

MONTHLY BUSINESS REVIEW

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in the

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Business conditions in the Fourth District in July and the first part of August were generally good. Manufacturing was at a high level, considering the season; this was particularly true in iron and steel. The tire and rubber industry improved; conditions in clothing lines were mixed; paint factories were busy; and the shoe trade experienced an upswing in activity. The agricultural situation is very satisfactory, on the whole. The wheat crop is good, corn fair, and fruits exceptionally fine. Retail trade was slightly ahead of last year, while building, although tapering off, is still in comparatively large volume.

Buying Policy

This bank recently requested a statement from about 50 large manufacturing concerns in the Fourth District as to whether customers were showing any tendency to purchase more liberally for future needs, or whether buying was still for immediate needs only. The replies show emphatically that in this section, at least, the "hand-to-mouth" buying policy is still being pursued almost universally. Of 43 replies, only 10 reported an increase in forward buying, and in several of these cases the increase was only slight. 33 manufacturers stated that consumers were still purchasing as closely as ever, and in some cases more so.

A number of replies commented upon the fact that nearly all orders requested "rush delivery". In many instances, customers expect manufacturers to have the required stock on hand and ready for immediate shipment, this being true even in the case of one or two concerns whose goods are largely made to order. Practically all firms have adjusted themselves to this buying policy, but there appears to be considerable dissatisfaction with it. On the other hand, one reply distinctly favored it, on the grounds that buyers are not over-stocking, and are better able to pay for their goods than if they bought for semi-speculative purposes.

Corporation Earnings

Earnings statements of many large corporations have appeared by now, both for the second quarter and for the first six months. In the second quarter, net profits (after all deductions, but before dividends) of 129 large industrial corporations in

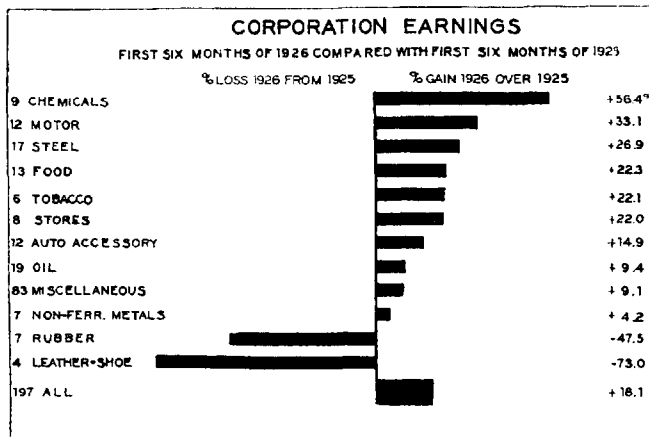
the United States were \$221,660,000, as compared with \$182,990,000 in the same quarter of 1925—a gain of 21.1 per cent. For the first six months, net profits of 197 industrial concerns were \$533,071,000, as compared with \$451,242,000 last year—a gain of 18.1 per cent.

The above comparisons show that in general, 1926 has so far been even more profitable than 1925, which was an unusually prosperous year. However, an investigation of the net earnings of the various different lines brings out the fact that the prosperity of the first half of 1926 has been by no means uniform. The chemical corporations have done particularly well in comparison with last year, and large gains have also been established by steel, tobacco, retail store, and food companies. Motors show a marked increase, but this is due entirely to the extraordinary gain occurring in the largest concern included in the group. In fact, 6 of the 12 motor corporations represented actually suffered a loss from last year. Moderate increases took place in the automobile accessory, oil, non-ferrous metals, and miscellaneous groups, while the leather and rubber groups failed to come up to last year by large margins. Of the entire 197 firms, deficits were reported by 14 this year, and 10 last year.

The following table shows the comparison of net earnings by groups for the first half of 1926 and 1925, together with the number of firms showing larger or smaller earnings this year than last.

GROUP	Net earnings 1st 6 months of 1926 (In thous. of dollars)	Net earnings 1st 6 months of 1925 (In thous. of dollars)	No. firms showing increases in 1926	No. firms showing decreases in 1926
12 Auto Accessory.....	21,738	18,918	8	4
9 Chemical.....	42,397	27,109	8	1
13 Food.....	36,559	29,872	10	3
4 Leather and Shoe.....	899	3,335	0	4
83 Miscellaneous.....	86,380	79,200	54	29
12 Motor.....	134,921	101,381	6	6
7 Non-ferrous metals.....	14,672	14,085	4	3
19 Oil.....	64,096	58,570	7	12
7 Rubber.....	12,847	24,485	0	7
17 Steel.....	91,153	71,820	13	4
8 Store (retail).....	19,612	16,081	8	0
6 Tobacco.....	7,797	6,386	5	1
197 All.....	533,071	451,242	123	74

The chart below shows the percentage gain or loss, by groups, of net earnings in the first six months of 1926 as compared with the same period in 1925.



Financial Conditions

Credit conditions in this District are sound, the supply in most localities being ample for the usual fall requirements. Here and there some stringency is reported, but for the most part demand is normal and funds are plentiful. Interest rates in the larger cities run from 4½ to 6 per cent for loans on prime commercial paper. Loans on stocks and bonds of reporting member banks in the Fourth District have increased gradually since the middle of March, but changed very little during July and early August. Other loans also showed but little variation, while investments were almost the same on August 11 as on July 7. In the United States, investments declined during the above period, loans and discounts remained about the same, and "all other" loans gained seasonally, doubtless due to the beginning of crop moving.

Loans extended to member banks by this bank during July and August were considerably less than a year ago, though higher than in 1924. On August 11, bills discounted were 43 millions, as compared with 73 millions last year and 23 millions two years ago. The figure for August 11 was 16 per cent greater than the preceding week, but only slightly exceeded the total for July 7. For the Federal Reserve System, bills discounted were \$549,000,000 on August 11, \$613,000,000 on July 7, and \$538,000,000 a year ago. The rediscount rate at all of the Federal Reserve Banks is now 4 per cent, that of the New York bank having been recently raised from 3½ per cent.

The volume of check payments in the District continues to exceed previous years, indicating a record volume of business, inasmuch as the general level of prices is now slightly lower than during most of the past five years. Debits to individual accounts at 295 banks in 22 cities in the Fourth District totaled 2772 millions for the four

weeks ending August 11, as compared with 2620 in the same period in 1925 and 2249 in 1924.

Savings deposits of 71 large banks in this District amounted to \$903,798,647 on July 31, an increase of 5.7 per cent over last year but a decrease of 1.1 per cent from a month ago.

Commercial failures in the United States numbered 1605 in July and 1685 a year ago. In the Fourth District, there were 137 failures in July, 1926, and 191 in July 1925, liabilities being \$3,202,436 and \$3,986,465 respectively.

Changes in the main items in the balance sheets of Federal Reserve and member banks are as follows:

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Aug. 11, 1926	Aug. 12, 1926	July 14, 1926	Aug. 11, 1926	Aug. 12, 1926	July 14, 1926
Gold reserves	\$298	\$298	\$298	\$2,837	\$2,778	\$2,845
Discounts	43	73	40	549	538	515
Acceptances	23	17	21	231	212	234
U. S. Securities	38	31	37	366	329	391
Total bills and securities	104	121	99	1,149	1,091	1,147
Federal Reserve notes in circulation	196	211	195	1,682	1,618	1,707
Total deposits	193	194	193	2,268	2,236	2,287
	Reporting Member Banks Fourth District (In Millions)			United States (In Millions)		
	Aug. 11, 1926	Aug. 12, 1926	July 14, 1926	Aug. 11, 1926	Aug. 12, 1926	July 14, 1926
Loans secured by stocks and bonds....	\$557	\$489	\$551	\$5,514	\$5,085	\$5,469
All other	815	779	808	8,596	8,286	8,540
Total loans	1,372	1,268	1,359	14,110	13,371	14,009
Investments	641	644	640	5,612	5,482	5,655
Demand deposits	1,071	1,014	1,055	12,961	12,903	13,053
Time deposits	822	756	827	5,720	5,183	5,685

Iron and Steel

With mid-summer demand for steel being maintained at the highest level in history for that season, business conditions in the industry are exceeding all expectations. July bookings were larger than anything ever experienced before for that month and incoming tonnage in August has held up with minor variations to this volume. July acquired the distinction of providing the first instance in history where that month has registered a gain in the unfilled orders of the United States Steel Corporation after a considerable period of decline. The explanation of the breadth and strength of present demand is to be found in the renewing requirements of widely diversified channels of consumption. New business entailing needs of steel have been coming out steadily and as fabricators and manufacturers have consistently kept their stocks of material at minimum, this has quickly been translated into fresh requests for tonnage to the mills. As this flow of recurring demands has kept coming forward without a break and the outlook in various major future outlets for steel has been analyzed as favorable, confidence among producers has been measurably strengthened.

The accumulation of unfilled orders by the mills in July is all the more striking in view of the high rate of production and shipments in that period. Steel ingot output in July averaged 78.2 per cent of total capacity. In July 1925, which was the greatest full year in the production of steel, output was substantially 65 per cent. Production in June this year was 80.34 per cent and in May 84.51 per cent. August to date appears to be on a higher basis than July or something better than 80

per cent. In July the country was making steel at the annual rate of 43,670,000 tons.

Pig iron production in July compiled by IRON TRADE REVIEW was at the daily rate of 103,999 tons as against 107,749 tons in June, a reduction of 3.5 per cent. This compared with the high point of the year of 114,627 tons in April and with 85,976 tons for July 1925. Furnaces in blast at the end of July showed a loss of 3 compared with the preceding month or a total of 217. This represented 58.4 per cent of the total number of active furnaces in the country.

Up to this time prices of iron and steel have shown no reflection of the unusual scope of recent buying and production but they now are beginning to do so. Sheets, which have been in a ragged condition for months, are responding with a show of greater strength. Plates, shapes and bars are now well established on a basis \$2 per ton higher than prevailed up to early July. The scrap market has been lifted at least \$1 per ton during the first three weeks of August under the force of heavier consumer buying. Furnace coke under similar conditions has gone up 50 cents per ton. The pig iron market has not advanced but is firmer in that some of the elements of recent weakness gradually are being eliminated by the large volume of orders which producers have on their books and by the heavy shipments that melters are requiring.

IRON TRADE REVIEW composite of fourteen leading iron and steel products sets forth the present price situation in its true proportions. As of August 18, it stood at \$37.61 which compared with a figure of \$37.67, the corresponding week one month previously.

Rubber and Tires During the past month a change for the better has taken place in the tire industry. Public demand has at last asserted itself, and Akron factories have been operating at a high level for some time. The tire price cuts in July together with the heavy motor tourist travel have been largely responsible for the improvement. Although stocks in manufacturers' hands are still high, some progress has been made in reducing these. Tire sales to dealers during July and August have been heavy. Indications are that dealers' stocks on July 1 were considerably less than on the same date in 1925, and the increased demand has necessitated re-stocking. Business in the mechanical goods and hard rubber lines has also improved decidedly.

British officials recently announced that the average price of crude rubber in London for the quarter ending July 31 was 21.001 pence, allowing British-owned plantations in Malaya to export 100 per cent of standard production during the succeeding quarter. Under the present law, if the average quarterly price falls below 21 pence (42 cents), exports for the following quarter will be reduced to 80 per cent of standard production. The price in the New York market fluctuated around 41 and 42 cents a pound during July, but has fallen below 40 cents in August, standing at 39 cents (spot) on August 17.

Automobiles For the second successive month, automobile output in the United States fell below last year, the July output amounting to 356,000 cars and trucks as compared with 389,000 in 1925. Production has declined steadily since April, but seasonal factors largely explain this. The first seven months' output for 1926 is still 8 per cent ahead of 1925, owing to the material gains which occurred in the early months of the year.

Truck manufacturers in the Fourth District are experiencing the usual seasonal dullness, but business compares favorably with last year.

Clothing Prices of cotton and cotton goods have been weak, and the same is true of silk. Cotton was .172 cents per pound on August 13, as compared with .182 on July 16, and .232 on August 14, 1925. For the same dates, cotton goods prices were .126, .125 and .149, and silk, \$5.93, \$5.98 and \$6.45. Raw wool on August 13 was .668 cents a pound, as against .795 a year ago. These price reactions have caused some uncertainty in the various clothing manufacturing lines, with customers showing a tendency to hold up purchases awaiting possible further reductions.

Manufacturers of men's clothing report a backward season, although July brought some betterment. In men's underwear, advance sales by jobbers for fall have been disappointing, and this has affected manufacturers' business. Some lines of knitted wear are now in strong demand. The demand for women's dresses is reported to be running ahead of last year, with some buyers placing substantial advance orders. The worsted goods line is now between seasons. In most of the above industries, customers are adhering rigidly to hand-to-mouth buying.

Sales of 17 wholesale dry goods firms in the Fourth District in July were 14 per cent less than in July, 1925.

Shoes Cincinnati shoe manufacturers report a decided improvement in demand during the past several weeks. Factories are running at capacity to fill orders, which have been plentiful, although nearly all for quick delivery. The outlook appears better than for some time. This is borne out by July sales of reporting wholesale shoe houses in the Fourth District, which made a remarkable gain of 31.6 per cent over July of 1925. The first seven months of 1926 ran 8 per cent ahead of last year. In department stores, preliminary sales figures for July indicate a good gain of 7.2 per cent over last year in men's and boys' shoes, and a lesser increase of 4 per cent in women's shoes.

Preliminary reports for July from the Census Bureau show a gain of 18 per cent in Fourth District shoe production over June. June output was slightly greater than May. In the United States, production in June was 24,889,460 pairs, and in May, 23,128,733 pairs.

Paint Conditions in the paint trade have improved since the early months of the year, which were more or less disappointing. At that time, owing largely to weather conditions, the volume of business was running behind 1925; but most of the Cleveland paint manufacturers now report business as ahead of last year.

Prices to dealers have recently been reduced particularly on house paints. Demand, however, has been but little stimulated by this, and buying remains on a hand-to-mouth basis.

General Manufacturing Manufacturing concerns in the District are generally operating at satisfactory levels—in quite a few cases at a higher rate than normal in summer. The prevailing feeling is one of reasonable confidence. Customers' buying, discussed elsewhere in the Review, is in good volume but is restricted very largely to immediate shipment.

The paper trade continues dull, with a tendency toward overproduction in book paper. No radical weakness in prices has occurred, however. Seasonal quiet prevails in the stove industry. Manufacturers of cans have experienced an excellent summer trade. The boxboard business is only fair. Machinery makers in general are doing well. Demand for cork has been higher than usual this summer.

Agriculture According to the latest estimates of the Department of Agriculture, the condition of all crops in the Fourth District shows a material improvement over the estimates of last month. The more seasonable weather and the increased rainfall has brought about improved conditions, but the composite condition of all crops is still below the average for the past ten years.

The wheat crop in the District has been unusually good. The yield per acre in Ohio is reported at 22.5 bushels, with the quality said to be the best in the state's history. With a considerably decreased acreage the total yield for the state is estimated at 40,500,000 bushels. Pennsylvania reports a yield of 16.6 bushels per acre as against 20 bushels in 1925, while West Virginia's average yield of 16.2 bushels is an increase of 20 per cent over that of last year.

Corn is reported as looking well in spots, and improving in condition, but the poor stands reported from all parts of the District have reduced prospects to the point where a three-fourths crop is considered a conservative estimate for the District as a whole.

The outlook for oats has advanced some 9 to 10 points during the past month in Ohio and Pennsylvania, and indications at present are for a crop approximately the same as last year, on a slightly increased acreage. In the southern portion of the District, where harvesting has been practically completed, conditions are very much the same. The quality is reported as fair.

The indications are that the potato crop will be somewhat below the average, although there was an increase in acreage all over the District, brought about by the relatively high prices of last year. It is somewhat difficult, however, to make a reliable estimate at this time, as this is a late crop and subject to change with weather conditions.

Tame hay is estimated as ranging from 10 to 25 per cent less than last year, the greatest decrease being shown in the northern portions.

Fruit crops of every description are reported as exceptionally good both as regards quality and quantity. Pennsylvania reports that the condition of peaches and pears has not been equalled in the last 17 years, and that of apples has been surpassed only once during that period. West Virginia's apple crop is estimated at 8,388,000 bushels, as compared with a 5-year average of 5,110,000 bushels. The peach crop is estimated at 775,000 bushels as against 100,000 bushels last year. While the actual figures for Kentucky and Ohio are not available, it is generally conceded that all fruit crops are above the average.

Canning With the packing of peas completed, reports bear out former estimates of a considerable reduction in the total pack not only in this District, but also in Wisconsin and New York, the leaders in this branch of the industry. In Ohio, the crop of Alaskas was about 70 per cent of the 5-year average production per acre, with an acreage about 75 per cent of normal. The Sweet variety produced better results, the yield per acre being nearly equal to the 5-year average; but this variety is also reported as having been reduced some 25 per cent. However, the quality of both varieties is stated to be exceptionally fine.

Corn acreage in Ohio shows a reduction of about 25 per cent from that of last year, and with the crop some two weeks later than usual, indications are for a decided reduction from last year's pack. Acreage of tomatoes shows a still greater reduction, but the crop is reported as looking good, generally. Estimates point to a pack of not more than 60 per cent of that of last year.

Markets on all the above are slow, the tendency apparently being to leave stocks in the hands of canners until actually needed. Prices are reported to show a slightly upward trend in some cases, and some quickening of the market has appeared in the last month.

Tobacco The condition of the Kentucky burley tobacco crop ranges from excellent in fields where growing conditions have been particularly favorable to fair in sections which have not fully recovered from the late spring. The bulk of the crop is in good shape. The weather during July and the first part of August was favorable, enough rain having fallen to insure a rapid growth. The harvesting season is stated to be somewhat late.

During the last five years, the Burley Tobacco Growers'

Co-operative Association has received 871,000,000 pounds of tobacco from its members, of which 730,000,000 have been sold at an average price of about 17 cents a pound. The present membership of the Association is 108,500.

Figures on cigarette production show a remarkable growth in the last 10 years. In 1915, 17 billion cigarettes were made; in 1920, the number had increased to 50 billion, and in 1925 to 75 billion, or a gain of 340 per cent over 1915.

Building and Building Materials Building permits, both in the United States and in the Fourth District, were less in July than a year ago. The value of permits in 171 cities reporting to Bradstreet's was \$295,000,000, as compared with \$339,000,000 last year, a decrease of 13 per cent. July was the fourth successive month which showed a decline from the corresponding month in the previous year. These declines have ranged from 2.4 per cent in June to 13.0 per cent in July.

In the Fourth District, July permits of 27 cities totaled \$25,259,151, as compared with \$27,610,161, a decrease of 8.5 per cent. Substantial gains occurred in Akron, Cincinnati, Covington, Lima, Newark, Springfield, and in some of Cleveland's suburbs. The largest losses were in Canton, Dayton, Mansfield, Toledo, Wheeling, and East Cleveland and Lakewood of Cleveland's suburbs.

For the first seven months, the District loss was 15 per cent. All cities experienced a falling-off except Akron, Ashtabula, Lima, and Youngstown. The largest declines were in Canton, East Cleveland, Covington, Dayton, and Wheeling.

The lumber trade is spotty. There is a good volume of business in hardwoods, but competition is very keen and profit margins are narrow. Hand-to-mouth buying continues to be an outstanding feature of the lumber situation, but here and there buying of a slightly more liberal character is reported. The general condition of the common brick industry is fair to good, the past month having brought a satisfactory amount of business. Unfilled orders for paving brick have been increasing seasonally for some months; but the gain in July over June appears to reverse the seasonal trend of recent years for that month. In spite of this, however, orders have not yet come up to the high points of 1923, 1924 and 1925. Cement production for Ohio, Western Pennsylvania, and West Virginia, in July was 1,797,000 barrels, a gain of 179,000 from last year.

The Aberthaw index of industrial building costs fell one point in July, standing at 198 on August 1. This is the first change since April 1. The general level has shown a slight advancing tendency since the middle of 1925, but is still under the 1923 level.

Building Operations

	July, 1926		Jan.-July 1926		% change from 1925
	July 1926	% change from 1925	Jan.-July 1926	% change from 1925	
Akron.....	1,593,527	+67.7	10,076,252	9,153,910	+10.1
Ashtabula.....	55,625	-29.7	797,102	623,587	+27.8
Barberton.....	99,064	-18.1	496,444	580,737	-14.5
Canton.....	420,100	-81.0	3,459,409	5,917,737	-41.5
Cincinnati.....	3,034,715	+30.4	17,488,285	19,696,420	-11.2
Cleveland proper.....	6,719,450	+9.8	41,719,850	42,959,600	-2.9
suburbs:					
Cleveland Heights.....	729,325	-7.2	4,307,487	6,476,700	-33.5
East Cleveland.....	100,000	-68.8	981,568	2,784,196	-64.7
Euclid.....	186,406	+43.3	1,028,791	1,169,545	-12.0
Garfield Heights.....	195,550	-30.1	1,446,750	2,229,900	-35.1
Lakewood.....	237,969	-64.9	2,768,204	4,497,040	-38.4
Parma.....	178,483	-13.9	1,017,358*	1,046,190*	-2.8*
Rocky River.....	274,000	+434.3	522,920	589,900	-11.4
Shaker Heights.....	859,000	+28.3	3,897,405	6,325,855	-38.4
Columbus.....	3,042,400	+13.2	14,711,100	15,769,400	-6.7
Covington, Ky.....	222,900	-57.4	1,068,600	1,821,450	-41.3
Dayton.....	559,269	-65.6	4,646,827	7,763,051	-40.1
Eric, Pa.....	562,898	-6.4	3,183,700	5,081,017	-37.3
Lexington, Ky.....	95,625	-26.4	1,291,558	1,480,216	-12.7
Lima.....	74,185	+123.3	990,506	928,066	+6.7
Mansfield.....	116,490	-47.8	1,919,086	2,509,480	-23.5
Newark.....	65,505	+66.5	278,455	403,435	-31.0
Pittsburgh.....	3,530,383	+19.1	23,600,396	26,517,554	-11.0
Springfield.....	151,229	+29.8	920,229	1,048,695	-9.7
Toledo.....	1,445,116	-35.1	8,467,672	11,454,627	-26.1
Wheeling, W. Va.....	124,852	-36.5	1,056,415	2,607,004	-59.5
Youngstown.....	585,085	-16.3	6,522,552	5,335,585	+22.2
Total.....	25,259,151	-8.5	158,664,921	186,740,897	-15.0

*January omitted.

Foreign Trade During the first half of 1926, the export trade of the United States declined from last year, while imports made a marked gain. As a result, imports for the period exceeded exports by 4 per cent, while in the first half of 1925 exports exceeded imports by 15 per cent, and in 1924 by 13 per cent. The two main reasons for this reversal have been the increase in the value of imported crude rubber, and the decline in the value of farm products exports. The following table gives the figures for the first six months, 1922 to 1926:

	Exports	Imports
1922 (First half)	\$1,821,000,000	\$1,419,000,000
1923 (First half)	1,946,000,000	2,088,000,000
1924 (First half)	2,090,000,000	1,850,000,000
1925 (First half)	2,363,000,000	2,064,000,000
1926 (First half)	2,207,000,000	2,304,000,000

Reports from 16 large manufacturers in the Fourth District who do some exporting business indicate that exports to Latin American and some other countries have been expanding. European buying has shown no particular change with the exception of England, which has been purchasing more coal and less of other commodities from firms in this District. 9 out of the 16 firms reported increased exports during the past few months; 5, no changes; and 2, fewer exports.

Wholesale Trade Sales in July of wholesale shoes, hardware, and drugs increased over July, 1925, the gain of 31.6 per cent in shoes being particularly notable. Dry goods sales showed the usual decline, and groceries were also lower. For the first seven months, drugs and shoes were the only lines to increase.

A comparison of July sales by lines for the past five years brings out an interesting situation in that sales of

hardware, shoes, and drugs were the largest for that month in the five-year period, while those of dry goods and groceries were the smallest. This bank's index number of sales of five wholesale lines in this District combined stood at 80 in July, as compared with 83 a year ago, 84 in 1924, 90 in 1923, and 77 in 1922.

Retail Trade Sales of 68 department stores in the Fourth District in July were 1.8 per cent higher than last year, but the first seven months' sales were slightly less. For the seven months, gains were made in Cincinnati, Columbus, and Dayton, all in the south-central Ohio section.

Twenty-eight out of 52 separate departments showed increases in sales over July, 1925. Departments with gains of 10 per cent or more were women's dresses, furs, juniors' and girls' ready-to-wear, hosiery, knit underwear, and aprons and house dresses.

Department Store Sales by Departments This bank has recently analyzed the sales by departments of reporting firms in the Fourth District to determine, for each department, how much of the year's business is done in each month. The table below gives the monthly distribution for the

years 1924 and 1925 combined, the two years being taken to give a fairer average. Fifty-three firms are represented, including 39 department stores, 12 wearing apparel stores, one shoe, and one furniture. For each of these 53 stores, complete monthly departmental figures are available for the two years. In any given department the figures used represent only those firms which reported sales in that department for every month in the 2-year period; in this way, all figures are strictly comparable. The number of firms represented in the great majority of departments ranges from 25 to 40.

The table reveals several interesting facts. Sales in some departments are fairly steady throughout the year, while others show wide seasonal variations, as would be expected. In handkerchiefs, toys and sports goods, December accounts for nearly half of the year's business. Over 25 per cent is done in December in silverware, jewelry, leather goods, umbrellas and parasols, men's furnishings, gloves, negligees, and books and stationery. On the other hand, less than 2 per cent of women's suits are sold in December, and various other women's wear departments do less in that month than in most of the others. March, April, October, and November are the notable months for women's coats and dresses, and millinery, while the August fur sales account for 20 per cent of the year for that department. February and August combined did 31 per cent of the furniture business.

Percentage of Sales made in each Month of the Year

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total per cent
1. Silks and Velvets	7.53%	8.18%	10.20%	9.66%	9.95%	9.97%	7.19%	5.69%	6.97%	8.11%	7.49%	9.06%	100%
2. Woolen Dress Goods	8.09	7.81	9.95	7.39	4.49	3.26	3.28	3.69	11.67	16.08	11.46	10.83	100%
3. Cotton Dress Goods	7.26	8.07	9.41	9.48	10.69	15.38	11.54	6.27	4.53	5.37	4.52	6.75	100%
4. Linens	13.13	7.37	6.45	5.92	7.40	6.76	7.48	6.92	7.26	7.65	8.53	15.13	100%
5. Domestics (inc. blankets and sheetings)	10.30	7.84	6.80	5.60	7.63	8.15	6.41	7.82	8.88	10.50	8.59	11.48	100%
6. Laces, Trimmings, Embroideries	7.46	7.40	8.61	9.48	9.22	8.63	6.09	4.69	6.65	10.62	10.41	10.74	100%
7. Neckwear, Veilings	5.72	6.12	7.53	9.96	9.21	9.02	6.77	5.30	5.85	7.39	7.52	19.61	100%
8. Ribbons	6.12	6.49	7.01	8.31	8.45	9.03	6.30	4.86	5.86	8.23	9.64	19.70	100%
9. Notions	7.81	7.71	8.33	8.06	8.75	9.51	7.90	6.32	7.79	8.39	7.90	11.53	100%
10. Toilet Articles, Drugs	7.03	7.35	7.04	6.79	7.77	8.22	7.20	6.92	7.32	7.97	7.78	18.61	100%
11. Handkerchiefs	5.13	4.00	3.97	4.29	4.70	4.56	4.41	4.52	5.08	6.26	9.02	44.06	100%
12. Silverware	5.68	6.57	5.85	5.42	6.62	8.90	4.66	5.33	6.70	7.65	10.00	27.12	100%
13. Jewelry	5.17	6.03	6.21	6.18	7.04	7.78	5.30	5.24	6.63	6.85	8.31	29.26	100%
14. Leather Goods	5.40	5.07	5.85	6.41	6.42	6.74	6.27	6.47	7.30	7.85	8.20	28.02	100%
15. Umbrellas, Parasols, Canes	3.60	3.87	4.52	6.03	8.26	7.60	5.08	4.76	6.98	7.53	12.07	29.70	100%
16. Patterns	7.93	8.39	10.49	9.63	9.44	9.79	7.32	5.60	7.58	9.68	7.78	6.37	100%
17. Art Needlework, Art Goods	8.99	8.39	8.00	5.90	6.04	5.07	5.40	6.03	8.05	10.55	11.66	15.92	100%
18. Men's Clothing	8.99	8.04	7.79	9.39	7.50	8.66	5.74	5.64	7.45	10.83	9.96	10.01	100%
19. Men's Furnishings (inc. hats and caps)	6.01	5.36	4.93	6.56	6.85	9.36	6.64	5.72	6.08	7.71	8.49	26.29	100%
20. Boy's Wear	5.33	5.86	7.96	11.72	7.96	7.49	4.50	5.60	7.83	11.41	10.61	13.73	100%
21. Women's Coats	8.50	5.32	11.20	14.96	8.66	2.54	1.64	3.88	6.03	15.54	13.46	8.27	100%
22. Women's Suits	4.35	9.03	21.50	23.94	12.40	4.62	2.60	2.94	6.65	6.57	3.45	1.95	100%
23. Women's Skirts	7.04	7.99	7.67	8.83	10.00	12.07	9.73	6.99	8.38	8.45	6.64	6.21	100%
24. Women's Dresses	7.64	7.54	7.26	8.85	9.91	11.97	7.25	6.36	7.77	9.27	7.92	8.26	100%
25. Misses' Ready-to-Wear	6.40	6.00	10.13	12.64	8.70	6.87	4.75	6.08	8.78	12.65	9.62	7.38	100%
26. Furs	9.83	5.32	3.90	3.17	2.29	1.08	3.91	19.84	7.27	15.28	13.91	14.20	100%
27. Juniors' and Girls' Ready-to-Wear	6.23	5.99	8.64	12.86	7.76	6.78	4.35	4.80	8.22	11.92	10.26	12.19	100%
28. Waists and Blouses	6.77	8.73	9.31	13.64	12.05	9.69	6.96	5.59	6.80	7.59	4.95	7.92	100%
29. Sweaters	6.10	4.54	4.72	5.68	7.48	11.19	11.22	8.23	10.15	9.10	6.73	14.86	100%
30. Gloves	8.11	6.21	7.46	10.83	6.08	3.18	1.38	1.30	4.38	11.93	13.40	25.74	100%
31. Millinery	4.96	6.59	10.78	12.95	8.78	7.86	5.06	6.34	12.19	11.15	7.49	5.85	100%
32. Corsets and Brassieres	9.15	7.59	8.33	9.16	10.31	10.71	8.47	7.14	7.28	7.98	6.51	7.37	100%
33. Women's and Children's Hosiery	5.27	6.31	7.06	9.00	8.64	8.94	7.20	6.63	6.87	9.08	8.52	16.48	100%
34. Knit Underwear	8.83	5.49	5.60	6.77	7.13	8.38	5.37	3.88	5.16	12.18	13.31	17.90	100%
35 and 36. Muslin and Silk Underwear	8.53	6.17	5.51	6.77	9.09	11.16	7.71	6.12	4.94	6.32	6.86	20.82	100%
37. Infants' Wear	6.17	6.56	7.21	9.49	7.71	7.04	5.65	6.07	9.02	11.66	8.86	14.65	100%
38. Petticoats	8.10	7.78	6.74	7.00	7.15	11.21	8.27	4.33	4.56	6.70	8.10	20.06	100%
39. Negligees	6.42	5.12	4.56	4.49	5.32	6.36	6.71	5.31	6.96	7.25	8.95	32.55	100%
40. Aprons, House Dresses	8.38	9.37	8.56	8.44	10.39	15.70	9.35	5.55	4.11	4.92	5.62	9.61	100%
41. Women's and Children's Shoes	6.09	6.27	7.14	9.75	9.12	9.84	7.27	6.49	8.34	10.45	8.43	10.81	100%
42. Men's and Boys' Shoes	7.53	5.86	6.88	10.92	8.36	9.02	6.76	5.42	6.88	9.14	8.67	14.56	100%
43. Furniture, Beds, Mattresses, Springs	6.94	16.85	6.20	6.90	8.60	7.79	6.58	14.40	5.81	6.98	5.65	7.30	100%
44 and 45. Draperies, Lamps, Shades	6.13	6.73	7.74	9.59	11.67	8.36	5.75	5.61	7.26	10.07	9.42	11.67	100%
46. Floor Coverings	7.16	7.37	9.29	11.99	12.45	8.60	6.78	6.69	8.57	9.31	6.55	6.24	100%
47. China, Glassware	6.07	8.43	8.54	6.63	8.46	7.18	5.21	6.61	7.19	7.81	8.91	18.16	100%
48. House Furnishings	5.37	7.68	8.94	10.29	10.68	9.79	6.14	6.74	8.94	8.74	7.30	9.39	100%
49. Toys, Sporting Goods	2.04	2.28	2.69	4.48	4.67	6.19	5.67	4.36	3.81	5.31	10.94	47.56	100%
50. Luggage	6.06	4.87	4.82	5.70	7.21	11.79	11.92	9.32	7.94	5.15	5.38	19.34	100%
51. Books, Stationery	6.02	6.69	5.22	5.23	5.43	5.38	3.94	4.69	5.61	7.16	10.51	34.72	100%
52. Musical Instruments, Records, Radio	7.59	8.67	8.19	6.53	5.80	4.88	5.36	5.23	7.31	9.34	10.61	20.50	100%

Retail and Wholesale Trade

DEPARTMENT STORES	No of Reports	Percentage Increase or Decrease SALES	
		July 1926 compared with July 1925	Jan.-July 1926 compared with Jan.-July 1925
Akron.....	5	- 1.7	- 0.9
Canton.....	3	+ 6.5	- 4.7
Cincinnati.....	7	+ 3.7	+ 5.0
Cleveland.....	7	+ 0.9	- 1.5
Columbus.....	6	+ 7.5	+ 0.6
Dayton.....	7	+22.3	+12.1
New Castle.....	3	- 2.3	-11.6
Pittsburgh.....	7	- 0.7	- 1.8
Toledo.....	5	+ 8.2	- 1.6
Wheeling.....	5	+ 3.5	- 3.8
Youngstown.....	3	+ 0.3	+ 0.004
Other Cities.....	14	+ 9.2	+ 4.4
District.....	68	+ 1.8	- 0.2
WEARING APPAREL			
Cincinnati.....	6	+12.3	+ 4.1
Cleveland.....	4	+17.1	+ 5.6
Other Cities.....	8	+11.8	+ 0.7
District.....	18	+14.0	+ 3.6
FURNITURE			
Canton.....	3	+ 2.2
Cincinnati.....	11	+14.0
Cleveland.....	9	- 8.8
Columbus.....	16	- 3.4
Dayton.....	5	+12.4
Toledo.....	6	-10.9
Other Cities.....	11	+ 5.5
District.....	61	- 1.0
CHAIN STORES*			
Drugs—District.....	3	+ 5.9	+ 4.7
Groceries—District.....	5	- 1.6	- 0.6
WHOLESALE GROCERIES			
Akron.....	3	-16.0	-10.4
Cleveland.....	4	- 5.7	- 5.5
Erie.....	3	- 3.4	- 0.1
Pittsburgh.....	10	- 8.4	-10.2
Toledo.....	3	- 1.5	+ 0.9
Youngstown.....	3	+ 0.2	+ 6.0
Other Cities.....	27	- 3.5	+ 3.4
District.....	53	- 5.3	- 2.5
WHOLESALE DRY GOODS	17	-13.6	- 5.9
WHOLESALE DRUGS	16	+ 4.3	+ 7.5
WHOLESALE HARDWARE	16	+ 2.0	- 2.8
WHOLESALE SHOES	6	+31.6	+ 7.9

*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)

	July 1922	July 1923	July 1924	July 1925	July 1926
Department Stores (54)*.....	73	82	80	84	85
Wholesale Drugs (15)*.....	90	103	104	109	114
Wholesale Dry Goods (16)*.....	62	82	62	64	55
Wholesale Groceries (49)*.....	81	89	80	84	79
Wholesale Hardware (15)*.....	82	104	99	102	104
Wholesale Shoes (6)*.....	44	59	53	46	60
Wholesale—All (101)*.....	77	90	84	83	80
Chain Drugs (3)*†.....	99	104	100	102	108

*Number of firms.
†Per individual unit operated.

Debts to Individual Accounts

	(In thousands of dollars)		1925 to		% change
	5 weeks ending Aug. 18, 1926	% change	1926 to date (Dec. 31- Aug. 18)	1925 to date (Dec. 31- Aug. 19)	
Akron.....	108,055	- 0.1	720,610	649,087	+11.0
Butler, Pa.....	12,643	+ 0.2	85,117	83,642	+ 1.8
Canton.....	53,749	+ 2.1	374,066	368,119	+ 1.6
Cincinnati.....	410,391	+ 7.8	2,852,926	2,652,638	+ 7.6
Cleveland.....	872,955	+ 9.5	5,684,328	5,235,551	+ 8.6
Columbus.....	191,356	+ 9.6	1,226,721	1,089,308	+12.6
Connellsville, Pa.....	6,858	+33.2	40,694	35,281	+15.3
Dayton.....	105,738	+18.0	672,564	589,370	+14.1
Erie, Pa.....	41,545	+ 1.1	267,431	258,325	+ 3.5
Greensburg, Pa.....	23,394	+ 9.9	158,270	151,566	+ 4.4
Homestead, Pa.....	5,691	+ 4.3	35,364	35,340	+ 0.06
Lexington, Ky.....	23,877	+ 6.3	187,428	186,035	+ 0.7
Lima.....	20,172	- 7.8	125,685	142,679	-11.9
Lorain.....	7,290	+ 1.0	46,633	51,844	-10.1
Oil City, Pa.....	21,480	+ 0.1	108,632	115,170	- 5.7
Pittsburgh, Pa.....	1,067,701	+ 1.8	7,225,840	7,041,906	+ 2.6
Springfield.....	27,898	+ 9.0	185,229	165,359	+12.0
Steubenville.....	12,501	- 9.0	84,692	89,283	- 5.1
Toledo.....	279,621	+12.9	1,693,592	1,570,476	+ 7.8
Warren.....	15,524	+ 1.8	100,980	102,033	- 1.0
Wheeling, W. Va.....	49,423	+ 3.9	300,894	340,543	+ 6.0
Youngstown.....	83,756	+ 9.9	528,674	514,286	+ 2.8
Zanesville.....	14,050	- 0.4	97,685	93,937	+ 4.0
Totals.....	3,455,668	+ 6.3	22,864,055	21,559,783	+ 6.0

Fourth District Business Statistics

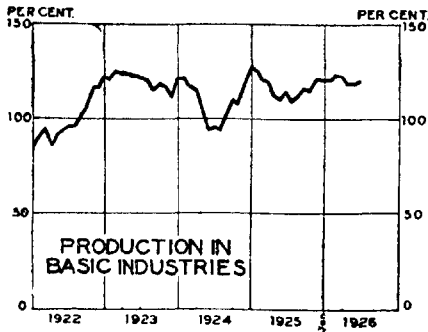
(All figures are for Fourth District unless otherwise specified.)

	July 1926	July 1925	% change	Jan.-July 1926	Jan.-July 1925	% change
Bank Debts (23 cities)	3,179	3,057	+ 4.0	20,964	19,893	+ 5.4
Savings Deposits (end of month):						
Ohio (4 banks)	666,513	621,664	+ 7.2	653,017 ¹	608,125 ¹	+ 7.4
Western Pennsylvania (27 banks)	231,386	227,643	+ 1.6	236,899 ¹	229,412 ¹	+ 3.3
Total (70 banks)	897,899	849,307	+ 5.7	889,916 ¹	837,537 ¹	+ 6.3
Commercial Failures—Number	137	191	-28.3	1,282	1,150	+11.5
—Liabilities	3,202	3,986	-19.7	27,346	26,724	+ 2.3
Postal Receipts—9 cities	2,711	2,620	+ 3.5	20,745	19,143	+ 8.4
Sales—Life Insurance—Ohio and Pa.	97,899	93,442	+ 4.8	676,213	660,293	+ 2.4
—Dept. Stores—(54 firms)	18,714	18,309	+ 2.2	155,606	156,721	- 0.7
—Wholesale Grocery (49 firms)	6,779	7,244	+ 6.4	47,021	48,424	- 2.9
— " Dry Goods (17 ")	2,309	2,672	-13.6	20,312	21,581	- 5.9
— " Hardware (16 ")	2,102	2,060	+ 2.0	14,434	14,854	- 2.8
— " Drugs (16 ")	1,821	1,746	+ 4.3	12,950	12,051	+ 7.5
Building Permits, Valuation—13 cities	25,259	27,610	- 8.5	158,665	186,741	-15.0
Production — Fig Iron, U. S.	3,223	2,665	+20.9	23,070	21,646	+ 6.6
— Steel Ingots, U. S.	3,651	3,088	+18.2	27,911	25,474	+ 9.6
— Automobiles, U. S.						
— Passenger Cars	330,861	58,452	- 7.7	2,500,992	2,293,124	+ 9.1
— Trucks	42,085	40,493	+ 3.9	312,109	271,279	+15.0
— Bituminous Coal, 4th Dist.	18,000	15,831	+13.7	130,345	116,051	+12.3
— Cement: Ohio, W. Va., Wn. Pa.	1,797	1,618	+11.1	8,240	8,237	+0.04
— Petroleum: Ohio, Pa., Ky.	1,953 ²	1,877 ²	+ 4.0	10,990 ²	10,835 ²	+ 1.4
— Shoes, 4th Dist.			- 6.0 ²			+ 0.3
— Tires, U. S.	4,109 ²	4,148 ²	- 0.9 ²	23,334 ²	23,747 ²	- 1.7 ²
Bituminous Coal Shipments (from Lake Erie ports)	4,642	3,946	+17.6	14,617	12,168	+20.1
Iron Ore Receipts (at Lake Erie ports)	7,300	6,217	+17.4	16,984	18,432	- 7.9
¹ 7 months' average						
² June						
³ Jan.-June						

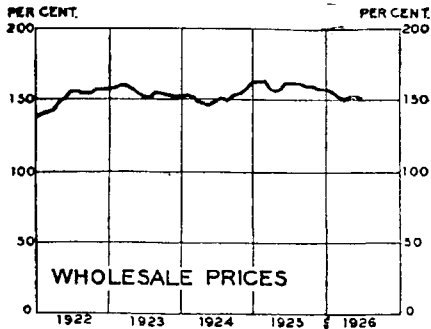
Figures Confidential

Summary of National Business Conditions

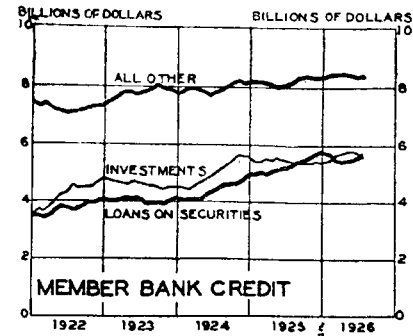
(By the Federal Reserve Board)



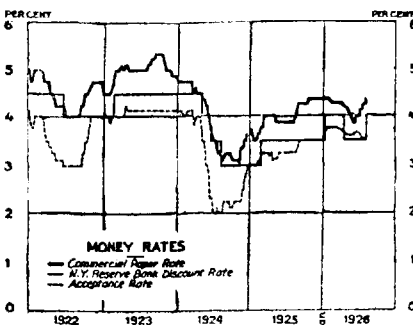
Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure, July—119.



Index of U. S. Bureau of Labor Statistics. (1913=100, base adopted by Bureau). Latest figure—July, 150.7.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first weekly report dates in August.



Weekly rates in N. Y. money market; Commercial paper rate on 4 to 6 months' paper, and acceptance rate on 90-day paper.

Production in basic industries and factory employment and payrolls declined slightly in July but the decrease in production was smaller than is usual at this season. Wholesale prices, after a further decline in July, were at the lowest level in nearly two years.

Production

The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, increased about 1 per cent in July. Declines in the output of iron and steel and anthracite, and in the activity of textile mills were larger than the usual seasonal reductions, while production of flour, copper, zinc, cement, and petroleum increased.

The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and payrolls showed the usual seasonal decline in July, which is due largely to closing for stock-taking and repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports are received, with the exception of leather and shoes and certain food products and building materials. Building contracts awarded in 37 states east of the Rocky Mountains declined in July for the fourth consecutive month, and, as in June, were smaller than a year ago. Figures for the first three weeks in August were also below those for the corresponding period of last year. The principal decreases were in the New York and Atlanta Districts.

The composite condition of all crops, as reported by the Department of Agriculture, shows an improvement of 2 per cent in July owing largely to the increase in the expected production of wheat. Cotton production on the basis of August 16 conditions, is estimated at 15,248,000 bales, compared with an output of 16,104,000 in 1925.

Trade

Volume of trade at wholesale and retail showed a further seasonal decline in July, but continued to be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season and were 4 per cent and 13 per cent, respectively, larger than in July of last year. Merchandise inventories at department stores continued to decline in July and at the end of the month were in about the same volume as last year. Stocks of meat, dry goods, and shoes, carried by wholesale firms were smaller than a year ago but stocks of groceries, hardware, and drugs, were larger.

Shipments of goods by railroads were maintained at a high level during July for nearly all types of commodities. Loadings of grain were larger than for any month since October 1924 and were in record volume for July.

Prices

The Bureau of Labor Statistics' index of wholesale commodity prices declined about 1 per cent in July to the lowest level since September 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August the prices of grains, cotton, and rubber declined further, while cattle, hogs, potatoes, coal and coke advanced in price.

Bank Credit

Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18 were in about the same volume as a month earlier, while the banks' investments declined.

Between July 21 and August 18 discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with the consequence that the total volume of reserve bank credit increased by about \$50,000,000.

Money market conditions became firmer in August. The rate on commercial paper, which was 4% in June and July increased to 4¼—4½% and the rate on 90 day bankers' acceptances advanced to 3¾%. The discount rate of the Federal Reserve Bank of New York was advanced on August 13 from 3¼ to 4%.