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"BY WATCHING TENDENCIES AND BY RAISING THOSE PRODUCTS WHICH ARE IN DEMAND, EASTERN, SOUTHERN, AND MID-CONTINENT FARMERS CAN DO MUCH TO RELIEVE THE STRAIN ON THEIR WESTERN BROTHERS, AND THUS AUTOMATICALLY ADJUST THE WHEAT CROP TO FIT THE WORLD SITUATION."—*EDITORIAL*

FEDERAL RESERVE BANK of CLEVELAND
D. C. Wills, Chairman of the Board
(COMPILED AUGUST 22, 1923)

An Editorial

ALMOST everyone hears or reads something about "dollar wheat" these days. The public is always interested in the unusual and the present wheat situation makes a good story. One of the principal reasons why it is so much in the limelight is because of the unique position which it occupies, wheat and hogs being the only important agricultural commodities now substantially below last year's prices. Strangely enough little is said of the improved prices of other farm products. Frankly we believe the situation has been overemphasized. Attention is being called to the hole in the doughnut rather than to the doughnut itself. There are instances when this has been brought about by an honest endeavor to aid the farmer but it is questionable whether the present condition of the wheat grower can be picked out as representing the status of the whole agricultural industry. The general farmer is in better condition than he was a year ago to say nothing of the livestock farmer and the dairyman.

Because of the prominence given the wheat question, those in industrial sections who do not have the opportunity to make a detailed study of the situation are apt to form impressions which are not substantiated by facts. Estimates by competent authorities show that wheat represents only about 7 per cent of the total value of farm products. Sold in bulk as it is, it also looms larger than the more scattered but equally effective income from other products of the farm.

At one time wheat was looked upon as being a standard of value. This opinion still exists to a certain extent and rightfully so, for we must have wheat and a properly balanced crop means better business. That the wheat farmer has been passing through a difficult period cannot be questioned. In addition to the unsettled market he must contend with uncertain weather conditions, insects, and other economic hazards. He constitutes a definite part of the buying of our country and when his buying lags it is soon felt. A recent estimate by the Department of Agriculture places the valuation of the 1923 wheat crop at $781,000,000. Last year it was estimated at $884,000,000. The decrease for the year amounts to approximately $100,000,000.

On the other hand it has been estimated that the value of this year's grain crops on the basis of farm prices July 1, will be $500,000,000 more than the amount received for the 1922 crop. On July 1, 1922, the price of corn per bushel on the farm was 62 cents and on the same date this year it was 86.5 cents a bushel. The farm price of winter wheat declined from 93 cents to 87 cents per bushel; oats increased from 37.3 cents to 42.5 cents per bushel; and barley from 52.2 to 55.7 cents per bushel. These prices were taken as of July 1 each year and are the farm prices, not the prices at marketing centers, from which transportation charges must be deducted.

Many suggestions and remedies are being offered. The chief difficulty in using them is to stay away from those which are only temporary and which in the long run will do more harm than good. More diversified farming offers a practical solution to a lot of our present farming ills. The South, which has shown a rapid recovery since placing less dependence on cotton is a good example of what diversified farming can do. In fact it is unnecessary to look beyond this State or neighboring states to find practically entire rural districts which have learned the wisdom of not placing all their marketable eggs in one basket. So while some are suggesting untrustworthy plans and schemes to make American agriculture safe for the "one-crop" farmer, others who take a broader view of the situation are urging more certain methods of farming, such as livestock raising, dairy farming, fruit and garden truck raising, and a more consistent rotation of crops. These methods have the added advantage of steadying farm incomes from month to month. The value of dairy products of American farms last year was nearly three and one-half times greater than that of wheat.

There are certain sections of the country where soil and climatic conditions make it necessary to depend almost entirely on the wheat crop for the principal income. But even in those where crop rotation is possible, this one crop is raised year after year with practically no change. This system results in exhausted soil. As the number of bushels per acre grows less, the acreage is increased, thus increasing the cost. The very soil is tired and the tillers discouraged in trying to make more acres spell more dollars.

By watching tendencies and by raising those products which are in demand, eastern, southern, and mid-continent farmers can do much to relieve the strain on their western brothers, and thus automatically adjust the wheat crop to fit the world situation.

In a quiet place even a little noise may sound big. There is no evidence that the present wheat situation, though serious, is sufficient to undermine the present solid foundations of business or the future of agriculture.

Continued Consumption of Iron and Steel Responsible for Moderate Improvement in New Business; Railroads Make Inquiry for 1924 Requirements; Production Tapers Off Gradually

New business in steel has continued to show a moderate improvement. August to date has brought to the mills a better volume of fresh buying than July which in turn was in excess of that of June. While a general buying movement has in no sense developed, consumers of iron and steel seem more disposed to renew or extend their commitments and are doing it with greater confidence than they have done for several months past. Fundamentally, this is due to the fact that consumption appears to be going forward without great change and as tonnage is coming off mill books in the form of shipments, buyers are more inclined to restore it, in part at least, in the form of orders even though in many cases the deliveries to be made are some months distant. Probably no single factor has been more influential in stabilizing the market and in reviving confidence of buyers than the elimination of the 12-hour day in the mills toward which the steel companies are moving with dispatch. Certainly, for the time being, the increase in costs expected to result from this readjustment has given a firmness to current prices that probably could not have resulted except from an extensive buying movement. Many buyers who have been holding off in the expectation of lower prices on steel now appear to be convinced that this is a remote probability at present under the changed circumstances and therefore their interest in providing for their definite and assured requirements has been stimulated.

The railroads have continued to be large consumers of steel and are pressing the mills for deliveries against the tonnage they long since have had on order. Furthermore, they continue to place a liberal amount of new business in the way of track maintenance and improvement. Their new orders for equipment recently have been exceedingly few but inasmuch as the car and locomotive builders still have a large amount of accumulated business of this sort and the mills are obligated to deliver a heavy tonnage against this, the slowing up of the equipment market has not been seriously felt. Already various roads are inquiring for their 1924 requirements of steel rails and one lot of 50,000 tons has been placed for that delivery. Awards of steel for new construction undertakings show a tendency to increase and the present outlook in view of the plans now maturing is that a large amount of work will come on the market in the fall. While companies have continued to place some large tonnages for storage tank purposes, specifications for steel from the automobile industry have fallen away while the new season's models were being brought out. These models now having been placed on the market, demands for steel from the automobile builders and parts manufacturers are improving. A falling off of business is noted in line pipe, field goods, and other materials entering into manufacturing products for oil country needs, due to the slowing down of the petroleum industry caused by overproduction.

General production of iron and steel has been tapering off, but not rapidly. Pig iron production in July as compiled by *Iron Trade Review* was at the rate of 118,859 tons daily compared with 122,262 tons in June and 124,790 tons in May, the high point. Last month's output showed a loss of less than 3 per cent from June. Total production in July was 3,684,631 tons or slightly larger than June due to the one day longer period with 3,667,868 tons and as against 3,868,486 tons in May. Furnaces in blast on July 31 were 299 compared with 322 on the last day of June. Steel ingot production in July was at the daily average of 140,639 tons against 144,188 tons in June and 157,776 tons in April, the high point. Calculated production in July was 3,515,966 tons or better than 42,000,000 tons annually, indicating that the country still is producing steel only a little better than the best record of any previous year.

The pig iron market has been developing more activity in recent weeks after a listless period running over two or three months. With the condition of apparent overproduction, prices have fallen to the point where a number of furnaces have been forced to go out of blast or be banked. Prices now are steadier and consumers show more willingness to contract for tonnage for the balance of the third quarter and in some cases to the end of the year.

The fall in pig iron prices has been the main variable in the decline of *Iron Trade Review* composite of 14 leading iron and steel products. This average, however, at present is practically on a dead level. On August 15 it was $44.84 compared with $44.88 August 8, $44.97 August 1, and an average of $45.39 in July, $46.46 in June and $47.52 in May.

Decrease in Crude Oil Encouraging Feature; Retail Price of Gasoline Attracts Country-Wide Attention; Automobiles Responsible for Depleted Stocks

Encouraging and discouraging factors perhaps about offset each other in the situation facing the oil industry at this time.

The outstanding encouraging feature is that production of crude oil has been greatly decreased during the past month through the strict prorating of runs from the wells by the large crude oil purchasing companies. Within the past two weeks the purchasing companies generally have restricted still further the proportion of oil they will buy from the wells to which their lines are connected, but some of them are offering to store the excess of production over what they buy, under contract with the producer.

California, which has been the biggest factor in creating the present condition of overproduction, had reached what was regarded as the peak of its possible production and was showing declines, when the discovery of oil in a new field, Dominguez Hill, gave promise of the development of a field that will at least go far to make up for the decline of the older Los Angeles Basin fields and, according to the belief of *National Petroleum News'* production analysts, will, keep California in the forefront as a production factor.

Notwithstanding the excess production of crude, the dominant purchasing companies have made no general price cuts, the producers being able to show that they are now receiving less than the cost of production for their oil in some fields. It is maintained that any reduction in the posted price of crude would force the producers to shut down thousands of the older wells whose production is small, but which in the aggregate represent the backbone of Mid-Continent production. Shutting of these wells would result in economic loss because many of them could never be brought back to productive activity after present flush production has ceased, and many others would not return with their present rate of production.

The situation with reference to the retail price of gasoline is attracting country-wide attention. In South Dakota the retail price was reduced 10.6 cents a gallon. This action led to a general cut by the Standard Oil Company of Indiana of 6.6 cents a gallon in nine of the eleven states in which it markets, 10.6 cents in South Dakota, and 5.6 cents in Indiana.

Oil authorities state that this cut will be harmful to the smaller companies if long continued, but they say there are signs already that the outcry has spent itself and that retail prices may be expected to work back to a point which represents a fair profit to the marketer. On August 18, in South Dakota it was agreed to raise the price of gasoline from 16 to 20 cents a gallon upon the furnishing of figures on cost of production, transportation, and marketing.

Reductions in retail gasoline prices have been quite general over the country outside the eleven states above referred to, but they have been more moderate in character.

Independent refiners who for months have been struggling between a relatively high price for crude, their raw material, and a low price for their product, due to heavy stocks and large current production of gasoline, have suffered still further in the recent reduction. However, many of them have closed down their plants entirely and practically all of those who are still operating are running at only a fraction of their capacity.

Automobiles of the country are devouring unprecedented quantities of gasoline daily. A canvass by *National Petroleum News* as of July 15 in the various marketing territories of the country east of the Rocky Mountains, showed that sales were running 13½ per cent ahead of those for the same period a year ago and that they will soon begin to draw gasoline inventories more in line with the market, provided the restrictions on refinery operations now in force are continued.

The same canvass showed also that the stocks of gasoline in the tanks of the jobbers throughout the country had been greatly reduced during the month ending July 15 as compared with the month preceding. On June 15 stocks held by jobbers represented an excess of 36 per cent over those on the same date in 1922. On July 15 these stocks had been drawn on to the extent of 23 per cent so that the aggregate stocks on the latter date were only 13 per cent heavier than those on the corresponding date in 1922. The buying movement by jobbers is going ahead quite heavily at the present time.

Railroads Hold to Pace Set Earlier in Year; Believed to Be in Good Shape to Meet Peak Traffic Load

The railroads have continued the pace which they set earlier in the year, both as to freight handled and reduction in the number of cars in bad order. During the week ending July 28 they handled 1,041,044 cars of revenue freight, a new high record for all time. In the week ending July 21, 1,028,927 cars were handled. In fact million-car weeks have become almost a matter of course. Bad order cars on July 15 numbered 188,621 or 8.3 per cent of the total equipment of the country. This is the lowest figure since December, 1920.

During June Class I roads earned at the annual rate of 5.47 per cent throughout the country and in the Eastern District they earned 6.39 per cent. In June, 1922, the railroads as a whole earned 4.86 per cent.

Car surplus has finally begun to decline and shortage to increase. On July 31 there was a surplus of 76,453 cars as against 79,710 cars on July 22. On the other hand, the shortage on July 31 was 9570 cars and on July 22, 7891 cars. It is probable that the increase in the number of cars short and the decrease in the number of surplus cars is to be accounted for by the fact that the kinds of traffic moving are gradually being changed, so that the length of the haul on each car is longer than it was earlier in the year and that, therefore, each load occupies its car for a longer time. This may be the result of the beginning of the crop movement. An authority on the situation expects to see a continuance of this tendency. He also believes that probably the net surplus which we now have will become a net shortage within the next month or six weeks.

A net shortage of cars would, of course, somewhat hamper freight movements, but the carriers are today in a position to handle more traffic than ever before in their history, so a repetition of the severe freight congestions which have occurred in times of peak traffic movements during the past several years is not expected. In other words it is quite generally believed that this year industry will not find it necessary to pare its operations so severely to fit transportation facilities as has been the case many times in the past.

In the first half of July the roads placed in service approximately 8200 new freight cars and 100 new locomotives. This accounts in part for the continued good showing of the car supply in the face of record traffic. Another principal reason is the dispatch with which cars are being handled.

At the present time many of the surplus box cars are being held in the grain shipping territories in order that the increasing grain movement may be met.

Ohio Wheat Crop Exceeds Earlier Expectations; Corn Crop Shows Decided Increase During Past Month; Quiet Season of Year For Tobacco

Ohio

Wheat—According to a late report of the Ohio Department of Agriculture, the wheat crop in this state is threshing out much better than was expected. For the unusually heavy yield as compared to the amount of straw, farmers have to thank the remarkably favorable weather during the last few weeks before harvest while the grain was forming. Because there have been unexpected decreases in parts of Kansas and Nebraska the national outlook for the wheat crop is no better than seemed likely a month ago. It is now estimated that the Ohio wheat crop will amount to 44,675,000 bushels.

Corn—Corn prospects have increased more than 10 per cent during the past month so that if the crop yields according to present indications, the production for the state should be around 171,000,000 bushels. The growth has been so rapid under the influence of the warm and moist weather that a few weeks of dry weather might have an unfavorable effect on the crop but from all that can be foretold at present Ohio will have a near record crop. The largest crop of recent years is that of 1912 when a total of 174,000,000 bushels was raised. The United States crop is forecast as 2,982,000,000 bushels which is an increase of 100,000,000 bushels during the past month and is considerably above last year and the five year average.

Wool—The wool clip in Ohio the past season amounted to 14,300,000 pounds as compared to 13,600,000 pounds last year, an increase of 5 per cent. The total United States clip is estimated at 228,000,000 pounds by the United States Department of Agriculture, which is a 4 per cent increase over last year.

Ohio is the leader in the production of fine wools, and is the sixth state in the Union in total production of wools of all classes. In the production of western range or "territory" wool, as it is called, Texas leads with almost 20,000,000 pounds. A few years ago the state of Wyoming was producing as much as 26,000,000 pounds but this has now fallen below 19,000,000. Montana, Utah, and Idaho each sheared more than 16,000,000 pounds this year, according to the agricultural statistician of Ohio. Oregon, California, and New Mexico are the remaining large producing states.

Pennsylvania

Wheat—Information gathered prior to August 1 by the Bureau of Statistics of the Department of Agriculture points to 93 per cent of a normal crop of wheat and indicates an average yield of 18.8 bushels per acre, and a total production of 23,706,000 bushels. The crop last year was estimated at 24,634,000 bushels.

Rye—Preliminary estimate indicates 92 per cent of a normal yield of rye and forecasts an average production of 16.6 bushels per acre and a total production of 3,422,000 bushels, compared with 3,660,840 bushels last year.

Oats—Weather conditions were not favorable and as a result the indications point to a yield of 28.4 bushels of oats per acre and a total production of 32,480,000 bushels, compared with 39,473,300 bushels last year.

Corn—The condition of corn for grain on August 1 was 88 per cent of normal and presages an average yield of 41.8 bushels per acre and a total production of 61,711,800 bushels, compared with 65,561,475 bushels last year.

Buckwheat—Estimates show that 212,380 acres were seeded to buckwheat this year which is a decline of five per cent from last year. The condition of this cereal on August 1 was 86 per cent which indicates an average yield of 18.5 bushels per acre and a total production of 3,929,000 bushels, compared with 4,616,400 bushels last year.

Tobacco—The drought has affected tobacco adversely like other spring and summer crops and as a result the condition on August 1 is placed at 85 per cent of normal which forecasts an average yield of 1305 pounds per acre and a production of approximately 53,244,000 pounds. The crop last year was estimated at 53,693,000 pounds.

Hay—The area of tame hay cut this year is estimated at 2,793,815 acres, which is approximately 96 per cent of the area cut last year. The average yield per acre is estimated at .93 tons and the total production at 2,596,305 tons, as compared with 4,585,000 tons last year. The drought affected the hay severely. This is the lightest yield for many years.

Potatoes—Estimates point to 76 per cent of a normal crop of potatoes and presage an average yield of 86.6 bushels per acre and a total of 19,128,200 bushels, as compared with 24,740,800 bushels last year.

Apples—The total or agricultural crop of apples, according to the August 1 condition, will approximate 69 per cent of a normal crop and is indicative of a yield of 11,328,750 bushels. The crop last year was estimated at 10,837,940 bushels.

Peaches—The peach crop is estimated at 82 per cent of normal indicating a yield of 1,702,920 bushels as compared with 1,229,670 bushels last year.

Pears—The condition of pears is placed at 68 per cent of normal which points to a yield of 572,215 bushels. The crop last year was estimated at 604,600 bushels.

Kentucky

Tobacco—This is the quiet season of the year insofar as tobacco marketing is concerned. The interest at the present time is centering around the crop of 1923. The growing conditions in the Burley district this season have been favorable and indications point to a good crop of tobacco. The season is well advanced and some cutting of tobacco was started before the middle of August. Leaf diseases have manifested themselves in some places and the amount of damage which these will cause depends to a considerable extent upon weather conditions until harvesting has been completed. It is too early in the season to make any guess as to what the market condition for Burley tobacco is going to be as sales of the 1923 crop will not start for several months.

The Burley Tobacco Growers' Cooperative Association has been adding to its membership during the summer through the signing up of additional tobacco growers. Some progress also has been made by the organization in the establishment of locals among its membership in various counties. These locals will be of service in maintaining contacts between the membership and the management of the association. This is highly important in a business undertaking of this kind which now numbers considerably over 80,000 tobacco growers in its membership.

The Kentucky crop report for August, 1923, indicates a probable production of 534,965,000 pounds of all types of tobacco in Kentucky. The production of all types in the state in 1922 amounted to 446,250,000 pounds. It should be noted that this includes the dark types of tobacco grown in western Kentucky as well as the Burley tobacco grown in central Kentucky.

Paper Manufacturers Optimistic Regarding Fall Operations; Shipments Keep Pace With 100 Per Cent Production; Seasonal Demands Aid Box Board Manufacturers

Late reports on the pulp and paper situation indicate an improvement in certain divisions of this industry. Some raw materials which have been very dull are showing signs of increased activity and strength. The purchase of paper remains much as it was a month ago, but there is a decidedly optimistic feeling that the current month will see a turn for the better in the order situation. The buyers, however, are still showing considerable hesitancy in making their purchases.

In the past few weeks there has been a tendency toward a softening in paper prices. Authorities believe this is not very general and that the movement will check itself when a larger number of orders is available.

Spot bleached sulphite has softened somewhat, but contract bleached sulphite is expected to remain firm in price. The domestic mills are reported to have been running over 90 per cent of full production as compared to about 60 per cent earlier in the year. There is no large stock of bleached sulphite on hand so that about the same conditions are expected in the pulp market as in the paper market.

The production of writing, cover, and tissue papers for the first six months of this year has been just a little above 100 per cent but shipments have kept pace so that there is no unusual stock on hand at the mills.

Reports from merchants show that their stocks are not above normal; in fact, if anything, they are slightly below their usual point for this season of the year. Printers and consumers are not overstocked and it is quite generally felt that the fine paper industry, as a whole, is in a healthy condition, the low orders of the last two months representing the usual summer slump.

While the box board business has been passing through the customary seasonal dullness, the situation at present is showing a decided pick-up. The paper box manufacturer has not stocked up as much as he formerly did and the trade points to this as an important reason why the period of active purchases should last longer than usual. The mills have more orders on their books now than they have had for several months.

The demand for shipping cases which naturally follows seasonal operations in various sections of the country is reported to be in excess of normal in some sections but quite dull in others. In some instances orders already booked are sufficiently large to assure capacity operations throughout the summer.

Present Building Operations Following Last Year's Trend; Demand For Skilled Craftsmen Slackens

Building operations in this vicinity made a considerable recovery in July in comparison with the manifest slump in June. This would seem to indicate that the industry is inclined to follow its last year's course, when the fall months showed increased activity, although with somewhat decreased volume.

For the first time in many months requests that skilled craftsmen remain away from this city as work is becoming scarce, are being inserted in labor journals issued in Cleveland. This is in strong contrast to the situation in the early part of the summer when craftsmen were at a premium and the paying of bonuses was regarded necessary by some in order to get the necessary complement of help.

Figures prepared by the Builders Exchange daily bulletin of building information, indicate that permits for the city of Cleveland for July, 1923, aggregated approximately $8,500,000 as compared with a little over $11,000,000 for July, 1922. The total, however, for the first seven months of 1923 in round figures was $37,000,000, while the aggregate for the same period in 1922 was $32,000,000.

While the total valuation of permits issued in the five leading suburbs adjacent to this city was less by several hundred thousand dollars than for July a year ago, these suburbs also show a margin of approximately $2,000,000 for the first seven months of 1923 as compared with the same period in 1922. Figures in the suburbs are significant as indicating the trend of the home building department in the construction industry.

Sweet Corn Prospects Excellent; Tomato Crop Late; Wholesale Grocers Buy Slowly

The prospect for the sweet corn crop in Ohio is excellent and from recent reports it would appear that this condition, with some few exceptions, is true in most of the corn canning sections.

The tomato crop is at least two weeks late on the average and during the last three weeks the crop has had entirely too much rain. This has resulted in a dropping of the bloom, and in some cases the appearance of blight. While the acreage in the country at large is greater than last year, the prospects are for a crop somewhat less than that of a year ago unless there is more favorable weather from now on and a late fall.

Canners have made heavy future sales on tomatoes and most canners have sold a reasonable amount of sweet corn. The retailers' stocks are not heavy and jobbers' stocks are much lighter than usual, especially those of corn and tomatoes. The crop of peas in the United States is estimated to be about 1,000,000 cases less than last year and there is quite an active demand for them at this time.

Wholesale grocers, quite generally, are reported to be buying only for immediate needs. So far this has resulted in their paying additional prices for the goods. Business on dried fruits is reported to be very slow, the slack demand for prunes and raisins being especially noticeable. The new pea crop is now reaching the wholesale grocers and they say the quality is very fine.

An official of a large food products concern tells us that they have just completed their mid-summer conference, with over 50 of their branch house managers from all over the United States present. These managers, he states, are all quite optimistic over the present outlook for business. Sales have shown an improvement in the last 30 days.

Production of Portland Cement Gains; Stocks Slightly Under Those of Last Year

Production of portland cement in July was somewhat greater than in June and more than 1,000,000 barrels greater than in July last year. Total production for the month was 12,620,000 barrels, according to the United States Geological Survey. For the first seven months of this year production was very close to 75,000,000 barrels—an increase of more than 28 per cent over the best previous record for that period.

Shipments from the mills during July amounted to about 13,700,000 barrels, an increase of 400,000 barrels over June, but slightly under July a year ago. Shipments for the seven months' period ending July 31 were approximately 76,000,000 barrels, a quantity greatly in excess of that moved in any similar period during past years.

Notwithstanding the very heavy demand for cement experienced during this year, stocks of cement at the end of July amounted to about 8,000,000 barrels, or only slightly under those of a year ago.

Banking Situation Reflects No Important Changes; Savings Deposits Continue Gain; Commercial Failures Less in Number But Liabilities Greater

Banking developments in this District for the month ending August 20 reflected no changes of major importance. At the end of this period the volume of credit extended to both city and country banks was near the same level at which it stood a month earlier. The customary fluctuations have been in evidence, caused, no doubt, by seasonal demands. The usual dullness of the summer months through which industry and business have been passing is clearly evidenced in the light demand for accommodations.

On July 20 the reserve ratio of the Federal Reserve Bank of Cleveland was 80.6 per cent as compared with 78.8 per cent on August 20. The reserve ratio of the System on July 20 was 76.7 per cent as against 77.7 per cent on August 20.

Savings deposits of reporting member banks show a continuation of the steady gain which has been in evidence during the past months. Deposits for July, 1923, as compared with the same month a year ago made a gain of 13.8 per cent, while the gain over the previous month was .2 per cent.

During the month of July there were 91 commercial failures in this District as compared with 105 in June, or a decrease of 14 concerns. Liabilities for July totaled $5,763,981 while in June the total was only $2,466,216. This is a gain of $3,297,765 or 133.7 per cent. The average per firm for July was $63,340 as against $23,488 for June, a gain of $39,852 or 169.7 per cent. Comparing July, 1923, with July a year ago a decrease of 44.2 per cent in the number of failures is shown but in the same comparison total liabilities are 11.6 per cent greater.

The acceptance market has shown no change of any importance. It has been very dull throughout the past month and very few bills were made. There has been practically no demand.

Fourth District Manufacturers Prepare for Heavier Schedules During Dull Period; Summer Season Shows Better Results Than Were Expected

Fourth District manufacturers have availed themselves of the comparative lull in business during July and August to readjust their manufacturing facilities and make needed repairs on plant equipment so as to be in readiness for heavier fall schedules. In many instances the summer dullness was less severe than was expected and, quite generally, it is looked upon as being a good thing for business as a whole.

Automobiles and Trucks—August finds the automobile industry more confident than it was a month ago largely owing to the fact that it is now in a better position to decide what kind of business may be expected in the months just ahead. The general impression appears to be that sales have held up surprisingly well considering the season of the year. New models are now being placed on the market and dealers report that they are satisfied with the results. Production for July showed a further decline.

So far as the motor truck business is concerned, the month of July showed a very good volume of orders and deliveries. August orders are reported to be considerably below those for July. Reports, however, from branches throughout the country indicate good prospects for fall business.

The axle and automobile parts business generally is on a sound basis. It has, of course, slackened off in July and August, not unexpectedly but in proportion to the seasonal decline in the automobile business.

As to the auto body building division business is still very good although there has been some slight curtailment of schedules by customers during the summer months while preparations were being made for new models and styles of bodies. The volume has been exceptionally satisfactory considering the season of the year. Manufacturers of electric industrial tractors and trucks have been favorably impressed with the manner in which this division of the industry has been operating. A seasonal slump, which would permit the making up of some stock of these machines, was expected, but the current demand is keeping operations at practically full capacity. This is an indication of the growing popularity of labor-saving machinery.

The storage battery business is reported to be holding up very nicely, although sales are not equal to the recent peak months by an means. Sales to car owners seem to be a little late in picking up this year as compared with other years.

The Department of Commerce announces July production of automobiles, based on figures received by the Bureau of the Census and covering approximately 90 passenger car and 80 truck manufacturers each month, as follows:

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	*43,013	23,788
June	*337,143	263,027	*40,616	25,984
July	297,104	224,770	29,998	21,837

*Revised.

Small Tools—This business is feeling the effects of the summer slump but it is expected to pick up shortly. Sales, while below those of the spring months, are in excess of those for the same month last year.

Hardware—The hardware industry is reported to be moving along fairly well in the automobile line. Other divisions show little activity.

Stoves and Ranges—There is little activity in this industry though plans are being made to work the trade more intensively.

Tin Cans and Pails—Business in this line is meeting expectations. Collections are good. Orders for cans indicate an unusually large corn pack. An encouraging feature of the trade is that prompt deliveries are being insisted upon, an indication that cans are needed for immediate use.

Molding Machines—July sales ran about 30 per cent ahead of June although June was considerably off as compared with several preceding months. August to date is doing fairly well, although not equal to July. Foundries have been booking less business during the past few weeks but many orders are still coming from people who are further equipping for the production of automobile castings.

Bags—Hand to mouth buying continues in all branches of the bag industry. This hesitation in buying is looked upon as being quite usual for this season of the year.

Cork—The cork industry has been about normal during the past month and not much change is expected during the next thirty days. Manufacturers report a comfortable amount of business in most of their lines.

Plate Glass—Plate glass factories are all operating practically at full capacity, and have no accumulation of stocks. The window glass business is slightly improved and the demand is normal or even better than normal.

Boots and Shoes—Preliminary reports received from 34 boot and shoe establishments located in the Fourth District show that their July output was 22.3 per cent less than that of June. Manufacturers are now sending salesmen on the road with expectations of securing a good number of contracts for autumn delivery. In women's shoes, low cuts continue the favorites irrespective of weather conditions.

Lumber Industry Passing Through Dull Period; Production Running Above Orders and Shipments; Gain in Buying of Hardwood Lumber

There has been little change in the lumber market since our last report and the industry in general seems to be "marking time." The present dull period is partly seasonal and partly due to the more cautious attitude which developed early in June and which has resulted in decreased buying on the part of the retail lumber dealers.

The fall revival in building in this part of the country is reported to be somewhat less than was anticipated, although in other sections, notably New England, business is somewhat better. The general tone of replies to a questionnaire sent out by a large lumber concern to representatives in this District, while not exactly pessimistic on prospects for fall business, shows a trend of doubt and uncertainty.

Saw mill production is running considerably over orders and shipments, and there is naturally some accumulation at milling points. Some of the larger mills report an increased volume of new business and are, therefore, not inclined to make any further concessions, the tendency being to advance prices. Operating conditions at the mills as a whole are good.

Dealers have a fairly good demand but they are buying only when materials are actually needed and to fill in broken places in their stocks, as they know that stock conditions enable them to get prompt service on what they need. The present improved condition of the railroads is also an aid in this direction.

The prices of higher grades of lumber from the Southwest have dropped 12 to 15 per cent since March, 1923, and lower grades have dropped 10 to 12 per cent since February. This latter drop practically eliminates the small operator from the business for the time being.

Railroad demand has fallen off to some extent, while export trade remains in about the same condition as a month ago.

Hardwood Lumber

There has been a gradual gain in the buying of hardwood lumber recently. Purchasing of the species of wood consumed largely by the automotive industries is more in evidence. The railroads are placing some orders for repair work, switch ties and structural oak showing a good demand.

There is considerable demand for boxing lumber and crating material. Hardwood flooring has shown no perceptible gain in volume of sales. Manufacturers of flooring are buying lumber in moderate quantities.

The demand for northern hardwoods is somewhat subnormal, although maple is moving in good quantities. The supply of dry stock on hand at the northern mills is about 70 per cent of normal.

It is expected that there will be an increased demand for southern hardwoods in the near future. The furniture manufacturers as well as retail yards will soon replenish their stocks with which to supply their autumn and winter trade. Manufacturers of furniture in most instances are operating their factories on full time and are consuming the usual amount of lumber.

Operating conditions in the South are improving slowly and the supply of logs which has been very limited recently should gradually increase.

There is usually a car shortage at this time of the year in the hardwood producing area, due to the heavy movement of fruits, grain, and other farm products.

Paving Brick Production Steady; Common Brick Makers Find Best Demand for Their Product in East and Middle West

Continued steady production of vitrified paving brick indicates a healthy condition in the industry and continued active brick street and road construction work during the balance of the season.

The July statistical report covering sixty-eight per cent of the normal tonnage capacity of the industry, just issued by the National Paving Brick Manufacturers Association, shows that production and shipments are keeping pace with those of previous months.

Paving brick production for July was 30,529,000 and shipments 27,092,000 compared with the June production of 31,105,000 and shipments of 27,251,000. Stock of brick on hand is reported as 78,835,000.

July shipments were made into thirty states and also into Canada. Ohio led in consumption followed by Illinois, Texas, Iowa, and Pennsylvania, in the order named.

We are informed by the Common Brick Manufacturers Association that construction is continuing quite well throughout the East and Middle West. New business is not coming in so freely as it did prior to June but there is a sufficient number of orders on the books to insure a continuance of a fair volume throughout the year. The conditions of the past three weeks are even better than the three or four weeks preceding. A slump came on rather suddenly the latter part of June but by the end of July business began picking up again. There have been no recent advances in the price of brick and the outlook generally at this time is hopeful.

Except for a school building now and then, and urgently needed homes and farm buildings, there is relatively little construction activity in the big agricultural belt west of the Mississippi. A clear reflection of existing conditions in the northern states such as the Dakotas, Montana, and Wyoming cannot be obtained because so little brick is made and used there.

Farm Implement Manufacturers Take Broader View of Situation; Shortage of Business From Wheat Sections

The farm equipment industry is coming to a realization of the fact that business is not all dependent upon the wheat situation and is contemplating the future with more equanimity than a month ago. While there is a shortage of business from the sections which raise only wheat, the reaction has been less noticeable in other sections.

The *Chilton Tractor Journal* believes that the implement industry will be greatly enhanced by the abandonment of any scheme whereby the farmers are obligated to depend largely on a single crop for their income. Little farm equipment is required in the raising of a single crop while diversified farming means more machinery. It is significant that the ten leading dairy states are the ten best customers of the implement manufacturers.

The outlook in most sections of the country is reported to be fairly good. Farmers have liquidated their obligations to banks to some extent and are now rehabilitating their machinery as fast as possible. It is not considered likely that all the overdue purchases of new machinery will be realized within the next year but the volume of trade is gradually increasing.

Indications point to an adjustment in the wheat acreage, and more diversified farming. Changing from one agricultural policy to another involves the use of different types of machinery and while the volume of business in grain machinery would be less there would naturally be new demands in other lines.

There has been little improvement in the manufacturing situation and implement manufacturers see little probability of lower costs. An increase in prices for 1923 goods is expected and the effects on future business are feared. In an effort to avoid, if possible, any increase, or to make the increase as low as possible, manufacturers who usually announce their prices for the coming year are holding back and consequently are delaying their annual contracting with dealers. The tendency in production, according to authorities on the implement situation, will follow conservative lines and will doubtless be determined more than ever by dealers' orders received.

Stocks of Soft Coal Gain in Spite of Enormous Consumption; Anthracite Output Holds Fairly Steady

The production of bituminous coal has been holding quite steady and is running somewhat in excess of requirements at the present time. The movement of coal up the lakes has been very heavy.

Transportation conditions remain practically unchanged although some disability is reported from the southern part of West Virginia. A majority of the producing fields show small losses due to labor shortage, while local strikers have been responsible for perceptible reductions in operating time in northern and central Ohio.

A recent report given out by the Department of Commerce and the Geological Survey shows that on July 1, 1923, commercial consumers had in storage approximately 45,000,000 net tons of soft coal. This was an increase of 3,000,000 tons over revised figures of stocks on June 1, 1923. Except in the month of February stocks have steadily risen since September 1, 1922, and there is now in storage twice the quantity that was on hand at that date.

The anthracite situation is attracting considerable attention at present. Production so far has shown little change and has been running in the neighborhood of 2,000,000 tons weekly. The revised estimate of total anthracite output for the month of July is 8,320,000 net tons, a decrease of 4 per cent as compared with the preceding month. This reduction is attributable to the occurrence of one less working day in July than in June.

Coal users throughout the country are being urged to lay in their winter supplies of coal now in order that they may be prepared for any emergencies, and also that distributors may have an opportunity to spread their business over a greater portion of the year.

Better Lines of Knit Goods Show Satisfactory Volume of Business; Midsummer Sales Bring Fair Response From Consumers

In the knit goods industry there has been little change since our last report. Since last month the lines for the spring of 1924 have opened and orders have been booked. In the majority of instances the orders booked were not of a satisfactory volume, the chief reason for this being that lines were opened too soon this year. Had the opening been delayed for a month it is believed that the results would have been better.

During July there was a falling off in the yarn market, cotton being less active, and this created some uncertainty and hesitation among the buyers, who in many instances returned home from the market without having placed any business. Since the opening, however, the yarn market has stiffened perceptibly and indications are that there is a gradually rising market in view.

The above conditions refer particularly to the cheaper lines. The manufacturers of the better class of merchandise and the more stable brands fared much better in booking a satisfactory volume of business, and in some instances showed an increase over the 1923 season.

The cool weather last spring and frequent style changes have retarded the fancy knit goods business. Jobbers as well as retailers are not placing many future orders and their buying is principally for immediate needs. Since the first of August, however, goods are in better demand and orders are showing some improvement.

The favorable condition in the women's ready-to-wear business brought about by low inventories, still continues. The tone of the industry is confident and is reflected in the better volume of advance orders placed by retailers.

There is some resistance to high priced merchandise. Manufacturers are making strong efforts to produce varying price ranges so as to reconcile high material and labor costs, and the increasing demand for lower priced merchandise.

Such midsummer sales of fur and winter fabric coats as have been held to date, have brought a fair response from consumers and the general feeling in the trade is that the advent of fall weather will release a consumers' demand that will be favorably reflected in the sales of both retailers and manufacturers.

Referring to the textile division of the industry, a somewhat unsatisfactory condition is reported from Cleveland mills. While the big units have advanced their prices from 10 to 15 per cent, the stabilization of the market which was expected to follow this movement did not fully materialize and there is still little activity in the buying.

Agricultural Sections Buy Their Share of Paint; Manufacturers Prepare For Increased Fall Business

Paint manufacturers are looking forward to very good business this fall and have received no reports to the contrary even from those branches serving the states in which agriculture predominates. Sales have held up well in spite of the fact that many salesmen were off the road taking their vacations. However, there is always a seasonal let-up in the paint and varnish business during July and August, and compared to preceding months, possibly this has been a little more marked than in other years because of the reaction which developed a while ago. Reports received thus far in August indicate that business will show a substantial increase over August a year ago.

The wet spring throughout the country retarded a great deal of repainting or caused its postponement. The fair weather during the fall months furnishes an opportunity to make up for this delay.

Manufacturers who curtailed their purchases during the last ninety days because of the spirit of uncertainty which prevailed, are now looking forward to a good fall business and are making inquiries for materials and placing more liberal requisitions.

Touring Season Brings Fresh Demand for Tires; Mechanical Rubber and Heel Division Shows Satisfactory Business

Reports from rubber manufacturers in the Fourth Federal Reserve District indicate little change from those conditions existing a month ago. The touring season, however, has caused an increased demand for tires with the result that business during July made a better showing, particularly in the dealer's division.

The mechanical rubber and heal business is holding up in fine shape and is much better than it was last year. While profits on the production of tires are lower than usual, the mechanical division is bringing more satisfactory returns.

The recent decline in tire prices is resulting in efforts to effect further economies in production and distribution costs.

Heavy stocks of tires on dealers' shelves during the early summer months led to an appreciable reduction in the June output and since that time production has been running on a more moderate scale.

Reports from certain sections indicate adverse conditions and that more than usual pressure is needed to bring results. The demand for tires from the automobile producers has fallen off considerably, which fact, of course, is usual for this season of the year.

Comparative Statement of Selected Member Banks in Fourth District

	Aug. 15, 1923 (82 Banks)	July 18, 1923 (82 Banks)	Increase	Decrease
Loans and Discounts secured by U. S. Government obligations	$ 29,422,000	$ 29,011,000	$ 411,000	....
Loans and Discounts secured by other stocks **and bonds**	399,865,000	401,014,000	....	1,149,000
Loans and Discounts, all other	700,521,000	698,257,000	2,264,000	....
U. S. Pre-War Bonds	47,822,000	48,147,000	....	325,000
U. S. Liberty Bonds	116,767,000	116,459,000	308,000	....
U. S. Treasury Bonds	5,455,000	5,573,000	....	118,000
U. S. Treasury Notes	58,137,000	56,589,000	1,548,000	....
U. S. Certificates of Indebtedness	7,358,000	7,090,000	268,000	....
Other Bonds, Stocks and Securities	298,107,000	298,077,000	30,000	....
Total Loans, Discounts and Investments	1,663,454,000	1,660,217,000	3,237,000	....
Reserve with Federal Reserve Bank	105,459,000	108,656,000	....	3,197,000
Cash in Vault	32,522,000	32,652,000	....	130,000
Net Demand Deposits	922,367,000	931,737,000	....	9,370,000
Time Deposits	580,496,000	570,426,000	10,070,000	....
Government Deposits	7,522,000	9,411,000	....	1,889,000
Total Resources on date of this report	2,094,918,000	2,095,922,000	....	1,004,000

Building Operations for Month of July, 1923-1922

	Permits Issued				Valuation					
	New Construction		Alterations		New Construction		Alterations		Increase or Decrease	
	1923	1922	1923	1922	1923	1922	1923	1922	Amount	Per Cent
Akron	282	170	63	72	$ 724,913	$ 556,546	$ 27,750	$ 53,250	$ 142,867	23.4
Canton	183	164	72	51	366,997	530,236	76,150	42,835	— 129,924	—22.7
Cincinnati	385	389	267	255	1,265,010	3,127,435	273,150	273,835	—1,797,110	—53.9
Cleveland*	706	702	1,201	794	9,811,863	11,725,628	786,980	1,931,770	—3,058,555	—22.4
Columbus	499	367	172	126	2,962,125	1,267,645	232,275	272,555	1,654,200	107.4
Dayton	254	214	132	82	533,396	1,192,161	121,952	60,518	— 597,331	—47.7
Erie	110	108	57	35	315,700	477,341	54,400	80,770	— 188,011	—33.7
Lexington	56	34	23	23	184,605	66,900	18,975	9,840	126,840	165.3
Pittsburgh	599	401	156	89	2,622,318	2,906,061	241,922	128,403	— 170,224	— 5.6
Springfield	70	73	27	25	52,540	86,355	23,310	14,475	— 24,980	—24.8
Toledo	406	257	205	193	1,449,569	625,119	168,358	152,196	840,612	108.1
Wheeling	59	73	39	35	210,316	420,780	42,695	28,597	— 196,366	—43.7
Youngstown	150	140	41	23	300,380	1,158,430	28,550	8,070	— 837,570	—71.8
Total	3,759	3,092	2,455	1,803	$20,799,732	$24,140,637	$2,096,467	$2,991,114	$—4,235,552	—15.6

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

Department Store Sales

		(1) Percentage of Increase or Decrease		(2)		(3)	(4)
		Comparison of net sales with those of corresponding period last year		Stocks at end of month compared with		Percentage of average stocks at end of each month from July 1 to July 31 to average monthly sales over same period	Percentage of outstanding orders at end of July, 1923, to total purchases during calendar year 1922
	No. of Reports	A July	B July 1 to July 31	A July 1922	B June 1923		
Akron	3	4.0	4.0	6.4	1.6	425.2	10.1
Canton	2	30.2	30.2	9.6	—3.6	795.9	....
Cincinnati	9	14.9	14.9	11.4	—3.1	570.5	12.9
Cleveland	5	13.9	13.9	17.0	—1.7	402.5	12.1
Columbus	5	25.3	25.3	10.1	—7.4	422.2	8.6
Dayton	3	11.7	11.7	17.7	—6.8	392.6	13.6
Pittsburgh	7	15.2	15.2	12.8	—5.5	410.8	12.1
Toledo	3	9.5	9.5	24.0	3.1	463.8	9.7
Youngstown	3	21.6	21.6	19.2	—2.7	319.9	10.7
District	42*	14.6	14.6	14.0	—3.4	433.6	11.8
U. S. Average		10.9	10.9	9.6	—2.8	477.9	10.5

*Includes two reports from other cities.

Debits to Individual Accounts

	Week Ending Aug. 15, 1923 (322 Banks)	Week Ending July 18, 1923 (322 Banks)	Increase or Decrease Amount	Per Cent	Week Ending Aug. 16, 1922 (324 Banks)	Increase or Decrease Amount	Per Cent
Akron	$ 14,556,000	$ 18,449,000	$— 3,893,000	—21.1	$ 13,692,000	$ 864,000	6.3
Butler, Pa	2,483,000	2,521,000	— 38,000	— 1.5	2,311,000	172,000	7.4
Canton	8,808,000	11,255,000	— 2,447,000	—21.7	8,405,000	403,000	4.8
Cincinnati	60,508,000	82,515,000	— 22,007,000	—26.7	64,706,000	—4,198,000	— 6.5
Cleveland	140,980,000	165,334,000	— 24,354,000	—14.7	149,481,000	—8,501,000	— 5.7
Columbus	34,847,000	39,179,000	— 4,332,000	—11.1	27,709,000	7,138,000	25.8
Connellsville	1,338,000	1,341,000	— 3,000	— 0.2	1,400,000	— 62,000	— 4.4
Dayton	13,090,000	18,584,000	— 5,494,000	—29.6	13,171,000	— 81,000	— 0.6
Erie	7,405,000	7,773,000	— 368,000	— 4.7	6,524,000	881,000	13.5
Greensburg	3,885,000	4,827,000	— 942,000	—19.5	6,129,000	—2,244,000	—36.6
Homestead	904,000	982,000	— 78,000	— 7.9	702,000	202,000	28.8
Lexington, Ky	3,921,000	4,411,000	— 490,000	—11.1	3,873,000	48,000	1.2
Lima	3,498,000	5,127,000	— 1,629,000	—31.8	3,119,000	379,000	12.2
Lorain	1,415,000	1,552,000	— 137,000	— 8.8	1,170,000	245,000	20.9
Middletown*	2,051,000	2,559,000	— 508,000	—19.9	....	....	....
New Brighton	2,617,000	2,706,000	— 89,000	— 3.3	2,116,000	501,000	23.7
Oil City	2,466,000	3,227,000	— 761,000	—23.6	3,171,000	— 705,000	—22.2
Pittsburgh	170,396,000	203,685,000	— 33,289,000	—16.3	165,196,000	5,200,000	3.1
Springfield	4,161,000	5,489,000	— 1,328,000	—24.2	4,802,000	— 641,000	—13.3
Toledo	37,970,000	45,241,000	— 7,271,000	—16.1	37,040,000	930,000	2.5
Warren, O	3,517,000	3,638,000	— 121,000	— 3.3	2,599,000	918,000	35.3
Wheeling	8,915,000	10,513,000	— 1,598,000	—15.2	8,552,000	363,000	4.2
Youngstown	13,922,000	15,285,000	— 1,363,000	— 8.9	12,388,000	1,534,000	12.4
Zanesville	2,707,000	3,109,000	— 402,000	—12.9	2,358,000	349,000	14.8
Total	$546,360,000	$659,302,000	$—112,942,000	—17.1	$540,614,000	$3,695,000	0.7

*Debits for corresponding period 1922 not available.

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

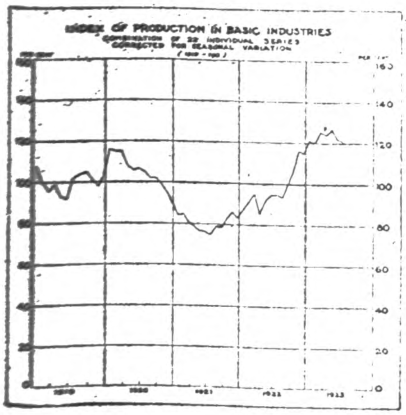
	Cattle 1923	Cattle 1922	Hogs 1923	Hogs 1922	Sheep 1923	Sheep 1922	Calves 1923	Calves 1922	Cars Unloaded 1923	Cars Unloaded 1922
Cincinnati	21,867	22,955	95,781	88,827	69,889	82,993	18,653	12,794	2,062	2,060
Cleveland	9,606	10,614	67,923	63,336	16,459	17,855	12,895	10,767	1,296	1,364
Columbus	84	52	7,353	2,657	140	2	166	88	15	6
Dayton	2,291	2,056	12,175	9,384	1,033	745	854	824	....	....
Fostoria	156	102	7,754	5,940	437	500	424	394	5	11
Marion	153	131	5,697	4,861	51	122	184	112	....	....
Pittsburgh	42,529	56,324	210,415	147,642	138,901	149,503	37,833	28,370	4,756	4,627
Springfield	253	519	5,755	5,015	509	970	256	238	....	....
Toledo	794	853	7,477	5,981	385	918	754	511	91	90
Wheeling	362	288	852	914	384	670	2,639	1,600	14	5
			Purchases for Local Slaughter							
Cincinnati	14,519	13,326	57,666	42,092	9,164	7,978	6,176	4,218	....	....
Cleveland	8,762	10,058	53,667	41,748	15,127	15,631	12,623	10,240	....	....
Columbus	48	57	84	782	79	2	48	74	....	....
Fostoria	34	32	1,822	767	10	6	52	39	....	....
Marion	133	131	2,353	1,548	9	31	184	102	....	....
Pittsburgh	6,345	6,026	43,650	32,605	11,572	10,883	9,888	8,280	....	....
Springfield	79	53	117	322	3	23	27	53	....	....
Toledo	662	....	2,343	......	93	......	580	......	....	....

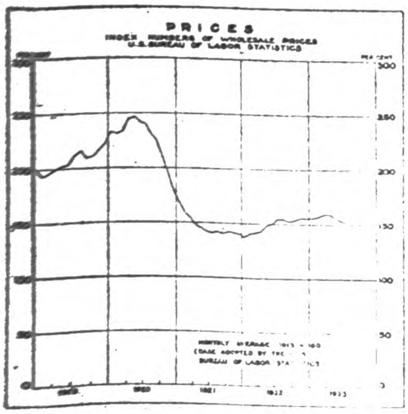
Wholesale Trade

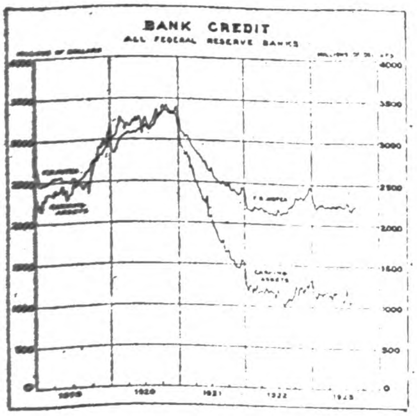
Percentage Increase (or Decrease) in Net Sales During July, 1923, as Compared with June, 1923, and July, 1922

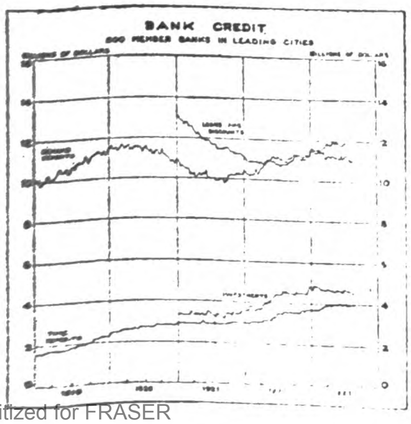
	Dry Goods	Hardware	Drugs	Groceries
Net Sales (selling price) during July, 1923, compared with June, 1923	—10.5	— 9.2	— 2.5	— 9.5
Net Sales (selling price) during July, 1923, compared with July, 1922	36.0	26.3	12.7	10.1

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









Production of basic commodities and employment at industrial establishments decreased in July and there was a further decline in wholesale prices. The distribution of goods as indicated by railroad freight shipments, maintained record totals and the sales of merchandise, though showing the usual seasonal decline, continued to be relatively heavy.

PRODUCTION

Production in basic industries, according to the index of the Federal Reserve Board, declined one per cent in July. Mill consumption of cotton, steel ingot production, and sugar meltings were considerably smaller than in June. New building operations during the month as measured by the value of permits granted and of contracts awarded, showed more than the usual seasonal decline.

Employment at industrial establishments located in various sections of the country decreased two per cent during July. Manufacturers of automobile tires and cotton goods showed large reductions in number of employes. There were some further announcements of wage advances but these were not as numerous as in the three previous months. Average weekly earnings of factory workers, due to a decrease in full time operations, were 3 per cent less than in June.

Crop forecasts of the Department of Agriculture on the basis of conditions on August 1 indicated that yields of wheat and rye would be below July estimates, while larger yields of cotton, corn, oats, and barley were forecast. Due to a seasonal increase in grain shipments and continued large shipments of industrial raw materials and manufactured goods, car loadings in the last week of July reached the largest total on record.

TRADE

The volume of wholesale trade was about the same in July as in June while there was a decline in retail trade which was largely seasonal in nature. Among the wholesale lines, sales of dry goods and clothing were larger than in June, while sales of groceries, hardware, and shoes were considerably smaller. Business in all reporting lines was larger than in July, 1922, and the average increase as indicated by the Federal Reserve Board's index of wholesale trade was 13 per cent. Sales of department stores were ten per cent larger than a year ago, while mail order sales showed a gain of 27 per cent. Stocks of department stores showed a seasonal reduction during July and were smaller than in any month since January.

PRICES

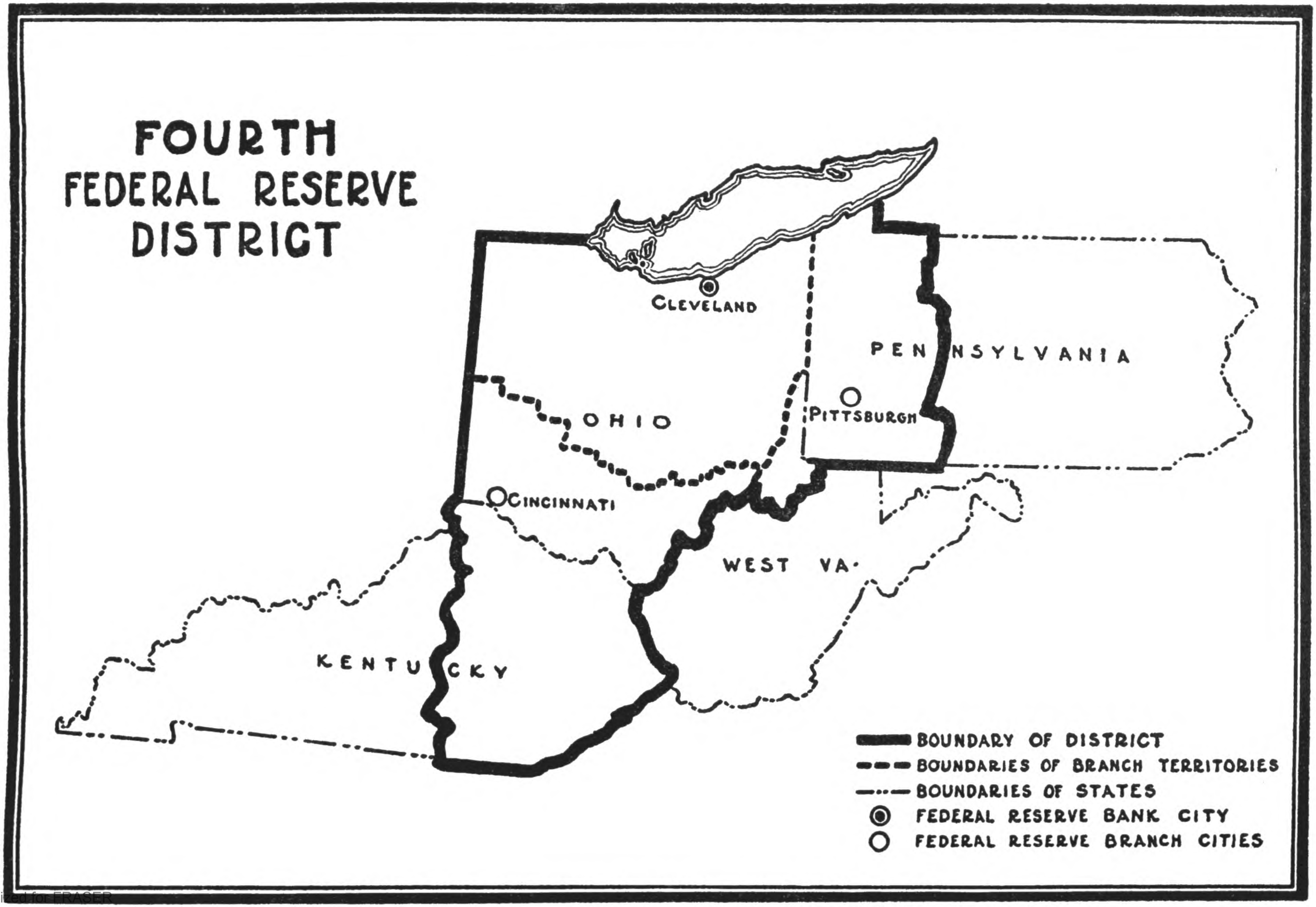
Wholesale commodity prices declined during July for the third consecutive month and the index of the Bureau of Labor Statistics was 5 per cent below the April peak. Prices of all groups of commodities, except house furnishings, were lower in July. The largest declines occurred in quotations of clothing, drugs and chemicals, farm products, and building materials. During the first half of August price changes were more moderate and quotations of cotton, spring wheat, hogs, sheep, and rubber advanced.

BANK CREDITS

Since the middle of July the volume of bank credit in use has shown a reduction, largely because of the substantial liquidation of loans on stocks and bonds at New York City banks. Between July 18 and August 15 loans of member banks in leading cities secured by stocks and bonds decreased by $94,000,000 to the lowest point for the year, $258,000,000 below the amount outstanding at the beginning of the year. Commercial loans, however, increased so that the net reduction in total loans for the period amounted to $60,000,000. Security investments declined $73,000,000 to a new low level for the year.

The volume of discounted paper held at the Federal Reserve banks showed a slight decrease, while their holdings of acceptance and United States securities reached new low points for the year. Between the middle of July and the middle of August gold holdings of the Federal Reserve banks increased by $21,100,000 reflecting in part net gold imports during July of $27,400,000. Federal Reserve note circulation increased by about $15,000,000, and there were also substantial increases in the volume of gold certificates and national bank notes in circulation.

Slightly firmer tendencies in money rates during the month were reflected in a gradually increasing proportion of commercial paper sales at 5¼ per cent as compared with 5 per cent in the previous month.



FOURTH FEDERAL RESERVE DISTRICT