

The Monthly Business Review

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in the Fourth Federal Reserve District

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FEDERAL RESERVE BANK of CLEVELAND

D. C. Wills, Chairman of the Board

(COMPILED MAY 19, 1923)

An Editorial

THE business pulse is steadier—not weaker—as a result of the discriminating attitude which people are adopting. A well developed spirit of conservatism is now evident which to us is reassuring. This is an indication that a continuation of sound prosperity is preferred to the “boom” variety which is frequently deceptive in its impetus.

One of the principal reasons for this discriminating attitude is that production in various lines has risen somewhat over consumption; or at least it is working a little ahead of the volume of business transactions. Restricted buying sometimes indicates less consumption than is actually going on.

Again, most business men do not want industry to travel so fast that it will become travel-worn. The stone bruises of the past have been fairly well cured, but the memory of them is still fresh. There is little evidence of unwieldy inventories; there is evidence of a desire to keep bills paid up. The average individual is able to buy for his needs; he has the chance to indulge in extravagances, but he seems to prefer putting his money to more substantial uses.

During our last experience with the undue expansion of business, with definite knowledge of serious trouble ahead, “whistling in the dark” was resorted to in order that all available profits could be gained before the break arrived. Now there is an absence of this condition.

The view of the ultimate future of the farming situation is clearing. Many well-to-do people throughout the country are buying up farm securities, bonds of federal land banks and joint stock land banks, and when investors as a whole are willing to buy, it is a real indication of faith in the stability of their purchase. This ready market for farm securities has a reflex action upon the farmer himself since it proves to him that his industry is receiving increasing attention from conservative investors. The desire for tax-free investments must also be taken into consideration but it is doubtful if this would be sufficient to cause the general buying movement, were it not for the belief that the farmer is gradually returning to a sound position.

Fourth District Banks in Sound Position; Larger Number of Borrowing Banks Reflect Business Expansion; Commercial Failures Drop but Liabilities Heavier

Recent reports from Fourth Federal Reserve District banks indicate a continuation of sound banking conditions. There has been a gradual expansion of loans and discounts as active business in practically all sections of the country makes new demands.

An important feature of the past month was the increased number of banks in industrial centers in this District which called upon this bank for accommodations. From April 20 to May 19, sixteen banks were added to the borrowing list or a gain of approximately 47 per cent over the previous number. This increase is particularly noticeable in those centers where iron and steel hold first place, and is thus another indication of the rapid pace this industry is setting.

The larger number of borrowing banks, however, has not caused an unusually heavy demand for funds. For the period referred to, the gain amounted to approximately \$13,500,000. The reserve ratio of the Cleveland bank showed a drop of about 1 point for this period.

No special change in the country bank situation has been noted since our last report but a slight upward trend which is customary at this season of the year is in evidence. It is possible that the late spring is delaying operations, which may result in a slightly

heavier agricultural demand when they are carried out. From April 20 to May 19 the gain in borrowings amounted to less than \$500,000.

On April 20 the reserve ratio of the Federal Reserve System was 76.2 per cent and on May 19 it stood at this same point. The reserve ratio of this bank on May 19 was 73.6 per cent as compared with 74.5 per cent on April 20.

Savings deposits show a further growth. Deposits for the month of April, as compared with those for April, 1922, showed a gain of 11.2 per cent. The gain for April over the preceding month was .7 per cent. This .7 per cent gain is identical with that shown a month ago.

The market for acceptances in this District during the past month has been dull. There have been but few bills offering and the demand has not been of much consequence.

In the Fourth District during the month of April, 1923, there were 116 commercial failures as against 156 in April, 1922, or a decrease of 26 per cent from last year, according to figures compiled by R. G. Dun & Company. The liabilities last month, however, were greater, being \$3,914,384 as compared with \$2,840,844 for April, 1922, or a gain of 38 per cent.

Absorptive Power of Present Business Keeps Iron and Steel Industry Swinging Along at Highest Rate in History; Building Steel Awards Reflect Slowing Down of Fresh Contracting; Prices Show First Decline Since Mid-December

General hesitation among buyers is making further commitments of material for future delivery and use, which recently has developed in various lines of commercial enterprise, has now become more marked in iron and steel. While current consumption continues at the highest peak with no signs of diminution actually to be seen, buyers are disposed, temporarily at least, to stand on the tonnage they now have on order with producers, except where strictly new business against which material has not been covered is forcing them to enter the market. Long deferred deliveries by the mills are an important factor contributing to the holding back of new tonnage while the general business psychology remains in its present state. Where prospective undertakings have been set aside, this has been largely due to the fact that material could not be had before an extended date, and the factor of cost has not been the moving cause. The exception to this is in the case of the increased postponement of new building projects and here the advance in steel has been a relatively minor influence. Fundamentally, iron and steel conditions can be regarded only as exceedingly sound and favorable though it is clear that some of the edge is off the market and as a result of the present conservatism in buying, premiums for early shipment are more difficult to obtain.

It is the remarkable absorptive power of the present situation that marks its strength and is keeping production swinging along at the greatest rate, by a considerable margin, in the history of the country. Actually, efforts are still being made to drive output a few points higher and some additional capacity is being put into commission, although such extensions necessarily are restricted at this stage by labor shortages and other operating considerations. The pressure for material upon mills and furnaces against previously acquired obligations is as sharp as ever and for this reason producers find no cause for immediate concern in the recent recession of new business. On the contrary, many of them are welcoming an opportunity to put themselves in a more flexible position. The present month gives promise of maintaining, if not increasing slightly, the record-breaking production performance of the plants in April. In the latter month pig iron production as compiled by *Iron Trade Review* was lifted to the highest point the country has ever seen, averaging 118,233 tons daily. The previous highest daily rate was in September, 1918, with 113,774 tons. Gross production in April was 3,547,012 tons equivalent to an annual rate of nearly 43,500,000 gross tons. Furnaces in blast on the last day of April had been increased to 310, a gain of 15 over the corresponding

date in March. Since then several additional furnaces have gone in. April steel production kept pace with that of pig iron. The output of steel ingots for that month was at the indicated annual rate of 49,110,000 tons. This compares with an annual rate of 44,780,000 tons in March.

The tremendous rate of present shipments along with the scaling down of new business has begun to bite into the heavy backlog of accumulated orders on producers' books. This is well illustrated by the monthly report of unfilled tonnage for April by the United States Steel Corporation. The order books of the most important producers, however, are still so large as to be almost unwieldy. Nevertheless, less indifference than recently on the part of makers to negotiate new business, is now shown. This as yet is not general and applies only to certain products. In wire products, pipe, sheets, and tin plate, the obligations of the larger mills remain so heavy that they continue their policy of refusing much tonnage.

Building steel awards have plainly reflected the slowing down of fresh contracting, and in recent weeks have been the smallest in some months. The railroads while continuing to take steel for various needs in a very large volume, are placing fewer orders for equipment and the market in this line has recently narrowed considerably. Just now the railroads are beginning to be interested in insuring themselves of last-half rail

requirements and several hundred thousand tons of such business have recently been placed. The relatively low price makes rail business less attractive to the mills in the present market.

Iron and steel prices, barring the falling off of premiums which is scarcely representative, are holding firmly in the main. The market in steel is decidedly strong on the common basis quoted by the largest companies. On this level the market is well stabilized and advances have been generally checked. In the pig iron market some softness has appeared with a falling coke market, while buyers have been holding off from closing on their third quarter requirements. Because of this easing up of pig iron, the *Iron Trade Review* composite of fourteen leading iron and steel products for the week of May 17 showed its first decline since mid-December. This index stood at \$47.48 compared with \$47.70 where it remained stationary for the two weeks preceding. The average for April was \$47.01 which is the highest since February, 1921, when the market was in its decline after its flight in 1920.

The monthly report of the United States Steel Corporation shows that unfilled steel orders on the company's books on April 30 were 7,288,509 tons. This is a decrease of 114,823 tons as compared with unfilled orders on March 31, but a gain of 2,191,592 tons over April 30, 1922.

Fourth District Manufacturers' Report Satisfactory Business; Labor Shortage Quite General; Industrial Concerns Resort to Machinery

Automobiles and Trucks—The automotive industry during April continued to follow the steady upward course which has already carried it past all previous marks and established new and surprising high records.

Purchasers of auto bodies are reported to be buying in reasonable quantities, thus avoiding undue expansion of their business in the form of inventories or otherwise. For this reason automobile body manufacturers do not anticipate that any slackening of business which may occur will be as abrupt as during the past years. This relates particularly to the closed body business.

A large truck manufacturer reports that the outstanding feature of this business at present is the unusually large volume of orders that has come in during the last quarter and is still coming in. Up to the beginning of the year, most of the orders came from small contractors and small companies rather than from the large national buyers. Since that time, however, the national buyers have entered the field and all seem to be anxious to get deliveries about the same time. In line with this movement the used truck situation is said to be improving.

The industrial truck and tractor business continues good, there being a rather steady flow of orders coming from practically every section of the country and from every industry. This flow is, of course, induced by the shortage of unskilled labor and is influenced by the fact that many industrial concerns are learning that it

is cheaper to handle materials by machinery than by hand.

The following table compiled from reports received by the Bureau of the Census in cooperation with the National Automobile Chamber of Commerce gives the total automobile production for each of the last ten 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	207,269	70,690	20,050	8,307
		1923	1922	
January	223,706	81,693	*19,398	9,416
February	254,650	109,171	21,815	13,195
March	318,424	152,959	*34,603	19,761
April	344,379	197,216	37,366	22,342

*Revised.

Electrical Goods—The storage battery business has followed the course of the automobile industry; consequently production has been showing a steady increase. Dealers' buying throughout the country is reported to be keeping in line with their selling while in some localities there is a moderate accumulation of stock. The late spring has unquestionably affected the retail business as automobiles are not running in as large numbers nor for as many miles as they would be if roads were in better shape. A large manufacturer states that there is a very keen shortage of unskilled labor in the factory.

The wire and cable line of the electrical industry is sharing heavily in the prosperity of the country. The volume of business on the books has shown a heavy increase, extending well toward the end of the year. In this particular industry the war did not bring about greatly expanded facilities. Last year a few manufacturers increased their facilities and they were well prepared to take advantage of the recent influx of new business. It is believed by the trade, however, that the really large orders for the year have been placed.

Hardware—There have been no marked developments in the hardware business since our last report. Business is fair with buyers inclined to be very conservative. Various lines of the automotive trade continue to be the best market. So far there does not seem to be any let-up except that which is purely seasonable at this time of the year. There is also a fair trade in the line of goods which goes to the farmers.

Plate Glass—Production in the plate glass industry is slightly larger than that of a month ago. The demand is sufficient to absorb the production, and stocks in the hands of manufacturers and jobbers are light. General conditions in the window glass business are satisfactory.

Paints and Varnishes—A late development in this industry is that the prominent manufacturers have announced additional price increases, due to continued advances in many of the important raw materials. Care is being exercised in contracting for those materials which have shown a marked advance in price and in many instances the paint men are satisfied to pay higher prices for spot material rather than to obligate themselves on materials for future delivery. The extremely wet weather in the South and Southwest retarded sales, especially from branch warehouses and retail stores, during the first two weeks of April in particular, but there was a noticeable improvement during the last two weeks and the increased volume from other sections easily offset the temporary slump. At the present time demand is pretty well distributed throughout the entire country.

During the past few weeks there has been an acute shortage of china wood oil which is used in large quantities by all varnish manufacturers. This apparently was due to internal conditions in China, including low water in some of their important waterways. The

result was that prices for spot delivery of this oil rose to unprecedented heights—in fact higher than the after-war levels. The market for spot oil as well as for futures, however, has fallen off greatly during the past few days, due to the expected arrival of several shiploads of the oil at Pacific Coast ports.

Printing and Lithographic Inks—Production has been running near capacity and at the present time a falling off in orders is noticeable. Recent reports indicate that there has been no appreciable accumulation of stocks.

Small Tools—The month of April showed a good gain in gross sales over the preceding month as has been the case for a number of months past. The number of customers' orders received indicates that business is continuing brisk even though it has receded somewhat in other lines. The labor supply is reported to be adequate with the possible exception of common laborers for emergency work.

Cork—There has been no change of importance in the cork industry during the last two months. Sales have remained practically the same. The demand for cork insulation is apparently slowing down. This may possibly be seasonal or it may reflect the steadily increasing cost of building, which prevents a good many people from going ahead with contemplated improvements. The linoleum business is active and the demand is very general.

Stoves and Ranges—No particular developments have occurred in this industry since our last report. Production has shown little change and what advances there have been are attributed to somewhat unusual conditions. Raw materials are easier to get than they were a month ago. Some labor shortage is in evidence (particularly in the foundries) which in turn is causing a delay in the delivery of appurtenances necessary for the completion of the finished product.

Pottery—The pottery industry is reported to be in about the same position as a month ago. Production is at a high point. The labor situation is causing some difficulty although it is not serious. The demand for goods is considered near normal. Collections are a little slow.

Bags—Production continued throughout April fully up to and in fact slightly better than the month of March. There is an increasing tendency toward hand-to-mouth buying for future business. Some recession in commodity values has also occurred. Prospects for business continue very good.

Paper Box Board—As a rule paper box board is being purchased only as it is required for prompt use. Box makers at present are estimated to be carrying about a thirty days' supply. The outlook for a continuation of good business is reported to be very favorable.

Railroads Handle More Traffic Than Ever Before at This Season of the Year Increased Efficiency Shown in the Use of Equipment

Those tendencies in transportation conditions which were reported in our last *Review* continued during April and the first part of May so that the railroads are now carrying a still greater volume of traffic than they did in March and are handling with fair success more traffic than they have ever before handled at this season of the year.

For the week ending April 28 there were loaded 963,694 carloads of revenue freight. During the same period in 1922, 751,111 carloads were handled. In the first four months of this year more than 15,000,000 carloads have been transported, or about 2,200,000 more than during the first four months of last year.

The reduction in the car shortage, which was noted last month, has also been continued until on April 30 there was a shortage of only 35,282 cars, or less than

a one-half day's loading. At the same time the surplus amounted to over 13,000 cars. This condition of a reduced shortage with an increased loading appears to be explainable by increased efficiency in the use of equipment, both on the part of the carriers in rapid movements and on the part of the shippers in heavier loading and fewer terminal delays.

According to recent figures of the American Railway Association, the net operating income of class 1 railroads during March totaled \$83,568,000, equivalent to an annual return at the rate of 5.84 per cent on their tentative valuation, as against \$83,487,000 or a return of 5.96 per cent in March, 1922. Compared with March of last year, operating revenues increased 13 per cent to \$535,541,000 and operating expenses of \$417,913,000 were 15.75 per cent larger.

Crude Oil Prices Decline; Production Grows; Gasoline Market Feels Inclement Weather

The tide of crude production over the country continues to mount and, at the same time, the continued cool wet weather is holding back the consumption of motor fuel. The result is the series of price declines in the various fields over the country, which have to date resulted in taking 75 cents a barrel off the price of Pennsylvania grade of crude and 40 cents off Mid-Continent crude.

Detailed analysis of the new California fields by a *National Petroleum News* staff production writer has shown that various factors will work to hold the output of the state, including the new flush areas of the Los Angeles valley, to around 700,000 barrels a day for the rest of 1923. Potentially, this state it is estimated, could put close to a million barrels of oil a day on top of the ground for some months. However, the pipe lines could not handle it; there is not enough field steel storage to hold it; California refineries could not run it through their stills; and tanks are not available to transport it through the canal to the Atlantic Coast. So the tendency is to hold back drilling and the proration of runs in the Los Angeles valley district.

Mid-Continent production continues to stand at the present high figures, if not actually increasing Oklahoma remains at better than 500,000 barrels a day, with new wells increasing the output of the Tonkawa district at better than the average for the state. In the Burbank field new wells are being shut down at the top of the sand, reports to *National Petroleum News* show,

rather than drill them in with the present surplus of production. An important oil and gas company is running crude into storage, while a few months ago, before tanker shipments from California reached their present figures, its storage was being drawn on. From various parts of the country new wells are reported in districts which may lead to extensions of present productive territory.

The market for refined products, gasoline particularly, is feeling the inclement weather and the movement is below normal. With retail gasoline prices in the eastern states of heavy consumption based on the cost of manufacturing this product from the lower-priced California crude, refiners who are forced to run on the relatively more costly eastern and Mid-Continent crude are facing a serious problem. Their spot market on gasoline is five to seven cents less than it was a year ago, with crude at about the same figure and other costs about the same as last year.

Indications, however, are that gasoline consumption this summer will be very heavy and, once the summering motor season opens up, demand will call upon the present surplus stocks the trade is carrying. It is possible the industry's tank cars will be taxed to transport this commodity at a rate that will keep the jobbing trade stocked up. This is the feature the smaller refineries are keeping in their minds, as their market on other products, except that of neutral oils, does not show any particular indications of strength.

Shortage of Laborers Handicapping Agriculture; Late Frosts Damage Fruit Crop; Late Season Hindering Planting of Corn; Heavy Abandonment of Winter Wheat; An Increased Tobacco Acreage

The shortage of farm laborers is causing the agriculturists to look with some apprehension on the agricultural outlook.

While complete reports are not yet available, it is believed that the late and heavy frosts of May have

done considerable damage to the fruit crop. Of the fruits, cherries have been the most severely damaged. The early apples were slightly damaged although the crop is not so promising, owing to the heavy crop last year.

The oats crop is late because of delayed planting. The recent rain, however, is causing it to progress nicely.

While the land has been well prepared, the late season is causing the late planting of corn.

Winter wheat in Ohio has suffered a reduction of 13 per cent in acreage due to winter killing and many fields not abandoned are in poor condition, so that on the basis of present conditions the outlook is for a crop of around 30,000,000 bushels.

The heaviest winter damage seems to be present in the late sown fields of western, northern, and central Ohio, and where the plants made a good growth last fall the damage is not great. The light snowfall of last winter left the plants unprotected against the freezing and thawing of late winter.

The condition at this time of the crop remaining for harvest is estimated at 69 per cent. This low figure is largely because of the thin stand of the plants. The forecast on the basis of the present outlook may be raised should the weather be favorable especially during June when the heads are filling. Should filling be as poor as two years ago, the forecast may be still further reduced so that this year's crop might easily fall below the short crop of two years ago.

The condition of wheat in Ohio is more than 10 points lower than the average for the United States. The abandonment for the whole country is about 14 per cent as compared with Ohio's 13 per cent.

The condition of wheat in Pennsylvania on May 1, is estimated at 85 per cent of normal and forecasts an average yield of 17 bushels per acre, and a total production of 21,436,320 bushels. The crop will probably

be above or below these figures according as the change in conditions from now until harvest are above or below the usual or average condition. The condition of wheat on May 1 last year was estimated at 96 per cent, and the total crop harvested, at 24,634,080 bushels. The average yearly production for the past ten years was approximately 24,311,278 bushels.

The situation in the Burley tobacco district so far as sales are concerned is quiet at this season of the year as the active delivery season is now over. The growers are now busy in preparing for the 1923 crop. The estimates issued recently by the U. S. Department of Agriculture with regard to intended plantings of crops in 1923 indicate an increase of 10 per cent in the 1923 tobacco acreage over that of 1922 for the country as a whole. The estimates indicate a 14 per cent increase in acreage in Kentucky. The backward season, however, may keep the increase down to a considerable extent. The officials of the marketing association have emphasized the importance of producing quality rather than quantity and this may have some effect. The labor problem also will be a limiting factor.

The Burley Tobacco Growers' Cooperative Association reports having a sign-up of over 83 thousand tobacco growers and this suggests what an undertaking this enterprise really is. One very important problem in these large scale organizations is to maintain contact between the member and the management, and both the Burley association and the Dark Tobacco Growers' Cooperative Association at present are engaged in organizing local units for this purpose. The Dark Tobacco Association in western Kentucky is apparently making satisfactory progress in handling its first year's business. A second payment for tobacco has been made to the members who grow the one sucker type of tobacco.

Strong Demand But Firm Resistance to Price Advances in Textiles and Ready-to-wear Goods

The following summary of textiles and clothing is the report of the National Retail Dry Goods Association, supplemented by our own investigations and surveys.

Ginghams—Ginghams are selling freely. At the same time, however, gingham transactions have reached no immense volume and supplies with local jobbers are sufficient to meet all requirements. Ginghams for future delivery are also selling satisfactorily. Novelties and tissues also meet with a favorable reception and advices show that the retailers have been having good patronage.

Prints and Percales—The tendency to higher prices is reflected in several percale items, the advances ranging from a half cent to a cent and a quarter. The mills have made no new fall prices and there are no indications of recessions at the present time. Customers show various preferences, causing a wide range in selections, with the greatest volume of business being in the effects that approach the Egyptian motif.

Silks—In silks, business has been of a moderate character, owing to resistance to advances made necessary by the high raw silk prices. Crepes, satins, and printed goods are still the leaders in sales. More business is offering in silk hosiery. Wage advances are being announced in different divisions of the silk trade.

Knit Goods—The knit goods markets are quiet. The mills are getting some re-order business. The retail trade seems to be overstocked in certain lines. Some are cancelling their orders, and even refusing acceptance of merchandise that is being shipped. This refers in particular to light-weight slippers. On the other hand the trade is very anxious to get sleeveless sweaters, which are the present rage. Resistance to higher prices is very firm.

Union Suits—The manufacturers of union suits report that the upward turn of raw materials did not disturb them as they found the trade anxious for the goods and willing to pay the advance they have been

obliged to ask. Prices have advanced four or five times during the season because of the advance in raw materials and the demands of labor. There must be a pause in the advance and the manufacturer believes it has just about arrived. It is believed that the recent decline in the price of raw cotton will aid in checking the price advances.

Women's Ready-To-Wear—Wholesale prices in ready-to-wear markets are holding firm as the season advances. Throughout the month just closed there has been a strong demand for all lines of ready-to-wear, with the result that wholesale stocks are pretty well depleted. Desirable coats of the better grade are very scarce. There has been a good demand for capes, but they are available for immediate delivery in small lots only. Many firms are insisting on a week or ten days to make deliveries.

Stores are doing a good business on suits of medium grade, and the featuring of these garments has acted as a stimulant to the skirt and blouse departments.

Men's Clothing—So great has been the demand for fabrics that mills have sold their entire production and withdrawn their lines. In certain lines such as overcoatings, mill productions might have been far oversold had it not been for the fact that selling agents cut down the orders tendered them and a condition of allotment on such lines virtually exists.

Shortage of Goods is Feature in Farm Implement Trade; Labor Shortage on Farms Increases Demand For Machinery; Crop Outlook a Deciding Influence

The farm implement industry at present is marked by shortage of goods. Business, quite generally, has shown a marked improvement, but there is some doubt in the trade as to its permanence, largely because of the existing similarity between present conditions and those of 1919 and early 1920. Steel prices have advanced, and there is a comparable shortage of labor together with a demand for an increased wage rate. For several months manufacturers have found difficulty in keeping the prices of their finished products at a level where farmers can afford to pay for them, and this condition has shown no particular change for the better.

Production in various lines of implements manufacture is reported at from 60 to 80 per cent of normal. There are those lines, however, where the peak production season has passed and the output shows a decided drop.

Under present conditions, manufacturers are hesitant regarding their production schedules for 1924, for which specifications must soon be placed. Like most industries a shortage in the implement business results in a duplication of orders. Dealers who are short on certain lines of machinery will place orders in excess of their requirements in order to make sure of deliveries. Manufacturers found in 1920 that this condition prevailed to such an extent that many orders on their books when the depression began were fictitious.

The style of fancy backs is very strong for the coming fall. Overplaids varying from modest effects on dark grounds to large and distinct multiple plaids have been taken. Fancy backs have sold well in expensive lines of worsted fabrics.

Stripes are the predominating pattern among the lines of suitings. There are pencil stripes, hair-line stripes, chalk stripes, broken stripes, and various interesting combinations of the different stripes. There seems little choice in the ground on which the stripes are seen and these include solid colors, mixtures, and herringbone weaves. The small check is seen, varying from a bird's eye effect to a size which comes almost into the plaid class.

Browns and grays are the most frequently seen colors, though blues and blacks are present in large numbers.

In woolens, tweeds have fallen back into the class of sport wear, and the most popular woolen suitings are of the finer nature, such as cassimeres and those goods which almost approach unfinished worsteds in appearance. One new vogue, said to have been imported from England, is the use of a plain mixture tweed for the coat and the same fabric with contrasting over-plaid for the knickers of a golf suit. Mills are catering to this by offering suitable combinations.

It is natural, therefore, that orders are now being studied closely, this being particularly true when they are unusually heavy.

With these conditions confronting them, the makers of farm equipment are proceeding cautiously and are following the assumption that the present rapid production of raw materials will more closely approximate the future demand.

The shortage of goods for local trade is more pronounced than for several years. The improved conditions in southern cotton sections together with the large exodus of negroes to northern industrial centers has created a shortage of farm labor, with the result that the southern farmers have come into the market for more than their normal requirements of machinery. As their purchases come earlier in the year than those of their northern brothers, it has made the shortage for the northern farming sections more noticeable. The advancing industrial wages in the cities have also drawn labor from the farms, so that the farmers throughout the country are more dependent upon machinery than at any time since the war.

During the war the industry prided itself on the fact that its prices had not advanced to such high points as those of other comparable industries. Now there are those who believe that had the industry's products shared in the general advances of that period,

a reserve would have been accumulated sufficient to carry the manufacturers over the dull period which followed, and thus render them better able to cope with present conditions.

The crop outlook has a decided influence upon the farmers' buying. Recent rains have improved the situation somewhat but the farmers are still showing a

tendency to put off buying until they can see the crop assured.

In the small tool and farm implement lines, trade has been delayed by the late spring with the result that May business has been much heavier than usual. Salesmen who are now visiting jobbers as far west as the Missouri River report that supplies on hand are low.

Stocks of Canned Goods Are Low; Tomato Plants Damaged by Recent Frosts

The canned goods business is showing the customary developments with the approach of the active canning season. The contemplated acreage was for the most part contracted for, and reports indicate that the tomato acreage will be larger than was at first expected. It is too early in the season to make predictions as to the final outcome of any of the principal crops although the pea crop in some parts of the Fourth District has shown a remarkable growth and so far looks very satisfactory. The recent cold weather damaged the tomato plants very seriously in some sections but it is believed that the acreage will not be decreased on this account because canners will import plants from other sections which have a surplus.

Spot stocks of canned goods are lower than they were a month ago. Tomatoes are practically out of the market with the exception of the number 2 size and these are going into consumption quite rapidly.

Corn is being taken off the canners' hands rapidly and unless the jobbers have an unusually large stock the supply will be fairly well depleted before the new crop arrives. Peas are scarce so far as canners' stocks are concerned, with the exception of odd lots of fancy and extra standard grades in the smaller sieves.

The canning industry in this section of the country will suffer no particularly bad effects from the late spring according to authorities in close touch with the situation. In Wisconsin, however, where a large portion of the peas are packed, the season was at least three weeks later than last year and two weeks later than a normal season. Usually a late season in that part of the country means a poor pea crop. So far as the corn and tomato acreage in this section is concerned it is believed that the late season will not have any material effect.

Building Active but Mounting Costs Halt New Developments; Country's Total Expenditures For April Show Decline Following March Record

The approach of settled weather finds the building industry employed to the maximum insofar as labor and materials are concerned. The costs of building materials and building-trades labor, both skilled and unskilled, have now reached the point where they are causing large building programs to be laid aside.

There are some who feel that a slight recession would be helpful to the industry, thus avoiding the necessity of bidding for labor and materials above the fixed levels established for these essentials earlier in the year.

The National Construction Council, representing a considerable number of organizations, at a meeting held in New York recently started a movement which has for its object the deferring of new construction until the winter months with a view to easing up the situation as much as possible. While there is no desire to restrict building in any way that will be hurtful to business in general, there are many experts who think that this movement is worthy of most serious consideration. At the same time a recommendation

from the Department of Commerce that every possible effort be made to deliver and store materials at once, leaving the transportation facilities available for the hauling of coal and the moving of crops the latter part of the summer, is having its effect upon immediate demands.

Statistics prepared by the Builders' Exchange show that the total valuation of permits issued in Cleveland for the present year up to May 1 aggregated \$20,031,675, as compared to \$7,616,890 for the same period last year. The value of the permits issued in seven leading suburbs outside the city limits for the same period this year totaled \$13,055,147 as compared with \$11,631,968 for the first four months of 1922.

The total expenditure permitted for in the month of April at 151 cities as reported to *Bradstreet's* was \$319,134,433 as against \$369,267,939 at the same cities for March, a decrease of 13.6 per cent. March, it will be recalled, saw the greatest total of building permitted for ever recorded.

Sawmills and Lumber Yards Are Busy; Reluctance in Replenishing Stocks Noticeable as Reports of Curtailed Building Operations Come in

Sawmills, particularly those in southern sections, report a slight reduction in the number of orders from the consuming trade, but they have order files which are sufficiently large to keep them running for sev-

eral months. Mills can also get all the special cutting for railroad car material which they can handle. Heavy rains in the south have hampered operations and the labor shortage is getting to be quite a problem.

Stocks on hand at the mills, with the exception of certain items (usually not desirable) are reported to be light. The car supply has shown some improvement and deliveries are more prompt.

A large lumber concern reports that production at the present time is 5 per cent above normal and shipments are in the same ratio. Orders are 5 per cent below normal, making a spread of about 10 per cent between production and orders. Taking into consideration the past 30 days, production and shipments have been normal, with orders falling behind between 5 and 10 per cent. During the past 12

months, however, production and shipments have been normal while orders have been 5 per cent above normal.

Dealers bought heavily in the early months of the year, and likewise booked quite heavily. They have plenty of business at present and are in a position to accept that business which is the most desirable. Some reluctance in replenishing stocks is noticeable as retail buyers receive reports from sales territory that mounting prices are resulting in a curtailment of the building program.

Common Brick Industry Pushed to Meet Builders' Demands; Portland Cement Output Touches New High Point

The Common Brick Manufacturers Association reports that demand is very heavy and that production is tending upward. In the brick manufacturing industry, particularly common brick, many plants are what are known as "summer yards." This means that they do not operate during the cold winter months, when frost would have an effect upon the green brick which are dried in the open rather than in drying sheds. Furthermore the digging of clay is hindered to a large extent by cold weather, so that in almost every section the manufacture of common brick is retarded during three or four of the winter months. Many of these "summer yard" plants are now beginning to open up. Other yards have made necessary improvements and are speeding up production.

The Association has made recent investigations which show that stocks on hand at producing and distributing points are low. Orders are heavy and manufacturers in some instances are refusing further work because of the problem of advancing costs. A general shortage of the proper kind of labor is reported.

The investigations also show that the demand for brick is about equally distributed between industrial and commercial buildings and residences.

This Association is making an effort to stabilize the common brick business as much as possible, believing that by judicious effort on the part of itself and members the high-peak and low-point periods can be at least partially avoided and that in their place

a substantial amount of building can be carried on each year regardless of the general trend of business as a whole.

Production of portland cement in April was over 11,350,000 barrels according to figures just compiled by the United States Geological Survey. This represents an increase of more than 2,000,000 barrels, or approximately 23 per cent over last year's April production and is the largest quantity ever manufactured during that month. Production for the first four months of this year exceeded 37,000,000 barrels as compared with about 27,000,000 barrels in 1920, the best previous record for that period.

April shipments of cement from the mills were also unusually heavy for this season of the year and nearly reached the 13,000,000 barrel mark—an increase of 50 per cent over April, 1922. For the first four months of 1923, shipments exceeded 34,600,000 barrels as compared with 22,700,000 barrels, the 1919-1923 five-year average for the period.

Stocks of finished cement in manufacturers' hands at the end of April this year were 11,450,000 barrels as compared with an average of about 12,200,000 barrels for the five-year period 1919-1923. Taking into consideration the unprecedented early season demand which, since January 1, has absorbed over 12,000,000 barrels more than ever before, manufacturers have made a remarkable record in keeping pace with the situation.

Better Banking Under the Federal Reserve System

***The First Two Installments of This Story Were Published in the
April and May Issues of the Monthly Business Review***

Currency Increases and Decreases According to Need

These notes get into circulation and pass out of circulation in much the same way as money is drawn out of a bank and returned to it.

When a man needs currency he draws a check on his bank and cashes it. If he has not enough money in the bank to meet the check, he may have to make a loan. In just the same way, when a mem-

ber bank needs currency, it draws and cashes a check on its Federal Reserve Bank. Perhaps the member had to borrow at the Federal Reserve Bank for this very purpose. That is how the total amount of currency in circulation increases.

On the other hand, when a man has more currency than he needs he deposits it at his bank and perhaps pays off a loan with it. Just so does a mem-

ber bank at the Federal Reserve Bank. That is how the total amount of currency in circulation decreases. As Federal Reserve notes for which there is no demand accumulate in a Federal Reserve Bank, they are either destroyed or put away in its vaults until some need calls them out again.

Whether the volume of Federal Reserve notes in circulation increases or decreases depends not upon the initiative of the Federal Reserve Banks but upon the needs of the member banks. Their needs, in turn, are decided by the needs of their customers. As in drawing water from a reservoir, it is the individual who takes the first step.

Organization of the Federal Reserve System

The plan of organization which the law lays down for the Federal Reserve system does two things. It provides a nation-wide system so knit together that nation-wide resources may work as a unit in a national emergency, or be mobilized to meet a local emergency too severe for local resources to cope with. It also preserves the right of local self-government in banking. These are principles with which Americans are familiar in the working of the Federal and State governments under the Constitution.

Organized Like Other Banks

The country is divided into twelve districts, each with a Federal Reserve Bank. In many districts the Federal Reserve Banks have one or more branches for the better service of the member banks. Each Federal Reserve Bank has its own stockholders, directors, officers and clerks like other banking institutions. The stockholders are the member banks. Its nine directors are residents of the district, some from the cities and some from the country. Three are appointed by the Federal Reserve Board in Washington, and the other six are elected by the member banks, each having one vote. In voting, the banks are divided into three groups, each of which elects two directors. These groups are composed, respectively, of the smallest banks, the middle-sized banks, and the largest banks. Only three of the directors can be officers or directors of other banks. At least three, and usually a majority, are representative of industry, commerce and agriculture. For these are the interests which, through the member banks, the system is intended particularly to serve and protect.

These men, drawn from the district, familiar with its conditions and having its interests at heart, are responsible for the management and control of the Federal Reserve Bank. They elect its officers, determine the policies under which it operates, and establish, subject to approval by the Federal Reserve Board, the rate of discount it charges. All profits, after setting aside the surplus provided in the law and after paying the member banks six per cent dividends on their stock, go to the United States Treasury and are used to reduce the national debt.

The Federal Reserve Board

The twelve Federal Reserve Banks could not work consistently together if there were not some coordinating body related to them all. That coordinating body is the Federal Reserve Board in Washington, which is made up of seven members—five who are appointed by the President and devote their entire time to the work, together with the Secretary of the Treasury and the Comptroller of the Currency. Through this board the Federal Reserve Banks become a country-wide system. Without it they would be merely separate institutions.

The Federal Reserve Board, however, is not an operating body. Except for its power to require one Federal Reserve Bank to lend to another Federal Reserve Bank, its powers are almost entirely supervisory. It must approve the "discount rates" established by the directors of the various Federal Reserve Banks before they are put into effect. It passes upon the salaries of their officers and employes, and under certain conditions may remove any of their officers and directors. It defines the classes of loans which the law, in general terms, says the Federal Reserve Banks may make.

But the Board does not pass upon the individual loans which a Federal Reserve Bank makes, or say to it when, or how much, or how little it shall lend to a member bank. Nor can the Board oblige a Federal Reserve Bank to lend to a member bank or prevent it from doing so. The Board itself, of course, cannot lend money because it has none to lend.

Local Self-Government in Banking

Over the relations between member banks and their customers neither the Federal Reserve Board nor the Federal Reserve Bank have any authority whatever. A Federal Reserve Bank cannot lend directly to a member bank's customers, and lends to the member bank only when asked by it to do so. Furthermore, a Federal Reserve Bank cannot say what loans a member bank shall or shall not make to its own customers. It is a man's own banker who decides whether a loan shall be made and what rate of interest shall be charged—and that is just as it was before the Federal Reserve system was established. There is no outside group or body, far or near, which can say how much or to whom or at what rate a member bank may lend.

Equal Use of Reserve Bank Facilities

In their right to borrow at a Federal Reserve Bank all member banks, large or small, are equal. The law says that a Federal Reserve Bank shall make each member bank such loans as may be safely and reasonably made. In making such loans the Federal Reserve Bank, of course, exercises proper banking judgment. The law further says that in lending to a member bank the Federal Reserve Bank shall have

due regard for the requirements of all the member banks in its district. It must not lend so much to banks which might be disposed to borrow unreasonably that it will impair its power to meet the reasonable needs of other member banks later on.

There is also complete equality between all member banks in the kinds of loans, large or small, on which they may borrow at a Federal Reserve Bank, and in the rates of discount they pay. A loan for the purchase of a cow gets precisely the same treatment as a loan which provided the money to move a trainload of cattle or send a shipload of beef across the seas.

The American Principle in Banking

Nowhere in the world are there so many separate banks as in America. That each should be free to serve the credit needs of its own customers in accordance with its own sound judgment is the American principle in banking. Freedom to serve is

assured under the Federal Reserve system to each one of its ten thousand member banks. But not only has freedom to serve been maintained; the power to serve has been enlarged and made more sure.

This larger and surer power is derived from banking organization, through which the reserves of many separate banks are brought together for the greater protection and service of all—not only member banks and their depositors, but every bank, every depositor, every citizen. For the Federal Reserve system provides the entire country with a currency responsive to its varying needs, and thus removes the danger of a money panic. Moreover, it provides the entire country with a great reservoir of credit from which farm and range, forest and mine, factory and store, may receive assistance in producing and marketing all the innumerable goods and wares which go to make up American commerce, industry, and agriculture.

(The End)

Debits to Individual Accounts

	Week Ending May 16, 1923 (323 Banks)	Week Ending Apr. 18, 1923 (325 Banks)	Increase or Decrease		Week Ending May 17, 1922 (324 Banks)	Increase or Decrease	
			Amount	Per Cent		Amount	Per Cent
Akron.....	\$ 19,379,000	\$ 17,970,000	\$ 1,409,000	7.8	\$ 14,025,000	\$ 5,354,000	38.2
Butler, Pa.....	2,904,000	2,682,000	222,000	8.3	2,231,000	673,000	30.2
Canton.....	11,445,000	11,034,000	411,000	3.7	7,823,000	3,622,000	46.3
Cincinnati.....	97,565,000	90,154,000	7,411,000	8.2	67,477,000	30,088,000	44.6
Cleveland.....	162,302,000	151,873,000	10,429,000	6.9	120,731,000	41,571,000	34.4
Columbus.....	41,821,000	39,605,000	2,216,000	5.6	27,430,000	14,391,000	52.5
Connellsville.....	1,509,000	1,409,000	100,000	7.1	1,061,000	448,000	42.2
Dayton.....	16,746,000	17,342,000	-596,000	-3.4	13,891,000	2,855,000	20.6
Erie.....	8,282,000	7,632,000	650,000	8.5	6,513,000	1,769,000	27.2
Greensburg.....	5,041,000	5,145,000	-104,000	-2.0	4,662,000	379,000	8.1
Homestead.....	970,000	808,000	162,000	20.0	878,000	92,000	10.5
Lexington, Ky....	5,279,000	6,648,000	-1,369,000	-20.6	4,410,000	869,000	19.7
Lima.....	3,171,000	4,021,000	-850,000	-21.1	3,125,000	46,000	1.5
Lorain.....	1,470,000	1,405,000	65,000	4.6	1,137,000	333,000	29.3
Middletown*....	2,489,000	2,300,000	189,000	8.2	.....	.....	.....
New Brighton....	3,022,000	2,920,000	102,000	3.5	1,935,000	1,087,000	56.2
Oil City.....	3,567,000	3,532,000	35,000	1.0	3,080,000	487,000	15.8
Pittsburgh.....	203,318,000	198,645,000	4,673,000	2.4	147,210,000	56,108,000	38.1
Springfield.....	4,734,000	5,545,000	-811,000	-14.6	3,476,000	1,258,000	36.2
Toledo.....	47,343,000	49,382,000	-2,039,000	-4.1	38,570,000	8,773,000	22.7
Warren, O.....	3,577,000	3,924,000	-347,000	-8.8	2,557,000	1,020,000	39.9
Wheeling.....	11,348,000	12,255,000	-907,000	-7.4	8,347,000	3,001,000	36.0
Youngstown.....	14,523,000	14,556,000	-33,000	-0.2	11,011,000	3,512,000	31.9
Zanesville.....	3,267,000	3,342,000	-75,000	-2.2	2,566,000	701,000	27.3
Total.....	\$675,072,000	\$654,129,000	\$20,943,000	3.2	\$494,146,000	\$178,437,000	36.1

*Debits for corresponding period 1922 not available.

Comparative Statement of Selected Member Banks in Fourth District

	May 16, 1923 (82 Banks)	April 18, 1923 (84 Banks)	Increase	Decrease
Loans and Discounts secured by U. S. Government obligations.....	\$ 32,720,000	\$ 32,021,000	\$ 699,000	\$.....
Loans and Discount secured by other stocks and bonds.....	401,393,000	379,603,000	21,790,000	.....
Loans and Discounts all others.....	688,351,000	690,393,000	.....	2,042,000
U. S. Pre-War Bonds.....	47,571,000	48,067,000	.....	496,000
U. S. Liberty Bonds.....	117,113,000	119,943,000	.....	2,830,000
U. S. Treasury Bonds.....	7,025,000	8,039,000	.....	1,014,000
U. S. Victory Notes and Treasury Notes.....	60,344,000	60,402,000	.....	58,000
U. S. Certificates of Indebtedness.....	11,443,000	13,895,000	.....	2,452,000
Other Bonds, Stocks and Securities.....	283,542,000	287,536,000	.....	3,994,000
Total Loans, Discounts, and Investments.....	1,649,502,000	1,639,899,000	9,603,000	.....
Reserve with Federal Reserve Bank.....	112,297,000	108,578,000	3,719,000	.....
Cash in Vault.....	30,035,000	30,846,000	.....	811,000
Net Demand Deposits.....	921,383,000	930,726,000	.....	9,343,000
Time Deposits.....	559,827,000	544,022,000	15,805,000	.....
Government Deposits.....	28,015,000	22,665,000	5,350,000	.....
Total Resources on date of this report.....	2,096,623,000	2,082,761,000	13,862,000	.....

Wholesale Trade**Percentage Increase (or Decrease) in Net Sales During April, 1923, as Compared with March, 1923, and April, 1922**

	Dry Goods	Hardware	Drugs	Groceries
Net Sales (selling price) during April, 1923, compared with March, 1923.....	-18.2	1.4	-13.4	0.1
Net Sales (selling price) during April, 1923, compared with April, 1922.....	28.9	38.2	16.1	20.7

Department Store Sales

	No. of Reports	Percentage of Increase or Decrease				Percentage of average stocks at end of each month from January 1 to April 30 to average monthly sales over same period	Percentage of outstanding orders at end of April, 1923, to total purchases during calendar year 1922
		Comparison of net sales with those of corresponding period last year		Stocks at end of month compared with			
		A April	B January 1 to April 30	A April 1922	B March 1923		
Akron.....	4	12.2	18.7	12.2	3.5	345.1	9.6
Canton.....	3	8.0	23.4	2.4	1.6	702.0	.....
Cincinnati.....	9	1.0	8.4	-2.4	5.0	465.4	9.0
Cleveland.....	5	16.5	21.7	13.3	1.8	343.2	7.6
Columbus.....	6	9.3	18.6	10.5	-1.1	400.2	8.4
Dayton.....	4	10.0	16.1	17.6	1.5	399.7	9.6
Pittsburgh.....	7	9.0	17.1	12.6	7.8	348.5	8.0
Toledo.....	4	7.9	18.5	10.4	4.9	361.2	7.0
Youngstown....	3	15.3	33.8	18.1	2.4	308.1	8.3
District.....	47*	10.1	18.0	11.2	4.5	371.9	8.1

*Including 2 reports from other cities.

Building Operations for Month of April, 1923-1922

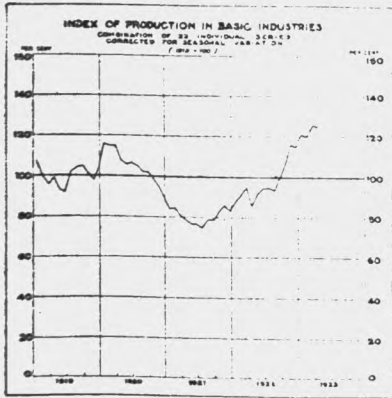
	Permits Issued				Valuation				Increase or Decrease	
	New Construction		Alterations		New Construction		Alterations		Amount	Per Cent
	1923	1922	1923	1922	1923	1922	1923	1922		
Akron.....	402	238	104	65	\$ 562,920	\$ 216,631	\$ 100,380	\$ 39,000	\$ 407,669	159.5
Canton.....	326	162	105	91	844,485	252,695	69,715	61,197	600,308	191.2
Cincinnati.....	544	499	287	307	3,564,800	2,033,805	288,065	257,335	1,561,725	68.2
Cleveland*.....	1,055	780	1,446	1,147	8,376,732	5,332,709	818,040	538,690	3,323,373	56.6
Columbus.....	625	467	158	166	2,015,325	2,003,675	116,175	116,825	11,000	0.5
Dayton.....	353	281	167	120	1,030,281	779,622	132,537	63,668	319,528	37.9
Erie.....	172	180	78	88	543,527	245,941	102,042	149,473	250,155	63.3
Lexington, Ky. .	54	50	67	96	341,655	210,596	26,328	50,000	107,387	41.2
Pittsburgh.....	675	516	161	145	4,017,198	1,966,049	174,289	161,461	2,063,977	97.0
Springfield.....	139	95	45	32	341,980	224,750	18,975	5,315	130,890	56.9
Toledo.....	608	313	308	276	1,409,925	358,760	228,600	178,120	1,101,645	205.2
Wheeling.....	119	82	65	70	355,084	386,670	32,671	31,975	-30,890	-7.4
Youngstown.....	221	145	33	41	552,560	341,455	53,075	41,025	223,155	58.3
Total..	5,293	3,808	3,024	2,644	\$23,956,472	\$14,353,358	\$2,160,892	\$1,694,084	\$10,069,922	62.8

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

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

	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1923	1922	1923	1922	1923	1922	1923	1922	1923	1922
Cincinnati.....	15,376	16,251	107,434	112,112	2,987	9,285	15,332	17,136	1,489	1,601
Cleveland.....	8,657	8,548	98,650	90,583	28,678	21,096	16,028	14,227	1,583	1,563
Columbus.....	140	219	3,722	3,666	90	330	217	257	7	5
Dayton.....	1,742	1,643	13,280	11,364	232	253	1,116	903	.....	.....
Fostoria.....	361	173	8,809	8,807	62	112	586	602	10	15
Marion.....	91	64	3,752	4,444	431	128	139	134	.....	.....
Pittsburgh.....	27,424	30,625	248,179	175,147	81,682	92,490	28,453	21,504	3,930	3,486
Springfield.....	314	198	3,000	4,183	2,324	531	295	341	.....	.....
Toledo.....	963	1,119	11,472	10,289	31	507	565	1,117	122	140
Wheeling.....	296	304	1,462	1,714	40	275	2,065	1,923	13	17
	Purchases for local slaughter									
Cincinnati.....	12,746	14,318	63,837	57,902	2,755	7,213	6,282	9,383	.....	.....
Cleveland.....	8,133	7,981	77,095	64,692	18,275	13,098	15,681	13,307	.....	.....
Columbus.....	100	134	149	576	10	120	63	77	.....	.....
Fostoria.....	28	31	150	1,227	5	10	45	46	.....	.....
Marion.....	77	37	2,457	2,408	10	14	121	80	.....	.....
Pittsburgh.....	6,387	4,845	42,899	34,401	11,403	8,965	10,342	8,013	.....	.....
Springfield.....	94	106	430	764	.....	17	61	34	.....	.....

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



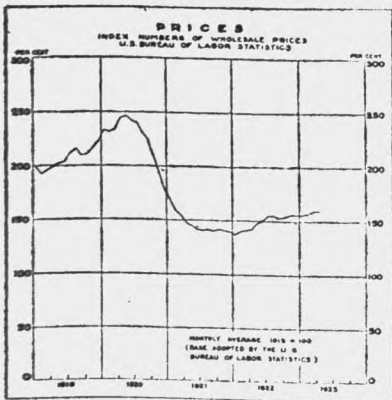
Production and trade continued in large volume during April. There was some slackening of business activity in the latter part of the month and during the early weeks of May, partly on account of seasonal influences.

PRODUCTION

The Federal Reserve Board's index of production in basic industries declined about 1 per cent in April. Production of lumber, anthracite coal, and mill consumption of cotton decreased, while there were increases in the output of pig iron and petroleum. There was a further increase in the value of building contracts awarded in April but the value of building permits issued in 168 cities was 16 per cent less than the record figures of March.

The decrease was due chiefly to a curtailment of new projects in New York, as the aggregate value of permits at other reporting cities showed an increase of 20 per cent. Car loadings continued to be much larger than in the corresponding weeks of previous years, owing chiefly to heavy shipments of manufactured goods. In spite of present heavy traffic, the shortage of freight cars has largely disappeared.

Employment at industrial establishments continued to increase during April although plants in eastern states reported some reduction in their forces and there was an increase in these states in the number of concerns working part time. Increases in wage rates were announced by many concerns, and average weekly earnings of factory workers increased about 1 per cent.

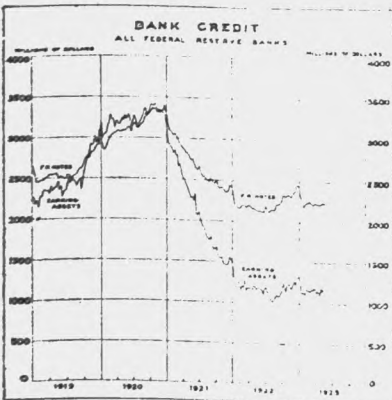


TRADE

Wholesale and retail trade were somewhat smaller in April than in March, which is the customary trend at this season of the year. Both were well above the level of a year ago. Decreased sales by department stores in April as compared with March were in part due to the fact that Easter purchases were made in March and to unseasonable cold weather in many localities. Mail order sales during April were 10 per cent less than in March, but 32 per cent larger than a year ago.

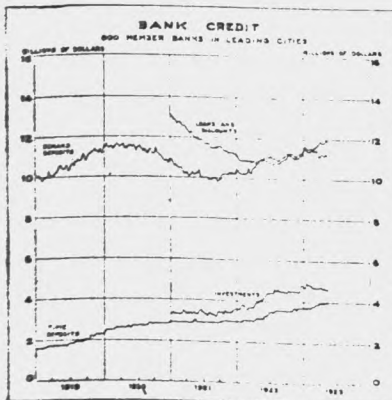
WHOLESALE PRICES

Prices of certain basic commodities declined during April and the early part of May. The general index of wholesale prices of the Bureau of Labor Statistics, it is to be noted, showed no change between March and April. Prices of building materials, metals, cloths, and clothing, were higher in April than in March, these advances being offset by declines in prices of fuel and of farm products, especially live stock and dairy products.



BANK CREDIT

Since the middle of April the volume of bank credit in use has remained relatively constant. Between April 11 and May 9 loans of member banks in leading cities showed an increase of nearly \$100,000,000 a large part of which occurred in the Chicago District. These increases in loans were accompanied by a somewhat larger liquidation of investments, which was general throughout the country. Partly through the sale of these investments reporting member banks have met the demand for additional loans without obtaining increased accommodation at the Reserve banks. The volume of Federal Reserve bank credit has, consequently, continued to remain fairly steady at the level which has prevailed since the middle of January, and the volume of Federal Reserve notes in circulation has remained practically unchanged. Somewhat easier money conditions are indicated by slightly lower rates on commercial paper and lower yields on outstanding treasury certificates. The treasury offering of approximately \$400,000,000 4¾ per cent notes, maturing March, 1927, was heavily over-subscribed, and the issue was subsequently quoted at a slight premium in the open market.



FOURTH FEDERAL RESERVE DISTRICT



- BOUNDARY OF DISTRICT
- - - BOUNDARIES OF BRANCH TERRITORIES
- · · BOUNDARIES OF STATES
- ⊙ FEDERAL RESERVE BANK CITY
- FEDERAL RESERVE BRANCH CITIES