforts in getting shipments against old orders, a fair amount of new business is continuing, especially in connection with definite projects. Structural steel lettings in August totaled 135,843 tons, or 65.2 per cent of the country's shop capacity. This compares with 62 per cent in July, 71.4 per cent in June and 77.4 per cent in May. Announcement by the mills of a general advance of $3 per ton in standard steel rails for delivery for the first half of 1923, and effective October 1, has resulted in an active buying movement. During the past week 150,000 to 200,000 tons of rails have been put under contract for next year, and probably 500,000 tons are under negotiation at present. Railroad equipment buying is showing some revival following the adjustments of the shop strike after having fallen to a low point in August when new car orders were only 1,600, bringing the total for the seven months of the year to 115,650. Considerable railroad bridge work also is being placed. Automobile demand for steel has dropped off somewhat as production in this line has been curtailed, but is still strong especially for fine finished sheets in which the mills still are flooded with business. Some builders are inquiring for parts for the first half of 1923 and seem disposed to enter into steel commitments on the present basis for that period. Buying by the oil companies has continued in good volume. A notable contract just placed by a large oil company calls for 100,000 tons of line pipe, and is one of the largest, if not the largest single transaction of its kind ever closed.

Pig iron production in August as compiled by *The Iron Trade Review* fell to 1,810,163 tons, compared with 2,403,030 tons in July. The August daily average was 58,392 tons compared with 77,517 tons in July. Furnaces blowing the last day of August numbered 143 compared with 170 the corresponding date in July and 191 at the end of June. Steel ingot production in August was at the indicated annual rate of 29,150,000 tons compared with an annual rate of 34,000,000 tons in July and 36,010,000 tons in June. The August ingot figures indicate that the total loss of steel output from the June basis occasioned by the coal and rail strikes was something like 650,000 tons.

Lake Ore Shipments Slowing Up; Coal is Moving Faster; Few Boats Placed for Grain Storage

The indications are that August will be the banner month of the season in the ore trade. The mines in the Lake Superior district sent forward 9,016,426 tons which was the biggest month since August, 1920, but shipments for September have been slowing up and will show a loss. The let-up in the movement is due to the fact that a large number of furnaces have been idle on account of the shortage of coal and the railroad strike and all the storage room at some of the plants has been taken. A large amount of ore was placed on dock in September and boats took considerable delay on account of the shortage of cars. All the barges of one large steamship company were laid up for the season, and others were dropped on account of the let-up in the ore movement.

Shipments for the season will be smaller than the early estimates and some of the shippers say the total will not be much more than 40,000,000 tons. This will be a good increase over 1921, however, when the fleet only moved 22,300,726 tons. The movement up to September 1 was 26,309,939 tons which was an increase of 11,561,867 tons over the same time last year. There was less ore on the Lake Erie docks on September 1 than there was a year ago. On that date the docks were holding 8,064,101 tons, and in 1921 stocks were 9,285,768 tons. Ashtabula leads all the ports in receipts for the season with 4,586,758 tons. Cleveland is second in the list with 4,327,524 tons, and Conneaut with 3,782,865 tons, is third. Some of the vessel men were notified that they would not get the maximum amount of ore named in their contracts after the middle of September, which means a further cut in the movement.

Coal is coming to the lake front much faster than it was last month, and under the pooling plan is being handled in better shape. Tonnage is offered freely, and the coal can be moved to the northwest as fast as it is ready. Shipments for the week ending September 10 were the heaviest of the season. The fleet loaded 682,724 tons which was an increase over the same week in 1921, when the docks dumped 433,319 tons. A steady increase in the movement is expected. Shipments for the season up to September 10 were 6,019,999 tons, compared with 16,650,153 tons for the same time in 1921, and 12,201,266 tons in 1920.

The grain trade is taking care of a fair amount of tonnage and chartering for September loading was fairly active. Most of the prompt loading grain was carried at 2¼ cents from Lake Michigan ports, and 2½ cents from the head of Lake Superior to Buffalo. Boats to load grain at the head of the lakes late in November to be held at Buffalo are wanted, but few storage boats have been placed. A few big carriers were chartered at 4 cents and later 4¼ cents was offered.

Fourth District Industries Recovering From Effects of Strikes; Indications Point to Fair Fall Business

In Fourth District industries, the past few weeks have been marked by a resumption of activities in many lines which had been forced to curtail—and in some cases entirely suspend—operations because of fuel shortages. Following the return of the soft coal miners to their jobs, new business has been much in evidence, and aside from the serious problem of a lack of transportation facilities, good progress has been made toward a normal fall business.

Automobiles—When comparisons are made with last year, substantial increases have been made in production and sales of automobiles. Some plants in the Fourth District are still operating almost at capacity, which fact has caused some surprise throughout the country. The transportation situation has delayed shipments of raw materials to the plants and this in turn has slowed up the filling of orders. However, the margin between orders and deliveries, in most instances, is narrower than it was a month ago. Interest in closed car models is increasing. Manufacturers are devoting more time and energy to this type of car and are turning out new models and adding innovations in order to attract prospective buyers. An interesting display of closed car models has been on exhibit at the Cleveland Palace of Progress. The demand for cars has been brisk and was stimulated somewhat by the recent announcements by several companies of a further price reduction.

Motor truck manufacturers are doing a good business but during the past month this end of the automotive industry is reported to be diminishing somewhat.

A recent report of the United States Department of Commerce shows there was a considerable increase in the production of both passenger automobiles and trucks during the month of August. The total production of passenger cars in August was 246,941, compared with 224,057 in July, while truck production in August amounted to 24,064 as against 21,357 in July. In both cases the August total exceeds any other month this year except June.

The following table gives the revised figures of total production for the last eight months by all companies whose reports have been received. With a few exceptions, the reports each month are from identical firms and include approximately 90 passenger car and 80 truck manufacturers. August figures are subject to slight revision when all reports have been received:

AUTOMOBILE AND TRUCK PRODUCTION
(Number of Machines)

1922	Passenger cars	Trucks
January	81,693	9,416
February	109,171	13,195
March	152,959	19,761
April	197,216	22,342
May	232,431	23,788
June	263,027	25,984
July	224,057	21,357
August	246,941	24,064

Paint—Paint manufacturers have reported a very satisfactory business throughout the summer. August operations were fully up to expectations, and in some instances the volume of sales for the month exceeded those for July. No labor shortage in the paint industry has been reported up to this time, and manufacturers are having no difficulty in keeping their factories fully supplied with help. There has been an advancing tendency in the labor rates, especially for the skilled men. This has caused an increase in production costs which manufacturers have not altogether been able to offset by advances in the selling price of the finished product. A Fourth District paint manufacturer sees unusually fine prospects for fall business and is looking forward to increasing prosperity as the months go on.

Electrical Goods—The electrical industry is pushing ahead. The volume of business is larger and has gained steadily during the past two or three months. "Orders on the books" show a high stage of activity in the underground cable business, and it is expected that this activity will continue for some months.

Paper Box Board—The paper box board business is reported to have kept up wonderfully well in view of the railroad and coal strikes. The box board mills, as a rule, are not very far behind in their orders, excepting in some special lines. In this line a general return to prosperity is indicated. The strikes had the effect of hastening the advance in prices somewhat.

Hardware—In the hardware line which includes vehicle hardware, farm wagons, carriage and automobile hardware, business looks very much brighter than it did a year ago. Farmers have good crops this year and a better demand for this class of goods is the result. Sales are showing improvement steadily but they are still far from normal.

Cork—The cork industry is reported to be about the same as it was a month ago. The labor situation is the same and no particular difficulty is being experienced in getting sufficient help. Labor efficiency is reported to be reasonably good.

Pottery—The demand for china ware is brisk and because of this good market, potteries have not accumulated very large stocks. The operation of a large number of independent units seems to provide all of the necessary competition for keeping the price fairly close to a legitimate base. Many of the plants are using oil for a large portion of their fuel requirements, but others still use coal. The present prices of both oil and coal are playing a part in keeping up pottery manufacturing costs.

Machine Tools—This business is holding up well and in some lines during the past month has been the best since depression set in. If it were not for the unusually low prices being received, business could be considered about normal. In the past month a change has been noted in the demand for certain classes of tools. The demand for tools made of carbon steel, which are used all over the country as a whole on normal repair and maintenance work, now appears to be stabilized. The demand continues to increase, however, for tools made of high speed steel, which are principally used in production work on a large scale. The automotive industry in particular is again becoming a large consumer of high speed tools.

The increasing demand for tools of this kind indicates that large industries, engaged in mass production, are anticipating a year of big business in 1923 and are now getting their equipment in shape to take care of it.

Production of Crude Oil Still High; Storage Campaigns Active; Fuel Oil and Kerosene in Good Demand

The course of the oil industry this fall and winter will depend upon the degree of success the Mid-Continent operators experience in their organized effort to curtail drilling of new wells and, in general, to hold back production in this district which has been mounting consistently the past year. The effect of the shut-down program is negligible, so far, on daily average production, which amounts to around 500,000 barrels for Oklahoma and Kansas. The committee of operators which is in charge of the shut-down movement reports to *National Petroleum News*, however, that there is a decline of 10 per cent in wells drilling the last of August as compared with the last day of the previous month, and points out that no great decline in daily average production can come until the wells that were drilling when the shut-down program was decided upon are finished, which will not be for several weeks yet. The principal result of the committee's work has been the holding up of plans starting more new wells.

In other active oil fields, aside perhaps from Wyoming, it is felt the declines in crude prices that came a few weeks ago, will prove a sufficient brake on drilling activity to hold production down. Competition for Wyoming crude by large organizations will likely be an accepted fact within a few weeks or perhaps months more. This may act as a stimulus to production in the Salt Creek field particularly, and bring about the need for artificial means to hold production in check there. It is believed production at that place might be run up to 200,000 barrels a day, which would be more than could be handled by the established agencies.

On the whole, however, the strength or weakness of the crude market over the country will depend to a large extent on what takes place in the Mid-Continent district. If production is not sufficiently curtailed at a time of the year when the Nation's demand for crude is lightest, there is a belief in the trade that a further reduction in the price might take place or a pro-ration of crude run from the wells. Production of the light oil fields in Mexico continues to decline, throwing the major producing interests more strongly back on the domestic fields for their future supplies, which is a factor of strength but not particularly operative now.

This temporary over-production of crude is being taken philosophically by the industry as a whole and there is nothing like the depression that existed through the greater part of 1921, even in the Mid-Continent district. The major interests that are holding millions of barrels of crude in storage, bought on a \$2 market, and while they are suffering a decline in their inventory value, they are in shape to hold this oil until consumptive demand brings a market near the price at which their oil was put into storage or better. Other interests which did not embark on a storage campaign on a \$2 crude market, are putting up tanks now, some quite extensively. Small operators have been urged to provide storage for their crude, even to the extent of putting up single 55,000-barrel tanks or less, and it has been pointed out that an advance in the crude market to even $2 will make this move a profitable investment.

Tank companies are offering tanks on advantageous terms to the small operators. Refining interests have contracted for a considerable amount of crude storage and have offered to store crude for the producer, charging him only for the storage facility and leaving him to sell the oil practically at his own convenience, it is reported to *National Petroleum News*. This would appear to indicate that the oil industry has gone about taking care of its excess production in a manner which will largely preclude a recurrence of the general depression of 1921.

The peak demand for gasoline is over for this year, but to take its place, in part at least, has come a good demand for fuel oil and kerosene, resulting through the coal shortage. The market for fuel oil is being very intensively developed. The industry can offer this product at a reasonable figure, which will likely continue for some time, and industrial users are thinking of using fuel oil in terms of its availability, general convenience, and price. Progressive jobbers are stocking up with kerosene in anticipation of a greater demand than is normal in the fall because of the coal situation. The price is such as to interest the refiner, who can throw more of his refining capacity into manufacture of this product on very short notice.

Figures published by *National Petroleum News* show total stocks of crude oil increased in July, in actual barrels, by 5,661,000 barrels and stood at 261,478,000 barrels. The gain was entirely in domestic stocks, Mexican oil being decreased by a negligible amount.

Daily average consumption in July, however, was the highest on record, it being 1,657,645 barrels, or more than 51,000 greater than in June.

Tractor and Farm Implement Industries Gaining Strength; Manufacturers Prepare for 1923 Business

General conditions underlying the tractor and implement industries are favorable to an approximation of normal business for 1923. The implement companies, as is customary at this time of year, are contracting with dealers for their 1923 requirements, and are finding dealers specifying greater volume than last year. It is evident that stocks on hand, unusually heavy a year ago, have been reduced to a normal carryover. But despite the heavier ordering for 1923 the super-caution developed by the trade during the latter part of 1920 and throughout 1921, is still apparent on the part of both manufacturers and dealers. It is considered doubtful whether the production schedules of the manufacturers, while much larger than last year, will meet the demands of the 1923 trade, assuming that general economic conditions throughout the country are no worse than at present.

While in some grains prices have shown recent declines, they mean more to the farmer because of the lower costs of production. The farmer is approaching a financial position such as he has not enjoyed since 1919. This condition follows five years of reduced buying, reduced to 70 per cent of normal from 1916 to 1920 through manufacturing shortages, and reduced to 30 per cent last year because of the farmer's inability to buy. It is reasonable to believe that a good part of this overdue buying will be evident in the 1923 market.

Tractors and farm machinery have an average life of five to six years so that many of the farmers are underpowered at present. The lower prices and growing popularity of tractors and of farming with power instead of horses mean that a great amount of the worn-out horse equipment is to be replaced with tractors and power farming machinery.

Some difficulties are now apparent in the manufacturing end of these industries. There is some shortage of pig iron and coal as a result of the coal strikes, and labor conditions are not all that could be desired. There is a considerable shortage of labor, due largely to the fact that these industries cannot compete in wages with other industries in the same centers which have been on a more normal basis for some time. Because of the reverses which the farmers have been through during the last two years these industries are trying to maintain the present price levels, even in the face of increases in material costs. Manufacturers cannot afford to increase labor wages materially at present prices and they fear an adverse reaction of the farmer to a higher price level. The most noticeable labor shortage is in the lower classes of labor.

The whole attention of both the tractor and implement industries is now being directed to 1923, which is confidently expected to change the whole tone of the last two years' pessimism to optimism and confidence. A considerable amount of prosperity is indicated unless retarded by disturbances now unforeseen.

Unusual Demand for Tires Continues; Quality Competition Expected to Replace Price Competition

The rubber industry continues to show a remarkable amount of activity for this season of the year. Many plants are still operating at or near capacity. In some of the larger mills, August business is reported to have shown an increase over July of this year, and the first half of September ran about even with August. The demand for tires in some sections of the country seems to be increasing.

Several elements are seen as being responsible for this condition. The summer season has been remarkably favorable for travel, this being a most important factor in the rubber trade. In addition we have throughout many states the completion of road improvements, which serves to attract more mileage. Again, many vehicles are traveling a vastly greater number of miles, either in the delivery of merchandise or the transportation of passengers, due to the railroad strike. In some sections this latter element has been very noticeable.

The labor situation in this industry has not shown much change since June. At that time there was an upward wage readjustment in the Akron rubber factories varying from 6 to 12 per cent, accompanied by the general adoption of the 8 hour day, which some of the factories had abandoned during the period of retrenchment. That brought the wages of common labor to a figure higher than the recent increase announced by the various steel companies, so no immediate effects are expected as a result of the latter movement. Wages in the rubber mills at Akron, when based upon the cost of living, are reported to be higher than they have ever been. No labor shortage of any particular note has been in evidence up to this time.

Manufacturers knowing the changing labor situation as they do, maintain educational shifts where unskilled and inexperienced men are prepared for permanent employment, and this helps to keep the different departments well balanced.

Present indications point toward satisfactory conditions for the beginning of 1923. Manufacturers believe the demand will be of greater proportions than at the beginning of 1921, which demand will be stimulated by the building up of stocks. It is quite evident that all the dealers have a new confidence. Apparently they are satisfied that prices have now reached the bottom and that any further readjustment will be upward revisions.

In the rubber industry the wisdom of following a conservative program is appreciated, in order to make sure that a second overproduction is not encountered, and for this reason manufacturers are endeavoring to follow a course that will insure a minimum of overhead and low manufacturing costs. There is a belief in the trade that price competition which has been so much in evidence this year, will be replaced next year by quality competition.

The financial side of the business remains about the same as it was a month ago, with collections quite free in most sections. Requests for extensions are less numerous. A survey made by a large rubber company in this District shows that all dealers have turned over their working capital, that their stocks are near minimum, and that they are about ready for buying upon the introduction of new spring terms which are about to be issued by the manufacturers.

Value of Seventeen Leading Farm Crops More Than One Billion Dollars Over Value of Last Year; Corn Borer Causing Much Agitation in Northern Ohio

According to figures recently issued by the Government, 17 leading farm crops had a value on August 1, of $7,134,654,000, or $1,198,792,400 more than the value of the same crops on August 1, 1921.

Since August 1, there has been a recession which is partly seasonal in character and which also is due somewhat to the lack of a large export demand. But despite the drop in quotations, the added market value represented in the year's crops may be computed by tens of millions. Figures are not at hand to indicate how much less it cost the farmer to produce his crops in 1922, but certainly it is much less than during the last few years.

The improvement in the crop situation, which is largely responsible for the optimistic statements appearing in many quarters, is plainly evident in the following comparison of 1921 and 1922 yields of several important crops, whose condition, as of August 1, was as follows:

Wheat yield of 800,000,000 bushels, a decrease of 12,000,000 from the July 1, estimate, but still above the 1921 yield of 794,893,000 bushels, and an average yield for 10 years of 799,000,000. Spring wheat accounts for 263,000,000 bushels, which compares with 207,861,000 last year and an average yield of 233,000,000.

Corn yield of 3,017,000,000 bushels, an increase of 157,000,000 bushels over the July estimate and considerably more than the ten-year average, 2,831,000,000.

Oats yield of 1,251,000,000 bushels, an increase of 64,000,000 bushels over the July estimate and a considerably larger crop than last year, though 162,000,000 under the ten-year average.

Rye crop of 79,600,000 bushels as compared with 57,918,000 in 1921 and a ten-year average of 67,800,000 bushels.

Barley crop of 192,000,000 bushels, as compared with 151,181,000 bushels in 1921 and a ten-year average of 197,000,000.

Hay crop of 110,300,000 tons as against 96,802,000 in 1921 and a ten-year average of 95,143,000 tons.

Cotton crop of 11,449,000 bales as against 7,953,000 bales last year and a ten-year average production of 11,900,000 bales.

White potato crop of 440,000,000 bushels, as compared with 346,823,000 in 1921, and an average production for the ten-year period of 373,000,000.

Tobacco crop of 1,425,000,000 pounds, as compared with 1,117,682,000 pounds last year and a ten-year average production of 1,378,000,000.

The tobacco crop of Kentucky is nearly all housed at the present time. In some parts of the state where the crop is late and the drouth not so severe as to necessitate cutting the immature plants, there is some tobacco still growing. The Burley tobacco crop is a short one this year; that is the yield per acre is small, but even with a large acreage it is doubtful whether the total production will be as much if any more than that of last year. Last year's crop was one of the smallest for many years. Certainly this year's crop in any event cannot be above the normal production. The drouth forced very early cutting of most of the Burley tobacco as Burley burns very readily in hot, dry weather. There is one thing about this type of tobacco, however, and that is that it cures up nicely even if very immature when cut; so this crop seems to be curing up surprisingly well and growers are expecting plenty of good colory leaf. In the heavy producing section around Lexington, the yield per acre will probably not be more than two-thirds of an average yield. In many cases probably not more than half. This, in spite of the well known fact that Burley raised under drouthy conditions weighs heavy. In consequence of the small crop, Burley growers are looking for good prices this year.

There has been no shortage of labor for handling the tobacco crop, and the cost has been moderate. It is believed that many farmers have not paid over $2.50 per day for hands for handling tobacco, and most of them have paid only $2.00 a day. There seems to be sufficient work, however, for those who really want work, and the labor situation is fairly satisfactory. In the more remote parts of the Bluegrass region, that is in the regions of very small towns away from the railroads, prices of farm labor run very much lower; in fact $1.25 per day is a common wage in many sections.

The total Kentucky tobacco crop of all types, estimated as of September 1, is 454,212,000 pounds as compared with 325,710,000 pounds produced last year.

From present indications Ohio will have a corn crop of about 145,000,000 bushels this year, which is 8,000,000 bushels less than last year and the smallest crop since 1918 when 130,000,0000 bushels were produced.

The Kentucky corn crop prospects as of September 1, are about 88,155,000 bushels as compared to 82,150,000 bushels produced in 1921.

There has been considerable agitation in northern Ohio due to the spreading of the European corn borer. According to reliable sources, traces of the borer have been found in more than sixty Ohio townships. Federal and State quarantines have been established.

The estimated wheat yield in the United States this year will reach 800,000,000 bushels, of which Ohio will produce about 35,000,000 bushels. This is an advance of about 17,000,000 bushels compared with 1921. It is reported that the farmers are inclined to hold their wheat rather than sell at the present level.

The total oats crop for Ohio is the lowest, except for the extremely poor crop of last year, since 1918, and the quality is only fair. Reports from field correspondents indicate that the average yield of oats per acre, taking the State as a whole, will not be far from 28 bushels with an average weight per measured bushel of 28 pounds. This low yield leads to the estimate of a total crop of about 42,000,000 bushels. Last year's crop was 37,000,000 bushels. The Kentucky oats crop is estimated at 5,065,000 bushels as compared to 5,567,000 bushels produced last year.

Ohio's melon acreage is from 10 to 20 per cent greater than last year and the yield is from 5 to 10 per cent greater, so it is not difficult to understand why the markets have been well supplied with home grown melons.

The tomato yield is at least 10 per cent better than last year and the cabbage yield per acre will be from 10 to 15 per cent more than last year. Present conditions indicate an onion yield about 10 points above last year.

Sugar beet prospects are fairly good with indications for about four-fifths of a normal crop.

Potato conditions are half again as good as a year ago, though there has been some decline in condition during the last month. From present indications there will be about three-quarters of a full crop. There was practically half a crop last year.

The indications are for a good crop of sweet potatoes in Ohio this year. The yield will be at least 10 per cent better than last year.

The hay crop for Ohio will average one and one-half tons per acre which is a quarter of a ton more than last year's average. The quality is good. This high yield only confirms the earlier forecasts of a big hay crop.

Textile Industry Passing Through Dull Period; Hot Weather Retards Demand For Fall Goods

Some lines of the textile industry are now in the "between seasons" period and for that reason it is difficult to make a correct estimate of the amount of business being done at this time. Practically all of the reports we have received this month, however, show that there is considerable activity in the mills and also in retail trade.

The consumption of wool during the first six months of this year is reported at 267,733,508 pounds. Of this total 152,850,501 pounds represent domestic wool and 114,883,007 pounds foreign wool. During the month of August, wool prices advanced sharply bringing that material more closely in line with the price of cotton.

Just now the men's clothing industry is in a dull period. Fall goods are being delivered and preparations for new spring business are under way. The development of new spring business depends largely upon the character of fall retail distribution and early indications point to a good fall business.

A retarded demand for textiles is known to exist, according to a late report of a large clothing manufacturer, particularly among the so-called middle class in the cities and towns and also in the country districts, which is in a fair way to come to the front and call for supplies. This, he says, is likely to be notable factor in this fall's trading and will continue into the field of spring supplies as well.

Merchants experienced some unfavorable results of the recent hot spell, coming as it did when fall goods were being shown for the first time. In place of the usual demand for autumn clothing, people wanted lighter materials which had been largely closed out through fall sales.

While the fall season in the women's garment industry has been somewhat disappointing as a whole, a number of manufacturers in this District on the other hand have carried on practically a normal business. In most clothing centers the season got a late start and a hesitancy in purchasing was always in evidence. The principal manufacturers in Cleveland are going through a process of change from piece work to a scientific wage, based upon production measured by time studies. When this is completed and running smoothly, manufacturers believe the result will be lower labor costs and at the same time increased earnings for the worker.

There is as yet no labor shortage in this Cleveland industry. On the contrary large numbers of skilled workers are still employed. There has been some shrinkage in the number of manufacturers, several of the weaker ones having retired during the past year or two. This has added to the number of workers available.

For the industry as a whole there is no present indication of any further reduction in production cost. The labor situation, generally speaking, is static, as the wage agreements in the unionized textile centers do not expire until spring, and no changes are indicated in the meanwhile unless a very marked change in the character of the business develops.

Contractors Cautious in Making Bids for Future Construction; Active Building Program Continues Into Fall Months

Building operations are continuing in such manner to insure a volume of operations during the fall months sufficient to keep craftsmen well employed and those engaged in other branches of the building industry well supplied with jobs. Labor difficulties of a general character are absent, but interference with the progress of work on specific jobs, due to jurisdictional disputes and efforts to force the employment of union drivers upon material dealers, are causing interruptions in the peaceful progress of the industry.

Contractors are becoming more and more careful and cautious in making estimates on buildings which will require many months for completion. This is evidenced in the taking of bids for a new high school building in this section which is a $2,000,000 proposition. The bids were taken about the middle of this month and under ordinary circumstances should have resulted in a large number of bidders, but only four proposals were received for the general contract. The reason given for the small number was that the contractors felt a decided reluctance in putting up a bond which would bind them to any specific figure on a building of this size, covering a period of possibly two years for execution of the contract.

This hesitancy is also being shown by speculative builders, and it is possible they are influenced to some extent by the number of "For Rent" signs exhibited in the residence sections and also along business streets. To what extent this lack of occupancy will deter this class of operators from proceeding with projects the coming season remains to be seen. It seems to be the general opinion that the present era of high demands for labor and materials will probably not last very long; this opinion being based upon the observations of those who are familiar with the opinions of architects and owners.

Returns to *Bradstreets* from 153 cities throughout the country show a total expenditure of $212,909,181 permitted for, as against a total for July at the same cities of $199,091,744 and an aggregate in August last year of $154,033,461. This is a gain of 38.2 per cent over August, 1921, and a gain of 6.9 per cent over July this year. Complete reports for July of this year showed a decrease of 18 per cent from the peak month of June.

Coal Production Held Up By Lack of Transportation Facilities; Anthracite Mines Resume Operations Slowly

Union coal fields are again busy and the increase in the production of soft coal following the strike settlement has removed a part of the danger of a coal famine this coming winter. From a low point of around 3,700,000 tons weekly, the output has risen to 9,600,000 tons a week. Considering the fact that many of the union men have gone to other places of employment; that following the long lay-off, the mines were not in the best condition; and also that during the strike period some of the miners returned to their homes in foreign countries, this is a good increase in production.

But this rapid resumption of coal mining at the union bituminous mines cannot be taken as an indication of an uninterrupted improvement. A considerable part of the loading has been in cars which have been standing idle for some time and owing to the present condition of transportation facilities the service following the first loading cannot be depended upon for the coal cars must make a round trip before they reach the mine again.

A month ago with the production at a low ebb there were evidences that the coal industry was feeling the effects of restricted transportation. This limiting factor is even more evident at the present time and soft coal production is now seemingly fixed temporarily at 9,600,000 tons a week. This is in spite of a strong market and prices sustained at high levels not only by demand for current consumption but also by the need for rebuilding ordinary reserves and by an extraordinary call for household coal, according to a recent report of the Geological Survey.

The urgent need for getting sufficient coal to the Lake Superior docks before the close of navigation in order that the northwest may be supplied with coal for the coming winter, is one of the principal reasons why the roads must handle a heavy coal traffic in a limited period.

Following the recent settlement between anthracite operators and miners, production is starting slowly. Some of the mines are in need of considerable repair work as a result of the long period of inactivity, and all of the men have not returned. Bins are empty and hard coal will be in demand just as soon as it is available.

The Survey estimates anthracite production during the final week of the strike at 1,018 cars or a total of about 53,000 tons. For the corresponding week last year the output was 1,483,000 tons. At the close of the 23 week strike the cumulative output since the beginning of the calendar year was 22,255,000 tons against 64,285,000 tons in 1921. The present year is therefore 42,030,000 tons behind last year.

Paving Brick Makers Active But Still Faced by Coal and Transportation Problems; Common Brick Industry Reports Labor Shortage

Due to the recent increase in the production of bituminous coal, several paving brick plants in different sections of the country which had been forced to suspend operations because of fuel shortage have again started up. In some other plants the coal came just in time to prevent a shutdown. The price of the coal is still a serious problem, however, and since coal is such a big item in production, paving brick manufacturers believe the price of their product cannot long remain at its prevent level.

The month of September and the first part of October is one of the three rush periods in the paving brick industry, and at present there is a good demand for this product. Contractors are endeavoring to finish paving jobs before bad weather comes, and are buying enough stock to carry them through the remainder of the season.

No reports of any particular labor shortage have been received by the National Paving Brick Manufacturers' Association up to this time. With reference to serious transportation difficulties, brick manufacturers are in better shape than many other lines of business, for cars which are unserviceable so far as shipments of grains and other perishable products are concerned, are suitable for carrying brick.

The standardization program which was inaugurated some time ago is progressing nicely, but it might still be said to be in its infancy. It was not expected that so large a movement could bring about an immediate reformation. However, manufacturers are more and more coming to appreciate the benefits which come from less variety, which in turn means lower operating costs.

The Common Brick Manufacturers' Association of America reports that for the first time in two years complaints are coming in from its members that there is a shortage of labor. This applies both to skilled and common labor. The shortage is most pronounced in large industrial sections, including the Hudson River district, New England, and industrial cities of the Middle West such as Cleveland, Pittsburgh, Detroit, and Chicago. A shortage also is apparent on the Pacific coast.

The labor shortage, however, is not the principal fly in the ointment of the common brick makers at this time. The shortage of coal is a more serious matter and this has resulted in many closed plants with prospects for more of them shutting down unless there is more freedom in the movement of fuel.

There is building yet to be done, but the uncertainties caused by restricted transportation, in addition to other restraining factors, are causing some hesitation in proceeding with new work.

General View of Transportation Clearing; Grave Danger of Car Shortage

The badly confused transportation situation is clearing somewhat, but the possibility of a serious car shortage still remains. While the return of a considerable proportion of the shop men to their posts will prove an aid to better service, this does not guarantee an immediate remedy. When the strike started, railroad equipment in general was not in the best condition and since that time it naturally deteriorated. The settlement of the strike on even a partial basis will have some effect in easing the car supply, partly because of the improved motive power and increased speed of movement of loaded and empty cars, and partly through the repair of cars which are now out of service on account of bad order.

As was to be expected, the surplus of cars was still further cut down during the past month. On August 31 a total surplus of 70,455 cars in good order was reported as compared with a reported shortage of 58,670 cars. It is apparent that the surplus and the shortage are rapidly coming together, so that the one offsets the other. It is possible that at this writing the shortage of cars exceeds the surplus. On August 31 there was a net shortage of box cars, due quite probably to the loading of grain in the west.

Business men all over the country see the probable lack of transportation facilities as the chief deterring factor to a fair amount of business during the fall and early winter. The one thing which the great majority of reports agree upon is that with the return of business following the recent strike agreements, railroads will be taxed to the limit if an equipment shortage is prevented.

During the week ending September 2 there was a total of 931,598 revenue cars of freight loaded throughout the country. This is the heaviest loading of any week since October 22, 1920. In the corresponding week last year there was a total loading of 831,288 cars.

The recent announcement of figures showing railroad earnings for the month of July was of considerable interest to the country as a whole. It was believed that the combined effects of the coal and rail strikes would reduce net earnings for the month to not more than $30,000,000 or $40,000,000. The actual figures for Class I railroads for July show a net income of $69,239,000 as compared with $76,594,000 in June and $69,298,000 in July, 1921. Net operating income for Class I roads for seven months of 1922 amounted to $418,271,000 against $214,713,000 in the same period of 1921.

Debits to Individual Accounts

(In Thousands of Dollars)

	Week Ending Sept. 13, 1922 (272 Banks)	Week Ending Aug. 16, 1922 (324 Banks)	Increase or Decrease Amount	Increase or Decrease Per Cent	Week Ending Sept. 14, 1921 (323 Banks)	Increase or Decrease Amount	Increase or Decrease Per Cent
Akron	$14,549	$13,692	$ 857	6.3	$11,773	$2,776	23.6
Butler, Pa.*	2,493	2,311	182	7.9	....	....	......
Canton*	8,921	8,405	516	6.1	....	....	......
Cincinnati	64,756	64,706	50	0.1	59,019	5,737	9.7
Cleveland	132,666	149,481	—16,815	—11.2	115,741	16,925	14.6
Columbus	32,443	27,709	4,734	17.1	27,468	4,975	18.1
Connellsville*	1,576	1,400	176	12.6	....	....	....
Dayton	12,053	13,171	— 1,118	— 8.5	13,621	1,568	—11.5
Erie	5,916	6,524	— 608	— 9.3	6,375	459	— 7.2
Greensburg	4,830	6,129	— 1,299	—21.2	4,421	409	9.3
Homestead*	767	702	65	9.3	....	....	....
Lexington	4,223	3,873	350	9.0	3,473	750	21.6
Lima*	3,288	3,119	169	5.4	....	....	....
Lorain*	1,149	1,170	— 21	— 1.8	....	....	....
New Brighton*	2,402	2,116	286	13.5	....	....	....
Oil City	2,887	3,171	— 284	— 9.0	2,297	590	25.7
Pittsburgh	155,861	165,196	— 9,335	— 5.7	131,848	24,013	18.2
Springfield	6,237	4,802	1,435	29.9	3,863	2,374	61.5
Toledo	35,473	37,040	— 1,567	— 4.2	30,074	5,399	18.0
Warren, O.*	3,635	2,599	1,036	39.9	....	....	....
Wheeling	8,016	8,552	— 536	— 6.3	5,800	2,216	38.2
Youngstown	14,153	12,388	1,765	14.2	12,026	2,127	17.7
Zanesville*	2,859	2,358	501	21.2	....	....	....
Total	$521,153	$540,614	—$19,461	— 3.6	$427,799	$427,799	15.5

* Debits for corresponding period 1921 not available.

Comparative Statement of Selected Member Banks in Fourth District

(In Thousands of Dollars)

	Sept. 13, 1922 (84 Banks)	Aug. 16, 1922 (84 Banks)	Inc.	Dec.
Loans and Discounts secured by U. S. Government obligations	29,261	30,510	......	1,249
Loans and Discounts secured by other stocks and bonds	338,777	334,734	4,043	......
Loans and Discounts, all other	639,285	630,810	8,475	......
U. S. Bonds	161,049	149,585	11,464	......
U. S. Victory Notes	2,237	2,225	12	......
U. S. Treasury Notes	37,748	41,630	......	3,612
U. S. Certificates of Indebtedness	8,394	8,249	145	......
Other Bonds, Stocks and Securities	280,711	283,884	......	3,173
Total Loans, Discounts and Investments	1,497,462	1,481,357	16,105	......
Reserve with Federal Reserve Bank	96,194	101,892	......	5,698
Cash in Vault	29,792	26,440	3,352	......
Net Demand Deposits	881,899	862,391	19,508	......
Time Deposits	502,044	502,805	......	761
Government Deposits	13,093	15,145	......	2,052
Total Resources at date of this report	1,928,540	1,901,959	26,581	......

Wholesale Trade

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

	Dry Goods	Hardware	Drugs	Groceries
Net Sales (selling price) during August, 1922, compared with July 1922	37.4	10.8	14.4	7.7
Net Sales (selling price) during August, 1922, compared with August 1921	5.2	26.7	14.7	—5.1

Department Store Sales

	Cleveland	Pittsburgh	Cincinnati	Toledo	Other Cities	District
Percentage of net sales (selling price) during August, 1922, over net sales (selling price) during same month last year	16.6	9.1	2.8	5.6	19.4	10.8
Percentage of net sales (selling price) from July 1, 1922, to August 31, 1922, over net sales (selling price) during same period last year	10.0	4.8	—1.7	7.2	14.8	6.3
Percentage of stocks at close of August, 1922, over stocks at close of same month last year	3.4	—11.0	—14.9	—2.8	3.2	—5.7
Percentage of stocks at close of August, 1922, over stocks at close of July, 1922	5.7	6.3	3.4	3.2	7.3	5.6
Percentage of average stocks at close of each month this season (commencing with July 1, 1922) to average monthly net sales during the same period	382.7	415.7	535.0	432.1	488.5	424.4
Percentage of all outstanding orders (cost) at close of August, 1922, to total purchases (cost) during the calendar year, 1921	10.3	8.5	10.8	6.9	14.2	9.4

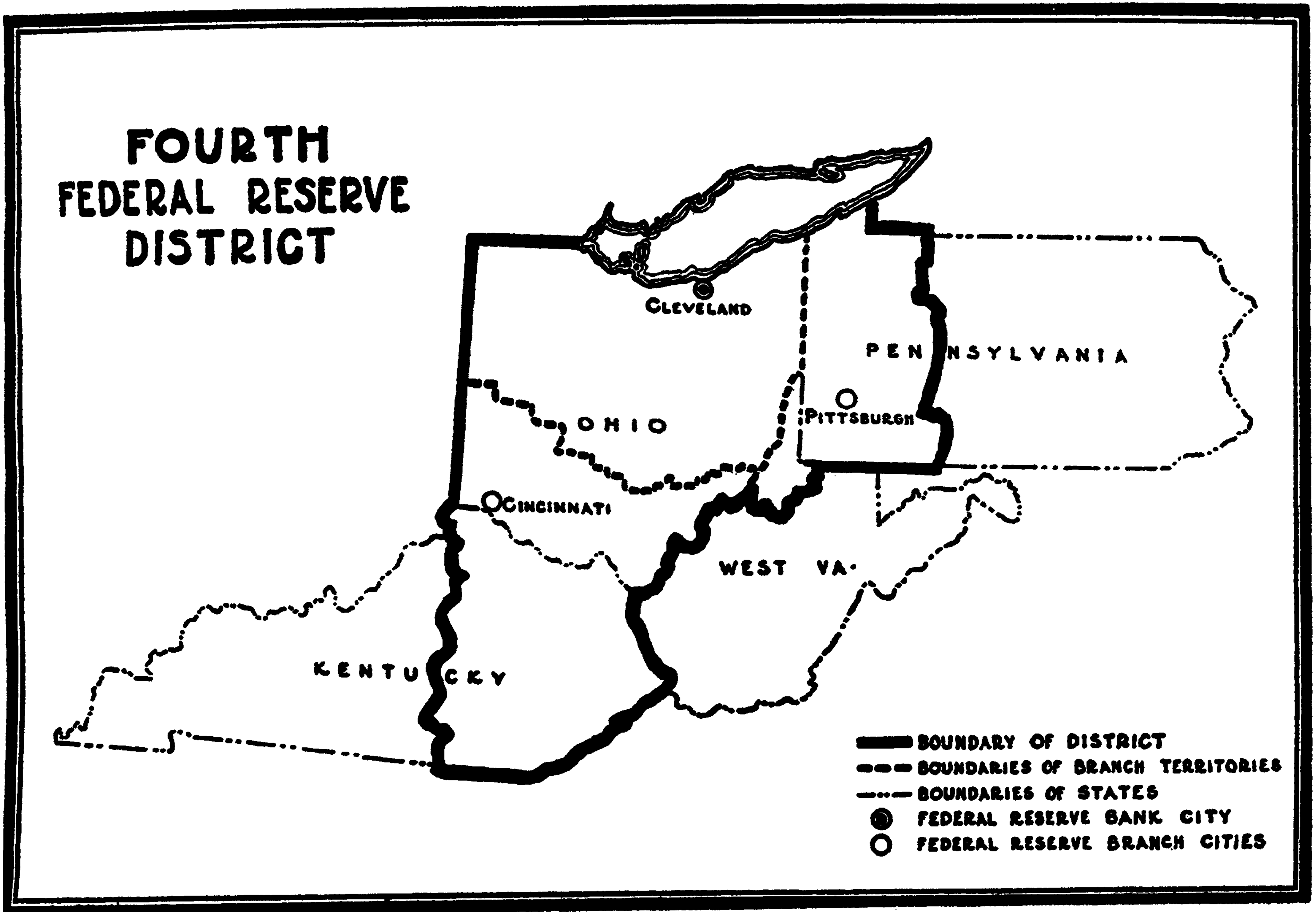
Building Operations For Month of August, 1922-1921

	Permits Issued				Valuations					
	New Construction		Alterations		New Construction		Alterations		Increase or Decrease	
	1922	1921	1922	1921	1922	1921	1922	1921	Amount	Per Cent
Akron	155	138	64	37	$ 602,945	$ 113,565	$ 22,525	$ 29,625	$ 482,280	336.8
Canton	168	105	55	50	433,512	843,560	48,260	29,318	—391,106	—44.8
Cincinnati	404	309	298	211	2,165,950	858,585	434,700	199,800	1,542,265	145.7
Cleveland*	690	621	893	992	6,712,358	4,102,084	1,048,396	507,155	3,151,515	68.4
Columbus	463	283	119	122	2,558,695	508,570	335,405	150,445	2,235,085	339.2
Dayton	218	185	111	79	2,248,352	463,136	123,317	33,176	1,875,357	377.9
Erie	97	99	29	63	291,135	286,206	124,251	112,410	16,770	4.2
Lexington	52	8	50	52	82,905	56,000	66,584	13,844	79,645	114.0
Pittsburgh	496	363	94	111	2,812,888	3,138,844	258,591	248,028	—315,393	—9.3
Springfield	76	70	15	25	94,345	62,648	10,275	17,840	24,132	30.0
Toledo	267	181	208	192	1,123,154	274,760	163,918	130,929	881,383	217.3
Wheeling	88	58	41	25	245,108	66,386	20,240	9,640	189,322	249.0
Youngstown	134	114	31	34	374,875	227,635	115,970	22,440	240,770	96.3
Total	3,308	2,534	2,008	1,993	$19,746,222	$11,001,979	$2,772,432	$1,504,650	$10,012,025	80.1

*Includes figures for East Cleveland, Lakewood, Cleveland Heights and Shaker Heights

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

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1922	1921	1922	1921	1922	1921	1922	1921	1922	1921
Cincinnati	26,195	28,925	108,451	93,426	78,723	80,508	12,171	16,819	2,306	2,380
Cleveland	12,345	10,801	77,687	59,901	29,854	26,920	11,387	10,409	1,633	1,446
Columbus	90	11	3,737	3,447	171	....	108	....	....	....
Dayton	1,969	1,914	10,352	9,009	969	1,055	767	708	....	....
Fostoria	747	130	6,116	5,300	1,837	1,488	532	505	29	7
Marion	124	150	5,881	4,532	486	249	160	120	....	....
Pittsburgh	60,571	43,933	187,151	136,208	147,134	143,182	37,216	26,283	5,410	3,915
Springfield	245	856	4,649	4,422	1,850	1,174	203	151	....	....
Toledo	791	573	7,670	7,540	1,537	1,167	357	581	97	107
Wheeling	487	664	1,191	1,004	902	709	1,273	1,217	7	8
Purchases for Local Slaughter										
Cincinnati	13,567	19,111	48,516	53,557	12,570	16,793	5,438	8,857	....	....
Cleveland	11,047	9,410	52,885	40,293	17,189	21,044	10,702	10,089	....	....
Columbus	87	....	706	....	....	....	61	....	....	....
Fostoria	26	25	295	480	10	40	33	142	....	....
Marion	59	150	2,726	1,215	....	....	162	60	....	....
Pittsburgh	6,775	7,091	32,699	35,161	12,215	11,873	8,622	7,253	....	....
Springfield	111	....	278	....	420	....	30	....	....	....
Wheeling	....	631	....	905	....	757	....	1,135	....	....


FOURTH
FEDERAL RESERVE
DISTRICT
CLEVELAND
PENNSYLVANIA
PITTSBURGH
OHIO
CINCINNATI
WEST VA.
KENTUCKY
BOUNDARY OF DISTRICT
BOUNDARIES OF BRANCH TERRITORIES
BOUNDARIES OF STATES
FEDERAL RESERVE BANK CITY
FEDERAL RESERVE BRANCH CITIES