

MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

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As the year closes, prosperity is present in most lines of industry. Without doubt, one of the most important phases of the situation is the absence of any marked rise in commodity prices, such as has frequently occurred in "boom" periods of the past. The increased earnings shown by nearly all large industrial corporations during 1925 have in many cases been due to a large volume of business, done on a comparatively narrow margin of profit and without violent price fluctuations except in a few cases, such as rubber. The stability of prices and the lack of unhealthy speculative tendencies in most of the commodity markets are among the most favorable elements in the present business situation, while the possibility of overproduction in certain lines and, in the opinion of some, of too great an extension of "deferred payment" credits may be mentioned as potentially unfavorable factors.

In the Fourth District, iron and steel operations continued to increase during the past month. A seasonal quieting down took place in the wholesale trades and in certain lines of manufacture, such as clothing. Building operations in November fell slightly below a year ago, but the first eleven months of 1925 were still 20 per cent ahead of the same period of 1924. Operations in truck and auto parts factories continued at a high level. The soft coal industry has shown distinct improvement in recent months, the anthracite strike being responsible in large measure.

Financial Conditions Savings deposits of sixty-eight selected banks in the larger cities of the Fourth Federal Reserve District amounted to \$854,963,968 on November 30, an increase of 1.1 per cent over October 31 and of 7 per cent over November 30, 1924.

Commercial failures in this District, according to R. G. Dun and Company, numbered 165 in November, as compared with 167 in October, and 133 in November, 1924. Liabilities aggregated \$3,428,114, as against \$2,441,042 a year ago. In the United States, there were 1,672 failures in November, 1,581 in October, and 1,653 in November, 1924.

The following table gives the changes in the main items of the balance sheets of the Federal Reserve and reporting member banks:

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Dec. 9, 1925	Dec. 10, 1924	Nov. 10, 1925	Dec. 9, 1925	Dec. 10, 1924	Nov. 10, 1925
Gold reserves	\$298	\$278	\$295	\$2,722	\$2,997	\$2,779
Discounts	87	43	78	679	254	565
Acceptances	8	33	12	370	353	353
U. S. Securities	30	57	31	352	552	334
Total bills and securities	127	133	121	1,412	1,167	1,260
Federal Reserve notes in circulation	232	210	225	1,766	1,854	1,711
Total Deposits	179	188	176	2,315	2,259	2,289

	Reporting Member Banks— Fourth District (In Millions)			Reporting Member Banks— System (In Millions)		
	Dec. 2, 1925	Dec. 3, 1924	Nov. 4, 1925	Dec. 2, 1925	Dec. 3, 1924	Nov. 4, 1925
Loans secured by stocks and bonds....	\$497	\$416	\$503	\$5,416	\$4,522	\$5,392
All other	785	742	794	8,590	8,393	8,635
Total loans	1,281	1,157	1,297	14,006	12,915	14,027
Investments	634	681	632	5,393	5,611	5,462
Demand deposits	1,013	1,031	1,015	13,100	13,212	13,220
Time deposits	752	696	758	5,348	4,826	5,348

Iron and Steel

Steel ingot production in 1925 was ahead of any previous year. The iron and steel industry continues to operate at a high rate of capacity, and the outlook appears bright. The mills have in hand a sufficient accumulation of orders which, taken with the consistently good rate of current buying, insures a continuation of present activities through the next three months. Current consumption, according to all indications, is very large and stocks of material in consumers' hands are relatively light.

While the tonnage demand has been record-breaking, it has not included a representative or normal amount of railroad buying which traditionally has been the chief element of support of the steel industry. At this time the railroads are buying on an increasing scale and considering their strong financial positions and the demands of traffic, it is thought in iron and steel circles that railroad requirements next year may tend to be materially greater than in 1925.

Production of steel in 1925 reached approximately 45,500,000 gross tons, or the highest peak in history. This exceeds the previous high mark of 45,060,607 gross tons made in the stimulated war period of 1917. Production in December was running at the rate of approximately 50,000,000 gross tons per annum, or the greatest on record for that period of the year. Pig iron output in 1925 failed to establish a new peak and was approximately 36,530,000 gross tons. While this is 16.3 per cent

above 1924, it was exceeded by 1916, 1917, 1918, and 1923. Large stocks of iron on hand a year ago, plus the heavy use of scrap in steelmaking, explain why pig iron production failed to keep pace with that of steel. Pig iron production of coke iron in November, as compiled by IRON TRADE REVIEW, increased 3.3 per cent over December and was on the annual basis of 36,700,000 gross tons. The number of furnaces in blast at the close of the month was 220, a gain of 11, representing 57.2 per cent of the total of the country. A month previously it was 54.1 per cent.

The price situation has reflected the conservative attitude generally of both buyers and sellers of iron and steel, as well as the country's large productive capacity. This element of conservatism is looked upon as a wholesome factor which is holding down speculative buying and promises to contribute to the prolongation of the present broad market. IRON TRADE REVIEW composite of fourteen leading iron and steel products late in December stood at \$39.10. One year ago it was \$40.14 and the average for all December, 1924, was \$40.21. In the face of its present record-breaking production, the industry, therefore, is on a lower price basis than a year ago. A moderate rise of the market has been discernible for the past nine weeks, in which period the composite has gone from \$37.43 to its present level. This represents an advance of only about 4.5 per cent.

Coal

Average daily production of soft coal during November continued to show an upward trend, but there was a noticeable drop during the week ending December 5. This was due in part to an easing of demand with a consequent sagging of prices. The COAL AGE average price of bituminous coal, after rising from \$2.19 per ton on November 6 to \$2.32 on November 27, fell to \$2.26 on December 4.

Reports indicate that October and November were easily the two best months of this year, as far as bituminous operators are concerned, and that the general situation is now better than for a considerable time past. It should be remembered, however, that part of this improvement is due to the use of hard coal substitutes, as a result of the anthracite strike. Productive capacity of soft coal is still in excess of normal consumptive needs. In 1924, bituminous mines in the country were worked only between 150 and 200 days on the average. In Ohio, the average was only 143; in Pennsylvania, soft coal mines were worked on an average of 180 days, while the figure for hard coal mines was 274.

According to the GEOLOGICAL SURVEY, there were 7,586 producing bituminous coal mines in the United States in 1924, exclusive of wagon mines. Of these, about 45 per cent were in the Fourth District. Pennsylvania included 2,122, or 28 per cent; 750, or 9.9 per cent, were in Ohio and 496 or 6.5 per cent, were in Eastern Kentucky. United States production totaled 483,687,000 net tons, of which about 41 per cent was produced in the Fourth District. Pennsylvania's output was 130,634,000, or 27 per cent; Ohio produced 30,473,000, or 6.3 per cent, and Eastern Kentucky, 36,127,000, or 7.5 per cent. Separate

figures are not available for the Panhandle District of West Virginia, which is in this District.

Rubber and Tires

Akron rubber plants continue to do a large volume of business. Sales of companies in the Akron district for the first ten months of this year increased about 30 per cent over the same period in 1924, and in some cases were better than for any previous year. Production of inner tubes in October slumped somewhat and was below that of a year ago, but 1925 production for the first ten months was well ahead of 1924. The large output of this year has not resulted in overproduction, but has been in response to an unusually heavy demand.

The price situation is still a disturbing factor. Although tire prices have been increased several times during the year, the price of crude rubber has advanced at a considerably greater rate, and this naturally tends to reduce the margin of profit to tire producers. Crude rubber has been over \$1.00 a pound during most of the past month, although it broke about ten cents in mid-December and was quoted at ninety-one cents a pound on December 17. Even this figure, 10 to 15 per cent below the level of the preceding two months, was more than twice as high as the price of last spring before the sharp summer rise occurred, while tire prices have only increased around 70 per cent since that time.

With regard to the world rubber situation, announcement was made early in December that export restrictions from British plantations in Ceylon and the Straits Settlements would be removed beginning with February 1, 1926. At present 85 per cent of production is being exported under the Stevenson restriction act. The effect on rubber prices of the release of an additional 15 per cent is problematical. Meanwhile, American tire manufacturers are continuing their efforts to develop sources of supply other than those owned by British interests. Work preparatory to setting out trees has been started on the 1,000,000 acre tract in Liberia which was recently leased to a large American corporation. It is stated that 2,000 acres of this tract were planted in 1910, and that the product of these trees, now in full bearing, are being shipped here in increasing quantities. The acquisition of 35,000 acres in Mexico, part of which is planted, is also reported. American interests have made arrangements to develop certain rubber plantations in the Dutch East Indies on a partnership basis, and public offering of the shares of the Dutch-American Rubber Plantation Company has recently been made. Another factor is the increasing use of reclaimed rubber in this country, it being estimated that the present capacity of reclamation plants is about 400,000,000 pounds yearly, as against 1924 production of 170,000,000 pounds. The above developments have doubtless been a factor in the ten-cent slump in rubber prices previously noted.

According to the latest report of the Rubber Association of America, production of high pressure inner tubes was 3,653,711 in October, as compared with 4,135,336 in September and 5,466,553 in October, 1924. Output of balloon inner tubes numbered 1,305,315 as compared with

1,304,857 in September and about 450,000 in October, 1924. Shipments of high pressure tubes in October were slightly greater than production, while those of balloon tubes established a new record, totaling 1,656,446, as compared with 1,600,410 in June, the previous high month.

Automobiles Production of passenger cars by manufacturers in the United States, according to figures furnished by the Federal Reserve Bank of Chicago in cooperation with the National Automobile Chamber of Commerce, totaled 336,330 in November, a decline of about 70,000 from October (the record month) but a gain of 132,000 over November, 1924. Truck production in November totaled 38,910, a loss of nearly 6000 from October but a gain of about 12,000 over a year ago.

Truck manufacturers in the Fourth District state that fourth quarter business has exceeded that of any preceding fourth quarter. Automobile parts makers have also been enjoying a high level of business. In connection with the increasing use of trucks for transportation purposes, it is of interest to note that the total estimated number of motor-busses in use in the United States in September, 1925, was 65,000, as compared with 52,000 a year previously and 20,000 in 1920. It is also estimated that 249 electric railways were using 4,437 busses, covering 11,668 miles of route, in September, 1925, as compared with twelve railways using seventy-three busses over thirty-five miles of route in January, 1921.

It is frequently stated that the export market offers large possibilities to American automobile manufacturers, even should the so-called "saturation point" be reached in this country. That this is true is shown by the following table, giving the number of people per car in the ten countries having the highest ratio, and also in some of the other important countries in the world. (Figures from the Bureau of Foreign and Domestic Commerce).

Persons Per Car		Persons Per Car	
United States	6	Austria	439
Hawaii	13	Belgium	82
Canada	14	China	39,675
New Zealand	21	Germany	272
Australia	28	Hungary	1,724
Society Islands	47	India	7,497
United Kingdom	57	Italy	409
Alaska	63	Japan	2,645
Gibraltar	66	Russia	8,896
France	69	Sweden	96
Argentina	73	World	86

Clothing Business in the textile trades in this District has quieted down seasonally from October, particularly in wholesale lines, but continues satisfactory in view of the time of year. Prices of raw cotton and cotton yarn have been weak, resulting in a downward revision of finished goods by some manufacturers. Underwear manufacturers report the opening of lines for the fall of 1926 at prices about 7 per cent be-

low opening quotations a year ago. Demand for underwear has been good during the past two months, due to the early winter. Business in knit goods is stated to have fallen off considerably from October, which was an unusually good month. Worsteds goods manufacturers report the volume of business during the last half of 1925 as better than the first half, with the margin of profits tending to increase. Greater interest is being shown by buyers of women's coats, and manufacturers feel moderately encouraged by the outlook. No great changes have taken place recently in the men's clothing industry except the development of the deferred payment plan known as the "Ten Payment Plan".

Wages have remained stationary, outside of minor adjustments. Increased efficiency on the part of wage-earners, however, is reported by some manufacturers; in one case it is stated that total production is 20 per cent more at present than in 1920, while the payroll has been reduced 25 per cent, resulting in an increase in individual efficiency of over 50 per cent.

Sales of nineteen wholesale dry goods firms in the Fourth District in November declined 2.8 per cent from a year ago and 26.9 per cent from October. The latter decrease was rather more than seasonal, and is probably due to the fact that October was the best month in two years. Sales for the first eleven months were 4.1 per cent under those of 1924. Stocks on hand at the end of November ran 6.3 per cent below last year and 7.9 per cent under October 31. Prices were reported to be tending downward. Collections are fair.

Shoes Production of shoes in the Fourth District during 1925 has run about 10 per cent ahead of last year, but the margin of profit to manufacturers is still very small, even with the satisfactory volume of business. There is some complaint that people show a tendency to economize on necessities, such as shoes, in order to purchase a larger proportion of luxuries. Manufacturers report practically no changes recently in either prices or wages. Final figures of the Census Bureau put October output of shoes in this District at about 5 per cent ahead of October, 1924, but nearly 10 per cent below September. Preliminary figures for November indicate a decrease of 27.5 per cent from October.

With regard to wholesalers, sales of reporting wholesale shoe firms during November were 5.5 per cent less than a year ago and 26.7 per cent less than October. For the first eleven months, sales increased 0.03 per cent over the same period last year. The decline from October is largely seasonal. Stocks on hand at the end of November were substantially smaller than a year ago, and slightly less than on October 31. Collections were reported to be fair to slow.

Retail shoe sales in department stores and shoe stores in this District during November ran about 4 per cent under last year, according to preliminary figures. The decrease in men's and boys' shoes was twice as great as that in women's and children's shoes.

Paint

No changes of importance have taken place in the paint industry during the past month. The volume of business continues to be satisfactory, and one or two manufacturers report that the margin of profits has recently shown a slight tendency to increase. Wages have changed but little during the year 1925. Prices are steady with the exception of slight changes in a few raw materials. A white lead manufacturer reports that the demand for pig lead during 1925 has been very heavy, which has brought about a substantial increase in the price. Early in December, however, a decline of \$10 a ton occurred, increased production having taken care of the unusual demand.

In order to promote greater economy in operations, paint manufacturers together with the U. S. Department of Commerce are working on a simplification plan for the reduction in the number of colors and sizes of cans in various kinds of paint.

General Manufacturing

Manufacturers generally throughout the District report a continuation of a good volume of business, barring seasonal factors. In nearly all cases profit margins are still narrow, and have shown no tendency to increase during past weeks. Net income is greater than last year, however, due to the considerable gain in gross volume. One manufacturer reports that his company a few months ago arbitrarily reduced what was considered to be a safe operating margin, resulting in a doubling of business and larger net profits.

Prices are stable for the most part, although slight declines have occurred in some raw materials. Wages are about the same as for some months past. Labor in general is fully employed.

Demand for both window and plate glass continues to be heavy. Plate glass factories in this District are running at capacity to fill the unusually heavy requirements of the automobile and furniture manufacturing industries. Competition is very keen in the stove industry, and raw material costs are showing a tendency to increase. Conditions in the boxboard trade are not entirely satisfactory, due to the desire of manufacturers to keep down costs by increasing production without sufficient regard to the state of demand. Manufacturers of specialties involving the use of copper and lead have been affected by the decline in the price of these two commodities, and the price of their finished materials has recently shown a declining tendency. No important changes have taken place in the electrical industry, but a slightly increased volume of business is reported by some concerns. Various other lines of business appear to be operating on about the same scale as during the past month or two.

Agriculture

With the final harvesting of the corn and potato crops practically completed, it is still impossible to discover just how much these crops were injured by the rains, snows and freezes of the late fall. The quality of this year's corn is somewhat above the average, but the moisture content is reported rather high. Several days of fair weather coming in

succession in November enabled the farmers to get much of their outstanding corn under shelter and the fair weather was also beneficial to the potato growers whose crops were still in the ground. Potatoes suffered considerably from the early frosts, and the average quality is reported by the U. S. Department of Agriculture as lower than any year since 1921. The decreased production has resulted in the gathering of small and defective potatoes which ordinarily are left in the field.

Apples which were still on the trees suffered considerable damage from the freezes of October and November.

Prices on most farm products remain firm, with slightly advancing tendencies in many cases. The market for corn is slow, due both to the volume of the crop and to the moisture content of the grain. A favorable element in the situation is the fact that all grades of cattle and hogs are bringing a good price.

Canning

The close of the canning season finds the warehouses of the packers somewhat better stocked than is usual at this time of year. Reports from this industry indicate that production of the three principal items of canned vegetables, viz., peas, corn, and tomatoes, has been considerably above the average in this district. This has tended toward a slight decline in prices, but packers report an indication of a strengthening of the market. The overproduction, if it might be called such, was not sufficient to cause any serious break in prices. An interesting development noted by packers has been the marked increase in the consumption of canned vegetables during the past year. The quality of the produce received at the canneries this year has been above the average, and this coupled with the lower prices is expected to bring about a still wider market for this year's packing.

Tobacco

On December 7, the Burley Tobacco Growers' Association announced a sale of 5,500,000 pounds of its re-dried 1923 and 1924 burley holdings. This was the second important sale of the Association's present selling season, inaugurated in November. The amount involved was about \$1,250,000. On December 18 it was announced that 55,162,000 pounds of the 1923, 1924 and 1925 crops had been sold since the beginning of the month.

The tobacco which growers are delivering to loose-leaf houses is stated to be of fair quality, the color being somewhat better than average.

Building and Building Materials

For the eighth successive month, the value of building permits in the United States in November broke all records for corresponding months in previous years. The total for 164 cities, according to Bradstreet's, was \$290,696,300, in November, 1925, as against \$225,430,642 a year ago, or an increase of 28.9 per cent. As compared with October, there was a seasonal decline.

To show just how far building operations have been

running ahead of other years in the after-war period, the following table has been prepared, giving this bank's index numbers of the value of building permits (1919-23-100) by months for 1925, as compared with the 1919-1924 average for the same months.

	1919-24 average	1925	% increase, 1925
January	74	129	74.3
February	88	153	73.9
March	141	213	51.1
April	126	247	96.0
May	119	206	73.1
June	116	206	77.6
July	107	207	93.5
August	114	205	79.8
September	106	191	80.2
October	118	212	79.7
November	106	180	69.8

The November figures were considerably influenced by New York City, which gained 80.2 per cent over October a year ago, but declined 19.4 per cent from last month. Outside of New York, the gain over a year ago was 14.8 per cent, and the loss from October, 10.4 per cent.

In the Fourth District, permits for the month showed a loss from last year, for the first time in 1925. Valuation of permits in thirteen centers totaled \$16,724,472, or 2 per cent less than in November, 1924. Substantial gains in Canton, Cleveland, and Toledo were more than offset by considerable declines in Akron, Erie, Pittsburgh, Springfield, Wheeling, and Youngstown. Nearly all cities, however, showed increases for the first eleven months, the District gain being 20.5 per cent.

The Aberthaw index of industrial building costs remained unchanged at 194 on December first. The cost of various building materials in cities in the Fourth District changed very little between August 1 and November 1. Lumber manufacturers, however, report advances in certain grades of lumber during the past few weeks, particularly in gum and ash.

Building Operations

	November, 1925			Jan.-Nov., 1925		
CITY	No. Permits from 1924	% change from 1924	Valuation	% change from 1924	Valuation	% change from 1924
Akron...	404	-2.9	\$ 707,848	-29.6	\$13,899,400	+82.1
Canton...	175	-16.7	550,445	+26.9	7,668,868	-1.1
Cincinnati	436	-8.0	1,857,265	+5.1	28,679,330	+26.4
*Cleveland	1,197	-21.0	7,612,690	+31.5	84,430,994	+10.7
Columbus...	400	-20.6	1,233,800	-9.8	27,817,050	+72.4
Dayton...	197	-9.2	462,296	-19.8	11,876,212	+33.8
Erie.....	114	-33.3	354,974	-31.9	8,414,313	+42.9
Lexington...	43	-44.9	102,341	+9.1	1,928,105	+11.0
Pittsburgh	443	-21.6	1,810,071	-32.2	38,997,758	+22.9
Springfield	407	+3.8	133,560	-62.3	1,491,838	-9.8
Toledo...	407	-12.7	1,462,282	+61.1	16,776,482	+3.9
Wheeling...	49	-45.6	106,900	-70.6	3,237,262	-35.5
Youngstown...	130	-41.4	330,000	-73.0	11,321,195	-0.7
District...	4,077	-18.6	\$16,724,472	-2.0	\$256,538,807	+20.5

*Includes East Cleveland, Lakewood, and Shaker Heights.

Retail Trade

Department store sales in the Fourth District during November declined 3.4 per cent from the same month a year ago. After the unusually large sales in October, for which weather conditions were partly responsible, this drop was not unex-

pected. October sales were the largest for that month in the seven years covered by this bank's records, while November sales were exceeded by November of 1920, 1923, and 1924.

Of the eleven reporting cities, only two—Canton and Toledo—showed a gain in sales over November of last year. The losses in the remaining cities were not large, however, the greatest decrease being 10 per cent in New Castle. For the first eleven months of the year, the seventy reporting stores gained 1.8 per cent over the corresponding period in 1924, seven cities showing a gain.

Turning to departmental sales, it is noticeable that departments which gained heavily over last year during October owing to weather conditions failed to make such large gains in November; in fact, some of them showed losses. Twenty-seven of the fifty-two separate departments reported gains over last November. The largest increases occurred in umbrellas, with 45 per cent; ribbons, 28 per cent; musical instruments, 27 per cent; neckwear and veilings, 25 per cent, and silk underwear, 20 per cent.

Percentage changes in the main departments in November were as follows:

	Nov., 1925 compared with Nov., 1924 % change
Silks and Velvets	+ 9.5
Men's Clothing	-10.4
Men's Furnishings	- 5.5
Boys' Wear	-13.5
Women's Ready-to-Wear	-12.2
Misses' Ready-to-Wear	-15.9
Furs	+ 0.9
Millinery	- 2.7
Hosiery--Women's and Children's	+ 1.5
Shoes	- 4.1
Furniture	+11.6
Draperies, Lamps, Shades	+ 4.5
Floor Coverings	+ 1.6

Sales of nineteen wearing apparel firms decreased 1.1 per cent in November as compared with November, 1924, and those of 37 retail furniture firms decreased 5.7 per cent.

Wholesale Trade

In the wholesale trades, there were slight increases over November of last year in groceries, drugs, and hardware, while dry goods and shoes showed slight declines.

The greatest increase is seen in drugs, which showed a gain of 5.6 per cent with hardware and groceries showing gains of 0.8 per cent and 0.4 per cent respectively. The decline in wholesale shoes was 5.6 per cent, while dry goods fell 2.8 per cent under last year's November sales.

For the eleven months ending November 30, hardware and drugs showed gains of 1.6 per cent and 3.6 per cent respectively, while groceries and dry goods for the same period showed declines of 3.3 per cent and 4.1 per cent from the figures of the first eleven months of 1924.

The wholesale shoe trade for the year to date has very closely approximated that of 1924, the increase being 0.03 per cent.

The index number for all wholesale trades was 91 in November, as compared with 90 for November, 1924 (1919-1923 monthly average=100)

Retail and Wholesale Trade

	No. of Reports	Percentage Increase or Decrease SALES Nov., 1925, compared with Nov., 1924	SALES Jan.-Nov., 1925, compared with Jan.-Nov., 1924
DEPARTMENT STORES			
Akron.....	5	-6.4	+7.0
Canton.....	5	+1.9	-2.8
Cincinnati.....	7	-0.1	+7.8
Cleveland.....	6	-1.7	+2.5
Columbus.....	6	-0.6	+8.5
Dayton.....	3	-3.8	+0.5
New Castle.....	3	-10.0	-3.6
Pittsburgh.....	7	-6.5	-1.4
Toledo.....	5	+5.1	+1.6
Wheeling.....	5	-8.7	-5.3
Youngstown.....	3	-1.1	+3.0
Other Cities.....	13	-2.1	+6.5
District.....	70	-3.4	+1.8
WEARING APPAREL			
Cincinnati.....	6	-5.0	...
Cleveland.....	3	+6.8	...
Other Cities.....	10	-4.7	...
District.....	19	-1.1	...
FURNITURE			
Canton.....	3	+9.8	...
Cleveland.....	6	-8.6	...
Columbus.....	9	-12.7	...
Toledo.....	5	+10.2	...
Other Cities.....	14	-8.0	...
District.....	37	-5.7	...
CHAIN STORES*			
Drugs—District.....	3	+3.7	+2.7
Groceries—District.....	5	-9.1	-0.7
WHOLESALE GROCERIES			
Akron.....	3	-9.2	+1.1
Cleveland.....	4	-6.5	-6.9
Erie.....	4	-3.2	-3.1
Pittsburgh.....	10	-5.8	-3.5
Toledo.....	3	+4.9	+0.6
Youngstown.....	3	+10.2	-16.6
Other Cities.....	27	+10.1	-0.9
District.....	54	+0.4	-3.3
WHOLESALE DRY GOODS			
...	19	-2.8	-4.1
WHOLESALE DRUGS.....			
...	16	+5.6	+3.6
WHOLESALE HARDWARE.....			
...	16	+0.8	+1.6
WHOLESALE SHOES.....			
...	7	-5.6	+0.03

*Sales per individual unit operated.

Index Numbers of Trade in the Fourth Federal Reserve District

Average Monthly Sales for the Five-Year Period 1919-1923, inclusive—100.)

	Nov. 1921	Nov. 1922	Nov. 1923	Nov. 1924	Nov. 1925
Department Stores (55)*.....	97	113	122	119	115
Wholesale Drugs (15)*.....	93	101	106	100	106
Wholesale Dry Goods (18)*.....	86	101	96	83	81
Wholesale Groceries (50)*.....	84	94	98	90	90
Wholesale Hardware (15)*.....	80	101	104	97	100
Wholesale Shoes (6)*.....	89	90	74	73	73
Wholesale—All (104)*.....	85	97	98	90	91
Chain Drugs (3)*.....	93	96	97	95	99

*Number of firms.

Debits to Individual Accounts

	4 weeks ending Dec. 9, 1925	% change from 1924	1925 to date	1924 to date	% inc. or decr. 1925 over 1924
Akron.....	84,890	+23.8	1,007,306	816,775	+23.6
Butler, Pa.....	10,199	-9.0	125,023	123,473	+1.3
Canton.....	41,413	+8.1	535,271	474,519	+12.2
Cincinnati.....	330,872	+10.7	3,044,268	3,471,144	+13.0
Cleveland.....	643,656	+12.0	7,808,811	7,014,140	+11.3
Columbus.....	133,972	+7.8	1,644,411	1,507,591	+9.1
Connellsville, Pa.....	4,646	+7.4	52,728	53,452	-1.4
Dayton.....	69,654	+14.8	876,219	766,830	+14.3
Erie, Pa.....	32,694	+11.2	386,607	353,608	+9.3
Greensburg, Pa.....	22,109	+16.9	234,034	248,143	-5.7
Homestead, Pa.....	4,200	+1.8	52,644	48,658	+8.2
Lexington, Ky.....	19,796	+18.2	257,257	242,335	+6.1
Lima.....	12,844	-24.1	200,608	207,259	-3.2
Lorain.....	5,416	-14.8	75,549	71,342	+5.9
Oil City, Pa.....	13,539	+17.4	169,051	148,055	+14.2
Pittsburgh, Pa.....	959,201	+19.4	10,598,265	9,426,255	+12.4
Springfield.....	20,313	+20.3	246,839	218,518	+13.0
Steubenville.....	11,193	+13.1	133,372	128,076	+4.1
Toledo.....	190,205	+20.3	2,321,930	2,040,788	+13.8
Warren, O.....	11,839	+9.7	152,858	140,614	+8.7
Wheeling, W. Va.....	45,275	+9.0	511,195	508,133	+0.6
Youngstown.....	62,095	+5.3	789,904	686,757	+15.0
Zanesville.....	11,550	+2.6	138,714	146,960	-5.6
Total.....	2,741,571	+14.5	32,264,864	28,893,495	+11.7

Fourth District Business Statistics

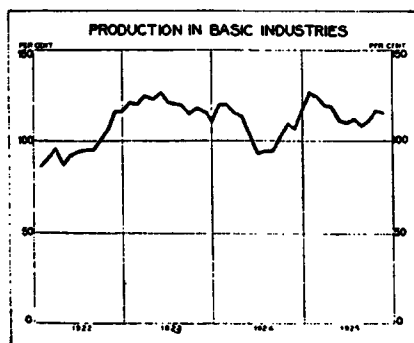
(All figures are for Fourth District unless otherwise specified)

		November, 1925	November, 1924	% change	First 11 months 1925	First 11 months 1924	% change
Bank Debits (23 cities)	Millions of dollars	2,875	2,489	+15.5	31,376	28,341	+10.7
Savings Deposits (end of month)							
Ohio (28 banks)	Thous. of dollars	554,115	511,771	+8.3	533,747 ¹	494,628 ¹	+7.9
Western Pennsylvania (27 banks)	" " "	236,258	224,042	+5.5	234,203 ¹	217,856 ¹	+6.5
Total (55 banks)	" " "	790,373	735,870	+7.4	767,950 ¹	714,486 ¹	+7.5
Commercial Failures—Number	Actual Number	165	133	+24.1	1,766	1,622	+8.9
—Liabilities	Thous. of dollars	3,428	2,441	+40.4	39,638	53,269	-25.6
Postal Receipts—9 cities	" " "	2,777	2,481	+11.9	30,572	27,514	+11.1
Sales—Life Insurance—Ohio and Pa.	" " "	87,895	75,552	+16.3	974,481	892,063	+9.1
—Dept. Stores—(55 firms)	" " "	25,290	26,290	-3.8	254,124	251,512	+1.0
—Wholesale Grocery—(50 firms)	" " "	7,767	7,749	+0.2	80,711	83,231	-3.0
—Dry Goods—(19 ")	" " "	3,564	3,666	-2.8	38,814	40,472	-4.1
—Hardware—(16 ")	" " "	2,039	2,023	+0.8	23,552	23,170	+1.6
—Drugs—(16 ")	" " "	1,692	1,603	+5.6	19,306	18,628	+3.6
Building Permits, Valuation—13 cities	Actual Number	16,724	17,074	-2.0	256,538	212,937	+20.5
Production—Pig Iron, U. S.	Thous. of Tons	4,077	5,008	-18.6	65,416	65,643	-0.3
—Steel Ingots, U. S.	" " "	3,015	2,515	+19.9	33,114	28,120	+17.8
—Automobiles, U. S.	" " "	3,907	3,121	+25.2	40,211	33,242	+21.0
—Passenger Cars	Actual Number						
—Trucks	" " "	336,330	204,402	+64.5	3,529,549	3,062,377	+15.0
—Bituminous Coal, 4th Dist.	Thous. of tons	38,910	27,407	+43.9	450,816	336,827	+33.9
—Cement, Ohio, W. Va., Wn. Pa.	" " barrels	19,012	15,928	+19.4	180,024	171,463	+5.0
—Petroleum, O., Pa., Ky.	" " "	1,241	1,277	-2.8	14,608	13,424	+8.8
—Shoes, 4th Dist.	" " pairs	1,850 ²	1,957 ²	-5.5	18,287 ²	18,385 ²	-0.5
—Tires, U. S.	" " casings	3,429 ³	3,936 ³	-12.9 ³	39,542 ³	32,674 ³	+21.4 ³
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	3,464	3,088	+12.2	27,370	23,901	+14.5
Iron Ore Receipts (at Lake Erie ports)	" " "	3,198	1,975	+61.9	38,597	31,532	+22.4

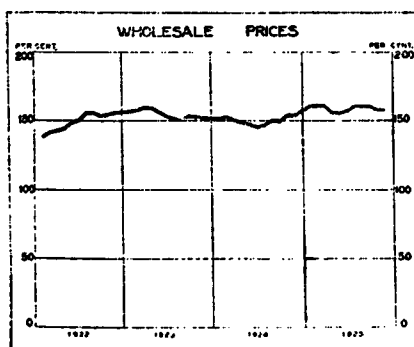
¹11 months' average²Figures confidential³October⁴First ten months

National Summary of Business Conditions

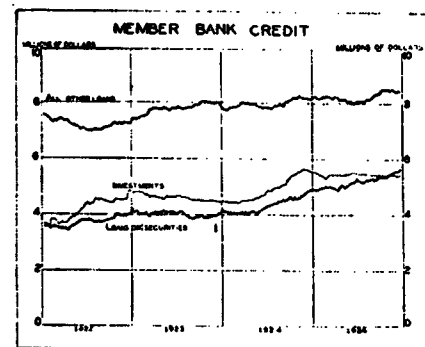
(By the Federal Reserve Board)



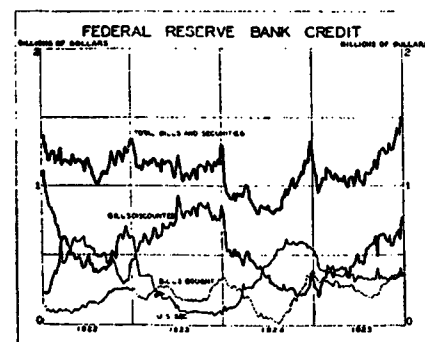
Index of 22 basic commodities corrected for seasonal variations (1919=100). Latest figure—November, 115.



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure—November, 158.



Weekly figures for member banks in leading cities. Latest figures—December 16th.



Weekly figures for twelve Federal Reserve banks. Latest figures—December 23rd.

Production of basic commodities in November continued in about the same volume as the month before, and the general level of prices remained unchanged. Activity of wholesale and retail trade was below the record level of October, but larger than in November of last year.

Production

Output of basic industries included in the Federal Reserve Board's index of production was at about the same rate in November as in October, but owing to a smaller number of working days, the index declined by about 1 per cent. Increases occurred in average daily production of pig iron, steel ingots, copper, and bituminous coal, and in the consumption of cotton, while the production of flour, sugar, and meat products declined. Automobile production in November was seasonably less than in October, but continued large for this time of the year. Employment and payrolls in manufacturing industries showed small increases in November as compared with October. Employment and workmen's earnings increased in the machinery industries, while in food products and tobacco and in the clothing industry there were seasonal declines. Building contracts awarded were smaller in November than in October, but were large when compared with the volume for November of previous years.

Final estimates by the Department of Agriculture in 1925 indicate that the acreage of all crops harvested was slightly larger than in 1924, but that the aggregate production of crops was in about the same volume. Yields of cotton, corn, and tobacco were considerably larger than last year, while the production of wheat, oats, potatoes and hay was smaller.

Trade

Sales in leading lines of wholesale trade showed the usual decline in November from the seasonally high levels in October, but continued larger than in the corresponding month of any of the past five years.

Total of volume of trade at department stores and mail order houses was smaller than in October, owing largely to the smaller number of business days in November. Compared with earlier years, however, department store sales were the largest on record for November and sales at mail order houses were the largest for that month in the past six years. Merchandise stocks at department stores showed considerably more than the usual increase in November and were 4 per cent larger than in November of last year. Distribution of commodities by railroads during November reached new high levels for the month. Movements of merchandise and miscellaneous commodities, coal, and coke were larger, while those of livestock, grain, and forest products were somewhat smaller than in November of the two preceding years.

Prices

Wholesale prices, according to the index of the Bureau of Labor Statistics, remained the same in November as in October. Prices of livestock, meats, and cotton goods declined, but these decreases were offset in the general average by advances in the price of grains, fuel, lumber, and rubber. In the first three weeks of December prices of wheat, flour, and hardwood lumber were slightly higher than in November, while quotations on cattle, coke, copper, and hides were lower.

Bank Credit

At member banks in leading cities the volume of credit outstanding on December 9 was near the high level reached early in November. Loans for commercial and agricultural purposes declined somewhat during the period, and there was also a decrease in the banks' security holdings; continued growth of loans on securities, however, was sufficient to offset these reductions and the total of loans and investments remained practically unchanged.

During the latter part of November and the early part of December open-market rates on commercial paper and acceptances remained substantially unchanged. Later in December increased demand for credit and currency, largely seasonal in character, was reflected in firmer money conditions.

Selection and Duties of Federal Reserve Bank Directors

The taking of office at the beginning of the New Year by a number of new Federal Reserve Bank directors makes it appropriate to review the method by which directors of the Reserve Banks are chosen, the type of men who serve, and their powers and duties.

Method of Selection

Each of the twelve Federal Reserve Banks has a Board of nine directors which is responsible, under the general supervision of the Federal Reserve Board in Washington, for the policy and administration of the bank. Of the nine directors, six are elected by the member banks and three are appointed by the Federal Reserve Board. Of the six elected by member banks three *may* be bankers, and the other three *must* be actively engaged in commerce, agriculture, or industry in the district, and while serving as Reserve Bank directors may not serve as directors or officers of any other bank. Of the three directors appointed by the Federal Reserve Board, one acts as chairman of the board, a man of banking experience, and devotes his entire time to the Federal Reserve Bank, carrying in addition the title and duties of Federal Reserve Agent. The other two appointed by the Federal Reserve Board must have no other banking connection while serving as directors. Hence, they are usually business men.

Business Men in Majority

Thus, of the nine directors of each Reserve Bank, five are ordinarily business men, three are active bankers (frequently with business interests in addition), and one is chairman and Federal Reserve Agent. Directors hold office for three years and may be re-appointed or re-elected.

Of the present 108 directors of the twelve Reserve Banks, twelve are the chairmen of the board and thirty-six are active bankers. The remaining sixty, constituting the majority, have the following occupations:

19 manufacturers	2 lawyers
14 merchants	2 railroads
4 farmers	1 contractor
4 lumbermen	1 cattleman
2 insurance	1 public utilities
3 investment bankers	1 mining
3 retired business men	1 savings bank officer
2 publishers	

In each of the twelve Federal Reserve districts it is men with this wide range of interests and familiar with conditions in the district who are responsible for the management of the Reserve Bank.

Directors of Cleveland Bank

The directors of the Federal Reserve Bank of Cleveland are the following:

Elected by Member Banks:

Chess Lambertson	Banker
Robert Wardrop	Banker
O. N. Sams	Banker
R. P. Wright	Manufacturer
Geo. D. Crabbs	Manufacturer
John Stambaugh	Manufacturer

Appointed by Federal Reserve Board:

L. B. Williams	Investments
George DeCamp	Banker
W. W. Knight	Merchant

In addition to the directors of the twelve Reserve Banks, each of the twenty-three branches has a board of seven directors, residents of the branch territory, of whom four are appointed by the Federal Reserve Bank of the district and three by the Federal Reserve Board. The directors of branches have a range of occupations and interests similar to that indicated above for the directors of the banks. In the Cleveland district there are two branches, one at Cincinnati and one at Pittsburgh. The following are their directors:

Cincinnati Branch:

E. S. Lee	Banker
Judson Harmon	Attorney
John Omwake	Manufacturer
Chas. W. Dupuis	Banker
L. W. Manning	Banker
Geo. M. Verity	Manufacturer
A. Clifford Shinkle	Banker

Pittsburgh Branch:

Chas. W. Brown	Manufacturer
R. B. Mellon	Banker
J. D. Callery	Public Utilities
Chas. D. Armstrong	Manufacturer
Jos. R. Eisamen	Banker
Jos. R. Naylor	Merchant
One Vacancy	

Local and National Interest

The Board of Directors of each Reserve Bank appoints its officers and is responsible for its policy and management, subject to the general supervision of the Federal Reserve Board. A certain co-ordination is necessary between the twelve Reserve Banks in important matters of policy. The law therefore provides that decisions of any Reserve Bank as to changes in the discount rate must be approved by the Federal Reserve Board. Transactions in bankers acceptances and short government securities in the open market are co-ordinated through a committee of Reserve Bank officers appointed by the Federal Reserve Board and acting under the approval and authority of the directors of those Reserve Banks which may from time to time participate in such transactions.

Under the terms of the Federal Reserve Act and current procedure, the management of the Federal Reserve System is so designed as to bring to bear upon any important question of policy both local and national points of view, together with the opinions of men of many different occupations and interests.