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Covering financial, industrial, and agricultural conditions in the Fourth Federal Reserve District

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FEDERAL RESERVE BANK of CLEVELAND

D. C. Wills, Chairman of the Board

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An Editorial

THE summer season is testing the staying qualities of our present prosperity; it is finding them not wanting. The railroads are carrying revenue freight at a rate of more than 1,000,000 cars a week—a record breaking movement. The demand of the consumers is back of this. In 1920 shelves and store rooms were piled with high-priced inventories; today goods are being used.

A slackening in various lines of industry and trade is apparent, but portions of this may rightfully be attributed to seasonal influences. Seldom if ever has July been a really active business month. Business is inclined to follow in the footsteps of those of us who want to take a breathing spell at this time of year.

Recent tendencies which have appeared on the surface, however, have not eliminated the fact that the underlying factors for good business are still present.

The unsettled farming situation is bringing to light the definite need for a program of more balanced farming and orderly marketing.

Loans are considerably larger than they were at this time a year ago. It is the opinion of conservative authorities in this District that such a condition is to be expected at this season of the year and especially so since such a remarkable industrial growth has been shown during the past twelve months.

For several months the value of our imports has exceeded the value of our exports. This situation naturally embraces obstructive features but there are other angles. The reversal of our trade balance is not due to shrinkage in exports, but rather to increases in imports. Records show that the imports of raw and semi-raw materials for further manufacture in this country are responsible for much of the increase. Apparently our manufacturers have found it necessary to import large quantities of raw materials to care for the recent increased volume of manufactured goods.

Such adverse trade balances as those existing at the present time have been experienced before in the history of our country, and when the proper time arrived they automatically corrected themselves. A similar readjustment is not unexpected by the business world.

Loans to Member Banks Decline Following Rapid Increase; Little Change in Acceptance Market

Special requirements attending the end of the half year brought a rather sharp increase in loans to our member banks. Shortly after the beginning of this month, however, a downward trend became evident and as the *Review* goes to press, borrowings are but slightly heavier than they were a month ago. Here is evidence of the rapid turnover of business as a whole, even though the pace which production has been setting has naturally resulted in somewhat of an accumulation of goods in certain lines. Taxes falling due at this season of the year have been partially responsible for the larger demand.

For the month ending July 20 loans to city banks increased approximately $3,000,000 while loans to those banks in agricultural sections for this period remained near the same level at which they stood a month ago. While there is little demand on the Federal Reserve Bank of Cleveland from the banks in agricultural districts, reports come to us from banks in some centers that they are having quite a demand for funds from their country correspondents.

In certain industrial centers in this District there has been quite a heavy withdrawal of public funds but at present many of these are flowing back into the banks.

There were 105 commercial failures in the Fourth District in June as compared with 136 for the same month last year, according to figures compiled by R. G. Dun & Company. Liabilities totaled $2,466,216 as against $3,521,377 last year. The number of failures in the entire country for June, 1923, was 1358 and a year ago it was 1740. The liabilities totaled $28,678,276 against a total of $38,242,450 for June, 1922.

Savings deposits of reporting member banks show a substantial increase. Deposits for the month of June as compared with the same month last year showed a gain of 12.8 per cent. Compared with a month ago, they show an increase of 2.2 per cent.

The acceptance market has shown no particular change and during the past month it remained dull.

Slowing Down Apparent in Iron and Steel Industry; Consumption Remains Heavy; Prices Somewhat Lower

Some slowing down of iron and steel activities is clearly apparent, to which both normal seasonable influences and some sloping off of underlying demand are contributing. Outside of merchant pig iron, where undoubtedly a condition of overproduction exists, there are no signs of a fundamental weakness. In finished steel, price recessions have been few and of minor character. Consumption in a broad way is still running heavily and the strongest feature of the situation remains the promptness with which buyers and consumers are taking out material against old orders. Suspensions and cancellations are conspicuously lacking.

The mills are shipping out by a considerable margin more tonnage than they are receiving as new business. This especially applies to the larger producers who during the first three or four months had accumulated large backlogs of business. This has brought about a gradual easing of deliveries by those mills which could not ship a new order under several months and would make no definite promises. Now consumers are finding that they can be promised material freshly ordered at a more specific date, and they are being solicited to place business where recently they were not encouraged to do this.

At the same time the volume of current new business as a whole represents a very respectable total. Those mills which at all times have been specializing in early deliveries, are able to obtain enough tonnage from new demand to maintain their position. In fact eastern plate mills which are largely in this class have been getting a better total than in recent months. In general the situation is that present new buying is far from matching current production though there is some tendency to increase, and old orders are being kept alive by the way consumers are using up material. Therefore no producers as yet have suffered to any considerable degree and the test of the situation seems likely to come when present order accumulations are more nearly depleted, unless buying expands in the meantime.

Railroad buying remains very good and consumption is at a high gait. The railroads are pressing the mills for all the material they have on order and are placing a good additional tonnage right along. This includes a number of important rail lots for last half delivery. Equipment orders are light but the roads still have big programs in view and apparently are awaiting a more favorable time to close. Oil companies, faced with overproduction, have been increasing their storage facilities and a large tonnage in tank work is resulting. Structural steel demand for buildings shows moderate revival after the recent lapse. Automobile manufacture has settled down somewhat especially with the smaller companies and there has been some holding back of steel orders until specifications for new models are decided, which is a normal thing for the season. The outlook for a heavy automobile demand for steel remains good.

Production is tapering off from its recent high peak but not rapidly. Coke pig iron output in June as compiled by *Iron Trade Review* was 3,673,503 tons or at an average of 122,450 tons daily, compared with the high record of 3,868,486 tons and 124,790 tons daily in May. Furnaces in blast at the end of June numbered 324, compared with 322 on the corresponding date in May. Since then a number of furnaces have been blown out and others are slated to follow, so

that a considerable curtailment of output in July is promised. Steel ingot production in June fell to 3,748,890 tons or 144,188 tons daily, compared with 4,195,800 tons in May and 155,400 tons daily. June output was the smallest since February.

Merchant pig iron has been going through a rather sharp readjustment, and prices the past month dropped $2 to $3 a ton as buyers have held back. Competition and a labor shortage among foundries causing iron bought for second quarter to be carried over, have been factors. *Iron Trade Review* composite of fourteen leading iron and steel products descended from $46.34 June 20 to $45.26 July 18. Practically all of this decline is due to the fall in pig iron.

Curtailment in Automobile Production; Fourth District Industries as a Whole Holding up Well

Automobiles—As anticipated by some, automobile production for June shows a decline. The curtailment is not large and is in part due to a seasonal falling off in demand and in part to the closing down of factories for inventory. Thus far the automobile body business has had practically no reduction in schedules.

The electric industrial tractor and truck business is holding up very satisfactory. There is a slight falling off in the actual closing of business, due to vacation periods or other seasonal causes. Considerable interest is being taken on the part of large corporations in studying opportunities for the application of labor saving machinery; also such subjects as lessened hospital bills, liabilities under industrial compensation laws, and similar indirect responsibilities which the employment of men for the doing of heavy work entails.

The Department of Commerce reports automobile and truck production, based on figures received by the Bureau of the Census in cooperation with the National Automobile Chamber of Commerce for the first half of 1923 as follows: (Production covers approximately 90 passenger car and 80 truck manufacturers.)

AUTOMOBILE PRODUCTION

	Number of Machines			
	Passenger Cars		Trucks	
	1923	1922	1923	1922
January	223,706	81,693	19,398	9,416
February	254,650	109,171	21,817	13,195
March	319,638	152,959	34,681	19,761
April	344,474	197,216	37,527	22,342
May	350,180	232,431	*43,012	23,788
June	336,317	263,027	40,565	25,984

*Revised

Hardware—Business in this line has shown no particular change since last month. It is near the point which is to be expected at this season of the year and is a great deal better than it was a year ago at this time. Buyers are quite conservative and are not inclined to anticipate their wants. Labor is reported to be more plentiful.

Small Tools—The brisk demand for this line of goods which was so noticeable throughout the spring has subsided somewhat. In so doing it is following the usual course for the summer months of normal business years. The volume of sales still continues good and is running about 35 per cent heavier than at this time last year. The prospects are favorable for a larger volume of business as the fall season approaches.

Cork—There has been some slowing down in the demand for cork goods, particularly in insulation. Orders are sufficiently large to keep plants operating at about 50 per cent of capacity while the linoleum division continues to show a comfortable amount of business. A stronger competition from abroad in corkboard, corks, and cork specialties is noticed. Spanish and Portugese manufacturers are quite active and are quoting prices which manufacturers in this country find difficulty in meeting.

Electrical Goods—So far as the underground cable branch of this industry is concerned there has been practically no slowing down in production, though there has been a little reduction in new orders booked.

There has been a considerable drop in prices of some of the materials for electrical manufacture during the past month, which fact has probably encouraged buyers to continue placing orders, the delivery of which will extend well over into next year. Labor is somewhat easier to obtain. The orders for electrical appliances are keeping up fairly well and the manufacturers are looking forward to a good fall business. This holding up of the electrical industry may exceed most industries as it is in the development stage and much of this development was held back by the war. The demand is now coming because of the requirements of the people for electrical appliances of various kinds.

Printing and Lithographic Inks—The manufacturers report that there has been a decided drop in the pressure of business in their line and are expecting this tendency to continue for at least the next sixty days.

Stoves and Ranges—There is very little change in this industry. The customary midseason dull period continues. Owing to poor deliveries, particularly among the steel industries, the manufacturers of stoves and ranges are forced to carry a larger inventory than is ordinarily necessary in order to enable them to make prompt shipments of orders. In part of the territory covered by stove manufacturers are found a great many conservative merchants who are disturbed about becoming overstocked and the scattered orders which are ordinarily received are noticeably of a lesser number. However, in most instances, previous orders will keep the manufacturers busy during the balance of the year.

Plate Glass—Plate glass factories are still operating practically at full capacity. There is perhaps a slight recession in the demand for window glass, but prospects are good when the fall buying trade is taken into consideration.

Paper Box Board—The outlook in the paper box board industry is much better than it was a month ago. Up to about the middle of July there was a steady gradual decline, but during the last week or two a good portion of the trade has felt that at present it is a good time to buy, and as a consequence a number of mills have taken on considerable business. While this does not apply to every mill, the application is general enough to make the trade feel more optimistic as to the future.

Boots and Shoes—Final production figures received from 61 boot and shoe factories located in the Fourth District show that the May output was 6.4 per cent less than that of the preceding month. The shoe industry at present is very good in the demand for immediate delivery in fancy or novelty styles. Business in the near future in staple patterns is not favorable. The probabilities are that the season's production will be slightly below normal due to the inablity of the manufacturers to turn out quickly the fancy styles as against the plainer patterns.

Railroads Work Toward Goal of Strength and Service; Car Supply Good; Small Percentage of Cars Unfit For Service

One remarkable development during the past month has been that railroad traffic for the country as a whole has been maintained near the peak which was reached in May. During the week of June 30 there were 1,021,770 carloads of revenue freight received, a figure which has never been exceeded in the history of American railroads. During the first six months of 1923, the carriers received a total of over 24,000,000 carloads as against somewhat over 20,000,000 cars in 1922. Figures showing car loadings in Cleveland for the month of May of this year reached a total of 42,000 cars; 4,000 cars in excess of the highest number which has been reported in the past three years.

Coal loadings are quite heavy for this season of the year. An effort is being made to speed up the distribution of coal in order that the roads may be partially relieved of the heavy fall coal traffic just at the time the crops must be moved, and apparently it is meeting with some success. Miscellaneous freight continues to move in about the same volume that it has since April. Shipments of forest products are reported to be r[illegible]ally heavy.

Car supply continues to be good. In fact the total surplus of cars has almost doubled since May 31. On June 30 there was a surplus of 63,636 serviceable cars and a shortage of 11,217 cars. There are fewer cars unfit for service now than for a long period past.

On June 15 the carriers reported that 8.9 per cent of their freight cars were awaiting repairs and on the same date 19.9 per cent of their locomotives were in bad order. Both of these figures are improvements over those last reported.

Annual net revenues of the carriers as a whole during May were at the rate of 6 1/3 per cent per year on the tentative valuation set by the Interstate Commerce Commission and the roads in eastern territory earned at the rate of 7.72 per cent.

From the present progress which the roads are making it is evident that they are working toward a sound financial basis and also that their ability to render adequate service to the country is showing a steady improvement.

Large Overproduction in Oil Industry; Various Corrective Methods Suggested

While the surgeon's knife has already been applied without any great and immediate relief, and further operations have been advised at various and sundry clinics, the patient—the oil industry—struggles along with its burden of excess tissue, with all interested hoping against their best judgment that something will happen to stem the flood of surplus crude.

Proration of runs from the various fields in Oklahoma has been adopted several weeks now by the major purchasing interests, but to date it has not done much toward cutting down daily actual production, according to information reaching the *National Petroleum News*.

The producers' committee in California has recommended that only 55 per cent of the oil be run from the new flush pools of the Los Angeles basin field, while heretofore 70 per cent had been taken. And yet California's total production mounts from week to week.

The large purchasing interests in the Southwest are attempting to stabilize the situation by prorating their runs rather than slashing the price to a point where it will not pay to pump the old wells averaging only a few barrels a day. These old wells are overshadowed by the newly completed wells in the flush pools, but they make up the backbone of the total production of the country and their future operation must be considered.

Other interests in the business have openly advocated reductions in the price of crude to check gaining production, as the best means of meeting the present critical situation. The Independent marketing interests of the country, through their organization have called a joint conference of all Independents, producers, refiners, and marketers, in Chicago to discuss the advisability of their taking action to reduce not only prices for what crude they buy and produce, but also their prices to the consumer on gasoline. They believe the entire situation can be best relieved by re-

ductions in the entire price structure, regardless of what effect this may have on future operations.

Refiners of the country, large and small, are confronted with about the same situation as regards their gasoline output. Stocks are very large and daily production has been at a rate that built up storage rather than drew on it during the early part of the summer. The president of the Mid-Continent Independent Refiners' Association has openly advocated that plants be closed down for two to three weeks until this surplus is somewhat absorbed by the market. The difficulty here is taking care of business in other products, such as fuel oil and kerosene, where contracts and marketing arrangements have been entered into that call for the operation of stills without a shutdown.

Prospect of Large Tobacco Crop Favorable; Soy Bean Becoming an Important Crop; Potato Acreage Reduced; Short Hay Crop

The Burley tobacco crop is growing splendidly at the present time. Seasonal rains have given it a good start and much of it is ready to blossom. At the same time the rain and heat are bringing up the menace of "wildfire" and the growers are very much worried. Should this menace not materialize the present indications are that one of the largest crops will be harvested.

The tobacco acreage on 919 farms in Ohio will be increased more than 8 per cent this year. The Burley or southern Ohio district shows an increase of 15 per cent.

The tobacco acreage of Pennsylvania is estimated at 40,800 which is a slight increase over last year's acreage.

The rapidity with which the soy bean is becoming an important crop in Ohio is shown by the results of a survey of 2,012 farms made by the State-Federal Crop Reporting Service. The acreage on these farms is 69 per cent larger than last year and amounts to 5 per cent of the corn acreage and more than 10 per cent of the oats acreage.

The farms studied have a total of 2,306 acres of soy beans and 48,287 acres of corn. Last year the acreage of the beans was only 1,365.

The soy bean crop is favored by the farmers because a nutritious hay is obtained and because the beans or seed are a rich food. The plant is also a soil improver like clover so that many fields are planted with the idea not of harvesting the seed or making hay but of turning the growth under for other crops to feed upon.

The Ohio potato acreage will apparently be about the same as that of last year. There is some increase in the planting of potatoes for home use but the commercial acreage has not increased. The indications in the United States are for a decrease of almost 10 per cent in acreage this year and the condition of the growing crop is only fair.

The wheat crop in Ohio will amount to 34,370,000 bushels, from present indications. This is an increase of more than 2,000,000 bushels during the last month and is about a million bushels less than last year's crop. Prospects for the whole country show only a slight increase and the forecast now stands at 586,000,000 bushels, which is almost exactly the same as last year's crop. The spring wheat crop now looks like 40,000,000 bushels less than last year.

Ohio corn acreage is 2 per cent more than last year, or 3,900,000 acres, while the United States acreage shows an increase of 1 per cent. Corn condition in Ohio is 5 points above last July, though in the country as a whole, the condition is practically the same as a year ago.

The prospects for the oats crop have shown a decided improvement during the last month, owing to the weather which has caused the plants to lengthen out.

The hay crop in Ohio will be around 70 per cent of last year's crop in so far as can be estimated from present conditions and the United States crop will be something like 85 per cent of last year.

The barley and rye condition is fairly good.

The sweet potato acreage shows some increase. The condition of melons is fairly good despite the late start. Blackberries and raspberries are in excellent condition. Grapes are in only fair condition. The indications are for a 60 per cent or better peach and pear crop. There will be less than a three-quarter apple crop. Tomatoes, cabbages, and onions are in good condition.

The state average weight per fleece of this year's wool clip is 7.3 pounds.

PENNSYLVANIA

Wheat—The condition of wheat on July 1 was estimated at 86 per cent of normal and indicates an average yield of 17.3 bushels per acre, and a total production of 21,814,600 bushels, compared with 24,634,000 bushels last year and 24,311,300 bushels, the average production for the past ten years.

Rye—The condition of rye is estimated at 91 per cent which presages an average yield of 16.3 bushels per acre and an aggregate crop of 3,360,200 bushels as compared with 3,660,840 bushels last year and 4,233,400 bushels, the average production for the past ten years.

Oats—Condition of oats approximates 80 per cent of normal, forecasting an average yield of 30.6 bushels per acre and a total production of 34,996,000 bushels. The crop last year was estimated at 39,473,300 bushels and 37,356,000 bushels, the average production for the past ten years.

Corn—The area of corn planted this spring is estimated at 1,476,360 acres which is a decrease of nearly two per cent from last year's acreage. Weather conditions have not been favorable and as a result the condition on July 1 was 86 per cent of normal which forecasts an average production of 42 bushels

per acre and a total production of 62,154,700 bushels, compared with 65,561,475 bushels last year and 61,954,000, the average production for the past ten years.

Hay—The outlook for hay on July 1 was 71 per cent of normal which is indicative of an average yield of 1.15 tons per acre. Assuming the acreage harvested this year is the same as last year, then the total production this year will be about 3,284,000 tons compared with 4,585,000 tons last year and 4,093,200 tons, the average for the past ten years.

Potatoes—The area planted to potatoes this spring is estimated at 220,880 acres, which is a decrease of two per cent. The condition of potatoes on July 1 was 87 per cent and is indicative of an average yield of 93 bushels per acre and a total production of 20,541,800 bushels, compared with 24,740,800 bushels last year and 22,779,900 bushels, the average for the past ten years.

Apples—There has been a heavy drop this year and as a result the prospect on July 1 is placed at 72 per cent of normal and indicates a total or agricultural crop of 11,797,000 bushels. The crop last year was estimated at 10,837,940 bushels and the average for the past four years 8,642,600 bushels. From thirty to thirty-five per cent of the total or agricultural crop of apples may be classed as commercial.

Peaches—The outlook for peaches is estimated at 83 per cent of normal which is indicative of a yield of 1,715,645 bushels as compared with 1,229,670 bushels last year and 1,013,350 bushels, the average production for the past four years.

Pears—The condition of pears is 71 per cent and forecasts a total crop of 608,650 bushels. The crop last year was estimated at 604,600 bushels and 457,575 bushels, the average for the past four years.

Worn Equipment Necessitates Farmers Buying; Labor Shortage Also Influences; Manufacturing Costs High

Immediate conditions in the farm implement industry are fairly satisfactory so far as sales are concerned, but there is more uncertainty about the future. Sales are quite generally reported by the manufacturers to be from 30 to 40 per cent greater than they were a year ago at which time the industry experienced a very poor season.

Some of the implement makers are experiencing a little rush of late orders and the orders for spare parts are quite large, indicating that old machines are being operated wherever possible. Much of the machinery on the farms at the present time is well worn and conservative men, basing their judgment upon this fact, believe that replacement cannot be postponed for a very long period.

The outlook for the smaller grades of farm equipment is reported to be more satisfactory. Customers have sold a large portion of their last year's purchases, leaving their stocks on hand very much lighter than usual. Some specifications have already been received, without solicitation, for next spring's business and they are of unusual volume.

Another feature of the situation is that present agricultural conditions together with the gradual increase in the price of farm machinery, necessitated by the advance in material and labor costs, have been unsatisfactory. The farmer, however, has not reacted very unfavorably to the increased prices so far, largely because the poor condition of his equipment necessitated some buying. The scarcity of labor has also had an appreciable effect in bolstering up sales. So while the situation naturally suggests the possibility of the farmer curtailing his implement expenditures, orders and inquiries for fall goods have been holding up quite well.

The *Chilton Tractor and Implement Journal* states that despite the situation in the wheat districts, the farmer's financial condition shows marked improvement over a year ago. Corn and cotton are maintaining their higher prices and there are promising prospects for the 1923 yields. Estimates of the Department of Agriculture indicate a greater return to the farmer than during the past two years. A principal unsatisfactory feature will be the unequal distribution of the returns. Translated in terms of implement buying power, the indications are that the implement market for fall and winter and possibly spring trade will be spotted.

Although the prices of some farm staples have dropped during the past month there has been no reduction in the costs of manufacturing. Implement manufacturers are now buying materials for 1924 in a high market.

Demand For Lumber Slackens Somewhat; Favorable Weather Conditions at Milling Points Aid in Holding up Production

The lumber business continues fairly active but there is less demand than there was a month ago. Customers are buying sparingly and only such items as they need. They are insisting on prompt shipments, an indication that stocks are not large. Orders are more difficult to secure and margins of profit are smaller. Southern mills are reported to be cutting down on production so that the present output is not so much ahead of demand as it was thirty days ago.

As the retail lumber industry sees conditions now, prospects for fall trade are fair, and since prices have shown a tendency to move downward, buyers are not anxious to restock until they feel that the bottom has been reached. However, it is nearing that time of year when at least a partial stocking up usually takes place.

The *National Lumber Trade Barometer* in its report for the week ending July 6, shows production and shipments at normal and orders at 72 per cent of normal. This lack of buying is accounted for partially by seasonal dullness and inactivity in the building line, which always comes at this period of the year. It is also due in some measure to high costs which, as we have previously stated in the *Review*, have operated to hold back a certain amount of building in all lines.

The export demand has not improved to any great extent, being largely confined to China, Japan, and Australia from the west coast and to Central and South America from southern producing points.

Weather conditions at milling points are good, which in itself makes for large production, and with plenty of shipping facilities, there is naturally no scarcity of lumber for building purposes.

Conditions in Knit Goods Puzzling; Collections Slow; Price Advance in Worsteds and Knitted Underwear

The situation in the novelty knit goods line has changed since last month. The manufacturers are very much nonplused over the present condition. Spring and summer business is practically at a standstill. The mills were extremely busy in the lightweight and sleeveless sweater department until around July 4. Since that date the demand has decreased. Inasmuch as lightweights and silk sweaters were good last year until the first of September, the manufacturers are at a loss to explain the stoppage in sales as early as July 1.

In other knit goods lines the orders received during the early part of the year were sufficient to keep the mills busy until late fall. However, they should be getting reorders on fall goods, but practically none have been received up to the time the *Review* goes to press.

A large mill which supplies a large amount of worsted yarn to the knitting trade reports that the knitting trade is slow. Even the largest of them are asking for 30 and 60 day extensions, and even giving four month notes.

The knitting manufacturers explain that they receive payments for their goods but twice a year, and that the July payments have fallen off very markedly. Instead of receiving payments the jobbers and wholesalers are being asked for extended terms.

The textile cloth business is in its mid-season condition, which might be called "between hay and grass." The worsted mills have just opened their "tropicals" for next spring at prices about 10 per cent higher than last year. The regular line of cloth for next spring will not be shown to the clothiers until about the first of August.

The conditions in the underwear trade are static. The selling season for next spring is about to open. It is faced by the manufacturers with the realization that they must ask substantial advances, averaging approximately 10 per cent over the opening prices a year ago. On the other hand, the buyers are coming to the market with the feeling that they can buy in advance of next year's opening, as any advances would put the merchandise out of the popular selling ranges. To elaborate on this point, the big seller in summer underwear is a $1.00 garment. This the jobber bought last year for around $6.75 and jobbed to the retailer at $8.50. An advance of 10 per cent in this number would mean that it would cost the jobber around $7.35. To get out whole, he would be obliged to job it at $9.00, and the retailer cannot pay $9.00 for an article and retail it for $1.00. The next most popular number is a $1.50 number, where the same conditions obtain. In the last analysis there would seem to be three solutions:

1. The manufacturer must sacrifice profit and sell to the jobber at approximately last year's prices, or
2. Both the manufacturer and jobber must sacrifice profit and agree on a compromise, or
3. The jobber must pay the manufacturer the advance and look to the retailer to establish new selling prices, say $1.15 in place of $1.00 and $1.65 in place of the old price of $1.50.

Indications are that the retailer's and jobber's stocks of summer underwear are reasonably bare and that the buyers are coming to the market with a clean slate so that this may react in favor of the advance in prices. The underwear business is generally in a more healthy condition than a year ago.

Orders in women's ready-to-wear goods are ahead of a year ago, and the healthy aspect of the situation is emphasized by the fact that there are scarcely any revisions of orders, and few cancellations resorted to. These few are coming from the far West, and Northeast, but generally where merchants are located in the farming communities they are buying more heavily than they bought last year.

Altogether, considering the time of the year and with deliveries of early orders still to be made, the prospects in this trade justify an encouraging outlook.

There is nothing new to report in the men's wear. The trade is anxiously awaiting the opening of the spring lines, which will occur about the first of August.

Completed Pea Pack Near Average of Last Year; Hot Weather Cuts Down Fancy Quality; Corn and Tomatoes Respond to Favorable Growing Conditions

The pack of peas in this section of the country has been finished, resulting in about an average crop for Ohio so far as quantity is concerned. Some packs are reported to be slightly in excess of a five year average but others are said to be somewhat lower.

The proportion of fancy quality, however, was smaller than usual, owing to the extremely hot weather which began just about harvesting time.

The pea crop in other sections of the country is somewhat short, and while acreage for the United States was considerably larger than it was in 1922, it is doubtful if the entire pack will equal the output of last year. Inasmuch as the 1922 crop has been very largely consumed there is considerable activity in the market at present on canned peas.

Growing conditions are favorable for both corn and tomatoes, although both of these crops were somewhat late in being planted. The market generally on these items is somewhat sluggish, especially in the East, but canners have for the most part made heavy future sales and apparently no apprehension is felt as to the ability of the canners to distribute the entire pack at a reasonable profit.

The food products business remains in about the same position it has held for the past several months. The demand is good and orders have shown a little increase over the same period last year. Collections are reported to be quite good.

Cement Production For First Half of 1923 Thirty-Three Per Cent Over Previous Record For Similar Period; Stocks Show Decline

June production of portland cement was about 12,400,000 barrels, according to figures just compiled by the United States Geological Survey. Although this represents a decline of about 500,000 barrels from the record output of May, it nevertheless establishes a new high mark for the month of June by about 10 per cent. Production for the half year ending June 30 was more than 62,300,000 barrels—an increase of 33 per cent over the best previous record for a similar period.

June shipments from the mills amounted to 13,300,000 barrels, or slightly under those of June last year, and about 7 per cent less than in May of this year. Shipments for the first six months of this year were 62,226,000 barrels as against 48,029,000 in the corresponding period last year.

Stocks of cement in manufacturers' hands at the end of June were 9,219,000 barrels, a decline of approximately 9 per cent from those at the end of May.

The combined production of eleven cement mills in Ohio, western Pennsylvania, and West Virginia for the month of June was 1,263,000 barrels as compared with 1,092,000 barrels for the same month in 1922, and 817,000 barrels for June, 1921.

June shipments for the same mills reached a total of 1,359,000 barrels as against 1,335,000 barrels for the same month a year ago and 1,046,000 barrels for June, 1921.

Stocks at the end of June totaled 915,000 barrels. At the end of June of the previous year they were 1,126,000 barrels and at the end of June, 1921, 924,000 barrels.

Midsummer Recession Apparent in Building Industry; Some Sections Show Marked Activity in Home Building

The usual midsummer recession is apparent in the building industry. The practice of letting contracts in the early spring and again in the fall operates to reduce the activity in new work and results in a lull between seasons. This lull is emphasized this year, however, by the gradual reduction in volume of operations as shown in statistics covering the recent months.

Contrary to reports from many of the large centers, particularly those in the East, building operations in some of the smaller cities are continuing on a large scale. There is still a demand for new homes and these are being built as rapidly as possible in order that they may be completed before the bad weather comes.

Labor is a little more plentiful than it was a month ago although there are many instances where construction work is being delayed on account of a shortage of skilled help.

In the city of Cleveland, according to figures prepared by the Builders' Exchange, the total value of permits issued for the first half of 1923 was $28,671,650 as compared with $21,000,000 for the first half of 1922. The larger percentage of this total was registered during the first four months of the year, the permits for May and June falling to approximately 75 per cent of those issued for the corresponding months the previous year. The entire total for the suburbs adjacent to the city to July 1 this year was $18,585,000 as compared with $17,066,000 for the same period last year. For these same suburbs in June, however, the total amounted to only $1,791,947 as against $3,789,030 for the same month a year ago. The latter figures indicate the falling off in home building, a fact which is due to the high costs and the difficulties in getting work done rather than to the over-supply in dwelling places.

Paving Brick Shipments Increase in June; Unfilled Orders Heavy

An increase of over a million in vitrified paving brick shipments for June as compared with May is revealed by the monthly report just issued by the National Paving Brick Manufacturers Association from statistics of companies representing 67 per cent of the tonnage of the industry.

Brick shipments in June were 27,251,000 as against 26,209,000 for May. The large number of lettings during the last month and the awarding of many contracts reacted in an increase of 13,000,000 in unfilled orders for shipment during the late fall and winter months.

The stock on hand reported shows over 80 million brick. Of the total brick shipments this month, 18,630,000 went into city streets and 5,631,000 into country highways. The balance were shipped for miscellaneous uses, such as private drives, factory floors, and general construction. Ohio leads in consumption and is closely followed by Pennsylvania, Illinois, Indiana, Minnesota and Texas in the order named.

Debits to Individual Accounts

	Week Ending July 18, 1923 (322 Banks)	Week Ending June 20, 1923 (323 Banks)	Increase or Decrease Amount	Per Cent	Week Ending July 19, 1922 (324 Banks)	Increase or Decrease Amount	Per Cent
Akron	$ 18,449,000	$ 18,913,000	$— 464,000	— 2.5	$ 13,294,000	$ 5,155,000	38.8
Butler, Pa	2,521,000	3,356,000	— 835,000	—24.9	2,186,000	335,000	15.3
Canton	11,255,000	12,993,000	— 1,738,000	—13.4	9,344,000	1,911,000	20.5
Cincinnati	82,515,000	84,081,000	— 1,566,000	— 1.9	72,222,000	10,293,000	14.3
Cleveland	165,334,000	162,241,000	3,093,000	1.9	141,308,000	24,026,000	17.0
Columbus	39,179,000	38,007,000	1,172,000	3.1	31,977,000	7,202,000	22.5
Connellsville	1,341,000	1,318,000	23,000	1.7	1,178,000	163,000	13.8
Dayton	18,584,000	17,910,000	674,000	3.8	14,071,000	4,513,000	32.1
Erie	7,773,000	8,160,000	— 387,000	— 4.7	6,021,000	1,752,000	29.1
Greensburg	4,827,000	5,127,000	— 300,000	— 5.9	4,485,000	342,000	7.6
Homestead	982,000	1,130,000	— 148,000	—13.1	797,000	185,000	23.2
Lexington, Ky	4,411,000	4,462,000	— 51,000	— 1.1	4,457,000	— 46,000	— 1.0
Lima	5,127,000	4,275,000	852,000	19.9	3,560,000	1,567,000	44.0
Lorain	1,552,000	1,759,000	— 207,000	—11.8	1,226,000	326,000	26.6
Middletown*	2,559,000	2,340,000	219,000	9.4	.....	.....	....
New Brighton	2,706,000	2,885,000	— 179,000	— 6.2	2,196,000	510,000	23.2
Oil City	3,227,000	2,993,000	234,000	7.8	2,800,000	427,000	15.3
Pittsburgh	203,685,000	186,156,000	17,529,000	9.4	158,401,000	45,284,000	28.6
Springfield	5,489,000	6,330,000	— 841,000	—13.3	4,776,000	713,000	14.9
Toledo	45,241,000	47,682,000	— 2,441,000	— 5.1	43,869,000	1,372,000	3.1
Warren, O.	3,638,000	3,515,000	123,000	3.5	3,122,000	516,000	16.5
Wheeling	10,513,000	10,557,000	— 44,000	— 0.4	9,512,000	1,001,000	10.5
Youngstown	15,285,000	14,463,000	822,000	5.7	12,302,000	2,983,000	24.2
Zanesville	3,109,000	3,247,000	— 138,000	4.3	2,465,000	644,000	26.1
Total	$659,302,000	$643,900,000	$15,402,000	2.4	$545,569,000	$111,174,000	20.4

*Debits for corresponding period 1922 not available.

Comparative Statement of Selected Member Banks in Fourth District

	July 11, 1923 (82 Banks)	June 13, 1923 (82 Banks)	Increase	Decrease
Loans and Discounts secured by U. S. Government obligations	$ 29,940,000	$ 32,237,000	$.....	$2,297,000
Loans and Discounts secured by other stocks and bonds	405,456,000	400,758,000	4,698,000	.....
Loans and Discounts, all other	703,916,000	689,458,000	14,458,000	.....
U. S. Pre-War Bonds	48,136,000	48,130,000	6,000	.....
U. S. Liberty Bonds	116,627,000	116,121,000	506,000	.....
U. S. Treasury Bonds	6,081,000	6,784,000	.....	703,000
U. S. Treasury Notes & Victory Notes	56,461,000	61,962,000	.....	5,501,000
U. S. Certificates of Indebtedness	7,427,000	8,110,000	.....	683,000
Other Bonds, Stocks and Securities	285,883,000	282,896,000	2,987,000	.....
Total Loans, Discounts and Investments	1,659,927,000	1,646,456,000	13,471,000	.....
Reserve with Federal Reserve Bank	114,247,000	114,944,000	.....	697,000
Cash in Vault	33,523,000	31,129,000	2,394,000	.....
Net Demand Deposits	933,200,000	938,103,000	.....	4,903,000
Time Deposits	570,111,000	562,332,000	7,779,000	.....
Government Deposits	11,064,000	10,572,000	492,000	.....
Total Resources on date of this report	2,108,951,000	2,101,732,000	7,219,000	.....

Wholesale Trade

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

	Dry Goods	Hardware	Drugs	Groceries
Net Sales (selling price) during June, 1923, compared with May, 1923	5.0	— 7.1	—1.5	5.0
Net Sales (selling price) during June, 1923, compared with June, 1922	22.3	15.2	7.9	8.5

Department Store Sales

	No. of Reports	(1) Percentage of Increase or Decrease: Comparison of net sales with those of corresponding period last year — A June	B January 1 to June 30	(2) Stocks at end of month compared with — A June 1922	B May 1923	(3) Percentage of average stocks at end of each month from January 1 to June 30 to average monthly sales over same period	(4) Percentage of outstanding orders at end of June, 1923, to total purchases during calendar year 1922
Akron	3	33.4	22.3	4.4	— 3.0	357.3	10.8
Canton	3	19.4	20.7	5.5	— 0.8	667.1	....
Cincinnati	9	9.7	9.1	— 0.2	— 5.6	438.2	14.9
Cleveland	5	22.1	21.3	13.6	— 2.3	333.8	11.8
Columbus	6	21.1	18.4	13.6	— 4.6	363.3	7.2
Dayton	4	17.9	16.0	14.6	— 4.8	405.5	8.9
Pittsburgh	7	23.3	21.5	12.5	— 4.4	332.8	9.0
Toledo	4	26.0	20.3	14.0	— 5.1	324.3	6.5
Youngstown	3	36.0	34.5	15.8	—10.7	273.5	11.2
District	47*	22.1	19.9	11.0	— 4.3	353.6	10.2
U. S. Average		14.2	12.2	8.0	— 6.4	389.0	8.8

*Includes three reports from other cities.

Building Operations for Month of June, 1923-1922

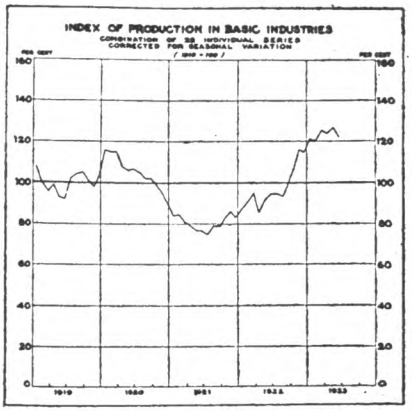
	Permits Issued: New Construction 1923	1922	Alterations 1923	1922	Valuation: New Construction 1923	1922	Alterations 1923	1922	Increase or Decrease: Amount	Per Cent
Akron	271	194	64	70	$ 450,867	$ 302,235	$ 101,185	$ 63,980	$ 185,837	50.7
Canton	187	145	73	64	390,882	423,754	35,490	51,755	— 49,137	—10.3
Cincinnati	419	425	220	277	2,009,775	1,801,050	442,580	296,175	355,130	16.9
Cleveland*	749	946	1,097	976	4,593,460	9,446,450	1,061,312	731,835	—4,523,513	—44.4
Columbus	478	375	129	151	1,417,885	1,127,520	149,615	134,880	305,100	24.2
Dayton	196	325	168	118	318,436	1,539,684	261,977	54,085	—1,013,356	—63.6
Erie	96	133	74	56	151,199	281,450	92,490	100,748	— 138,509	—36.2
Lexington	31	43	44	44	87,681	488,925	50,484	12,911	— 363,671	—72.5
Pittsburgh	542	502	171	144	3,350,444	3,991,315	299,571	218,878	— 560,178	—13.3
Springfield	109	89	30	28	107,935	157,200	13,910	13,495	— 48,850	—28.6
Toledo	376	333	251	274	1,111,190	705,880	233,277	178,370	460,217	52.0
Wheeling	97	98	51	34	620,215	329,075	122,021	22,430	390,731	111.2
Youngstown	230	163	38	41	610,755	406,020	51,305	23,660	232,380	54.1
Total	3,781	3,771	2,410	2,277	$15,220,724	$21,000,558	$2,915,217	$1,903,202	$—4,767,819	—20.8

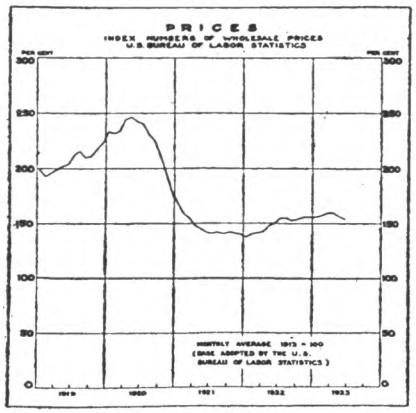
* Includes figures for East Cleveland, Lakewood, Cleveland Heights, and Shaker Heights.

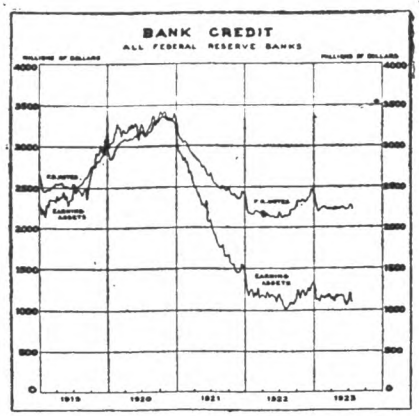
Movement of Livestock at Principal Centers in Fourth Federal Reserve District for Month of June, 1923-1922

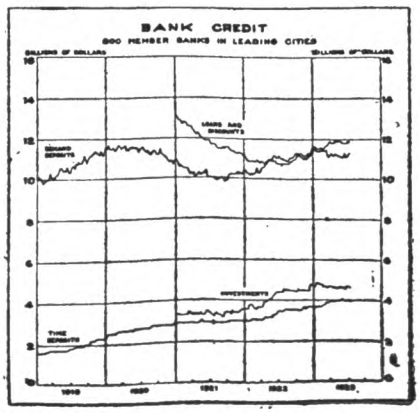
	Cattle 1923	1922	Hogs 1923	1922	Sheep 1923	1922	Calves 1923	1922	Cars Unloaded 1923	1922
Cincinnati	16,593	17,922	101,691	92,012	83,094	100,417	17,785	19,594	1,970	1,988
Cleveland	8,321	10,109	92,329	89,246	15,592	15,443	14,560	13,155	1,469	1,653
Columbus	143	228	8,036	4,305	110	28	273	144	6	11
Dayton	1,749	1,784	13,384	12,671	813	1,184	902	962	....	....
Fostoria	430	432	9,746	10,237	143	299	638	547	16	23
Marion	54	111	7,153	7,983	273	60	180	190	....	....
Pittsburgh	26,742	37,717	208,257	150,599	120,577	142,554	31,598	29,956	3,855	3,705
Springfield	296	236	5,804	5,336	270	505	275	197	....	....
Toledo	661	817	9,983	9,828	151	632	679	606	96	116
Wheeling	308	341	1,115	1,106	581	824	2,745	1,940	14	7
Purchases for Local Slaughter										
Cincinnati	12,248	12,902	64,416	49,931	4,514	7,564	4,662	8,389	....	....
Cleveland	7,616	8,889	75,153	58,456	13,989	13,099	13,815	12,489	....	....
Columbus	89	202	64	527	110	17	130	65	....	....
Fostoria	25	77	1,050	601	6	9	58	156	....	....
Marion	51	108	1,716	1,730	18	33	150	169	....	....
Pittsburgh	5,869	5,566	51,026	35,018	10,080	9,615	10,166	8,220	....	....
Springfield	99	104	303	353	2	26	66	79	....	....
Toledo	489	....	2,119	.....	142	.....	582	.....	....	....

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









Production of basic commodities declined in June but employment was maintained at last month's high level, freight shipments were exceptionally large, and the volume of wholesale and retail trade continued heavy. Wholesale prices showed a further decrease.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal variations, was four per cent lower in June than in May, and stood at about the level of the late winter. Mill consumption of cotton, steel ingot output, and sugar meltings showed particularly large reductions. The value of permits for new buildings and of contracts awarded declined in June more than is usual at that season.

The Department of Agriculture forecasts on the basis of July 1 condition a large increase in the cotton crop, a slight reduction in the corn crop, a winter wheat crop of about the same size as last year, and a spring wheat crop which will possibly be about forty million bushels below 1922. The number of factory employees at work in June in the country as a whole was about as large as in May, though a reduction is reported by New England establishments. The proportion of factories reporting full time operations decreased and consequently average earnings per employee were smaller. Wage advances continued to be reported in June, but they were not nearly so numerous as in April or May.

TRADE

Distribution of commodities, as measured by railroad freight shipments, was active throughout June. The number of cars loaded exceeded one million in each of four successive weeks, and the week ending June 30 was the largest on record.

The volume of wholesale and retail trade in June was about the same in May and continued to be substantially larger than in 1922. Sales of groceries and dry goods were much larger in June and this increase was reflected in an advance of 4 per cent in the Federal Reserve Board's index of wholesale trade. This index, which makes no allowance for seasonal changes, was 9 per cent above the June, 1922, level. Department store and mail order sales were smaller, as is usual at this season, while sales of reporting chain stores were at about the same high level as in May. Stocks of merchandise at department stores were reduced about 6 per cent.

WHOLESALE PRICES

The decline in commodity prices which began late in April continued during June and the first two weeks of July and the index of the Bureau of Labor Statistics for June was 2 per cent less than for May. The largest decline, amounting to 4 per cent occurred in the prices of building materials, and decreases were shown also for all the other commodity groups, except house furnishings which remained unchanged. During the first half of July, price declines were shown for wheat, sugar, petroleum, and lead, while the price of corn and hides advanced.

BANK CREDIT

Banking developments between the middle of June and the middle of July largely reflected the payment of income taxes on June 15, dividend interest payments at the turn of the half year, the demand for additional currency for the July 4 holiday, and the return flow of currency after that date. At the end of the period the volume of member bank and Federal Reserve Bank credit in use was approximately at the same level as a month earlier. At the Federal Reserve Banks the amount of discounts for member banks on July 18 was about $100,000,000 larger than on June 13, but this increase was practically balanced by a decline in holdings of acceptances and government securities. During the month of June gold and gold certificates in circulation increased by over $40,000,000, and this increase is reflected in an equivalent decline of gold held by the Federal Reserve Banks. Money rates were slightly firmer as is usual at this season of the year.