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FEDERAL RESERVE BANK of CLEVELAND

D. C. Wills, Chairman of the Board

(COMPILED MARCH 22, 1924)

An Editorial

TO get an unclouded view of the business situation these days it is necessary to distinguish between fact and fancy; otherwise one is likely to let imagination get the better of common sense.

Considered from a sentimental angle there is probably less confidence in the forward movement of industry than there was a month ago. Viewed from a rational standpoint, however, and accepting as trustworthy guides those factors which are not susceptible to external disturbances, the indexes of dependable business such as record car loadings, capacity production of iron and steel, plenty of work at good wages, the high consuming power of the country, an almost complete absence of speculative tendencies, and sound financial conditions, justify confidence in the future.

Careful observation of both sides of the situation has led to the general adoption of a middle-of-the-road course, which, in addition to being safe, makes it easier to steer clear of the rough places.

So far we can see no sufficient reason to revise the statement we have frequently made in the past; namely that the business structure continues sound. Desiring to repeat this and at the same time not wishing to depend upon our judgment alone in the matter, we made a careful check of the opinions of representative business men in the Fourth District in the following manner:

1. We assumed that each business head, judging by the trend of his business in 1923, and by the returns shown on the financial statement for the year, formed an estimate several months ago as to where and how he would stand in March, 1924.

2. We asked each of these men if anything of sufficient importance to make them change their original estimate had *actually* happened.

3. The replies we received showed clearly that business now, with few exceptions, is just about the place its leaders thought it would be.

Frankly, we can think of no fairer test.

Agricultural Loans Slightly Higher than a Month Ago; No Outstanding Feature in City Bank Borrowings; Reserve Ratio Steady

Since our last report, loans to member banks in agricultural districts have shown a slight increase. On February 20 they were \$14,108,000, while on March 20 they had advanced to \$15,560,000. This is a customary occurrence for this season of the year and may be attributed to various causes. The three which follow, however, are outstanding:

1. Quite a number of notes which are coming in are based upon the carrying of livestock.
2. A considerable volume of tobacco has not been marketed.
3. Preparations are now being made for spring work on the farms.

Loans to city banks indicate no particular feature of importance at this time. Accommodations of this nature totaled \$22,440,000 on February 20 as compared with \$20,827,000 on March 20, a decrease during this period of \$1,613,000.

The reserve ratio of this bank on February 20 was 80.7 per cent while on March 20 the same percentage was shown. The reserve ratio of the System on February 20 was 81.4 per cent as compared with 81.8 per cent on March 20.

The combined reports of 18 selected banks in the Fourth District on savings deposits for the month of February of this year show an increase of 1 per cent over the preceding month. When comparison is made with February, 1923, an increase of 12.2 per cent is shown.

A recent report compiled by R. G. Dun & Company shows that 135 commercial failures occurred in this District in the month of February as against 175 during January, a drop of 40, or 22.9 per cent. Liabilities for February totaled \$2,824,143 as compared with \$6,160,933 for the preceding month, a decline of \$3,336,790, or 54.2 per cent.

Restrained Buying and High Production Feature Iron and Steel Industry; Heavy Railroad Buying One Striking Exception to Cautious Attitude; Buoyancy of Prices Lacking

Marked conservatism as to obligating themselves against expected requirements very far in the future has appeared in recent weeks so broadly among iron and steel buyers that it has become the conspicuous feature of market conditions. At the same time shipments by the mills are running at a high rate and this is requiring a pitch of production that today is closely approximating the record peak of all time. These two seemingly opposing factors, restrained buying and high production, apparently signify very clearly the tremendous scale of present consumption, since all indications point to a condition of relatively small stocks in the hands of consumers.

It may be said that the gap between producer and consumer has been abnormally narrowed under present conditions and in this situation the efficiency of the railroads by their dispatch of delivery furnishes a major factor. It is pointed out that present operating and delivery conditions in iron and steel are free of any of the retarding factors which so often have been present in the past, such as car shortages or congestion, labor shortages or disturbances, the latter either within the industry or in closely related fields such as coal, etc. Under present conditions, therefore, production and shipments of steel, it is indicated, register very sensitively the underlying position of general consumption.

As an index to the rather extraordinary relationship of present orders and production, the unfilled tonnage of the United States Steel Corporation at the end of February was only 18 per cent above the low point of the extreme depression year of 1921 when output for the steel industry was at the lowest relative stage in history. Today, the Steel Corporation is operating around 96 per cent of capacity which virtually approximates the maximum possible rate.

Railroad and building demands continue to provide large new requirements for steel and are the two chief factors in the visible demand. Railroad orders especially offer a striking exception to the cautious spirit displayed by steel buyers. Awards of cars and locomotives have been maintained at a high rate.

During the year to date the railroads have placed orders for approximately 75,000 cars which compares with 63,000 cars for the entire first quarter of 1923 when the equipment market was very active. February car orders totaled 41,346, the largest of any single month excepting March, 1923, since 1918 when the wholesale purchases by the government were made under federal control. The March, 1923, total was 42,500. During March to date car and locomotive orders have shown no signs of diminution from the recent marked expansion and a number of important new inquiries have been appearing.

Building work, as measured by contracts for structural steel, is sustained on a large scale. February awards for the country are reported as approximately 189,800 tons or 73 per cent of shop capacity, compared with 184,600 tons or 71 per cent of capacity in January.

Automobile production is beginning to taper off as various builders are nearing the completion of their stocking schedules in anticipation of the spring market. Future conditions in this industry depend upon the magnitude of the spring market which is yet to develop. Export demand for iron and steel has been running in good volume. With the leading producer it has been averaging 8,000 tons daily or about 15 per cent of total capacity.

Iron and steel production has been rapidly approaching the historical high point. The daily average of steel ingot output in February represented 96 per cent

of the high record rate of last April and a gain of 33 per cent since December. On the February basis, the country was making steel ingots at the annual rate of 47,030,000 tons compared with a rate of 41,460,000 tons in January and 35,370,000 tons in December.

Pig iron production in February, as compiled by *Iron Trade Review*, did not make quite as good a showing as steel ingots which is normally the case. The average daily production of pig iron in February represented 85 per cent of the record rate last May. In February the country was making pig iron at the rate of over 38,500,000 tons annually. Furnaces in

blast at the end of February had risen to 262, a gain of 14 over January and 31 over December.

Buoyancy of prices is lacking in both finished steel and pig iron reflecting both the check on buying and the general ease with which wants are being supplied by the mills and furnaces. Within a limited range, prices are irregular although there is no marked softening tendency. These facts are well displayed by *Iron Trade Review* composite of fourteen leading iron and steel products. For the week ending March 19 this average stood at \$43.25 compared with \$43.53 one month previously and \$43.35 on the corresponding date in January.

Oil Market Checked Somewhat by Cold Weather; Crude Oil Market Strong; Producers Enlarging Drilling Operations

Persistent cold weather throughout the past month has acted to check somewhat the improved sentiment that was apparent in the oil market a month ago. Motoring has been at a comparatively low level during the month and the retail sales of gasoline have suffered accordingly. For this reason, jobbers whose tanks were well filled a month ago have not had occasion to come into the market, with the result that the refiners have found a slow market for their motor fuel. Heavy buying of gasoline for export, however, has had a sufficient influence to prevent a real slump.

While retail sales of gasoline have lagged somewhat, they have not fallen sufficiently to bring about any general reduction in the tank wagon or service station prices.

The crude oil market has remained strong, being marked by increases in the posted prices of mid-continent and most of the other crudes. *National Petroleum News* investigations, however, show that there is probably less premium paying for crude by the independent refiners than was the case a month ago.

The principal reason for the strong crude market is found in the fact that January production of crude oil in the United States, for the first time in many months, fell below consumptive demand. The total daily average indicated consumption in January, including domestic and export demand, was 2,071,419 barrels. The total daily domestic production averaged 1,817,871 barrels a day. The total new supply of crude (domestic production and imported crude) averaged 2,021,193 barrels a day, causing a draft on stocks of some 50,000 barrels a day to make up the deficit.

Drilling operations are increasing somewhat and indications are for further expansion with the opening of spring. Many pipe line construction projects indicate activity during the spring and summer in the producing fields.

In spite of the slowness of the present market, the refiners are looking forward to a prosperous summer, believing that heavy buying will start with the coming of favorable motoring weather.

Export demand has held up fairly well during the month, although unfavorable foreign exchange has been a discouragement to heavy buying.

A report by the petroleum economist of the Bureau of Mines states that gasoline production during January attained a new high record of 695,322,500 gallons, a daily average of 22,429,758 gallons, which shows an increase in the daily average over that of the preceding month amounting to 1,165,997 gallons, or 5.5 per cent, and an increase of 11.5 per cent over the rate a year ago. Imports during January were 19,309,197 gallons, a decrease of approximately 6,000,000 gallons from the December imports. The new supply (production plus imports) was 714,631,697 gallons, a daily average of 23,052,635 gallons, and an increase of 12.1 per cent over last year's figures.

Gasoline stocks on January 31 were 1,202,547,390 gallons, an increase of 127,647,740 gallons during the month which represents the excess of supply over demand during this period. This increase in stocks compares with the increase of about 119,000,000 gallons during January, 1923.

The output of kerosene in January was 217,767,931 gallons, a decrease of about 17,000,000 gallons from the December production. Exports decreased about 6,500,000 gallons, amounting to 64,762,389 gallons. The domestic demand increased slightly to 122,040,280 gallons and about 31,000,000 gallons were added to stocks which amounted to 314,181,465 gallons the end of January.

The production of gas and fuel oils was 1,062,892,393 gallons, a slight decrease from the December output. Imports declined over 7,000,000 gallons amounting to 36,471,249 gallons. Exports were 109,908,000 gallons, a decrease of 40,000,000 gallons from the December figures. The domestic demand was 977,143,731 gallons, an increase of about 25,000,000 gallons over the December demand. About 12,000,000 gallons were added to stocks which were 1,527,346,622 gallons on the end of the month.

Lubricants showed a slight decrease in production in January, the output amounting to 94,534,650 gallons. Exports were 25,175,405 gallons, a decrease of 8,000,000 gallons from December exports. Domestic demand was 67,391,215 gallons, an increase of 14,000,000 gallons or 26.9 per cent over figures for the preceding month. Stocks of lubricants were 244,755,-

997 gallons, an increase of 2,000,000 gallons during the month.

There were 247 refineries reported to the Bureau of Mines as operating during January at 77.2 per cent of their aggregate daily crude oil capacity of 2,142,-

222 barrels, running to stills a daily average of 1,653,-025 barrels of both foreign and domestic crude oils. This was almost exactly the same rate of operation as in December but an increase of 9.4 per cent as compared with operations a year ago.

Traffic Grows as Year Progresses; Car Surplus Represents Considerable Margin of Safety

An outstanding feature of the business situation at this time is the marked increase in traffic together with the quick and efficient deliveries which the roads are making. During the week ending March 1, 945,049 cars of revenue freight were loaded, the highest point ever reached at this season of the year. For the previous week loadings dropped to 845,898 cars as compared with 935,109 cars for the week ending February 16, due to the observance of Washington's birthday on February 22.

Loadings from January 1 through March 1 totaled 7,924,617 cars as against 7,654,218 cars for the same period last year and 6,616,628 cars for the corresponding period in 1922.

The car supply continues to be good. The average daily surplus for the week ending February 29 was 134,273 cars as compared with 125,177 cars in the preceding week. The figure for February represents

a reduction in the total surplus since January of about 100,000 cars but still shows a considerable margin of safety.

Domestic shipments of locomotives during February total 92 as compared with 147 for the previous month and 305 for December, 1923. For the month of February last year domestic shipments totaled 196. Unfilled orders at the end of February totaled 466 (domestic) and 33 (foreign) as against 344 (domestic) and 32 (foreign) at the end of January.

Reports given out at the last meeting of the Great Lakes Shippers Regional Advisory Board, held in Grand Rapids February 19, indicate a probably heavier traffic movement during the next sixty days than was the case a year ago, and this same condition seems to exist in other parts of the eastern section of the country, for the Advisory Board for the Middle Atlantic States predicts an increase this year as compared with last of about 10 per cent.

Automobile Makers Push Production; Inquiries for Trucks Numerous But Orders Difficult to Close; Exports Make Auspicious Start in 1924

The automobile industry, under the stimulus of advancing sales and the efforts of manufacturers to provide for the anticipated spring and summer demand, is moving at a rapid pace. Plant schedules have been enlarged with the result that February output showed a decided increase over that of January, and was far in advance of February a year ago. Practically all the plants in this District have increased their working forces since the first of the year.

Truck manufacturers tell us that orders during February were very good but that so far this month they are hardly living up to expectations. They are at a loss to account for this, for general conditions are good and their branches throughout the country without exception report that there never was a time when the inquiry for trucks was greater. The difficulty is to get the orders closed. However, it is believed that at least a part of this hesitancy may be accounted for by the fact that there are more trucks on hand for immediate delivery than there were a year ago and consequently the customers are slower in anticipating their requirements. February output, as shown by the Department of Commerce figures, was considerably above that of the preceding month.

Shipments of automotive products to foreign countries in 1920 broke all records, but recent figures compiled by the Department of Commerce show that the present year is making an even more auspicious beginning. In January the total value of automotive

exports from the United States was \$18,465,202 as against \$16,892,651 in January, 1920, an increase of 9.3 per cent. As compared with \$10,787,344 in January,

Every class of cars showed a large increase but leadership was taken by those valued up to \$500, which advanced from 2,099 in January, 1923, to 4,734 in January, 1924.

Exports of trucks were larger with heavy and high priced machines showing the principal advances. Trucks up to one ton increased from 1,095 in January, 1923, to 1,191 in January, 1924, while those ranging in size from one to two and one-half increased from 205 to 355. Trucks over two tons increased from 52 to 145.

Australia is the chief market, taking three times as many in January, 1924, as in January, 1923. Argentine took second place in January. Japan stood first in the purchase of trucks, her imports increasing from 10 in January, 1923, to 1,245 in January, 1924. This increase which is due to the demand resulting from the destruction of vehicles in the earthquake, and which has continued since September of last year, is the most noteworthy item in January export statistics. Although the truck shipments to Japan in December dropped to 841 from the high mark of 1,859 in November, the January shipments brought them up again to a high point.

Automobile Production

The Department of Commerce announces February production of automobiles, based on figures received from 186 manufacturers, 96 making passenger cars and 119 making trucks (29 making both passenger cars and trucks). Data for earlier months include

12 additional manufacturers, now out of business, while February data for 9 small firms were not received in time for inclusion in this report. Figures on truck production also include fire apparatus and street sweepers.

NUMBER OF MACHINES

	Passenger Cars			Trucks		
	1922	1923	1924	1922	1923	1924
January	81,696	223,819	*287,302	9,576	19,720	*28,846
February	109,171	254,773	336,363	13,350	22,161	31,072
March	152,962	319,770	.....	20,022	35,260	.....
April	197,224	344,639	.....	22,640	38,056	.....
May	232,462	350,410	.....	24,097	43,678	.....
June	263,053	337,362	.....	26,298	41,145	.....
July	225,086	297,330	.....	22,046	30,663	.....
August	249,492	314,373	.....	24,692	30,829	.....
September	187,694	298,911	.....	19,462	28,638	.....
October	217,566	335,023	.....	21,795	30,166	.....
November	215,352	284,923	.....	21,949	28,070	.....
December	208,010	*275,439	.....	20,354	*27,743	.....
Total	2,339,768	3,636,772	.....	246,281	376,129	.....

* Revised

Men's Clothing Industry Awaits Opening of Spring Retail Season; Consumers' Objections to High Prices Unchanged

With the advent of warm weather there is likely to be a rapid change for the better in the condition of the clothing industries. A leading manufacturer of men's clothing in this District reports that retail dealers had a rather dull fall season resulting in an accumulation of stocks, but that these were substantially reduced during the January and February sales. At present the men's clothing industry is marking time while awaiting the opening of the spring retail season and the showing of new fall lines by manufacturers during March.

Consumers' resistance to high prices remains unchanged in the women's clothing trade. Because of the excessive costs of retail distribution, some manufacturers of women's garments are entering the retail field and actively competing for the consumers' business at the sacrifice of their wholesale trade. One large local manufacturer says that, on the basis of their own experience, the women's clothing industry as a whole is now operating on a sound basis and at a profit, relying more on quantity production than on high prices for gainful results.

A manufacturer of textile fabrics in this District notes a slight falling off in production recently, but

reports that business in his line is on a more substantial footing than it was six months ago. Clothing manufacturers are, as a rule, ordering fabrics in small quantities as needed. A recent survey of 2,000 manufacturers of clothing showed an average of 30 per cent less stock on hand this year than last.

There appears to be no consensus among manufacturers of knit underwear in this District regarding the outlook for business this spring. One producer reports that retailers are carrying over large stocks, due to the mild winter, and that there is no incentive for buying today. It is possible, however, that the spring re-order season may improve conditions somewhat because spring purchases have been very conservative and both the jobber and the retailer will need goods when warm weather comes. Another manufacturer, whose business is not seriously affected by the wide fluctuations that have occurred in the raw cotton market, anticipates a good year. There has been a steady decline in the cotton market and the tendency of buyers of knit goods is to hold off purchasing until there is a rising market. That time has not yet come.

Shoe Manufacturers Report "Better Business"; Orders Small But Numerous; Surplus of Workers

In the past nine weeks the shoe industry in the Fourth District has been showing a steady improvement. There has been a very material increase in production and most of the plants now have sufficient business to keep them operating at a fair rate of speed. At

present a surplus of labor is reported, which enables the manufacturers to enlarge their operations without difficulty. The industry in general continues to operate on small orders. These are sufficiently numerous to make up a good total volume but at the same time they have

the effect of keeping the factories closely dependent on the current bookings of their sales forces.

Final figures compiled by the United States Bureau of the Census on boot and shoe production in the Fourth Federal Reserve District for the month of January show that the output of 42 establishments reporting was 11.9 per cent more than that of the preceding month. Production of 1,119 establishments in the United States was 26,397,808 pairs as compared with 22,676,436 pairs for December, or an increase for the month of 16.4 per cent.

According to data compiled by the Department of Commerce, based upon reports received from 4,668 manufacturers and dealers, the total number of cattle hides held in stock on January 31, 1924, by packers and butchers, tanners, dealers, and importers (or in transit to them) amounted to 4,938,926, as compared with 5,086,286 on December 31, 1923, and with 6,384,131 on

January 31, 1923. The stocks, of calf and kip skins amounted to 2,568,605 on January 31, 1924, as compared with 2,935,094 on December 31, 1923, and 4,086,044 on January 31 of last year. Goat and kid skins numbered 8,903,835 on January 31, 1924; 9,926,128 on December 31, 1923; and 8,952,825 on January 31, 1923. The stocks of sheep and lamb skins on January 31, 1924, amounted to 6,348,865; on December 31, 1923, to 7,400,296; and on January 31 of last year, to 9,188,283.

The total stocks of sole leather (cattle) reported by tanners, dealers, and manufacturers using the leather as a material, amounted to 9,642,850 backs, bends, and sides on January 31, 1924, the corresponding figures for December 31, 1923, being 10,048,085, and for January 31, 1923, 9,543,580. The production of sole leather during January, 1924, amounted to 1,373,255 pieces (backs, bends, and sides), and the stocks in process at the end of the month to 5,216,341 pieces.

Building and Wall Paper Business Advances; Demand in Box Board Industry Fails to Meet Expectations

According to latest available information the paper industry has shown little change during the past month. There has been some improvement in the demand for fine papers, however. Building and wall papers have also been moving fairly steadily, although the demand for wall papers has been less active than was anticipated.

The paper box board industry which is usually quite active at this season of the year is not living up to expectations. This is particularly true of the Cincinnati

plants where most of the manufacturers have but a limited amount of advance business booked and where operations are below normal. The lateness of the Eastern season is believed to be partly responsible for this situation.

Cleveland box board makers report more satisfactory conditions and are anticipating even better business as the spring season advances. At present the principal demand is coming from the food and garment manufacturers.

Delivery of 1923 Burley Tobacco Progresses Rapidly; Part of 1922 Crop Still on Hand; Steps Taken to Establish Agricultural Bank

Delivery of the balance of the 1923 crop of Burley tobacco by the growers progressed rapidly during the first half of March. The Kentucky Commissioner of Agriculture reports that about 17 million pounds of Burley were sold over the floors of the independent warehouses in that state in February at an average price of approximately 22 cents a pound. No recent sales have been announced by the Burley Tobacco Growers Co-operative Association at the time of this writing.

The Association still has on hand some of the 1922 crop and final payments for that year cannot be made to the members until all of this tobacco has been sold. Two payments have been made to the members on the 1922 crop; one in the nature of an advance at the time of delivery and the other a second payment made in the spring of 1923. The board of directors of the Association at the March meeting voted to make a third payment on the crop this spring.

The Association announced early in March that over 15 million dollars had been paid out as advances to growers on delivery of the 1923 crop. Since that time a large amount of tobacco has been delivered so the total of the advances to date is considerably larger than the above figure.

The board of directors also voted to take steps to establish an agricultural bank, the purpose of which will be to lend money to members on the basis of their participation certificates. These certificates indicate the amount and grade of tobacco delivered and are issued to the growers at the time they deliver their tobacco.

With reference to the distributing phase, the volume of cigar business which, following the rush of the holiday season fell off during January, is again somewhat larger. Cigarette business is growing rapidly, but both jobbers and retailers are being affected by price cutting which is reported to be quite general.

Construction Again Makes Rapid Strides; Upward Trend in Material Prices; Demand for Apartment and Dwelling Houses

After a decline last month due largely to unusually cold weather which made outdoor construction work practically impossible, the building industry in the

Fourth District is again making rapid strides forward. More moderate weather is giving contractors a chance to put the finishing touches on winter projects and to start new ones.

Prices of building materials are showing an upward trend while labor rates and conditions remain practically unchanged. Up to this time there are practically no indications of the bonus payments which became a general practice a year ago. Dealers report a steadily growing demand for materials.

A rather close race with the opening months of 1923 is being run by the corresponding period this year in Cleveland as indicated by building statistics compiled by the Builders Exchange. Figures for the period from January 1 to March 15, 1923, showed a total valuation of permits issued of \$11,568,900, while the corresponding period in 1924 indicates a total of \$11,415,325. In making this comparison it is to be remembered that 1923 was the greatest building year thus far in the city's history.

The difference in the figures for the period from March 1 to 15 in the two years was only \$25,000 in a total of over two and a half million dollars in valuation.

While it may be true, as claimed by certain experts on building conditions, that Cleveland is overbuilt in certain lines, including theaters, hotels, and office

buildings, there is still a remarkable demand for single houses and apartments. It is evident that the city is entering upon an unusual era in the last mentioned class, the number of apartment houses for which permits were issued for January and February this year being 52 as compared with 33 for the first two months of last year. The ratio of increase in percentage of dwellings is shown in similar figures, the ratio for 1923 being well sustained.

February building totals for the entire country were unusually large. The total value of building permitted for in February at 166 cities is reported to *Bradstreet's* as \$270,045,981, as compared with \$217,337,774 at the identical cities in January and \$221,753,727 in February a year ago. There is here shown a gain of 24.2 per cent over January and of 21.7 per cent over February of last year.

New York City showed the largest quantitative gain over February, 1923, while increases were also registered by New England, Middle Atlantic, and Far-Western cities. In the same comparison, however, those in the Central Western, Northwestern, Southwestern, and Southern sections show decreases.

Lumber Industry Begins to Feel Effects of Spring Building; Price Trend Upward

According to reports received by the National Lumber Manufacturers' Association from 389 of the larger commercial sawmills of the country, lumber production during the first ten weeks of this year exceeded that of the corresponding period of last year by 135,667,723 feet, or 6.6 per cent. Shipments during the same period of this year were 197,109,857 feet, or 8 per cent less, and orders were 344,868,234 feet or 13 per cent less than last year. For the week ended March 8, production was slightly greater (0.9 per cent) than for the corresponding week of 1923, while both shipments and orders were substantially less.

Reports received from selected lumber manufacturers in this District indicate that their business has held up

fairly well throughout the winter in spite of decreased building activity. It is believed that there will be a very large volume of new building this spring, especially in the industrial field. The trend of building material prices is again upward, as shown both by the Aberthaw Company's and the United States Bureau of Labor Statistics' indexes. The general feeling among lumber producers in regard to the business outlook this spring is decidedly optimistic.

Retail lumber dealers' stocks are not generally large. They are reported to have plenty of orders on their books for delivery as soon as the weather permits the resumption of outdoor construction. They are, however, buying cautiously at present.

Brick Makers Optimistic; Production Heavier; Ohio Receives Largest Shipments of Paving Brick

Indications point to good business in the common brick industry. With the exception of several sections of the country where commercial business is largely dependent upon the agricultural interests and where the farmers have not yet fully recovered, reports coming into the office of the Common Brick Manufacturers Association reflect an optimistic feeling on the part of the manufacturers.

Evidence of the makers' confidence in their product and of their belief in its future was seen at the annual meeting of the Association which was held at Los Angeles, February 11 to 16. Every state in the union was represented. Out of nearly 400 manufacturers

who were in attendance at the business sessions, more than 250 traveled from six to seven thousand miles. From the standpoint of the number present, the interest shown, and results accomplished, the meeting was reported very satisfactory.

With reference to importations, heavy shipments of foreign made brick continue. American producers are finding that it is practically impossible to meet this competition on account of the comparatively low price for which the imported brick can be sold; however, according to the Association the artisans and general building public are showing a preference for the home product.

The report of the Common Brick Manufacturers Association as of February 1, 1924, with comparative figures for the preceding month is as follows:

	Feb. 1 1924	Jan. 1 1924
No. of Firms Reporting ..	114	120
Plants Closed Down	45	30
Burned Brick on Hand...	306,503,000	313,696,000
Unburned Brick on Hand..	38,349,000	55,646,000
Brick Moved from Yard During Month	45,762,000	66,199,000
Orders on Books	272,403,000	266,914,000

The following figures showing production, stocks, unfilled orders, and shipments of face brick for 32 identical plants during February, 1924, as compared with January 1924, and February, 1923, have been compiled by the American Face Brick Association. The figures do not include commons or culls.

	Feb. 1924	Jan. 1924	Feb. 1923
Production	19,284,000	17,366,000	16,012,000
Stocks	67,997,000	61,575,000	70,751,000
Unfilled Orders ...	40,524,000	33,592,000	51,296,000
Shipments	15,363,000	11,231,000	13,660,000

Cement Shipments Give Evidence of Early Spring Demand; Stocks Highest on Record

Production of portland cement in February was 8,588,000 barrels, an increase of 378,000 barrels over the same month last year, according to a recent bulletin issued by the United States Geological Survey. When comparison is made with the preceding month, however, a decline is shown, for January production totaled 8,788,000 barrels.

Shipments for February showed an upward trend as

That highway departments and municipalities are awarding contracts for street and highway paving early in the season is indicated by the sharp increase in unfilled orders for vitrified paving brick during the month of February.

The February statistical report submitted to the Department of Commerce by the National Paving Brick Manufacturers Association, shows an increase in unfilled orders in the industry for number 1 pavers of 10 million to a total of 86,691,000. Unfilled orders in number 2 and off-grade pavers increased 7½ million to a total of 19,884,000.

An increase in production during February of 1,200,000 brick is also shown; also that stock on hand was in excess of the unfilled orders. Shipments during February showed a falling off of approximately 3 million to a total of 10,100,000 due to the unseasonable weather prevailing over practically all sections of the country.

The largest shipments were made into the state of Ohio during the month. Shipments to the states of Texas, Kansas, Oklahoma, and Illinois follow in the order named.

compared with January, an encouraging evidence of early spring demand. February shipments were 5,933,000 barrels as against 5,210,000 barrels for January.

Stocks of finished cement at the end of January, total 14,155,000 barrels while at the end of February they had increased to 16,811,000 barrels, the highest accumulation of cement stocks on record.

Figures on Coal Production Indicate Output Much Greater Than Consumption; Retail Business Slows Down

The output of bituminous coal during the coal year ended March 8, 1924, exceeded that of the corresponding period of 1923 by 116,742,000 tons, representing an increase of 29.5 per cent, according to estimates made by the United States Geological Survey. The daily average production during the coal year 1923-24 was 30 per cent greater than that for the year 1922-23. The past year was one of practically uninterrupted accumulation of reserve stocks in consumers' hands. A joint estimate made by the Bureau of the Census and the Geological Survey showed that commercial stocks of bituminous coal totaled 62 million tons on January 1, 1924, as compared with a total of 36 million tons on January 1, 1923. Consumers' stocks at the beginning of this year were 72 per cent larger than in 1923, 29 per cent larger than in 1922, and 35 per cent larger than in 1921. These figures do not include coal in the bins of householders, nor bunker coal of steamships, nor the tonnage on the lake docks, which item is classed as coal in transit. The *Retail Coalman* estimates that there are approximately 100,000,000 tons of coal above ground at the present time. It is evident

therefore, that coal production is now vastly greater than consumption.

While the three year wage agreement covering union mines in the central competitive field is viewed by government officials as a stabilizing influence in the coal mining industry, it does, nevertheless, place the operators of unionized mines at a disadvantage in their competition with non-union operators. It is reported that business in the Pittsburgh district is very slow and that there are indications that more mines will be closing down soon.

Covering the retail coal trade, a large distributor in this District says, "Our business is falling off slightly due to the tendency of people to buy just enough coal to tide them over until spring. Our steam business is still very brisk. We are going to make an attempt to get our domestic customers to buy their coal during the summer months when we believe that domestic coal will reach its lowest price." This policy appears to us to be an excellent one for all retail coal dealers to adopt. It would not only accelerate the flow of coal from the mines to ultimate consumers, but it would also have a tendency to keep prices from falling too low.

Demand for Tires Reported to be Growing; Preference Shown for Standard Makes; Mechanical Lines Active

In spite of the growing demand for tires, rubber manufacturers are watching their production programs carefully. From present indications it would appear that producers desire to prevent a recurrence of the overproduction feature which occurred last year. Business is good and is showing further improvement with the approach of pleasant driving weather.

While the industry is not on as profitable a basis as the manufacturers would like to see it, they realize that if prevailing conditions are to be met successfully production must be carried on at the lowest possible cost and at the same time the quality of their product must be upheld. The increased production per employe in the Akron plants would indicate that this policy is being generally followed.

This close gross profit has naturally narrowed the margin for the manufacturer of the cheaper grades of tires so that he does not have so large a spread of discount for the dealer as formerly, and there is, therefore, less incentive to purchase unknown brands. It is authoritatively reported that the dealer is rapidly

drifting back to standard makes, which reduces sales resistance.

Manufacturers report a growing demand for balloon tires. This rather sudden demand, however, has created considerable confusion in the dealers' mind, making them uncertain as to the kind of stock to order. The result is that they are buying only in small quantities. It is pointed out by some rubber men who are in close touch with prevailing conditions that the higher prices quoted on balloon tires and the confusion over rim sizes will counteract the new popularity to some extent.

In the mechanical rubber goods line business is generally good. There is a steady demand for this kind of product and the prices obtained are quite satisfactory. In some instances, however, particularly in the hard rubber battery box line some of the manufacturers have recently reduced prices.

According to the latest information at hand there is still sufficient labor in Akron to take care of production requirements.

Farm Implement Men Hopeful But Report Spotted Conditions Much in Evidence; Export Trade Grows

Reports from farm implement manufacturers in this District indicate a continuation of the spotted conditions which have existed for many months past. Spring operations on the farms, however, are resulting in some substantial orders and, as is customary at this season of the year, some of the makers are expanding operations. Trade prospects as a whole appear to be much better than they were at this time a year ago but no one is looking forward to a normal volume.

At present those states which have diversified farming interests are supplying the most buyers. In the

past 18 months, according to a report printed in *Iron Trade Review*, some implement makers have sold more machines in the state of New York than in the entire wheat belt.

According to a late report of the Department of Commerce the value of agricultural implements exported from the United States in January increased to \$4,369,386, compared with \$3,336,188 in December, and with \$2,844,284 in January, 1923. This is almost three times that for January, 1922, when exports were almost at the lowest point reached during the period of depression.

**STATEMENT OF CONDITION
FEDERAL RESERVE BANK OF CLEVELAND**

	March 19 1924	March 21 1923
RESOURCES		
Gold with Federal Reserve Agent.....	\$204,056,000	\$206,889,000
Gold redemption fund with U. S. Treasury.....	4,763,000	2,938,000
Gold held exclusively against F. R. Notes.....	208,819,000	209,827,000
Gold settlement fund with F. R. Board.....	75,868,000	59,848,000
Gold and gold certificates held by bank.....	12,496,000	13,159,000
Total gold reserves.....	297,183,000	282,834,000
Reserves other than gold.....	8,459,000	8,086,000
TOTAL RESERVES.....	305,642,000	290,920,000
Non-reserve cash.....	4,150,000	3,839,000
Bills discounted:		
Secured by U. S. Government obligations.....	16,305,000	21,276,000
Other bills discounted.....	20,569,000	21,212,000
Total bills discounted.....	36,874,000	42,488,000
Bills bought in open market.....	25,538,000	44,519,000
U. S. Government securities:		
Bonds and Treasury Notes.....	22,444,000	12,355,000
Certificates of indebtedness.....	5,548,000	19,271,000
Total U. S. Government securities.....	27,992,000	31,626,000
TOTAL EARNING ASSETS.....	90,404,000	118,633,000
Uncollected items.....	65,008,000	65,079,000
Bank premises.....	9,117,000	7,866,000
All other resources.....	303,000	631,000
TOTAL RESOURCES.....	474,624,000	486,968,000
LIABILITIES		
F. R. notes in actual circulation.....	220,755,000	224,874,000
Deposits:		
Member Banks-Reserve account.....	158,436,000	157,589,000
Government.....	254,000	10,373,000
Other deposits.....	1,096,000	984,000
TOTAL DEPOSITS.....	159,786,000	168,946,000
Deferred availability items.....	56,821,000	56,573,000
Capital paid in.....	12,482,000	11,974,000
Surplus.....	23,691,000	23,495,000
All other liabilities.....	1,089,000	1,106,000
TOTAL LIABILITIES.....	\$474,624,000	\$486,968,000

**Ratio of total reserves to deposit and F. R. note liabilities combined = 80.3% on
March 19, 1924, as compared with 73.9% on March 21, 1923.**

Comparative Statement of Selected Member Banks in Fourth District

	Mar. 12, 1924 (79 Banks)	Feb. 13, 1924 (79 Banks)	Increase	Decrease
Loans and Discounts secured by U. S. Government obligations.....	\$24,174,000	\$25,126,000	\$.....	\$952,000
Loans and Discounts secured by other stocks and bonds.....	404,437,000	399,590,000	4,847,000	.....
Loans and Discounts, all other.....	698,474,000	686,798,000	11,676,000	.....
U. S. Pre-War Bonds.....	48,302,000	48,274,000	28,000	.....
U. S. Liberty Bonds.....	109,860,000	109,078,000	782,000	.....
U. S. Treasury Bonds.....	5,217,000	6,160,000	.....	943,000
U. S. Treasury Notes.....	55,066,000	56,072,000	.....	1,006,000
U. S. Certificates of Indebtedness.....	6,160,000	6,049,000	111,000	.....
Other Bonds, Stocks, and Securities.....	308,604,000	304,173,000	4,431,000	.....
Total Loans, Discounts, and Investments.....	1,660,294,000	1,641,320,000	18,974,000	.....
Reserve with Federal Reserve Bank.....	108,878,000	115,997,000	.....	7,119,000
Cash in Vault.....	30,034,000	30,936,000	.....	902,000
Net Demand Deposits.....	896,261,000	899,190,000	.....	2,929,000
Time Deposits.....	626,705,000	616,894,000	9,811,000	.....
Government Deposits.....	17,042,000	17,210,000	.....	168,000
Total Resources on date of this report.....	2,114,660,000	2,126,131,000	.....	11,471,000

Building Operations for Month of February, 1924-1923

	Permits Issued				Valuation				Increase or Decrease	
	New Construction 1924	Construction 1923	Alterations 1924	Alterations 1923	New Construction 1924	Construction 1923	Alterations 1924	Alterations 1923	Amount	Per Cent
Akron.....	155	96	35	20	\$ 394,846	\$ 561,401	\$ 28,560	\$ 11,285	\$ -149,280	-26.1
Canton.....	126	87	40	27	807,790	1,007,493	28,025	22,340	-194,018	-18.8
Cincinnati..	231	185	152	185	1,145,145	1,671,175	158,625	503,325	-870,730	-40.0
Cleveland*..	517	615	442	477	5,410,242	5,627,467	638,550	724,550	-303,225	-4.8
Columbus...	244	247	98	72	890,525	1,146,765	92,875	109,735	-273,100	-21.7
Dayton.....	75	111	59	37	204,319	483,064	49,167	95,047	-324,625	-56.2
Erie.....	38	45	16	20	85,250	68,815	19,828	52,895	-16,632	-13.7
Lexington...	24	20	10	13	40,985	14,525	18,235	8,200	36,495	160.6
Pittsburgh..	327	250	94	86	1,954,548	1,590,524	179,458	207,720	335,762	18.7
Springfield..	33	18	10	8	28,325	31,500	6,650	11,250	-7,775	-18.2
Toledo.....	153	139	82	100	574,935	772,700	126,995	145,715	-216,485	-23.6
Wheeling....	51	53	26	22	345,940	154,870	20,084	34,250	176,904	93.5
Youngstown..	92	50	18	12	301,180	119,990	19,200	18,200	182,190	131.8
Total....	2,066	1,916	1,082	1,079	\$12,184,030	\$13,250,289	\$1,386,252	\$1,944,512	\$-1,624,519	-10.7

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

Department Store Sales

	No. of Reports	(1) Percentage of Increase or Decrease Comparison of net sales with those of corresponding period last year		(2) Percentage of Increase or Decrease Stocks at end of month compared with		(3) Percentage of average stocks at end of each month from January 1 to February 29 to average monthly sales over same period	(4) Percentage of outstanding orders at end of February 1924, to total purchases during calendar year 1923
		A February	B Jan. 1 to Feb. 29	A February 1923	B January 1924		
Akron.....	4	13.8	7.6	17.7	11.1	431.8	10.6
Canton.....	3	21.4	8.1	6.6	2.5	726.6	.....
Cincinnati..	9	22.9	16.7	7.8	12.1	438.5	10.0
Cleveland....	5	14.2	9.4	6.2	5.5	396.3	7.9
Columbus....	5	15.1	9.1	4.2	17.3	407.8	16.0
Pittsburgh..	7	15.7	12.7	11.3	17.9	360.4	14.7
Toledo.....	4	18.2	11.0	-4.2	8.8	408.0	6.9
Youngstown..	3	26.7	21.5	12.1	10.7	260.7	6.4
District.....	45*	16.9	12.2	8.4	12.6	392.2	10.8
U. S. Average..		12.6	9.8	6.0	8.9	412.8	7.6

*Includes five reports from other cities.

Debits to Individual Accounts

	Week Ending Mar. 12, 1924 (325 Banks)	Week Ending Feb. 13, 1924 (325 Banks)	Increase or Decrease Amount Per Cent		Week Ending Mar. 14, 1923 (326 Banks)	Increase or Decrease Amount Per Cent	
Akron	\$ 15,127,000	\$ 13,627,000	\$ 1,500,000	11.0	\$ 16,263,000	\$— 1,136,000	— 7.0
Butler, Pa.	2,311,000	2,124,000	187,000	8.8	2,648,000	— 337,000	—12.7
Canton	11,455,000	8,692,000	2,763,000	31.8	12,208,000	— 753,000	— 6.2
Cincinnati	65,528,000	61,745,000	3,783,000	6.1	76,423,000	— 10,895,000	—14.3
Cleveland	137,523,000	119,039,000	18,484,000	15.5	133,208,000	4,315,000	3.2
Columbus	29,014,000	26,364,000	2,650,000	10.1	31,325,000	— 2,311,000	— 7.4
Connellsville	1,171,000	1,132,000	39,000	3.4	1,759,000	— 588,000	—33.4
Dayton	16,803,000	13,194,000	3,609,000	27.4	15,877,000	926,000	5.8
Eric	7,212,000	6,266,000	946,000	15.1	7,218,000	— 6,000	— 0.1
Greensburg	4,605,000	4,848,000	— 243,000	— 5.0	4,795,000	— 190,000	— 4.0
Homestead	816,000	738,000	78,000	10.6	704,000	112,000	15.9
Lexington, Ky.	7,160,000	6,859,000	301,000	4.4	8,643,000	— 1,483,000	—17.2
Lima	4,843,000	3,556,000	1,287,000	36.2	3,494,000	1,349,000	38.6
Lorain	1,212,000	1,082,000	130,000	12.0	1,216,000	— 4,000	— 0.3
Middletown	2,141,000	1,670,000	471,000	28.2	2,303,000	— 162,000	— 7.0
New Brighton	2,600,000	2,290,000	310,000	13.5	2,327,000	273,000	11.7
Oil City	3,151,000	2,621,000	530,000	20.2	2,902,000	249,000	8.6
Pittsburgh	180,000,000	171,943,000	8,057,000	4.7	193,697,000	— 13,697,000	— 7.1
Springfield	5,429,000	3,781,000	1,648,000	43.6	5,497,000	— 68,000	— 1.2
Steubenville*	2,839,000	2,179,000	660,000	30.3	.....	.....	.....
Toledo	42,206,000	36,384,000	5,822,000	16.0	42,907,000	— 701,000	— 1.6
Warren, O.	3,322,000	3,954,000	— 632,000	—16.0	4,103,000	— 781,000	—19.0
Wheeling	9,241,000	9,722,000	— 481,000	— 4.9	11,153,000	— 1,912,000	—17.1
Youngstown	14,498,000	12,763,000	1,735,000	13.6	12,183,000	2,315,000	19.0
Zanesville	3,291,000	2,611,000	680,000	26.0	3,003,000	288,000	9.6
Total	\$573,498,000	\$519,184,000	\$54,314,000	10.5	\$595,856,000	\$— 25,197,000	— 4.2

*Corresponding figures for 1923 not available.

Movement of Livestock at Principal Centers in Fourth Federal Reserve District for Month of February, 1924-1923

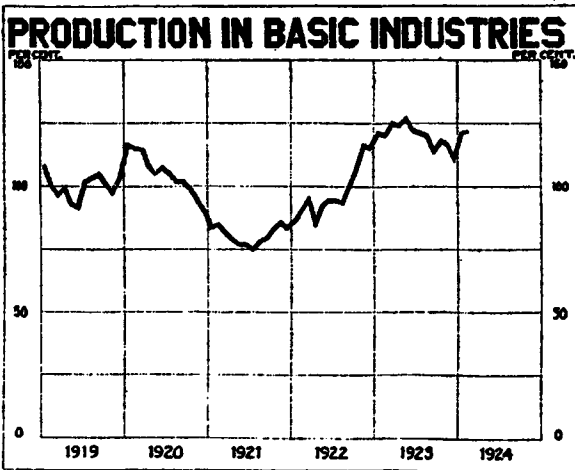
	Cattle		Hogs		Sheep		Calves		Cars Unloaded	
	1924	1923	1924	1923	1924	1923	1924	1923	1924	1923
Cincinnati	15,723	17,255	116,880	105,623	2,928	2,319	11,526	11,165	1,636	1,576
Cleveland	10,858	9,017	87,551	75,417	15,077	14,406	8,753	8,398	1,549	1,413
Columbus	74	98	3,503	2,806	.....	258	67	93	10	4
Dayton	1,787	1,568	13,207	11,144	283	138	874	680	.....	.....
Fostoria	238	226	8,279	6,011	544	702	555	396	.....	2
Marion	61	26	3,892	2,774	441	115	151	102	.....	.....
Pittsburgh	31,607	25,662	283,466	237,644	52,514	54,563	30,985	24,822	4,400	3,844
Springfield	441	123	5,039	2,992	3,354	990	242	112	.....	.....
Toledo	889	561	11,583	10,216	635	1,266	403	578	.....	118
Wheeling	377	197	2,720	2,141	26	1	1,280	745	39	26
			Purchases for Local Slaughter							
Cincinnati	11,942	11,891	79,484	58,407	2,236	1,931	4,428	4,720	.....	.....
Cleveland	10,337	8,675	75,620	54,268	12,734	12,502	8,565	8,345	.....	.....
Columbus	29	19	278	372	.....	18	32	58	.....	.....
Fostoria	40	25	1,406	200	8	5	30	25	.....	.....
Marion	60	22	2,462	2,032	12	4	87	84	.....	.....
Pittsburgh	5,298	4,647	63,913	42,668	7,442	5,626	6,561	5,159	.....	.....
Springfield	40	20	912	651	15	.....	76	34	.....	.....
Toledo	688	.....	2,180	.....	74	.....	323	.....	.....	.....
Wheeling	377	197	2,720	2,141	26	1	1,280	745	.....	.....

Wholesale Trade

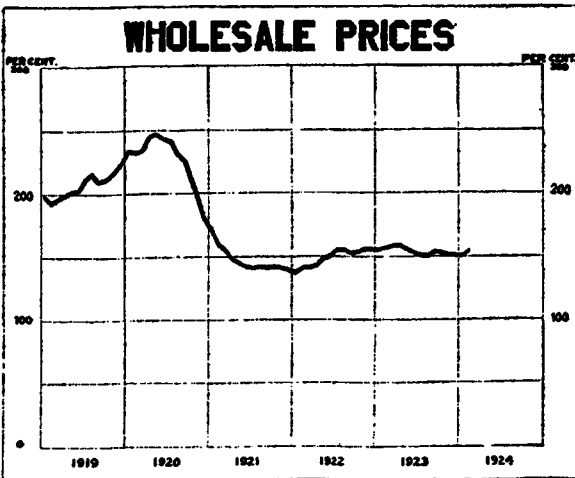
Percentage Increase (or Decrease) in Net Sales During February, 1924, as Compared with January, 1924, and February, 1923

	Dry Goods	Hardware	Drugs	Groceries
Net Sales (selling price) during February, 1924, compared with January, 1924	10.4	12.2	—2.2	0.5
Net Sales (selling price) during February, 1924, compared with February, 1923	0.3	1.1	—2.5	11.8

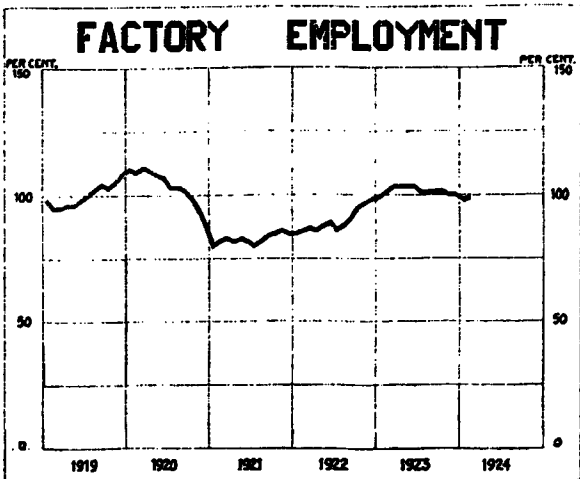
*Summary of Business and Credit Conditions in the United States
By The Federal Reserve Board*



Index of 22 Basic Commodities Corrected for Seasonal Variations (1919 = 100). Latest Figure—February, 121.



Index of U. S. Bureau of Labor Statistics. (1913 = 100, Base Adopted by Bureau). Latest Figure—February, 152.



Index for 33 Manufacturing Industries (1919 = 100). Latest Figure—February, 99.

Employment at industrial establishments increased in February and the output of basic commodities was slightly larger. Distribution, both at wholesale and retail continued large; wholesale prices were somewhat higher; and there was a further increase in the volume of borrowing for commercial purposes.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, adjusted to allow for length of month and other seasonal variations, increased less than 1 per cent in February. Production of pig iron, steel ingots, and flour increased, while mill consumption of cotton and production of cement and lumber declined. Factory employment advanced 1 per cent in February, following successive decreases during the three preceding months. Increases in working forces were reported by most industries and were particularly large at iron and steel plants, automobile factories, and textile finishing establishments. Fuller employment through reduction of part time work is indicated by an increase of over 5 per cent in average weekly earnings. Building activity was slightly less than in January, though contracts awarded were 7 per cent larger than a year ago.

TRADE

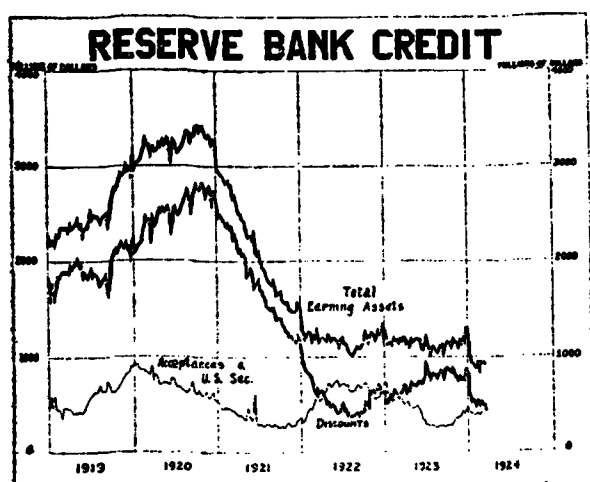
Railroad shipments in February were in greater daily volume than in January and car loadings of practically all important commodities were larger than a year ago. The daily average volume of wholesale business increased about 5 per cent in February, but was slightly smaller than a year ago. Sales of meat, dry goods, and hardware were larger than in February, 1923, while sales of shoes were smaller. Department store sales in February averaged about the same daily volume as in January and about 8 per cent more than a year ago, while merchandise stocks at these stores at the end of the month were 6 per cent above last year's level. Business of mail order houses and chain stores also showed increased activity in comparison with January.

PRICES

Wholesale prices, as measured by the index of the Bureau of Labor Statistics, advanced slightly in February. Prices of fuel, metals and building materials increased, while prices of farm products, clothing, and chemicals declined. During the first two weeks in March price declines occurred in wheat, cotton, silk, hides, and rubber, and price advances in hogs, copper, and crude petroleum.

BANK CREDIT

The volume of borrowing for commercial purposes at member banks in leading cities in the early part of March continued



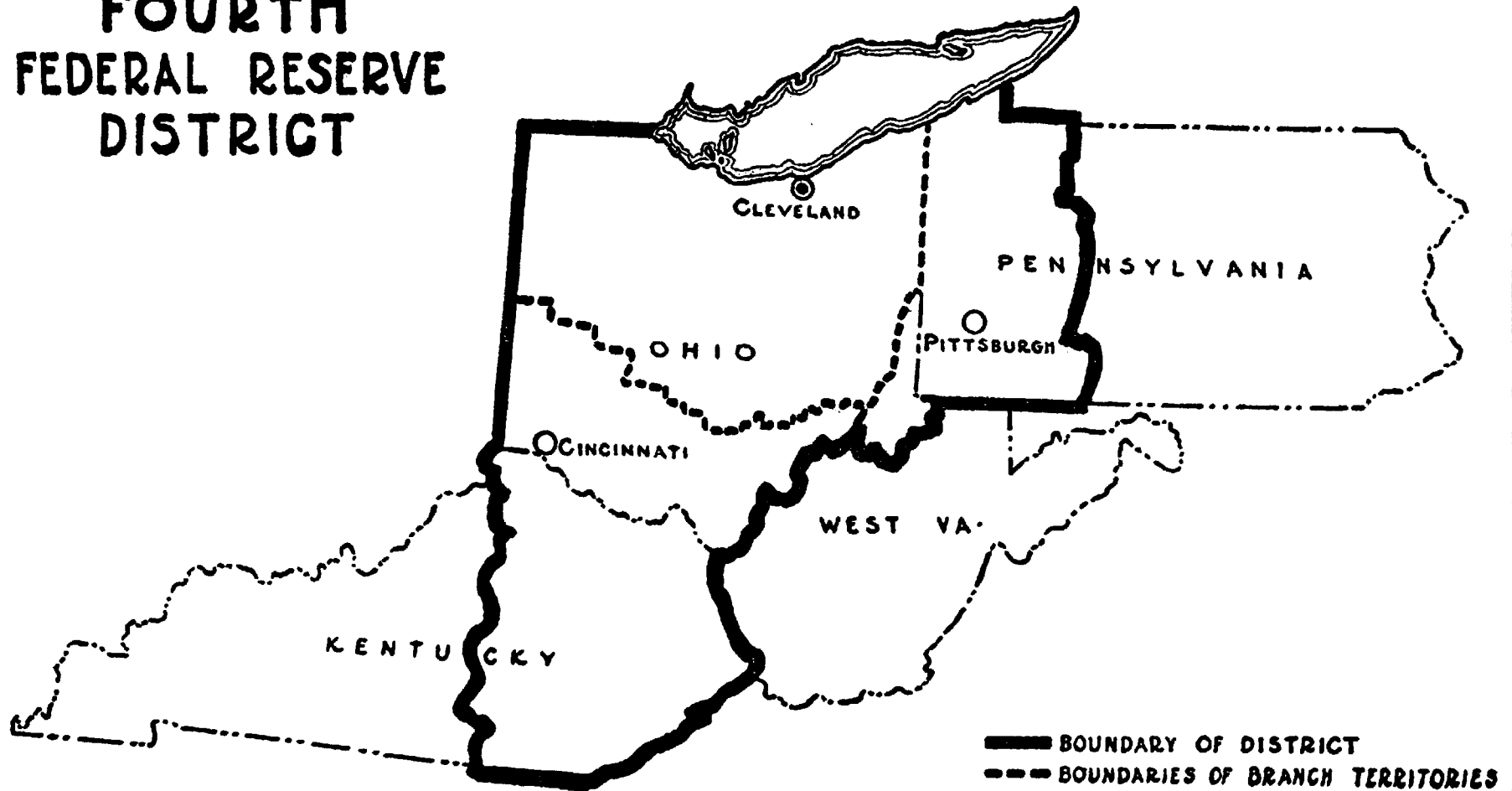
Weekly Figures for 12 Federal Reserve Banks.
Latest Figures March 19.

the increase which began in the latter part of January, and on March 12 total loans of the reporting banks were higher than at any time since the seasonal peak at the turn of the year, and about \$275,000,000 higher than a year ago.

At the Federal Reserve banks during the four-week period ending March 19 a further decline in the volume of discounts for member banks and of acceptances was offset by an increase in the holdings of United States securities, so that total earning assets were at about the same level as in February. Federal Reserve note circulation continued to decline, while the total money in circulation increased.

Easier money conditions were reflected in a slight decline in rates for commercial paper to $4\frac{1}{2}$ per cent and also in lower rates for bankers' acceptances and reduced yields on treasury certificates. The March offering of \$400,000,000 of one year treasury certificates bearing interest at 4 per cent as compared with $4\frac{1}{4}$ per cent on a similar issue sold in December, was oversubscribed.

FOURTH FEDERAL RESERVE DISTRICT



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