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FEDERAL RESERVE BANK of CLEVELAND

D. C. Wills, Chairman of the Board

(COMPILED APRIL 20, 1923)

An Editorial

THE industrial machine continues to forge ahead. Several 1920 production records were broken last month, which indicates pretty plainly the rate at which business is traveling. The 1920 records were established by reason of demands which were neglected during the war; the present high peaks have been reached without this urge, and with comparatively little assistance from foreign trade.

The present progress of business is not tied down to a few particular lines; it is branching out in all directions. The iron and steel, building, and automotive industries are among the leaders.

There are plenty of jobs for those who want to work. Labor is, as a rule, efficient, though there are reports of employer and employe restlessness as the labor shortage becomes more evident. Wages are on the increase. This means more money to spend and more goods changing hands.

People are buying and they appear to be using good judgment in making their purchases. They are not turning a "blind eye" on those prices which have advanced.

Most buyers do not want super-inventories such as proved to be so burdensome a short time ago. Delivery of goods in some instances, is delayed on account of a shortage of raw materials, and bonuses are occasionally being offered to hasten it.

There is another angle, however, which must not be overlooked at this time. For the second time in as many months the tone of our correspondents' letters has been guarded. A general attitude of watchfulness is apparent as business shows a tendency to increase its speed. Also, that if prices advance to a much higher level, even though justified by advances in labor rates and other items entering into the cost of production, there may be resistance on the part of the public. However, this attitude of caution constitutes one of the reassuring elements if it is adhered to.

Summarizing, we believe that while business conditions today have all the elements of stability and a continued prosperity, caution is undoubtedly necessary. Some of the elements of the last period of undue expansion are lacking; others are following a striking parallel. Confidence tempered by caution is necessary if production, distribution, and consumption are to be held on a same level.

General Trend of Loans to Member Banks Is Upward As Business Expands; Acceptance Market Less Satisfactory

The loans of the Cleveland Federal Reserve Bank to member banks for the month ending April 20 showed considerable fluctuation. The total increases at the end of that period, however, amounted to slightly less than \$1,000,000 as compared with a \$20,000,000 gain for the previous month.

A year ago (on April 17, 1922) accommodations extended to city banks were approximately \$13,000,000 higher than on April 20 of this year and country bank borrowings were about \$6,000,000 higher.

The financing of spring farming operations is causing the customary demand upon country banks, but up to the present time this is not being reflected to any great extent on the Cleveland bank.

Reports from representative banks in the Fourth Federal Reserve District reflect a continuation of the gain in savings deposits which has been in evidence for several months. Deposits for the month of March as compared with March, 1922, showed a gain of 11 per cent. The increase for March over the preceding month was 0.7 per cent.

Throughout the month ending April 15 the acceptance market has been noticeably dull. Dealers' offerings were light and the demand was poor.

During the first part of this period, however, offerings to this bank by member banks were more substantial in volume than they had been for some time. Rates remained practically unchanged and did not appear to be attractive to investors. Some funds, no doubt, were diverted to the United States government securities market.

Bills offered in this market in order of their importance cover the following commodities:

- Wheat and other grains in storage.
- Canned goods in storage.
- Imports of woolen rags.
- Imports of coconut oil.
- Imports of paint.
- Storage of fabric.
- Storage of window glass.
- Imports of hides.
- Storage of sugar.
- Storage of crude rubber.
- Storage of coal.
- Imports of Japanese merchandise.
- Imports of rubber products.
- Imports of cotton goods.
- Imports of German books.
- Domestic shipments of tires.
- Imports of toys and dolls.

Conservative Attitude In Placing and Accepting New Iron and Steel Tonnage Is Looked Upon As Healthy Development; Steel Ingot Production Passes Previous High Record

Record-breaking production now attained by the mills and furnaces adequately expresses the present scope and intensity of the demand for iron and steel. The works now are functioning at the highest point of gross tonnage turned out that the country has ever known and still deliveries of material are as far extended as ever and the obligations of producers have not been reduced. Actually, in the face of the record output in March, unfilled bookings have increased. Under these conditions, a tapering off of new buying in recent weeks from the recent peak level, has been accepted complacently if not welcomed by producers. It is generally appreciated by both buyers and sellers that in view of the present prolonged deliveries by the mills which run from six to eight months in some lines, the speculative hazard in new commitments has been materially increased. Therefore, a more conservative attitude both in placing and in accepting new tonnage is looked upon as a healthy development. As it is, the volume of additional business from regular customers and under other circumstances where producers feel bound to accommodate it, is of considerable magnitude.

Steel ingot production in March was raised to approximately 3,890,000 tons compared with 3,840,000 tons in October, 1918, the previous high record, and

was at the annual rate of 44,780,000 tons. This latter total represents 3 per cent in excess of the largest calendar year's production in history which was in 1917. It compares with an annual rate of 42,230,000 tons in February.

Pig iron output in March as compiled by *Iron Trade Review* reached 3,521,902 tons which was larger than any previous calendar month. By daily average, however, it was a few tons less than in September, 1918. Furnaces in blast the end of March numbered 296, a gain of 18 compared with the corresponding date in February. Several additional furnaces have been blown in in recent weeks so that April is expected to establish a new record. The same thing applies to steel ingot production as the works are being driven at the highest possible rate permitted by labor supplies, transportation facilities, etc.

Tabulations of new business in March from those sources which are major factors in steel demand also show extraordinary exhibits. Freight car orders in March aggregated 42,499, the largest of any month in recent years and brought the total for the first three months of 1923 to more than 66,000. This is at a rate considerably ahead of the total in 1922 which

was the largest for any twelve months in 10 years. Locomotive builders at the end of March had the largest order books in their history. Equipment orders in April have been less heavy but the railroads have continued to buy steel liberally in various forms notably for bridge work, track betterments, etc. Building steel awards in March were the greatest in years, representing 95 per cent of shop capacity or the equivalent of 237,500 tons. Prolonged and uncertain deliveries of material, high labor costs, etc., are now affecting some curtailment of the initiation of new building work but the volume is still large. The automobile industry is constantly pressing steelmakers for a great tonnage to meet their remarkable production program and in instances it is paying high premium prices for early material. The oil industry is less active as a steel buyer. The demands for steel for miscellaneous manufacturing are on such a high plane that the mills find it difficult to supply material as wanted. Some reports of production programs of manufacturers being obstructed or cut into, are beginning to appear, particularly in the Chicago territory.

Pig iron producers as a result of the heavy buying movement in recent months have accumulated order books sufficient to take up their production at the present rate for four months on the average. At present, buying has quieted down somewhat but shipments are being called for by the steel plants, foundries, etc., on an increasing scale. Reduced coke prices have given buyers some hope of a lower iron market but apart from one or two soft spots, no concessions have developed and there is no weakness.

Reports from Manufacturers Show Heavy Production Schedules; Automotive Output Sets New High Mark

Automobiles—Another record in automobile production has been broken. The March production was the highest on record, exceeding by 64,006 cars and trucks the high production of last June according to the latest report of the Department of Commerce. Output of passenger cars increased from 254,650 in February, to 318,424 in March, and truck production increased from 21,815 in February to 34,593 in March. For the first quarter of the year the output stands at 872,565 vehicles or more than double the output during the same period last year. Were the present rate of production to be maintained the total output of passenger cars and trucks for this year would be approximately 3,500,000.

There seems to be greater care exercised in permitting sales agencies from over-stocking. One truck company is scrutinizing orders very carefully and usually requires the name of the customer to whom the truck is to be sold before they make shipment on the order.

It is reported that the closed car sales are averaging 50 per cent of the total production of passenger cars. Manufacturers of auto bodies are experiencing difficulty in securing sufficient plate glass for the fabricating of enclosed bodies.

Iron and steel prices generally have become more stabilized after a rather rapid ascent in March. This fact likewise is regarded as a favorable indication of restraint against inflation. *Iron Trade Review* composite of fourteen leading iron and steel products as of April 18 stood at \$47.15 per ton compared with \$45.31 in March, \$42.61 in February, and \$41.17 in January. A general advance of 11 per cent in iron and steel wages became effective April 16.

A recent report of the United States Steel Corporation shows that unfilled steel orders on March 31 were 7,403,000 tons, a gain of more than 119,000 tons over February, and the largest total business on hand since January, 1921. The following figures show total unfilled orders by months for the years 1920, 1921, 1922, and the first quarter of 1923:

	(000 Omitted)			
	1920	1921	1922	1923
January	9,285	7,573	4,241	6,911
February	9,502	6,933	4,141	7,284
March	9,892	6,284	4,494	7,403
April	10,359	5,845	5,097	....
May	10,940	5,482	5,254	....
June	10,978	5,117	5,635	....
July	11,118	4,830	5,776	....
August	10,805	4,531	5,950	....
September	10,374	4,560	6,692	....
October	9,836	4,286	6,902	....
November	9,021	4,250	6,840	....
December	8,148	4,268	6,745	....

The following table gives the total production for each of the last nine months, with the corresponding figures for the same months of the previous year. With few exceptions, the reports each month are from identical firms and include approximately 90 passenger car and 80 truck manufacturers.

AUTOMOBILE PRODUCTION

(Number of Machines)

	Passenger cars		Trucks	
	1922	1921	1922	1921
July	224,770	165,574	*21,837	10,766
August ...	*248,122	167,705	*24,467	13,080
September .	*187,661	144,669	*19,188	13,648
October ...	216,099	134,734	21,512	12,813
November .	*215,284	106,042	21,683	10,010
December .	*207,268	70,690	20,050	8,307
	1923	1922	1923	1922
January ..	223,706	81,693	*19,377	9,416
February ..	*254,650	109,171	*21,815	13,195
March	318,424	152,959	34,593	19,761

*Revised

Small Tools—The manufacture of small tools during March continues to record the same consistent gain over the previous month that has been noted since

last November. The gain in the number of customers' orders received has been even more marked than the gain in the sale in dollars, showing that the demand for goods is continuing to broaden. There also appears to be a change in the character of customers' requirements. The demand for production tools, or those used in the manufacturing of goods in large quantities, is becoming more urgent than heretofore.

Hardware—The demand for hardware and kindred lines is brisk. The gain in production in March over February was considerable. Manufacturers of builders' and shelf hardware, tools, wire goods, nails, wire, etc., are from three to five months behind on orders. Prices in all these lines have advanced on account of increased costs of material, labor, etc. Buyers are being very cautious and are apparently protecting themselves on inventories. With the coming of the warm spring days the labor shortage is becoming increasingly aggravated.

Brushes and Supplies—A large manufacturer states that their brush and supply division is continuing to run at capacity in most of the departments, although there has been some definite slackening of orders, particularly from jobbers and dealers. March business was the best since the middle of 1920.

Practically all raw materials are advancing considerably in cost, but little difficulty is being experienced in getting sufficient supplies beyond that incident to embargoes on freight lines and car shortage. Tampico fiber, a Mexican product used very extensively in the manufacture of common lines of brushes, is exceedingly scarce. This is due first, to the continued unsettled condition in Mexico; second, to the fact that European buyers have taken large quantities of material which was being prepared for American consumption; third, a very serious shortage in the material most generally used in the manufacture of rope and cordage has resulted in much tampico being purchased by the cordage manufacturers, thus advancing the market and making an absolute shortage for the brush industry.

Increased Consumption of Coal Reduces Stocks; Smaller Mines Close Down; Car Shortage Less Severe

The coal industry, as a whole, is showing a healthy amount of business. Large buyers of coal are reported to be optimistic as to the outlook and are contracting for a year in advance for their coal requirements. They are not overlooking the present labor shortage, however, or the tendency of some lines of industry to expand beyond normal requirements. Prices of various grades of soft coal F. O. B. mine, have fallen off and retail prices are also softer. Prices of Pocahontas coals have declined about \$2.00 per ton and coke about the same. There is a good demand for hard coal and prices remain quite firm.

The car shortage has been very acute on some railroads and has curtailed production in some instances to 15 or 20 per cent of capacity. While this condition is showing some improvement there is still quite

Moulding Machines—Moulding machines are moving surprisingly well. An analysis of the orders indicates that the buying is restricted to those concerns that have immediate need for equipment to take care of present production requirements.

Paint—All of the paint and varnish manufacturers are doing a very brisk and satisfactory business. The increase in volume seems general, not being confined to any particular line or lines. This applies to the industrial trade as well as to the dealers' trade, which is the over-the-counter business in the smaller as well as the larger towns.

Pottery—There is no new development in the pottery industry. The plants are nearly able to keep up with orders. As stated last month, factory expansion is contemplated. There is a belief in the trade that there is sufficient production if the trade could be educated to place their orders in advance as is done in the shoe, clothing, and other industries.

Glass—The demand for building glass is holding up to the strong demand of the last few months. Orders for glass at the present time are in excess of both production and shipments. The immediate effect of the purchase of two plate glass companies by the automobile interests is to give the latter a larger proportion of the plate glass production. This condition will be corrected through the new production which is being planned. The demand from the furniture manufacturers is abnormal and in excess of the demand during recent years.

Bags—Production in the bag industry is continuing at a very satisfactory rate, and is still showing improvement over a year ago. On the other hand, there has been some recession of merchandise values, and further indications of a lessening of buying demand.

Ranges and Cooking Appliances—Because of the large building program of hotels, hospital, and other institutions of a similar nature, the manufacturers of ranges and cooking appliances have been working their factories overtime.

a shortage of railroad equipment, and this uncertainty is causing miners and shippers of coal to hesitate in taking on obligations for a longer period than 30 or 60 days. In fact some of the coal companies have adopted the policy of making no contracts and are taking their chances on the market.

Coal producers believe that a 100 per cent car supply at this time would mean a greater production with no increase in consumption, which would mean coal selling below cost.

According to figures compiled by the Bureau of Census, Department of Commerce, and the Geological Survey, the estimated amount of bituminous coal in stock on March 1, 1922, was 52,500,000 tons. On April 1, 1922, there were at least 63,000,000 tons on hand. On February 1, 1923, the estimated amount

of bituminous coal on hand was 38,000,000 tons and on March 1, 1923, total stocks had declined to 36,000,000 tons, or two million tons less than on February 1, 1923.

An authority on the coal situation believes that consumption of coal continues to be greater than production and estimates stocks on hand on April 1, 1923, at 34,000,000 tons, or slightly more than one-half the amount on hand on April 1, 1922.

Assuming that the stocks were evenly divided, the supply on March 1 was sufficient to last 22 days, as compared with 24 days on February 1. Such assumption may be made for comparative purposes only, however, for actual stocks are never evenly divided.

Many users of coal are, at present, cleaning up their stocks, preparatory to laying in a supply later on.

Miners are leaving the pits for other employment where they can get steadier work—and in this way make more money, as two or three days' work per week at \$7.50 per day will not give them as good returns as steady work for six days at from 60 to 90 cents per hour.

The smaller mines known as "wagon mines," are closing down and within the last 90 days many mines in different parts of the country have stopped operations. This is due in part to the fact that the lake shipping season is not yet in full swing.

Production of bituminous coal for the week ending April 7 dropped below the 10,000,000 ton mark. The output is estimated at 9,725,000 net tons as com-

pared with 10,430,000 net tons for the preceding week.

Preliminary estimates indicate that the cumulative production in the present calendar year to April 7 was 148,867,000 net tons. The production during the corresponding periods of the six preceding years was as follows:

1917	142,452,000 net tons
1918	144,876,000 net tons
1919	118,054,000 net tons
1920	149,437,000 net tons
1921	109,288,000 net tons
1922	133,123,000 net tons

The observance of April 2 as a holiday at the anthracite mines was responsible for a complete suspension of work, and production declined sharply in the week ending April 7. The total output was estimated at 1,602,000 net tons, a decrease of 20 per cent over the week preceding when production was 2,008,000 net tons. The corresponding week in 1922 witnessed the outbreak of the miners' strike and production was but 9,000 tons.

The production of beehive coke during the week ending April 7 showed a gain of 39,000 net tons or 10 per cent over the week preceding. The total estimated output was 427,000 tons against 388,000 in the week before.

In March, production of by-product coke reached the unprecedented total of 3,256,000 net tons. This was 16 per cent greater than the February output and 5 per cent more than production in January.

Railroads Prepare for Peak Season; Expanding Business Tests Carrying Capacity; Service Better As Weather Moderates

Present indications point to an unusually heavy movement of railroad tonnage during the present year. While the position of the roads has shown a very marked improvement, however, the possibility of a growing car shortage with a consequent congestion of traffic is receiving the close consideration of railroad authorities.

The American Railway Association has gathered figures supporting the view that the rapid expansion of business may result in a car shortage later on in the year, and is taking such steps as it may to increase the capacity of our transportation facilities sufficiently to move prospective business as efficiently as possible. During the first two months and a half of this year the railroads have handled almost nine and one-half million carloads of freight as against considerably less than nine million cars in 1920, the heaviest previous year. At present the roads are putting their equipment in order so that they will be in the best possible condition to handle the peak of business which usually comes near the end of the summer months.

During the week ending March 31, the railroads of the country handled 938,725 carloads of revenue freight. This figure is only 7½ per cent less than the number of carloads handled during the heaviest week of 1922, and is an increase of over 21,000 cars as compared with the week of March 24 of this year. It is 117,000 cars more than the corresponding week of

1922, and 275,000 cars more than were handled during the week of March 31, 1921.

Notwithstanding the increase in the number of cars of freight handled, there was a reduction in the shortage of cars during the past month. On February 28, there was a total shortage of 80,633 cars, whereas on March 31 the shortage was 68,986 cars and on March 22, 71,443. This perhaps indicates more efficient service now than in February, and such an increase in efficiency should be expected as the weather moderates.

It is still impossible to ship to certain sections of New England via normal routes and interests in this territory have found their business with those parts of the country seriously curtailed. All of the New England lines state that their conditions is gradually improving and most of them are now in a position to accept freight.

Shipments of railroad locomotives from the principal manufacturing plants increased to 282 in March as compared with 207 in February and 39 in March, 1922. This is the highest number since December, 1920, according to figures published by the Department of Commerce from compilations of the Bureau of Census. Unfilled orders continued to increase and made a new high record at 2,316 locomotives, an increase of 96 during the month. Unfilled foreign orders increased for the first time since last October.

Late Spring Holds Back Demand for Oil; Increasing Production and Shipments From California to the East Bring Price Reductions; Gasoline Stocks Over One Billion Gallons

An increasing realization of the possibilities for crude oil production in California, together with the late spring which is holding back motoring over most of the country, is responsible for the decline in crude prices in various fields and the general softness of the crude market everywhere.

Starting April 5 with a cut of 20 cents in Mexia crude, other declines followed throughout the month. In California, high-gravity gasoline content crudes were reduced around 40 cents a barrel. Later Pennsylvania oils were cut 25 cents and other eastern and middle western crudes from 10 to 35 cents a barrel. Smackover oil was cut 10 cents and even the price in the new Kevin-Sunburst field in Montana was reduced 10 cents.

Mid-Continent prices have not been affected as yet, but the condition of the market there is the chief topic of discussion with arguments on both sides. It is generally conceded that the fluctuating production in Mexico exerted its effect on the Mid-Continent market, so it seems natural that the building up of a great crude surplus in California must exert considerable influence. It is possible, however, that the delayed spring demand may come quickly enough to steady the situation.

Eastern refining centers particularly are feeling the effect of the surplus California production, it is reported to *National Petroleum News*.

Considerably better than 100,000 barrels a day of this high grade California crude are being shipped through the Panama Canal at present and delivered to Atlantic Coast refineries at a price not much over \$2 a barrel. These plants are, consequently, using less and less eastern crude, which is bringing about \$4 at the well. This amount of California crude brought east is constantly increasing, the only limitation on the amount which can be so handled being the number of tankers available for this service.

Interior eastern refineries, therefore, are competing

for their market with products manufactured from cheaper California crude and the present situation is giving them much concern. Gasoline manufactured from California crude is being sold as far west from the Atlantic Coast as Buffalo at present and is expected to extend further west before the season is well advanced.

A production analyst on *National Petroleum News* editorial staff, sent to California to study the situation there, believes it is possible that production may reach as high as a million barrels a day. At present total output there is 725,000 barrels and that could be increased considerably were facilities available to handle the oil. That is double the output of a year ago. The new fields which have brought about this increase give every sign of remaining prolific producers for a long time to come, turning out more oil by far than can be consumed on the Pacific Coast.

In the meantime Mid-Continent production itself is increasing by a few thousand barrels daily for each week, and production in other fields is at least holding up to past levels.

The conditions which have arisen as a result of surplus production are naturally bringing about some readjustments. Such readjustments, however, are not considered by those in close touch with the situation as signs of weakness in the business generally, but rather as changes to conform with an over-production, the extent of which, at least, was not anticipated.

The Government report of refinery operations for January shows the gasoline output in that month was 623,823,337 gallons, thus establishing a new record for the industry. Stocks were increased 119,000,000 gallons, bringing the total stocks on hand at the end of January up to 1,002,857,273 gallons. Stocks of kerosene were reduced about 6,000,000 gallons during the month and those of gas and fuel oil about 35,000,000 gallons, but reserves of lubricating oil rose about 5,000,000 gallons.

The Delivery of the 1922 Burley Tobacco Crop Complete; Favorable Prices Likely To Increase Acreage; Indications Are for About Three-Fourths Wheat Crop In Ohio; Farm Wages Higher; Value of Livestock Shipped from Ohio Farms in 1922 Totals More Than \$70,000,000

The deliveries of the 1922 crop both to the Burley Tobacco Growers' Cooperative Association and the independent loose leaf warehouses have now been completed. The growers' association has received about 195 million pounds of the 1922 crop and approximately two-thirds of the tobacco which it controls has been sold. Of the previous crop the Burley association handled about 120 million pounds and it will be recalled that a considerable proportion of this amount was not sold by the association until the latter part of last year. A little over 50 million pounds of Burley

tobacco of the 1922 crop have been sold for farmers through independent warehouses in Kentucky at an average of a little over \$28.00 a hundred. Since the association's sales are pooled for the entire season, no definite prices have been reported for the association's tobacco up to the present time.

The favorable prices which have been received for last year's crop will likely increase the acreage devoted to Burley tobacco this year. Just what the outcome will be remains to be seen. The association's management is calling the attention of its members to

the fact that supply and demand conditions govern prices and that over-production should be avoided on that account. This, no doubt, is having a beneficial effect in giving the growers a better appreciation of the real problems involved in tobacco marketing, and should aid in preventing a large over-production. Of course, weather conditions during the growing season will exercise much influence over the yield that is finally obtained.

Reports coming from the Dark Tobacco Growers' Cooperative Association, which is serving tobacco growers in western Kentucky and Tennessee, indicate that the organization is making satisfactory progress in the handling of its first season's business. A recent report indicates that a second payment will soon be made to the members who have delivered the one sucker type of tobacco, which is grown mainly in the Bowling Green section.

The Legislature of Kentucky in 1922 enacted a cooperative marketing law providing for the incorporation of cooperative marketing associations and setting forth their principal features and powers. The tobacco marketing associations and some of the other cooperative marketing developments in Kentucky are incorporated under this law. The Act is very similar in form to that adopted in North Carolina and a number of other states. Those interested in cooperative marketing in Kentucky have noted with interest a recent decision of the Supreme Court in North Carolina upholding the constitutionality of the Cooperative Marketing Act in that state.

The Ohio Department of Agriculture reports that the conditions in winter wheat in Ohio are 10 points below a year ago. In actual figures this year's percentage is 77, a year ago it was 87, and the 10-year average is 86. The estimated acreage sown this year is 2,516,000 acres. Rye shows a condition of 85 per cent. The condition of winter wheat taking the United States as a whole, is 3 points less than a year ago and 9 points under the 10-year average for the first of April.

The Pennsylvania Department of Agriculture says that the average condition of winter wheat on April 1 for the state of Pennsylvania was 87 per cent of normal, as compared with 93 per cent a year ago. Owing to the severe drought prevailing last fall, the grain made little growth. The winter was rather favorable as there was an average of eight weeks of snow protection, but the weather around the first of April was very cold, and with high wind and bare ground, the effect was detrimental. The condition of rye on April 1 was 91 per cent of normal, compared with 95 per cent a year ago.

On the subject of farm labor, the same department reports show that 20 per cent of the farmers of Pennsylvania are unable to get the male farm help that they

desire and need, compared with 3 per cent one year ago and 37 per cent three years ago. The manufacturing, mining, and many other industries of the state are working much larger forces than one year ago, and on fuller time; this accounts for the scarcity of farm help. The farmers claim, and probably justly so, that under present conditions they cannot compete with other industries in wages. The result of this condition is that the other industries get the help and the farmer helps himself.

The Ohio Department of Agriculture states that the average wage for farm hands this year is \$40.00 per month which is \$2.00 higher than a year ago. In addition a helper on the farm is ordinarily given board and room, so that his wages are in fact equivalent to from \$70.00 to \$80.00 a month. There is a decided shortage of farm labor in all parts of the state, and this shortage is felt most acutely around the large cities.

There are apparently only about three men for every four or five farm jobs in the state. From all parts of the state come complaints on shortage of labor. Shortage is especially severe in the eastern and northeastern sections of the state and around large cities in other parts of the state.

The Ohio Department of Agriculture has prepared some very interesting data on livestock shipments in Ohio which we believe will be of interest to our readers.

Ohio farmers sold in 1922 \$70,000,000 worth of livestock which was shipped to the public stockyards in the larger cities. This estimate is based on a compilation made in each city to which Ohio livestock is shipped except at Buffalo, where complete figures have not been compiled. However, an estimate of the value of all livestock arriving at the Buffalo market is included in the \$70,000,000 total. Of these shipments 2,432,000 were hogs, 636,000 sheep, 222,000 cattle and 240,000 calves. The figures are for shipments from the country and do not include re-shipments from other stockyards. Cleveland received the greatest number of animals from Ohio farms though the total receipts from all states at Cincinnati were larger than at Cleveland.

Of hogs, 900,000 were sent to Cleveland, 666,000 to Pittsburgh, and 365,000 head to Cincinnati from the farms of Ohio. Dayton, Fostoria, Marion, and Toledo each received from 75,000 to 100,000 during the year.

Cleveland received 63,000 cattle from Ohio farms and 110,000 calves last year, Cincinnati received 48,000 cattle and 47,000 calves, and Pittsburgh, 45,000 cattle and 57,000 calves.

Of Ohio's sheep and lambs, Cleveland received 320,000 or more than half of the state total of 636,000. Pittsburgh received 197,000 during the year. Cincinnati received a grand total of 344,000 sheep and lambs from all states but only 66,000 came from Ohio, the rest coming largely from Kentucky and Tennessee.

Farm Implement and Tractor Manufacturers Increase Production as Demand Improves; Orders for Harvesting Machinery Heaviest in Several Years; Trade Feels Shortage of Goods

An impressive feature of the past month's implement and tractor trade has been the pronounced shortage of

goods, which is affecting all types of machines. In some instances the Southern farmer, who comes into

the market for his machinery earlier than his Northern brother, has been a heavy early buyer, and this makes the shortage more pronounced for the later Northern trade. Implement manufacturers decide their production schedules during the fall and early winter months, taking into consideration the orders received from dealers with allowances for variations due to climatic and other conditions. Last fall there was little to indicate that farmer buying would assume its present proportions, and manufacturing schedules were too conservative. As an illustration of present buying, one company which does considerable business in the southern territory, tripled its original estimates on the belief that southern prosperity would result in more orders than were then apparent, but even then this company could have sold at least sixty per cent more goods than it did.

The Chilton Tractor Journal estimates that the whole industry is on about a 70 per cent production basis. Labor conditions and the steel situation are retarding present schedules, although some relief with reference to goods for the late summer and fall trade is expected.

One Fourth District manufacturing company during twenty-four days of the last month received more inquiries regarding its products than in the previous twenty-four months. Seventy per cent of these inquiries resulted in sales. Orders for harvesting machinery are the heaviest in several years, and there are indications that there will be a shortage of binders, on which buying has been particularly light for five years.

Tractor sales are improving and the leading companies are increasing production. One company has a production of 400 tractors a day, another, 100 a day, and several which have been doing little for two years are coming back strong.

In spite of the fact that business in the implement and tractor fields is more satisfactory than it has been for several years, the industry is suffering from an erroneous psychological condition which has existed

since the war period. At that time price advances on various lines of implements were less rapid than those of comparative products. The result was that during the period of 1920 when prices in other lines were declining, manufacturers were compelled to raise their prices in the face of the general downward movement. This action brought about a cessation of buying on the part of the farmer. With heavy inventories on hand, the makers were finally obliged to unload regardless of cost, and the sacrifice prices were accepted in the light of belated declines. Consequently, when the farmer's position again enabled him to buy machinery, the manufacturers, remembering their past experiences, hesitated to advance prices to a point where operations might be profitable. However, the psychology of the situation is improving as the need for new equipment grows, and price advances have been made to the point where manufacturers are able to operate at a narrow margin. Some of the companies have made their second announcement of advances, and it is quite generally expected that more will follow.

Manufacturers say that the farmer's attitude on the question of power farming is favorable and that he is willing to make substantial purchases. Higher wages in industrial centers are drawing labor away from the farms, and this automatically increases the demand for power farming machinery. The need for farm labor, however, does not reach its peak until later in the season when the harvesting of crops gets under way.

An unfavorable factor in the present outlook is the late report of the Department of Agriculture which shows a less satisfactory condition of the wheat crop due to unseasonable weather. The report, however, goes on to state that even though the crop is less, its value will be greater.

So far the orders for new equipment seem to have had little effect on the replacement business. The farmers did quite a lot of repair work in the past few years and evidently at least a part of them are still following this course.

Rubber Production Continues Heavy; New Production Facilities Are Planned; Mechanical Goods Business Active

Rubber factories are continuing operations at the rapid pace which was set a month ago. An increase in production in certain lines during March is reported, but the general belief is that production is holding fairly steady at its present rate.

This high output is taking up practically all available space and equipment in many of the factories, and in some instances new production facilities are being provided.

Tire prices this spring have advanced on an average of from 10 to 12 per cent. The advancing prices have influenced dealers to stock heavily with the result that stocks are considerably larger than those

carried a year ago. The heavy production programs, however, are being based upon the assumption that the demand and consumption of tires will be greater during the next four or five months than for the corresponding period of last year.

Allowing for seasonal fluctuations the mechanical rubber goods business does not show special activity in any particular line. The season for rubber footwear is practically over, but orders for future delivery are sufficient to keep footwear departments fairly active. The same is true of hot water bottles. Lines of sporting goods, hose, and belting are showing a considerable amount of activity.

TIRE AND TUBE PRODUCTION FIGURES

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

"Production" and "Shipment" figures cover the entire month for which report is made. "Inventory" is reported as of the last day of each month. "Inventory" includes tires and tubes constituting domestic stock in factory and in transit to, or at, warehouses, branches (if any), or in possession of dealers on consignment basis, and as a total represents all tires and tubes still owned by manufacturers as a domestic stock.

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

PNEUMATIC CASINGS

Month	No. Mfrs.			
	Reporting	Inventory	Production	Shipments
January, 1922 ..	66	4,174,216	2,055,134	1,596,806
February, 1922 ..	66	4,691,329	2,084,308	1,562,365
March, 1922	63	5,183,286	2,645,790	2,073,963
April, 1922	65	5,464,336	2,401,187	2,086,651
May, 1922	65	5,523,095	2,721,503	2,639,273
June, 1922	64	5,042,147	2,838,890	3,133,260
July, 1922	63	4,834,106	2,476,636	2,695,095
August, 1922 ...	63	4,629,392	2,905,209	3,029,823
September, 1922 .	64	4,612,037	2,504,744	2,502,106
October, 1922 ..	64	4,682,958	2,674,662	2,588,770
November, 1922 .	62	4,964,976	2,733,134	2,379,708
December, 1922 .	59	4,599,208	2,656,942	2,934,079
January, 1923 ..	62	4,695,916	3,127,270	2,994,297
February, 1923...	60	5,224,387	3,217,987	2,588,639

INNER TUBES

Month	No. Mfrs.			
	Reporting	Inventory	Production	Shipments
January, 1922	66	5,246,647	2,343,393	1,889,724
February, 1922	65	6,141,956	2,596,774	1,702,583
March, 1922	63	6,991,118	3,017,511	2,090,737
April, 1922	65	7,230,096	2,650,573	2,329,343
May, 1922	65	7,189,552	2,970,696	2,938,947
June, 1922	64	6,186,534	3,130,629	3,973,679
July, 1922	63	5,675,839	3,068,199	3,630,744
August, 1922	63	5,207,228	3,808,224	4,220,055
September, 1922	64	5,164,757	3,501,442	3,558,791
October, 1922	64	5,488,033	3,787,758	3,420,680
November, 1922	61	6,210,053	3,850,908	3,075,023
December, 1922	59	5,732,125	3,411,074	3,825,949
January, 1923	62	5,838,310	3,951,885	3,748,651
February, 1923	60	6,771,958	4,039,202	3,001,697

SOLID TIRES

Month	No. Mfrs.			
	Reporting	Inventory	Production	Shipments
January, 1922	10	181,769	40,224	33,294
February, 1922	11	183,448	39,492	36,805
March, 1922	11	182,197	49,433	48,350
April, 1922	11	173,748	46,664	52,309
May, 1922	11	170,904	57,640	60,711
June, 1922	11	169,808	66,089	63,408
July, 1922	11	176,375	71,505	60,425
August, 1922	11	189,698	84,313	69,435
September, 1922	11	200,016	82,767	66,797
October, 1922	11	213,942	85,480	71,275
November, 1922	11	234,684	85,775	61,466
December, 1922	11	244,061	77,221	64,570
January, 1923	11	262,462	83,343	60,611
February, 1923	11	270,191	75,457	63,394

Building Makes New Record; High Costs Cause Builders to Think Twice Before Going Ahead

In March the building industry took its place in the front rank with those industries which lately have been making new and surprising records. The unusual volume of building in March is the more remarkable in view of the fact that heavy building operations have been carried on for more than two years.

The spring months as usual are bringing about many new operations, and structures which were started during the fall and winter are progressing more rapidly as the weather improves.

In spite of this rapid progress, however, there is increasing evidence that prospective builders are thinking twice before going ahead with new operations, due to rising costs. Reports from architects verify this statement. They say that after plans are figured, owners are asking that they be laid aside in the hope of lower estimates.

Wage adjustments for this year are now being carried out. In Cleveland they are practically completed, thus insuring peaceable conditions on May 1 which was formerly the time for settlement. These adjustments

have been on a uniformly higher basis than last year, this basis being a 15 to 20 per cent increase.

A labor shortage, both skilled and unskilled, is reported in various building trades, being influenced largely by the competition of other lines of industry.

The total value of permits issued in the suburbs outside of Cleveland, for the first quarter of this year, was \$8,798,929.00 compared with \$4,916,555.00 for last year and \$2,889,963.00 for the same period in 1921. The totals for the city proper aggregated 2970 permits at an estimated valuation of \$14,438,175.00 in comparison with 2304 permits for the first three months of last year at a valuation of \$5,157,590.00. Of course the increased cost at the present time must be given due consideration in analyzing these figures.

The total value of the building operations permitted for at 155 leading cities as reported to *Bradstreet's* was \$372,117,555.00 as against \$217,945,384.00 at the identical cities for February, and \$240,002,830.00 as compared with March a year ago. This is a gain of 70.7 per cent over February and of 55 per cent over March last year.

Lumber Mills Running Practically Full Time; Labor Shortage Reported; Late Spring Retards Deliveries

With the improvement of weather conditions, mills as a whole are working as close to capacity as the labor situation will permit. They are running practically full time and about the only factor hindering increased production is the labor shortage and it is being met to some extent by advanced wages. For several weeks, however, operations have been carried on under the handicap of excessive rains, especially at southern points, which factor has caused considerable delay. Some delay on account of car shortage is also reported. During the past four weeks there has been a shortage of cars at shipping points in both the south and west, but the situation has been relieved to some extent and shipments are gradually working toward normal again. The advanced prices have encouraged small operators to enter the field and this is increasing the large scale production.

The *National Lumber Trade Barometer*, reflecting the production, orders, and shipments of eight manufacturing associations, including The Southern Pine Association, the The West Coast Lumberman's Association, The Western Pine Manufacturers Association, The California White and Sugar Pine Association, The California Redwood Association, The North Carolina Pine Association, The Northern Hemlock and Hardwood Manufacturers Association, and The Northern Pine Manufacturers Association, shows orders as 10 per cent below normal, production at normal and shipments 8 per cent above normal. This is for the week ending April 6, 1923, and is practically the same as the report of March 30. It shows, however, a falling off in orders from the report of March 23, which indicated orders as 3 per cent above normal while production

and shipments were about the same as those reported for April 6.

Stocks at the mills naturally vary and are heavy on some items and short on others. They have not fully recovered from the condition in which the mills found themselves, owing to the heavy demand in the winter season.

Stocks at consuming points for the most part are heavy. The general impression is that the retail yards are carrying large and well assorted stocks. A considerable part of these has been sold but not delivered on account of the late spring, but with the coming of good weather, deliveries to building contractors are being made, with consequent replenishing of the retail yard stocks.

In the city of Cleveland and in the Fourth District, generally, the following kinds of lumber are used largely:

For framing: yellow pine, norway pine, and hemlock.

For sheathing: yellow pine, white pine, spruce, and hemlock.

For siding: red cedar and redwood.

For flooring: oak, maple, and yellow pine.

For finish: birch, oak, and yellow pine.

For shingles: red cedar.

In those instances where construction work has not progressed far enough to require the use of the better grades of lumber which are usually put into a building last, the items mostly in demand are joist, scantling, and sheathing.

Lumber prices have been showing a gradual upward trend.

Advancing Sugar Prices Create No Unusual Demand; Prospects for a Good Canning Season^o Are Bright

In the wholesale grocery business, reports show very little change from those conditions existing a month ago. There is a fair demand for the general line of groceries and collections are good. While prices have been showing some advances the trade is not showing a tendency to stock beyond normal requirements. Sugar prices have been moving upward but up to this time no unusual demand has been created. The canning season, however, is not yet under way.

There has been a campaign for the purpose of urging the corn canners to use more sugar as it is the opinion of the trade very generally that if the canner would pack a better grade of corn and use more sugar in its preparation, the consumption would be increased very materially. Canners are watching the advancing sugar prices and considering the effect they will have upon this movement and also upon the trade in general.

Canned goods are being moved in a fair way and some items are getting very low.

Prospects for a successful canning season are good, although they are dependent in large part upon crop conditions.

Packers are having some difficulty in securing the usual amount of acreage from the growers, but for the most part the customary acreage will be contracted for at advanced prices. The reports are that tomato acreage in the tri-states section is difficult to get that the final acreage will be less than usual, owing to a labor shortage and increased prices.

The following report shows the trend of various items in the wholesale grocery business.

Coffee and Tea—Coffee and package tea sales are good. Bulk teas not moving so well.

Canned Goods—Prices on a great many items moving higher. Some lines are becoming difficult to obtain for stocks are lower than at this time a year ago.

Pickles—The demand has been good. Warm weather increases demand.

Sauerkraut—Canned kraut is good demand. Poor demand for bulk kraut.

Cheese—June and September cheese for 1922 very scarce. Prices holding firm. New cheese more plenti-

ful. Prices on this grade are easing off.

Fish—Good demand for all varieties.

Candy—Sales increasing.

Olives—Sales good. Prices higher.

Preserves—Moving slowly.

Soap—Good demand. Prices moving higher.

Tobacco—No particular change since last month when sales were reported to be normal.

Cigars and Cigarettes—Business in these items continues to be very good.

Better Banking Under the Federal Reserve System

The First Part of this Story Was Published in the April Number of the Monthly Business Review

Loans on Government Bonds

Suppose, again, that the borrower is anyone who owns a United States Government bond or note, and puts it up at his bank as security for a loan. Such borrowings from member banks, whether large or small, can be borrowed upon by the member banks at their Federal Reserve Banks if they are within ninety days of falling due. It was loans of this sort, rediscounted at the Federal Reserve Banks, that enabled millions of people throughout the United States to subscribe to the Liberty and Victory loans.

How One District Helps Another District

Just such reasons as prompted the Austin member bank to borrow from its Federal Reserve Bank, sometimes cause a Federal Reserve Bank itself to borrow. Borrowings by many member banks, representing loans that they have already made to their customers, sometimes draw down the reservoir to such a point that it must be replenished if the Federal Reserve Bank is to continue to lend.

This country is so vast that one section of it is apt to have credit to spare when another section needs credit. All that is necessary is a quick and easy means for bringing them together. The Federal Reserve system furnishes the means and has often used it. A Federal Reserve Bank renews its power to lend by borrowing from another Federal Reserve Bank in a district where the demand for credit is smaller. It puts up as security the notes upon which it has lent to its member banks. In other words, one of the twelve reservoirs in the country-wide system pipes in some of the surplus credit from one or more of the other reservoirs and so renews its power to lend.

Industry and Agriculture Cooperate

This is the kind of beneficial cooperation between agricultural and industrial districts that actually took place in the difficult years of 1920 and 1921. At times, when agricultural districts such as Richmond, Atlanta, St. Louis, Minneapolis, Kansas City or Dallas, having received large amounts of money in payment for their crops, had surplus credit, they lent it to industrial districts which were in need of it. At other times, when the situation changed and industrial districts such as Cleveland, Boston, New York or Philadelphia, having received payment for goods, had surplus credit, they lent it to agricultural districts.

Thus an individual in need of money may borrow from the member bank, and the member bank may borrow from the Federal Reserve Bank, and the Federal Reserve Bank, in turn, may borrow from other Federal Reserve Banks. The twelve Federal Reserve Banks, taken together, form our ultimate reservoir of credit. Though their resources are very great they are not unlimited, and in times of extraordinary credit demand it is to the interest of everyone to make sure that the reservoir is not drawn down so low as to impair its continued usefulness.

The Power to Issue Currency

Very closely connected with the power of the Federal Reserve Banks to lend is their power to issue currency—Federal Reserve notes. The power to lend, taken by itself, would be of far less value if the power to issue currency did not go with it. Just as the customer who makes a loan at his bank may need to draw out part or all of it in currency, so a member bank in making a loan at a Federal Reserve Bank may need to draw out part or all of it in currency. The power to issue currency insures to everyone who has a deposit in a solvent bank the ability to draw it out in currency. That explains why this country never again need have a money panic such as that of 1907; explains, indeed, why there was no suggestion of a money panic in the difficult months of 1920.

What Stands Behind Federal Reserve Notes

Look at a five-dollar bill bearing the portrait of Lincoln. On its face it says that it is an obligation of the United States; on its back that it is redeemable in gold at the Treasury in Washington. Federal Reserve notes are also redeemed in gold at any Federal Reserve Bank.

Each Federal Reserve Bank is required by law to set aside security, dollar for dollar, against the notes it issues. The security may be either gold, or borrowers' paper very shortly to be paid, representing either loans for the production or distribution of goods and farm products, or loans to holders of United States Government securities. The gold which the law requires a Federal Reserve Bank to maintain as a reserve against its notes must always be at least forty per cent of the amount of its notes in circulation.

(To be Continued)

Debits to Individual Accounts

	Week Ending Apr. 18, 1923 (325 Banks)	Week Ending Mar. 21, 1923 (325 Banks)	Increase or Amount	Decrease Per Cent	Week Ending Apr. 19, 1922 (326 Banks)	Increase or Amount	Decrease Per Cent
Akron	\$ 17,970,000	\$14,887,000	\$ 3,083,000	20.7	\$ 12,367,000	\$ 5,603,000	45.3
Butler, Pa.	2,682,000	2,411,000	271,000	11.2	2,158,000	524,000	24.3
Canton	11,034,000	10,463,000	571,000	5.5	7,550,000	3,484,000	46.1
Cincinnati	90,154,000	92,602,000	-2,448,000	-2.6	67,296,000	22,858,000	34.0
Cleveland	151,873,000	144,305,000	7,568,000	5.2	117,522,000	34,351,000	29.2
Columbus	39,605,000	32,159,000	7,446,000	23.2	30,206,000	9,399,000	31.1
Connellsville	1,409,000	1,315,000	94,000	7.1	1,024,000	385,000	37.6
Dayton	17,342,000	18,161,000	-819,000	-4.5	12,683,000	4,659,000	36.7
Erie	7,632,000	7,261,000	371,000	5.1	5,565,000	2,067,000	37.1
Greensburg	5,145,000	6,088,000	-943,000	-15.5	5,133,000	12,000	0.2
Homestead	808,000	831,000	-23,000	-2.8	629,000	179,000	28.5
Lexington	6,648,000	8,046,000	-1,398,000	-17.4	4,378,000	2,270,000	51.9
Lima	4,021,000	4,164,000	-143,000	-3.4	2,878,000	1,143,000	39.7
Lorain	1,405,000	1,289,000	116,000	9.0	1,217,000	188,000	15.4
Middletown*	2,300,000	2,727,000	-427,000	-15.7	.....	.....	.....
New Brighton	2,920,000	2,107,000	813,000	38.6	1,597,000	1,323,000	82.8
Oil City	3,532,000	3,372,000	160,000	4.7	2,525,000	1,007,000	39.9
Pittsburgh	198,645,000	193,369,000	5,276,000	2.7	152,467,000	46,178,000	30.3
Springfield	5,545,000	4,705,000	840,000	17.9	4,194,000	1,351,000	32.2
Toledo	49,382,000	39,797,000	9,585,000	24.1	34,591,000	14,791,000	42.8
Warren, O.	3,924,000	3,086,000	838,000	27.2	2,595,000	1,329,000	51.2
Wheeling	12,255,000	10,296,000	1,959,000	19.0	8,127,000	4,128,000	50.8
Youngstown	14,556,000	10,756,000	3,800,000	35.3	9,093,000	5,463,000	60.1
Zanesville	3,342,000	3,798,000	-456,000	-12.0	2,443,000	899,000	36.8
Total	\$654,129,000	\$617,995,000	\$36,134,000	5.8	\$488,238,000	\$163,591,000	33.5

*Debits for Corresponding Period 1922 not available.

Comparative Statement of Selected Member Banks in Fourth District

	April 11, 1923 (84 Banks)	March 14, 1923 (84 Banks)	Increase	Decrease
Loans and Discounts secured by U. S. Government obligations	\$ 31,896,000	\$ 32,746,000	.....	\$ 850,000
Loans and Discounts secured by other stocks and bonds	379,514,000	379,172,000	342,000	.....
Loans and Discounts, all other	684,167,000	668,809,000	15,358,000	.....
U. S. Pre-War Bonds	47,967,000	48,001,000	.....	34,000
U. S. Liberty Bonds	119,147,000	121,585,000	.....	2,438,000
U. S. Treasury Bonds	8,195,000	8,816,000	.....	621,000
U. S. Victory Notes and Treasury Notes	57,024,000	58,131,000	.....	1,107,000
U. S. Certificates of Indebtedness	15,727,000	9,683,000	6,044,000	.....
Other Bonds, Stocks, and Securities	288,240,000	287,014,000	1,226,000	.....
Total Loans, Discounts, and Investments	1,631,877,000	1,613,957,000	17,920,000	.....
Reserve with Federal Reserve Bank	111,245,000	112,109,000	.....	864,000
Cash in Vault	30,779,000	30,572,000	207,000	.....
Net Demand Deposits	918,877,000	935,499,000	.....	16,622,000
Time Deposits	547,826,000	551,839,000	.....	4,013,000
Government Deposits	24,539,000	4,892,000	19,647,000	.....
Total Reserves on date of this report	2,064,737,000	2,051,699,000	13,038,000	.....

Wholesale Trade

Percentage Increase (or Decrease) in Net Sales During March, 1923, as Compared with February, 1923, and March, 1922

	Dry Goods	Hardware	Drugs	Groceries
Net Sales (selling price) during March, 1923, compared with February, 1923	17.5	21.7	9.6	14.4
Net Sales (selling price) during March, 1923, compared with March, 1922	33.7	37.5	14.8	7.4

Department Store Sales

	Cleve-land	Pitts-burgh	Cincin-nati	Akron	Can-ton	Colum-bus	Day-ton	Toledo	Youngs-town	Dis-tract
Percentage of net sales (selling price) during March, 1923, over net sales (selling price) during same month last year	35.6	34.3	22.0	31.5	50.9	30.2	28.9	36.7	52.5	33.5
Percentage of net sales (selling price) from January 1, 1923, to March 31, 1923, over net sales (selling price) during same period last year	24.1	26.7	11.8	21.4	32.6	19.6	17.3	23.9	43.8	23.8
Percentage of stocks at close of March, 1923, over stocks at close of same month last year	12.4	6.7	-6.6	9.3	1.7	15.0	14.4	8.5	13.4	7.9
Percentage of stocks at close of March, 1923, over stocks at close of February, 1923.	8.3	10.6	8.2	6.9	8.0	7.3	7.1	6.7	12.3	9.1
Percentage of average stocks at close of each month this season (commencing with January 1, 1923) to average monthly net sales during the same period	355.2	344.2	468.9	402.9	702.6	414.8	395.6	466.8	280.0	379.2
Percentage of outstanding orders (cost) at close of March, 1923, to total purchases (cost) during the calendar year, 1922.	8.6	10.1	10.2	10.4	11.2	6.6	8.9	6.6	8.3	9.3

Building Operations for Month of March, 1923-1922

	Permits Issued				Valuation				Increase or Decrease	
	New Construction	Alterations	New Construction	Alterations	New Construction	Alterations	Increase or Decrease	Amount	Per Cent	
	1923	1922	1923	1922	1923	1922	1923	1922		
Akron	245	139	70	77	\$ 403,135	\$ 184,215	\$ 393,985	\$ 52,196	\$ 560,709	237.2
Canton	198	117	77	74	605,098	1,727,660	205,265	34,560	-951,857	-54.0
Cincinnati	494	390	323	281	2,625,610	2,210,785	450,240	266,300	598,765	24.2
Cleveland*	896	678	1,149	954	7,687,977	4,156,795	1,140,890	432,250	4,239,822	92.4
Columbus	607	449	146	173	2,115,530	1,169,910	161,470	124,590	982,500	75.9
Dayton	405	204	126	110	1,669,427	568,132	60,903	447,396	714,802	70.4
Erie	131	127	52	60	414,244	182,065	57,065	57,828	231,416	96.5
Lexington	63	60	40	38	124,717	90,260	62,320	37,805	58,972	46.0
Pittsburgh	581	540	107	153	2,817,039	3,250,223	133,349	220,262	-520,097	-15.0
Springfield	102	72	22	22	182,200	85,970	7,230	9,583	93,877	98.2
Toledo	338	221	173	209	1,562,815	714,380	215,850	155,600	908,685	104.4
Wheeling	78	44	54	43	412,465	313,347	41,059	19,906	120,271	36.1
Youngstown	173	83	36	34	469,730	149,305	54,275	26,640	348,060	197.8
Total	4,311	3,124	2,375	2,228	\$21,089,987	\$14,803,047	\$2,983,901	\$1,884,916	\$7,385,925	44.3

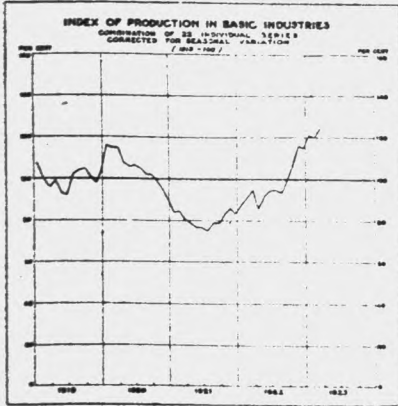
*Includes figures for East Cleveland, Lakewood, Cleveland Heights, and Shaker Heights.

Movement of Livestock at Principal Centers in Fourth Federal Reserve District for the Month of March, 1923-1922

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1923	1922	1923	1922	1923	1922	1923	1922	1923	1922
Cincinnati	15,765	18,865	114,378	103,126	2,509	7,808	15,804	17,092	1,546	1,634
Cleveland	9,992	10,197	106,085	96,828	14,627	16,771	12,049	13,267	1,660	1,687
Columbus	245	211	5,649	3,026	294	238	172	215	7	6
Dayton	1,602	1,893	13,716	10,404	202	193	1,130	1,013	.....	.....
Fostoria	375	317	9,491	7,893	185	157	538	530	8	9
Marion	61	158	3,813	3,284	259	261	104	119	.....	.....
Pittsburgh	26,142	28,946	241,360	173,703	62,154	74,556	27,862	20,311	3,770	3,584
Springfield	498	197	3,904	3,583	39	246	238	284	.....	.....
Toledo	568	656	12,149	9,003	454	1,177	544	1,089	122	128
Wheeling	235	275	1,449	2,389	69	95	1,724	1,460	16	23
	Purchases for Local Slaughter									
Cincinnati	11,956	16,152	68,832	65,092	2,322	7,323	4,951	9,520	.....	.....
Cleveland	9,343	9,363	83,244	71,025	12,803	11,629	12,020	12,066	.....	.....
Columbus	57	.....	528	538	23	142	118	79	.....	.....
Fostoria	21	32	200	672	5	5	35	93	.....	.....
Marion	61	158	2,379	3,010	12	7	103	75	.....	.....
Pittsburgh	5,159	5,409	41,711	38,212	6,264	6,994	7,818	2,197	.....	.....
Springfield	80	41	719	632	.....	7	73	30	.....	.....

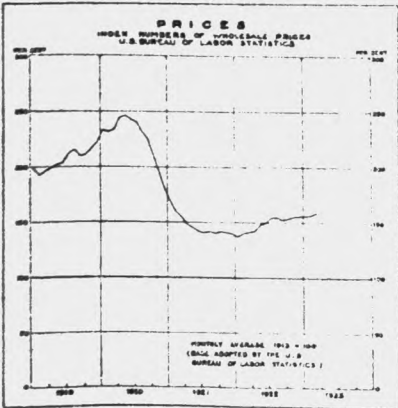
**Summary of Business and Credit Conditions in the United States
By the Federal Reserve Board**

Further increases in the production of basic commodities, in wholesale prices, employment, wage rates, and wholesale and retail trade, took place in March.



PRODUCTION

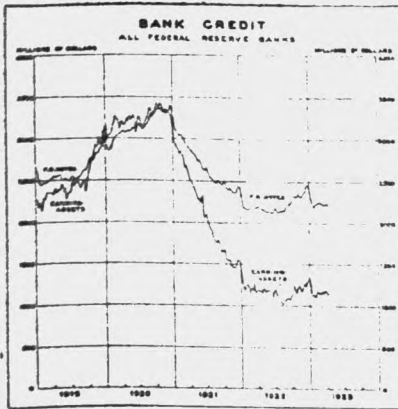
Production in basic industries, according to the Federal Reserve Board's index, increased 4 per cent in March to a level 8 per cent higher than at the 1920 peak and 67 per cent above the low point of 1921. The output of pig iron, steel ingots, automobiles, and crude petroleum, and the mill consumption of cotton exceeded all previously reported monthly totals. Building operations showed a further large expansion and the value of contracts let for residences in March was the highest on record. Railroad freight shipment have been larger every week this year than in the corresponding weeks of the past four years. Car shortage has been reduced to the lowest point since September chiefly as the result of the addition of new equipment, a decrease in the number of bad order locomotives and cars, and a concerted effort to increase the average loadings.



Employment in the building trades and in many lines of manufacturing continued to increase in the eastern states. The surplus of unskilled labor in the West reported in earlier months is being gradually absorbed by the seasonal increase in farm work. A number of leading textile mills, steel mills, and packing plants announced general wage advances ranging between 11 and 12½ per cent, and numerous wage advances in other industries were also reported.

TRADE

March sales by department stores reporting to Federal Reserve Banks were 22 per cent above those of March a year ago, partly because Easter purchases were made in March this year, whereas last year such purchases were largely deferred until April. Stocks of goods held by department stores were 6 per cent larger than those held a year ago but this increase was not as large as the increase in sales and hence the rate of stock turnover has been somewhat more rapid. Sales by mail order houses were larger than for any month since November, 1920, and 35 per cent larger than in March, 1922. Wholesale trade in all reporting lines was larger than in March a year ago.



WHOLESALE PRICES

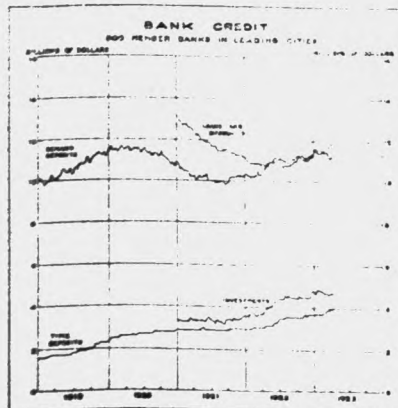
Wholesale prices as measured by the Bureau of Labor Statistics index advanced 1.2 per cent during March, and were 15 per cent above the low point of January, 1922. As in recent months the prices of metals and building materials showed the greatest increases, while fuel prices showed a further decline from recent high levels. Compared with a year ago, metals were 37 per cent and building materials 28 per cent higher. The cost of living increased slightly more than 1 per cent during March to a level of 3 per cent higher than a year ago.

BANK CREDIT

During the month prior to April 11 a more moderate growth in the demand for credit from member banks in leading cities resulted in an increase of about \$48,000,000 in their loans made largely for commercial purposes, as compared with an increase of \$235,000,000 in the preceding month. Through withdrawal of funds from investments and a further inflow of gold, member banks have been able to meet demands of their customers for increased credit and currency independently of the Reserve Banks.

Consequently, the total volume of Federal Reserve Bank credit, measured by total earnings assets has remained relatively constant during the past month, and in fact since the seasonal liquidation at the turn of the year. The volume of Federal Reserve notes in circulation has also changed but little, as the larger demand for hand-to-hand money has been met chiefly by an increase in other forms of money in circulation.

There has been little change in money rates from those prevailing in March.



Relation of Credit to Business

The following extract from the recent report of Secretary Hoover's Committee on Business Cycles and Unemployment will be of interest to anyone who is analyzing the present business and credit situation:

"Expansion of bank credit is a necessary condition of expansion of business operations. * * * But an over-expansion of credit may so increase the purchasing power of business men that it will merely result in enabling them to bid against one another for limited supplies of goods and materials so as to force prices above what consumers are willing and able to pay. Bank credit often expands so rapidly that it lifts the buying or investment power of business men out of line with the general buying power of the community. Because of their strategic position the banks have an unusual duty and an exceptional opportunity to give sound information and counsel to business men.* * *

"While the relationship between the volume of credit and the volume of business and the movement of prices is not always simple to interpret it appears to be sufficiently close to make it a matter of first importance that the volume and the flow of credit should at all times be tested by the contribution which additions to the volume of credit make to the total of economic production. Additions to credits which can not be economically validated by a commensurate effect in actual production are speculative, and as such should be subjected to control, so that business and industry can be maintained in a healthy state."

The foregoing is a statement of principle by a committee of leading business men. Facts are presented below which relate to the three divisions referred to, viz., the volume of business, prices, and the volume of credit.

The Volume of Business

In the following summary, comparisons are made between those months when low points were reached and the month of March, 1923.

INDUSTRY—Production, measured by the index of output in 22 basic industries, has increased since July, 192167%

Employment, measured by the number of workers employed in New York State factories (fairly representative of industrial employment in the country as a whole), has increased since August, 192128%

TRADE—Wholesale trade, measured by the sales reported by about 700 firms representing practically all sections of the country (with allowance made for seasonal changes), has increased since July, 1921..23%

Retail trade, measured by the sales reported by about 300 department stores in principal cities throughout the country (with allowance made for seasonal changes), has increased since September, 192115%

The growth in the physical volume of production indicates a rate of industrial recovery almost without parallel in American business, and the volume of goods produced and passed into consumption during the first quarter of 1923, probably exceeds that of any similar period in the history of the country.

Prices and Wages

Changes in prices and wages from the low points may be summarized as follows:

PRICES—The Bureau of Labor Statistics index of wholesale prices increased from January, 1922, to March, 192315%

WAGES—The hiring rate of wages for unskilled labor in Eastern industrial centers increased from April, 1922, to April 15, 192322%

Average weekly earnings of workers in New York State factories (fairly representative of industrial earnings in the country as a whole) increased from April, 1922, to March 15, 192311%

The Volume of Credit

The high industrial activity has involved a great increase in the volume of bank credit in use. Comparisons are made below between those dates when low points were reached and April 11, 1923:

MEMBER BANKS IN LEADING CITIES—Total loans and investments have increased \$1,974,000,000 since March 8, 1922, or14%

Commercial loans have increased \$783,000,000 since August 30, 1922, or11%

Demand and time deposits have increased \$2,453,000,000 since September 21, 1921, or19%

Since the first of the year the growth of total loans and investments has been due entirely to the rapid increase in commercial loans; loans on stocks and bonds and the investment holdings of these banks have declined. This shift in the form of bank credit is in response to the increasing demand for credit for commercial and industrial purposes.

The use of Reserve Bank credit, particularly in the industrial sections of the country, has also increased from the low point of last summer, as follows:

ALL FEDERAL RESERVE BANKS—Earnings assets have increased \$138,000,000 since August 9, 1922, or14%

Loans to member banks have increased \$263,000,000 since July 26, 1922, or69%

Included in earnings assets are the Government securities and acceptances held by the Reserve Banks, as well as their loans to member banks. As the volume of securities and acceptances owned has decreased, the volume of loans to member banks has risen to a somewhat larger amount, and earning assets consequently have risen. The lending power of the Reserve Banks remains very large, as is apparent in the high reserve ratio, the result mainly of the heavy inflow of gold.

Relation of Credit Capacity to Production

The relation of this great supply of credit still held in reserve, to the productive capacity of the country, is referred to as follows in the current issue of the Federal Reserve Bulletin:

"The present lending capacity of the country's banking system, in view of the great growth of the reserves at the Reserve Banks, is now far in excess of the credit needs of the country's productive capacity. In such a situation it is the available supplies of labor and equipment and not the potential supply of credit, that in the end must fix the limit which may be attained by aggregate national production. As these limits are approached, credit policy must be increasingly influenced by careful consideration of the continued effectiveness of further additions to the total volume of credit in contributing to increased productivity."