

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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WERE it possible to sum up in four words the expressions of our many correspondents they would be, "We are buying now." The business tide is rising. The receding tide has carried out most of the wrecks of business; the incoming tide is raising the tide line of business. An analysis of seventy-six basic materials shows that forty-eight are higher today than they were a year ago. Merchants who have formerly resolved not to buy much merchandise are now of the opinion that it will be well for them to begin to purchase.

There are many instances which justify the belief of a rising tide of business. The head of one of the largest textile mills in the United States, with general offices in this District, says that the textile business is moving along in a very different condition to what it was three months ago. The effort of manufacturers today is to get every spindle and every loom into operation, as the orders now on their books are sufficient to carry them at full capacity until the first of February.

From the steel industry comes the information that the total purchases by the railroads of rails for 1923 delivery, immediately preceding the advance in prices October 1, are estimated to have totaled at least 1,500,000 tons. This is the largest rail buying movement in a given time in the history of the steel industry.

The demand for pay roll currency is a fairly safe indication of business conditions. This demand on our Money Department is the largest it has been in two years.

A large manufacturer of paper says that on the whole the paper industry in all its departments is potentially in the best position it has been in for the past two years.

In Cleveland the figures for the first nine months of 1921 showed a total of 10,481 building permits issued at a valuation of \$36,357,918 while the same period for 1922 shows 9,891 permits issued at a valuation of \$44,196,390.

Freight car loadings from January 1 to September 16, 1922, were 30,375,149, while during the same period in 1921 there were 27,781,924. This increase has occurred despite the fact that in this year there

were almost a million less cars loaded with coal than in the previous year.

So far this year there has been an increase of 17 per cent in chain store sales over those of 1921. Two of the largest mail order houses have increased their September sales over their August sales nearly four million dollars.

Box board distribution by the largest box board distributors in the United States, with offices in this District, is a barometer of industrial activity, particularly of those goods that are shipped in paper containers. The producers have noted a considerable increase in demand from the manufacturer of hosiery, knit goods, furniture, shoes, textiles, tobacco, clothing, hats, steel and wire, rubber goods, and candies.

A well-known storage battery company sold more batteries in the month of September for renewal purposes than they ever sold in one month before.

A large hardware manufacturer writes that in many of their lines, including some of the more important ones, they are doing three and four times as much as they did a year ago.

A manufacturer of white lead says that never in the history of the company has their output been any more than this year.

A large manufacturer of cans replies that net sales are 23 per cent greater in volume for the first six months of 1922 over the similar period of 1921. He further says that they are from five to six weeks behind in orders and their customers are making free use of the telegraph in urging deliveries.

Concrete facts such as these are excellent tonic for business pessimists. They create optimism that even the gloom spreaders have not been able to check. The general consensus of opinion is that if business could move along steadily with two such heavy handicaps as the coal and railroad strikes, there is little to fear for the future, especially, when transportation returns to near normal condition.

One correspondent thinks that when the elder Morgan made his famous remark about not going short on the United States he must have meant that it was a mistake to go short on the ability of the business men of this country. The American business man is

tireless and inventive. Little by little, and this has been largely encouraged by the experiences of the last two years, we have awakened to the discovery that we have surplus faculties and facilities. In nearly every industry there are evidences of increased activity and efficiency. We are glad to say, however, that generally speaking, the watchword is conservatism. A manufacturer, with salesmen scattered around in every part of the United States, says there is no disposition on the part of anybody to plunge. On the whole the situation seems to be summed up in the remarks of a Pittsburgh correspondent who says, "I

presume that during the fall season a good, thoughtful squirrel thinks that he is going through a period of inflation, and that his provender is easily acquired. If he is a prudent squirrel, he makes provision for the future. So I think that most well managed corporations and sensible men realize when they are in a period of inflation, and guard against this danger so far as possible. In my opinion, the present attitude of business men is what I would term normal; neither unduly venturesome, nor have they the pessimistic attitude that has at times been detrimental to the best business interests."

Increased Borrowing by City Banks Principal Change in Banking Situation; Resources of Columbus Banks Grow

One of the principal changes in the banking situation for the month ending October 20 was the increase in the demand for accommodations which came from the city banks. The general movement has been upward although the month has been marked by spasmodic changes. A month ago the improvement in business which followed the settlement of major labor disputes naturally called for new funds, and this, apparently, is even more in evidence at the present time.

The net increase in accommodations to city banks for the month amounted to approximately \$2,500,000, as compared with a \$7,000,000 increase during the previous month. Although near the end of September there was a decline of approximately \$8,000,000; however, between September 20 and October 18, city bank borrowings had increased more than \$9,000,000. Since October 18 there has been a considerable decline. The fluctuations during the month were no doubt partly due to withdrawals of Government funds at various periods.

With reference to country bank borrowing for the month ending October 20, no great amount of fluctuation has been shown. A slight advance has been in evidence as compared with a decline last month. Farmers have been borrowing funds with which to purchase cattle. Other factors which have

been causing the increase are the need of money for crop moving purposes, and the lack of shipping facilities resulting in the accumulation of grain and other produce at shipping points.

Resources of Columbus banks are showing a healthy increase. According to figures compiled by the Columbus Clearing House for the week ending October 18, total resources were the largest ever shown in the financial history of that city. The resources on that day stood at \$117,846,000 which was \$3,037,300 more than on the same day a week ago and \$20,161,200 on the same day a year ago.

The combined reports of 18 representative banks in the Fourth Federal Reserve District for the month of September show an increase in savings accounts over the previous month and also over September, 1921. September deposits as compared with those for the same month last year show a gain of 1.2 per cent. The gain for September over the previous month was .8 per cent.

In the acceptance market rates are showing a firming tendency and the present rates for bills make them more attractive to buyers. During the month ending October 20 an increase of from $\frac{1}{2}$ to $\frac{3}{4}$ per cent in the rates has been shown. Bills are now offered at $3\frac{3}{4}$ to 4 per cent.

Transportation Paramount Factor in Iron and Steel Industry; Market Apparently More Stabilized; Railroad Orders Unusually Large

Transportation has become the paramount factor in the iron and steel industry and it is largely determining the scope of operations and the course of prices. With so large a supply of open-top freight cars diverted to the speeding up of the movement of coal, particularly to the northwest, and with numerous embargoes on railroads traversing the densest industrial districts, conditions in some territories, notably at Pittsburgh and Youngstown, are rivaling the traffic congestion incident to the outlaw railroad strike in 1920. Finished steel has piled up in large tonnages in these districts and in lesser degree in others. It is estimated that fully 200,000 tons of steel have thus accumulated over normal stocks in the Pittsburgh area alone.

Consumers are resorting to the use of motor trucks to get material out of the congested zone, and for

this service from \$3.50 to \$20 per ton is being paid, depending upon the destination. These conditions have put restraint upon mill operations. In some cases temporary shutdowns have been necessitated. At present the industry as a whole is operating at 65 to 70 per cent of steel capacity.

With transportation difficulties keeping the industry in check in some respects, and with coke prices settling after their recent flight produced by the effects of the coal strike, the iron and steel market is subject to mixed influences. Coke has come down from \$3.50 to \$4 per ton from the peak. This is enabling more furnaces to go into blast and the increased offering of tonnage has caused the pig iron market to weaken considerably. This effect has been further accented by the fact that steel makers with increased blast furnace operations and with steel works

and mill activities under check, are competing for pig iron orders in the open market. Pig iron prices have receded from \$2 to \$4 from the recent high point, and the market appears to be going through a period of readjustment to a more stabilized position.

In the East, continued active buying by consumers of British and continental iron well under the equivalent American grades, has kept domestic iron prices within narrower limits. It is roughly estimated that from 200,000 to 300,000 tons of foreign iron have been sold to this country in recent months, although less than 100,000 tons have been delivered to date. Prices on certain classes of finished steel show an easier tendency in that certain independent mills are disposed to quote closer to the steel corporation basis which for some weeks has been the minimum of the market. At the same time with the steel corporation mills sold heavily for weeks ahead, the question of delivery is largely determining the prices paid by consumers of steel, although premiums for quick shipment are less in evidence. The more highly finished lines such as sheets, tubular goods, wire products, tin plate, etc., show steadier strength than plates, shapes, and bars.

For the first time in 27 weeks the *Iron Trade Review* weekly composite of fourteen iron and steel products shows a decline. The average for the week of October 18 was \$43.56 compared with the high point of \$44.26 the week of September 27 and the low point of the year of \$32.80 the week of March 22. This drop is largely attributable to the weakening of pig iron prices.

New business in iron and steel is favorable, considering the present operating and shipping difficulties. The railroads have continued to be a big factor in the new demand. Their total purchases of rails for 1923 delivery immediately preceding the advance in

prices October 1 are estimated to have totaled at least 1,500,000 tons in addition to a heavy aggregate of fastenings and other track material. This is the largest rail buying movement in a given time in the history of the steel industry. Equipment orders are again coming along in larger volume. The total of new cars placed in September was 10,350 as compared with only 1,600 in August. Locomotive orders are numerous. New building undertakings as measured by structural steel awards show some falling off, much of which may be attributed to the seasonable influences but still are satisfactory. September bookings were at the rate of 61.9 per cent of shop capacity, or 135,669 tons, compared with 64.9 per cent or 141,561 tons in August, and 64.6 per cent or 140,829 tons in July. The demands from the automobile industry, especially for the highly finished steel products are still large. Miscellaneous manufacturing is making an increasingly better showing in its requirements of steel.

An amazing recovery of blast furnace operations in September is shown by the monthly statistics of *Iron Trade Review*. In that period, the list of active furnaces increased by 45 to a total of 188. This is the largest number of furnaces in blast during the current year, excepting only June, when 191 stacks were in commission on the closing day of the month. Total pig iron production in September was 2,016,778 tons and daily average 67,225 tons compared with a total of 1,810,665 tons and daily average of 58,408 tons in August. Steel ingot production in September showed a gain of 15.7 per cent over August and was at the indicated annual rate of 33,750,000 tons compared with an indicated annual rate of 29,150,000 tons in August. The September ingot output was at the rate of 77.3 per cent of the record yearly production of ingots for the country in 1917.

Grain Movement Adds to Lake Shipping Activity; Coal Shipments Make Record

The grain trade took quite a brace in October and carrying charges were marked up for all loading periods. The movement from ports at the head of Lake Superior was heavy but the advance in the rates was due very largely to the delay at the lower lake receiving ports where there was a big shortage of cars. The railroads were unable to move the grain to the seaboard and the storage room at Buffalo and other ports was soon taken. The capacity of the fleet was reduced materially by the great loss of time as many of the grain carriers were held in port for a week or ten days. The advance in rates for early loading did not bring out tonnage very freely and the shippers were forced to give a dispatch guarantee in order to get capacity. Boats were chartered with the understanding that from \$800 to \$1500 a day would be paid for all the time they were held at the receiving ports over three days.

Grain carriers that were chartered ahead at lower rates did not have a dispatch guarantee and if they spent a week in port they did not make any money. A large amount of tonnage has been placed to load at the head of the lakes during the last half of November

and the elevators at the loading ports will have to operate at top speed to work out all the vessels that have been named to take cargoes during the loading period. Many of the vessels that will load the last half of November and early in December will take storage cargoes and there will be a large amount of grain afloat at this end of the route at the close of the season.

A record for coal shipments was made the week ending September 25 when the fleet loaded 1,409,648 tons of cargo which was a big increase over the same week last year when shipments were 585,390 tons. Shipments for the following week were 1,201,698 tons and the next week the docks dumped 1,142,332 tons. Shipments for September were 4,396,284 tons compared with 2,200,473 tons in 1921 and 3,941,867 tons in 1920. For the season up to October 1 the fleet loaded 9,557,502 tons and the movement for the same time last year was 18,148,236 tons. There has been a good supply of tonnage and cargoes were sent forward with very little delay.

Ore shipments for September showed a slump as

expected and the mines in the Lake Superior district sent forward only 6,801,299 tons as against 9,016,426 tons in August. Shipments for the season up to October 1 were 33,111,289 tons which is an increase of

14,450,044 tons over the same time in 1921 when the movement was 18,661,194 tons. The Lake Erie docks on October 1 were holding 9,028,708 tons and on the same date last year stocks were 9,661,365 tons.

Entering Fall Season With Good Volume of General Business; Decided Drop in Automobile and Truck Production

The increase last month in the activity of Fourth District industries resulting from the settlement of major labor difficulties is even more in evidence at this writing. Some lines are showing a seasonal decline, but, generally speaking, the arrival of fall brought an unusual volume of business. With reference to trade, the evident growing congestion of goods due to a lack of shipping facilities is the main unfavorable element. Prices in many directions are showing an upward tendency.

Automobiles—Figures on automobile and truck production for the month of September show a noticeable decline. A decrease in sales somewhat more in evidence during the past two weeks has had its effect upon factory operations. The first part of September, however, maintained quite a steady pace contrary to earlier predictions that there would be a seasonal falling off in sales. Agricultural sections are showing a renewed interest in car buying especially in those parts of the country where harvests have been the most satisfactory. Quite a lot of the demand is centering on lower priced cars.

There is an increasing demand for closed cars. Closed cars comprised 27.6 per cent of the output of members of the National Automobile Chamber of Commerce during August. The percentages of closed cars since the first of the year are as follows: January, 28 per cent; February, 23 per cent; March, 22½ per cent; April, 20 per cent; May, 19.3 per cent; June, 22 per cent; and July, 24.1 per cent.

Exports of passenger cars, according to the report, decreased 28.4 per cent from June, but gained 150.3 per cent over August last year.

Truck production also shows a decline for the month of September, but the general improvement in business throughout the country is causing the demand for trucks to be extended well into the fall period. There has been no particular change in the demand for heavy duty trucks for the past few months.

The principal demand at this time is for light motor trucks which includes those of 1½, 1, ¾, and ½-ton capacity. A large truck manufacturer believes the present demand for this type of truck is greater than at any time in the past. Manufacturers of electric industrial tractors and trucks which are required in the handling of heavy material report a healthy business.

The auto body industry appears to be keeping in step with the general improvement in business. There is a very strong demand on the part of the public for closed car bodies, but there is an equally strong demand that closed car models be sold at a very little increase over the open car models. The principal reason why there is a shortage of closed models at this time is that motor car builders or body builders have not been able to figure out any way of build-

ing a more expensive model for approximately the price of the cheaper model that the public wants. Manufacturers are, therefore, placing short-term commitments in many instances, and feeling their way as to whether they dare abandon the quality of their cars upon which they have built their business, for the sake of lower prices.

The following table furnished by the Department of Commerce gives the revised figures of total production for the last nine 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. September 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	249,225	24,200
September	186,562	18,843

Electrical Goods—The storage battery business is reported to be very good with most of the large companies. Orders from car manufacturers for original equipment are holding up well and are in keeping with the time of the year. During the period when prices showed frequent drops, dealers were inclined to carry small stocks, but this condition has changed now and the manufacturers believe dealers' stocks are normal.

The electrical industry is reported to be keeping in step with the general improvement in business. The direction in which this business is showing the greatest improvement is in the additional equipment ordered by public utility corporations to take care of the rapidly growing demand for electricity in all its uses. This demand is not confined to any particular locality but it is remarkably widespread over the entire length and breadth of our country. A demand for generating and transforming apparatus, together with switching and control apparatus is reported by a large company to be coming from central stations located in all parts of the United States. This is said to be caused not only by the increased buying by the public but is also due to the fact that during the war period the central stations did not purchase as freely as the growing demand for the use of electricity actually required and they are now finding themselves considerably behind in the matter of equipment. Railroads are turning to electrification in congested districts in order to improve their

facilities for handling traffic and this has resulted in several orders for electric locomotives.

Small Tools—The small tool industry experienced a slight lull during the summer months, which was partly seasonal and partly attributable to the strikes. This was not a decline in business but rather a cessation in the advance which occurred between January and June. At present, there are indications that dealers and consumers now feel safe in stocking up in the belief that any price changes from now on will be upward rather than downward.

Moulding Machines—While the month of August was a very good one in this business, September bookings were much less favorable. October business is showing signs of improvement.

Hoisting Machinery—This industry is reported to be operating at about 50 per cent of capacity. It is difficult to secure raw materials promptly.

Paint—There has been more than the usual amount of painting done this fall on account of the splendid weather. The paint business is still reaping the benefits resulting from continued building activity. Dealers are still buying with caution and are not overstocking.

Pottery—The strike is still continuing in the pottery industry. When it came time for the renewal of the working agreement, the members of the United States Pottery Association demanded the restoration of the 17 per cent wage cut they took a year ago. In conference they reduced their demand to 7 per cent, which the manufacturers could not see clear to grant at this time. The manufacturers state the margin of profit is decreasing, and increasing pressure is being felt

from foreign competitions. We understand that about 75 separate plants are closed down, representing a kiln capacity of over 600 kilns.

Shoes—The shoe industry is another industry in the throes of a strike which has existed since May 20. The manufacturers report that for some time the shoe retailers have been very insistent in their demands for lower priced footwear and to satisfy that demand the manufacturers asked their employees to accept a 10 per cent reduction. This they refused to accept, and the strike was called involving some 4,500 workmen in the Cincinnati factories.

Soap—In the soap industry the manufacturers report prosperous conditions, especially in toilet soaps.

Cork—The cork industry has improved slightly since our last report. The increase in volume is perhaps 10 per cent. On the other hand, the demand for cork insulation, which is used in cold storage work, is rather slow but this is perhaps due to the fact that this is the dull season of the year. There is a tendency on the part of most cork buyers to purchase cautiously, with a decided objection to payment of higher prices.

Paper—All reports state that the pulp and paper industry is continuing to show steady improvement. Prices of paper continue to stiffen. Writing paper is perhaps a fair average example of the entire industry. Orders and sales have been moving at such a high rate during the past few weeks that the average for the entire year for orders, production, and actual shipments, range at approximately 80 per cent of what is recognized as normal. This is about twice the tonnage movement for 1921 up to this date.

Decline in Crude Oil Prices Has Little Effect on Production

Developments for the past month point out more clearly than ever that the large interests in the oil industry, with possibly one or two exceptions, are in a race for production of light crude oil, with a heavy gasoline content, which has scarcely been halted by the decline in crude oil prices and which is holding total production in all domestic fields near the high mark reached the early part of the summer before the price cuts came.

The bringing in of two wells in Teapot Dome, the first to be drilled there, gives promise of a field of large production and makes it more and more apparent that the possibilities of this Rocky Mountain country have not been appreciated. Within the last few days the announcement has been made to *National Petroleum News* that a corporation will build a 10,000 barrel refinery at some point in Wyoming, probably Fort Steele, and construct a pipe line from this point to Ferris, where the company has some production of its own, which line might easily be extended on to connect with Salt Creek. The proposed pipe line will cost in the neighborhood of two million dollars. At this moment the effect of increased production in Wyoming is making itself felt in the domestic market in a depressed gasoline market. As development goes on there, the possibilities for practically a readjustment of the crude situation exist.

In the Mid-Continent field it is virtually admitted

that the voluntary shut-down movement on which the independent operators embarked through their association, is a failure. Already there is talk that the need for the drastic curtailing of drilling operations which existed when the shut-down movement was launched has been in part removed at least.

Entirely aside from this, however, it is apparent that the great majority of operators are going ahead with their drilling campaigns only slightly curtailed. Production has kept up and now in Oklahoma and Kansas is about at the point where it stood when crude prices were reduced.

Production figures for September, as submitted to *National Petroleum News*, indicate that crude stocks generally east of the Rockies, were increased by about 1,300,000 barrels during that month. In August the amount of the increase was 3,500,000 barrels. The decrease was due to increased consumption and falling off in Mexican imports rather than decreased domestic production.

Gasoline stocks were drawn on by a moderate amount in September, but the total volume of stocks is now about 25 per cent larger than a year ago, and current production is considerably higher. Wyoming gasoline is being marketed continually over a broader area of the country, and at terms refiners in the Mid-Continent territory can hardly meet. Because of large gasoline stocks the hope of the smaller refiners par-

ticularly, apparently lies in a market for fuel oil, kerosene and other products, which will let them distribute a good portion of their refining costs to these products,

in place of making gasoline carry most of the burden, as has been necessary by the condition of the refined products market the past year or so.

Farm Implement Manufacturers Preparing for 1923 Production; Tractor Sales Show Substantial Gain Over Last Year; Replacement Business Expected to Grow

Up to this time the farm machinery and tractor industry has not shown the marked improvement that has been evidenced in many lines of business. When comparison is made with last year, however, a substantial betterment is clearly shown. The condition of the farmer all over the country has improved, at least psychologically, in spite of the fact that prices for the principal products of the farm are still out of proportion to those which the farmer pays for the goods he purchases, and he is making plans for the future.

With the 1922 selling season drawing to a close, the tractor industry finds that every month during the season of 1922 has shown a substantial increase in sales over the corresponding months of 1921. Production is now starting for 1923 with schedules much larger than those of the last two years. During the last two or three months several companies have made greater shipments than ever before, and several others have done business approximating a normal year. However, the business during the last season could best be considered spotted, for while some of the companies exceeded their expectations, this condition was not general and it required the entire selling season to dispose of old stocks. Some shipments are still being made from carry-over stocks in a few instances.

The most hopeful phase of the tractor situation at present is the buying attitude of the farmer. While, broadly speaking, farm products are still out of line in exchange value for the products of other industries, the farmer is looking optimistically to 1923. In fact

the farmers are more optimistic than retail dealers, who despite the business now being done with farmers are ordering quite conservatively and cautiously. The most notable improvements in business are from the sections of the country where crops have been best. Probably the South is the most productive of business now, while the poorest section is that where wheat predominates.

There has been some slight restriction of shipments from factories because production has been curtailed by shortage of labor.

Most of the tractor and implement companies have announced prices for 1923 trade. These average about the same as those which have prevailed for the last two or three months. In the new price lines, guarantees against any declines prior to June 1, 1923, are quite general. One of the larger companies, however, is soliciting business under a price-less contract.

The atmosphere surrounding the industry is the most hopeful in many months. There are indications that the gradual improvement evident during the last few months will continue throughout the winter and that the selling season of 1923 will find the industry fully recovered from its adversity.

In the small implement line there is a noticeable increase in inquiries both from the farmers and the dealers. While the buying is not expected to go beyond actual needs, there is a belief in the trade that it will gradually grow heavier, because replacements must be made and dealers' supplies are pretty well exhausted.

Rubber Industry Shows Unusual Strength for Fall Season; Manufacturers Believe Future Trend of Prices Will be Upward

The rubber industry continues to push ahead. In the Akron district practically all rubber plants are operating at higher levels than is usual at this season.

Several very important factors have contributed to this unusual fall activity. Weather and road conditions have been exceedingly favorable for the tire industry this year. Many miles of good roads have been put into commission in recent months. The past summer has witnessed an unusual amount of touring by car owners. Tourist camps all over America have added to the road comforts of average motorists. License numbers from distant states have been more commonplace than ever. The railway strike, while detrimental in some ways, was beneficial in others, for coming as it did at a time when the public was taking vacations it influenced owners to use their cars on long trips. Also, the taxicab and bus business, headed by men of actual ability, is continually branching out in new directions. In addition to these important facts, dealers have operated with "hand to mouth" stocks, fearing more price reductions. There are few, if any, big dealers' stocks over the coun-

try and this means continual orders to the factories. The average size of orders is small but there are a large number of them.

Many factories are now taking orders from dealers on a spring-dating basis. The new terms have been presented to the dealers by most of the large tire companies and this indicates the same policy of financing the dealer will be followed as in the past but with changes in the general scheme. Some of the companies are preparing to make immediate shipments on spring-dating orders and others plan to make shipments after January 1. The price in some cases is being guaranteed against decline for six months. Other manufacturers are again following the trade acceptance plan. Practically all are serving notice on the dealers of a probable advance in tire prices in the near future.

According to *India Rubber Review* tires are now retailing below any previous prices and some sizes are 60 per cent below pre-war levels. In a few instances small cuts are still being made. Other reports, however, are to the effect that because

of the increase in the demand for tires; because at present prices of some types and sizes the margin of profit is not sufficiently large to carry fixed charges over periods of smaller production; and because of the recent strength shown in raw material prices, the next change in tire prices will be upward.

The crude rubber market has been showing unusual activity recently, the price having advanced as much as 7 cents per pound in the last four or five weeks. This naturally will have an important influence upon tire prices. In addition to this, the price of cotton suitable for the manufacture of tire fabric is stronger and dealers are showing a ten-

dency to secure their stocks early at present quotations.

According to an official statement issued by the Rubber Association of America, a total of \$348,090,432 worth of rubber goods was produced by 219 manufacturers reporting to the Association, during the first six months of 1922. A total of 256,758,727 pounds of rubber was used in the process of manufacturing these goods, according to the report.

American exports of automobile tires will show an increase for 1922 over 1921, although peak figures of 1920 will not be reached for some time according to figures published by the Bureau of Foreign and Domestic Commerce.

Fall Weather Excellent for Maturing of Crops; Most Favorable Reports on Yields

Our greatest industry is agriculture, and it is indeed a great relief to come to the verge of the winter months with a well-provisioned national pantry.

This week the Federal Department of Agriculture issued its preliminary estimates of the harvests of 1922. The total acreage in cultivated crops this year was about .3 per cent less than last year, but the aggregate production in 1922 was about 7.2 per cent higher than last year. In 1921 final yields per acre were about 8.3 per cent below the average. Corn was the only important food crop which showed a material decrease as compared with last year. Other cereal crops, and rice, potatoes, apples, and peaches increased from 1.9 to 107.6 per cent over the preceding year. The Department also issued its estimates of the world's production of wheat this year and the stocks carried over from last year. The total for Europe (excluding Russia) is 985,650,000 bushels, against 1,215,084,000 bushels at this time last year. The European shortage, therefore, assures a demand for the surplus of the United States.

It is not often that summer waits as it has this year until the last field of late planted corn has matured, before turning the farmer's crops over to the care of autumn.

Prices of farm products are low, much lower than they ought to be according to farmers, when the cost of the seed, fertilizer, planting, tending, and harvesting are taken into consideration. There is a little upward trend to farm prices and farmers are selling much of their produce, grain and cattle in an effort to get funds with which to pay off their bank obligations.

In the face of many discouragements during the past year, farmers are planting a large acreage of wheat and in addition are feeding many cattle for the eastern markets even though the majority of farmers who fed range cattle during the past two years, lost money by the operation. In some sections of central Ohio, stock men are specializing in the production of "baby beef," getting the calves from the west and planning to fatten them for sale early in the spring.

The State-Federal Crop Reporting Service has the following to say regarding Ohio crops:

Though the condition of corn is five points below the crop of a year ago, the three per cent increase in

acreage almost makes up for the lower conditions so that the indicated total crop is only a little below that of the 1921 crop. It is estimated at about 155,000,000 bushels. The United States crop will not be more than 10 per cent less than last year's record crop.

The October potato forecast is about a half million bushels above the September estimate and is placed at 10,850,000 bushels. This is a potato crop for Ohio fifty per cent larger than last year's crop though not so large as the 1920 crop. The United States crop will be about twenty-five per cent above last year's crop and is estimated at 433,000,000 bushels.

The acreage of cabbage in the state is 2,275 acres; tomatoes, 12,200 acres; onions, 5,875 acres, and the sweet potato acreage is around 3,150 acres according to the preliminary estimates.

The state average yield for cabbage is placed by correspondents at 5.7 tons per acre which is the smallest yield within the last five years. Tomatoes will yield from 5.5 to 6 tons per acre which is a good average yield.

The onion yield will apparently run about 200 bushels per acre on the average, which is slightly more than last year but only half the yield of the 1920 crop.

The hot and dry weather of the late summer has resulted in a heavy sweet potato crop of 105,500,000 bushels for the United States and 320,000 bushels for Ohio. The Ohio yield of 111 bushels per acre, as estimated from correspondents' reports is the highest of the past five years.

The Bureau of Statistics of Pennsylvania makes this report for the state of Pennsylvania:

Present indications point to an average yield of 42.7 bushels of corn per acre compared with 46.3 bushels last year and the ten-year average production of 40.8 bushels. The total production this year is estimated at 63,886,700 bushels compared with 67,012,300 bushels last year and 60,880,560 bushels, the average production for the past ten years.

The average yield of wheat is estimated at 18.8 bushels per acre compared with 17.6 bushels last year and the ten-year average of 18 bushels. The total production is estimated at 24,634,000 bushels compared with 23,271,500 bushels last year and the ten-year average of 24,079,870 bushels.

The quality of the wheat is estimated at 96 per

cent which is 3 per cent better than the quality of the 1921 crop.

The average yield per acre of spring wheat is estimated at 16 bushels, and the total production of 280,000 bushels. The average yield per acre last year was estimated at 15.3 bushels and the total production at 297,700 bushels.

Estimates show that the average yield of rye was 17.1 bushels per acre compared with 16.7 bushels last year and the ten-year average of 16.7 bushels. The total production is placed at 3,660,840 bushels as against 3,658,100 bushels last year and the ten-year average production of 4,360,820 bushels.

Oats made a splendid growth and was a good crop but in some places weather conditions made it difficult to harvest. The average yield per acre was approximately 34 bushels compared with 29.2 bushels last year and the ten-year average yield of 33.2 bushels per acre. The total crop is estimated at 38,949,525 bushels compared with 33,511,800 bushels last year and the ten-year average production of 37,008,070 bushels.

Barley is only sparsely grown in Pennsylvania and the gathering of information relating to this crop is rather difficult, but according to the best information available, the average yield per acre this year was 24.7 bushels as against 24.6 bushels last year and the ten-year average production of 25.7 bushels. The total crop is approximately 301,500 bushels compared with 306,700 bushels last year and the ten-year average production of 275,700 bushels.

The outlook for buckwheat is estimated at 84 per cent and presages an average yield of 20.4 bushels per acre compared with 23.5 bushels last year and the ten-year average production of 19.7 bushels. The total crop this year is estimated at 4,590,700 bushels compared with 5,247,600 bushels last year and the ten-year average production of 5,479,840 bushels.

The prospect for potatoes on October 1 is 86 per cent of normal and indicates an average yield of 108 bushels per acre, compared with 87 bushels last year and the ten-year average production of 89 bushels. Indications point to a total crop of 24,382,000 bushels compared with 18,763,550 bushels last year and the ten-year average production of 23,194,300 bushels.

October 1 condition forecasts 90 per cent of a normal crop of tobacco, or an average yield of 1,370 pounds per acre, compared with 1,340 pounds last year and the ten-year average production of 1,377 pounds. The total crop this year is estimated at 55,594,600 pounds compared with 53,809,320 pounds last year and the ten-year average production of 52,889,080 pounds.

The condition of pasture on October 1, for the state at large, compared with normal was 71 per cent. The average condition of pasture in the northern tier counties was 85 per cent, in the southern tier counties 66 per cent, and the counties bordering on Ohio 75 per cent. From this information it is apparent that the drought was most severe in the southern part of the state. The condition of pasture one year ago was 93 per cent and two years ago 101 per cent. The pasture was so short in many places that it was neces-

sary for the farmers to put their cattle and other livestock on winter rations. This indicates that livestock will not go into winter quarters in as good condition as in other recent years.

As the season has advanced, the prospect for fruit has improved and is better on October 1 than any time since the freeze last spring. Indications point to 65 per cent of a normal crop of apples, or 12,133,500 bushels, compared with 1,766,000 bushels last year and 7,911,000 bushels, the average for the last three years.

The final estimate shows 65 per cent of a normal crop of peaches this year, or 1,560,000 bushels, compared with 264,500 bushels last year and 950,600 bushels, the average for the last three years.

The outlook for pears is placed at 73 per cent and presages a total crop of 584,000 bushels compared with 150,000 bushels last year and the three-year average of 408,000 bushels. There are not many commercial pear orchards in Pennsylvania but some trees are found in nearly all farm orchards.

Based upon reports from 730 correspondents it appears that approximately 5.8 per cent, or 11,700 farms in Pennsylvania are now equipped with electric light and power. Information one year ago indicated that 4.2 per cent, or 8,500 farms had this modern equipment and service.

From Kentucky where the principal crop is tobacco we get a very favorable report.

The principal item of interest just at this time is that the Burley Tobacco Growers' Cooperative Association has just made a sale of about 54 million pounds of tobacco to one of the large manufacturers. This is said to be the largest sale to a single firm in the history of the industry. It is understood that this practically cleans up the holdings of the Association and leaves it in splendid shape to handle the on-coming crop. This sale will bring the time of the final payment to the growers for the 1921 crop much nearer and this no doubt will strengthen the agricultural situation in this territory materially as well as to offer some stimulus to business in other lines. Information regarding the prices obtained for the tobacco included in the sale has not been given out, but it is stated that it was sold on the basis of the Association grades and prices, so the prices, no doubt, will be found to be satisfactory.

The Burley crop of 1922 is going to be smaller than anticipated earlier in the season because of the dry summer, and on that account, the coming crop no doubt will bring favorable prices.

The Burley Association now has approximately 70 thousand members as compared to about 55 thousand last year, showing that a large number of additional members have been obtained this year. The sale of the tobacco held by the Association will, no doubt, mean that other growers will be encouraged to become members. The organization drive for a similar association in the dark district of western Kentucky will be continued until October 28, and there does not seem to be any doubt but that more than the required sign-up will be obtained by that date.

More Activity in the General Textile Situation; Prices Firmer; Some Lines Await Cold Weather

Compared with the past few months, the textile industry is showing an improved condition. Manufacturers are increasing production in response to heavier orders. Wool prices remain strong and the general swing of values is upward.

The men's ready-to-wear industry is about to launch its spring, 1923, season and manufacturers are busy getting ready to send their salesmen out with their new lines of goods in the near future. Some have already started. Manufacturers generally seem to anticipate an improvement in their orders based upon the improvement in industrial conditions, particularly in reference to employment. The situation in the agricultural field is considered less satisfactory.

The large distribution of automobiles during the past year had had an obvious effect on the clothing industry in reference to purchasing power and also in the character of the clothes used. In the first instance, many people who are buying cars prefer to use their money to make payments on them in preference to buying new clothes. With regard to the change in the character of the clothing used, imitation is a dominating factor in style. A few years ago leather coats were in great demand. This fad was said to be a direct outgrowth of the war and particularly the aviation phase of it, for leather coats were used in large numbers by United States aviators. Some years before this, yachting outfits were in great demand and by people who had no thought of using them for yachting purposes. The automobile has brought about similar results. Sport styles designed particularly for auto wear have been blended into many different models and are now finding a popular demand.

At this time the industry has an added interest in the development of the new season's line of goods from the fact that the recent tariff changes have had an effect upon prices. Generally speaking, manufacturers have endeavored to maintain former price levels. The downward trend in prices has been stopped and there is a belief in the trade that the turning point has been reached, particularly in view of the fact that important companies have made substantial advances in the prices of spring fabrics.

A gradual improvement in the conditions affecting their business gives an optimistic tone to the reports from the manufacturers of women's garments in Cleveland.

Although the warm weather of the last few weeks has hindered merchants from moving their early purchases, the season is proving better than last year, one firm reporting a 25 per cent increase. The houses are looking forward, very generally, to a good spring season.

All piece goods have increased in price, the per-

centage increase forecast in the spring of this year by the mills having materialized. Cotton, silk, and wool have all been scaled up. Manufacturers are experiencing some difficulty in getting the high grade fabrics, particularly the soft woollens, and other soft, pile fabrics.

Increased purchases of piece goods and more traveling to place orders are the only changes in the methods of doing business contemplated by the manufacturers. The merchants have formed the habit of buying closely for immediate needs and are not yet buying freely for stock. Caution and conservatism are the rule. There is a demand for good merchandise, but both retailers and manufacturers are finding that customers are demanding the utmost in values.

Settlement of the major labor troubles has had a steadying effect on retail, wholesale, and manufacturing business and has made for a better feeling of confidence. However, adverse influences have slowed up the consumer's demand which is usual at this time of year. Business up to this time has come principally from the well-to-do class and has been largely in the better grades of goods, and thus a business of very fair volume has been carried on considering the factor of unseasonably warm weather.

The advent of cooler weather is releasing the retarded demand for clothing. Manufacturers believe this will result in a temporary congestion in production and deliveries, since there is no great amount of surplus in the hands of producers. This condition of stocks indicates a sound condition, which is helping to impart firmness to the market.

The status of the knit underwear business at this time is one of suspended action. The advance sales season for the spring of 1923 is completed with total sales about equal to those of a year ago. The early re-orders from the jobbers, or, re-orders taking care of the jobbers' advance sales, have been placed and are being produced and shipped at the mills. Further action is suspended until cold weather starts.

The advance re-order business is coming from certain sections of the country where manufacturers have been led to believe that business was not particularly good. The Pacific Northwest is apparently doing a fine business in this line. The same can be said of the corn-belt section and a very fair amount of re-orders has been received from the twin-city district covering the wheat belt. New England and the East appear to be particularly dull.

Manufacturers are faced with the problem of advances in raw material prices, which they find very difficult to pass on to the jobber and they in turn to the retailer.

Little Change in Building Situation; 1922 is Record Construction Year

There have been few changes in the general building situation since last month. Strikes and other disturbance which interfered with the progress of operations earlier in the season have disappeared, with the

exception of controversies over jurisdictional questions, such as the setting of metal trim.

Conferences of national heads of building labor organizations are being held with a view to enforce the

decision of the national board of jurisdictional awards in this particular contest over metal trim. This is causing the withdrawal of men in other trades than carpenters, the latter trade striving to retain this work in opposition to the decision of the board backed by the other trades and a large element among contractors and architects. This dispute may disturb operations in specific localities when the issue is pressed to a finish, but will have less effect upon home building and the general building industry where this material is not used.

The statistical report of building operations in Cleveland for the month of September showed an increase from \$3,965,000 in 1921, to \$6,838,000 for the corresponding month this year. This would indicate a lively fall and early winter in building construction with consequent results in both skilled and unskilled labor.

The figures for the entire year to October 1, 1921, showed a total of 10,481 permits issued at a valuation of \$36,357,918 while the same period for 1922 showed 9,891 permits issued at a valuation of \$44,196,390. These figures show that while the number of permits in the city decreased, the expenditures increased. This is partially explained by the figures for July, when permits for two extraordinarily large structures were issued aggregating more than \$11,000,000, as compared with scarcely \$3,000,000 for July of last year.

Car Shortage Limits Coal Production; Coke Output Shows Increase

Car shortage is a limiting factor in coal production at this time. In addition to this, late reports from our correspondents indicate that buyers are objecting to the present prices which are being charged. Purchases of coal for winter use are not being made in proportion to the amount of coal which is now being offered to the public.

Production of soft coal during the past month has been at an almost uniform rate, varying little from a weekly average of about 9,780,000 tons. The Geological Survey reports that since the first of September coal has been offered for shipment up to the ability of the carriers to handle it.

While railroad difficulties are the chief hindrance to the coal industry, labor troubles are still being experienced in certain sections and these have been responsible for considerable losses.

No material change has taken place in the retail coal business during the past thirty days. Distributors

The entire total for all suburbs within Cuyahoga County for the first nine months of this year aggregated approximately \$25,000,000 as compared with approximately \$14,000,000 for the same period in 1921, indicating the high increase in the home building movement in the outlying districts.

There is a good deal of building activity in Cincinnati and a scarcity of labor in certain trades, particularly plasterers and bricklayers.

Hardwood lumber manufacturers are busy, although their business is being held up to some extent by lack of shipping facilities. There is a good demand for this product and mills are advancing their prices. Stocks in many lines are low. The demand for flooring lumber is in excess of the supply and this has been the case for some time.

The total of expenditure at 153 cities of the United States for September was \$193,121,650, a decrease of 9.4 per cent from August, but a gain of 30.6 per cent over September a year ago according to a late report of *Bradstreet's*. In the second quarter of 1922 the valuation of building done amounted to \$715,066,293 which was the three greatest months in the country's building history. For the first nine months of this year the total expenditure permitted for was \$1,851,319,162, a gain of 60.1 per cent over the hitherto record year, 1921.

are able to obtain a fair supply of coal, but unfortunately it is not very satisfactory for domestic use. Pocahontas and hard coal are practically unobtainable. The better grades of West Virginia and Kentucky coal are very scarce, due to the fact that the mines are receiving a car supply averaging from 28 to 30 per cent of normal.

Production of anthracite coal in the second week of October shows a slight gain. The output during that week, which was the fourth since the strike, was estimated by the Survey at 1,959,000 net tons, as compared with 1,947,000 net tons for the previous week.

The output of beehive coke continues to increase steadily. From reports of cars of coke loaded by the principal railroads, the total production during the week of October 7 was estimated at 171,000 tons against 160,000 tons in the week preceding.

The present rate of output is almost double that of the corresponding period of 1921. In comparison with 1920, however, a decrease of 57 per cent is indicated.

Brick Industries Recover From Effects of Fuel Shortage; Transportation Big Problem of Paving Brick Men; Slate Sales Increase

The conditions in the common brick industry at this time are generally more favorable than at any period in 1922. While certain sections of the United States, including the northern Atlantic states, the industrial cities between New York and Chicago, and southern California, have experienced a good volume of building using brick since the beginning of the year, it is only in recent months that the southeastern and

southern states, as well as the northwestern states, have resumed building at a normal rate.

Nearly all the brick manufacturing plants which supply the larger building centers are today running at capacity and finding a market for their product.

In the Fourth Federal Reserve District, the demand for brick has not slackened. Much of the trouble caused by the coal strike has been overcome. There

are no plants at this time which are known to be closed down either for lack of coal or transportation facilities.

Prices of common brick were only slightly affected by the coal shortage and railroad strike.

The source of a considerable portion of the brick orders during this year has been in housing. Apartment building, which has been at very low ebb for three or four years preceding 1922, has been carried forward at a rather unusual volume. There is also a growing market for brick in single residence building throughout the country. While certain types of construction have been practically lost to the brick industry, due to changed methods of building, the brick men have promise of replacing this market through residence building.

A big majority of the difficulties in the paving brick business which were brought about by lack of fuel have been cleared away. But a more difficult problem now facing the brick manufacturers is how to get their product to the paving contractors. The present transportation situation as it applies to this industry is proving to be a serious handicap and contractors are already beginning to feel the effects.

The lack of shipping facilities means that manufacturers are obliged to store brick in the yards. This is an additional expense which could be eliminated, pro-

vided that shipments were made direct from the kilns to the paving jobs.

With the exception of possibly one or two plants the paving brick industry is operating at near capacity. This has been the case practically all summer, and according to the National Paving Brick Manufacturers Association, present indications point to a considerable amount of activity during the winter months provided transportation difficulties do not interfere too greatly.

The fall rush period is still in evidence and contractors are making efforts to complete jobs before the bad weather sets in. There are evidences that this work will continue for quite a while for many jobs have only recently been started.

Labor scarcity is causing no worry to paving brick makers. Fortunately the type of man employed in this kind of work sticks closely to his job year after year, so a general scarcity of labor is scarcely felt by this industry.

According to a late report of the National Slate Association, the August production and shipment of slate by producers reporting, ran 31 per cent higher than the same month in 1921 and about the same as 1920. The eight months ending August, 1922, show about 10 per cent greater sales of slate than in 1921. Some delay in delivery of slate and cars at quarries for loading has been experienced on account of freight embargoes.

Railroad Equipment Shortage Slows Up Business; Unusual Amount of Traffic Contributes to Congestion

With the increase in coal production and the fall harvest shipments, the shortage of transportation facilities which was threatening for some time has now developed, and the task of business at present is to secure sufficient equipment to insure the prompt shipment of goods. This condition of the railroads, coming as it does at a time when the general business situation is showing a steady recovery cannot be other than a detriment.

During the past month there has developed a very considerable amount of congestion upon most of the railroads of the country. This is doubtless partly due to the disabilities caused by the strike and resulting impairment of motive power, and partly because of the heavy volume of traffic which is now being handled. Some of the carriers have resorted to extensive embargoes and in general the speed of movement has been greatly reduced. At the present writing it seems that the condition is slowly improving, but even if congestion is largely eliminated and if the volume of business continues to increase, shipments will be delayed on account of shortage of equipment and motive power.

Figures on freight loadings from January 1 to September 16 show that during that period in 1922 there

were 30,375,149 cars loaded and during the same period in 1921 there were 27,781,924 cars loaded. The increase in 1922 over 1921 has occurred despite the fact that in this year there were almost a million less cars loaded with coal than in the previous year. Of course, coal is now being loaded at about a normal rate, so that the coal loading of this year is beginning to catch up with that of last year.

On September 23 the railroads reported a shortage of 107,666 cars and a surplus of 11,292 cars. The great surpluses of cars reported during the past few months have now disappeared. In 1920, in which year there was an almost continual shortage of cars for the first eight or nine months, the highest figure of shortage reported was 147,309 cars.

On September 15 the carriers of the country reported a total of 304,548 cars unfit for service. This figure is lower than was reported prior to the shopmen's strike but it is possible that this may be as much due to the fact that inspection has been less rigid since July 1 as to any improvement in the rate of repair. Cars which were shopped for light repairs were continued in service during the strike, so it is doubtful at this time whether railroad equipment is in better condition than it was on July 1.

STATEMENT OF CONDITION FEDERAL RESERVE BANK OF CLEVELAND

Oct. 18, 1922

RESOURCES	In Thousands of Dollars	
Gold and gold certificates.....	\$ 13,814	
Gold settlement fund—F. R. Board.....	58,462	
Total gold held by bank	72,276	
Gold with Federal Reserve Agent.....	180,298	
Gold redemption fund.....	4,145	
Total gold reserves.....	256,719	
Legal tender notes, silver, etc.....	8,327	
TOTAL RESERVES.....		\$265,046
Bills discounted—Secured by U. S. Government obligations...	24,240	
Bills discounted—All other.....	18,144	
Bills bought in open market.....	35,864	
Total bills on hand.....	78,248	
U. S. bonds and notes.....	27,647	
U. S. Certificates of indebtedness—One year.....	3,000	
U. S. Certificates of indebtedness—All other.....	18,734	
TOTAL EARNING ASSETS.....		127,629
Bank premises.....		6,583
5% Redemption fund against F. R. Bank notes.....		239
Uncollected items.....		76,431
All other resources.....		1,060
TOTAL RESOURCES.....		476,988
LIABILITIES		
Capital paid in.....		11,689
Surplus		22,509
Deposits—Government.....	1,998	
Member Bank-Reserve accounts.....	151,350	
All other.....	951	
TOTAL DEPOSITS.....		154,299
F. R. notes in actual circulation.....		222,289
F. R. Bank notes in circulation—net liability.....		2,939
Deferred availability items.....		61,075
All other liabilities.....		2,188
TOTAL LIABILITIES.....		476,988

Ratio of total reserves to deposit and F. R. note liabilities combined = 70.4%
Compared with 71.4% last week.

FOURTH FEDERAL RESERVE DISTRICT

