

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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The general trend of business in the Fourth District during the past several weeks has been mildly reactionary, eliminating seasonal factors. Probably the leading cause of this was the pronounced decline in automobile production in October, which affected, among others, the rubber, iron and steel, and automobile parts industries, all of very great importance in this District. Steel activity has been declining for some time, and by the middle of November was from 75 to 80 per cent of capacity. The bright spot at present is the coal industry, but here the extent of the existing high level of activity largely depends, of course, upon the duration of the British strike. Agriculture has not had a very good season in most parts of the District.

One striking feature of the situation is the fact that October bank debits in 13 large cities in the District were less than in the same month last year, the first time that this has been true for nearly two years. A number of other important indexes, such as automobile production and building permits, also ran behind last year during October, indicating that the fourth quarter is not holding up to the 1925 level. This is not strange, however, since the fourth quarter of 1925 in general was one of the most active in history, and operations in both the automobile and building trades were considerably higher than might be expected at that season.

Financial Conditions

The demand for credit is about normal throughout most of the Fourth District, but in some parts of Kentucky and southeastern Ohio requirements are rather heavy. The revival of the coal industry accounts for this in part. The lending power of the banks in all sections of the District continues ample.

Between September 1 and November 17, cash reserves of the Federal Reserve Bank, of Cleveland declined almost \$50,000,000, while bills discounted for member banks rose about \$40,000,000. The increase in discounts is only partly accounted for on seasonal grounds, as the rate of gain was much greater than for the System as a whole. An analysis of the situation shows that the Cleveland bank lost nearly \$40,000,000 in October through wire transfers, and almost \$100,000,000 in September and October combined, but regained part of this through favorable check settlements. In the first three weeks of November a further

loss of about \$5,000,000 in wire transfers took place. This decrease in wire transfers during the past three months largely accounts for both the loss in cash reserves and the sharp gain in discounts for member banks. In other words, member banks have transferred funds out of the District, and have then rediscounted with this bank to build up depleted reserve balances.

Acceptance holdings of this bank rose sharply during October and early November, while Government securities changed but little. Notes in circulation and member bank deposits likewise showed no material change. Loans secured by stocks and bonds of reporting member banks in the District declined slightly during October and the first two weeks in November, while investments and commercial loans remained unchanged.

Interest rates on prime commercial paper remain within the 5-6 per cent range in Cleveland, Pittsburgh, and Cincinnati. The prevailing rate in Cleveland on loans secured by stock exchange collateral and on commodity paper is 6 per cent.

Debits to individual accounts at 13 centers in the Fourth District amounted to \$2,657,978,000 in October, as compared with \$2,661,005,000 a year ago. The decline from last year is significant, as October was the first month to show a loss from the same month in the preceding year since November, 1924.

Savings deposits of 70 large banks in the District amounted to \$918,597,000 on October 30, a gain of 7 per cent over a year ago and 1.2 per cent over September 30.

Commercial failures in the District, as reported by Dun's, numbered 167 in October of both 1926 and 1925. Liabilities were \$2,572,720 this year and \$3,176,711 last year. In the United States, there were 1763 failures in October, 1926, and 1581 a year ago. Liabilities were \$33,230,720 and \$29,543,870 respectively.

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Nov. 10, 1926	Nov. 11, 1925	Oct. 13, 1926	Nov. 10, 1926	Nov. 11, 1925	Oct. 13, 1926
Gold reserves	254	295	279	2,842	2,779	2,819
Discounts	82	78	74	581	565	704
Acceptances	82	12	27	840	853	281
U. S. Securities	86	31	84	300	384	308
Total bills and securities	149	121	185	1,224	1,260	1,807
Federal Reserve notes in circulation	209	225	211	1,751	1,711	1,756
Total deposits	184	178	188	2,265	2,289	2,374

	Reporting Member Banks Fourth District (In Millions)			United States (In Millions)		
	Nov. 10, 1926	Nov. 11, 1925	Oct. 13, 1926	Nov. 10, 1926	Nov. 11, 1925	Oct. 13, 1926
	Loans secured by stocks and bonds	564	506	573	5,373	5,392
All other	817	789	814	8,939	8,631	8,865
Total loans	1,382	1,295	1,387	14,312	14,022	14,407
Investments	648	628	654	5,544	5,460	5,596
Demand deposits	1,041	1,004	1,072	12,936	13,249	13,146
Time deposits	519	759	825	5,770	5,844	5,736

Corporation Earnings Net earnings of 137 large industrial corporations in the country were \$218,308,000 in the third quarter of 1926, as compared with \$167,236,000 last year, a gain of 30.6 per cent. For the first nine months of 1926, net earnings were \$599,119,000 as compared with \$466,830,000, a gain of 28.3 per cent. It is of interest to note that after eliminating the General Motors and United States Steel Corporations, the increase for the third quarter was only 14.5 per cent, and for the nine months, only 15.7 per cent.

Net earnings by groups (after all deductions, but before dividends) are given in the following table. The chemical, oil, food, and steel groups show up well, while the motors generally are not up to last year's figures.

Group	Net earnings 3rd quarter of 1926 (In thousands of dollars)	Net earnings 3rd quarter of 1925	Net earnings 9 months of 1926	Net earnings 1st 9 months of 1925
10 Auto Accessory	\$ 5,188	\$ 6,312	\$ 18,972	\$ 18,444
8 Chemical	27,498	16,634	68,512	41,935
5 Coal	1,293	927	2,942	999
12 Food	20,496	17,519	57,331	47,776
10 Motors:—				
General Motors	54,722	28,285	137,494	74,746
9 Others	10,997	17,303	41,423	49,438
8 Non-ferrous Metal	9,004	8,272	24,731	23,632
12 Oil	14,771	10,782	84,668	31,434
4 Shoe and Leather	241	370	206	1,853
13 Steel:—				
U. S. Steel	31,710	23,805	85,433	66,899
12 Others	13,295	9,051	41,050	31,871
3 Store (retail)	5,505	4,614	15,745	13,265
4 Tobacco	1,803	1,644	4,373	3,888
48 Miscellaneous	21,885	21,718	63,239	60,650
137 Total	\$218,308	\$167,236	\$599,119	\$466,830

An analysis of 120 industrials for the first three quarters of the year, for which figures are available, confirms the preliminary analysis made in last month's Review—namely, that the rate of increase in net earnings, 1926 over 1925, has been gradually declining. The first quarter gained 12.6 per cent over last year; the second quarter, 10.8 per cent; and the third quarter, 10.1 per cent. Detailed figures appear in the following table. Earnings of the General Motors and United States Steel Corporations have been eliminated, as their earnings would be such a large percentage of the total as to unduly influence the trend of the other 120 concerns.

Net profits (after all deductions but before dividends) of 120 representative industrials (excluding General Motors and United States Steel) were:

	First Quarter (In thousands of dollars)	Second Quarter	Third Quarter	Nine Months
1926	\$99,650	\$108,132	\$108,546	\$316,328
1925	88,525	97,568	98,615	284,708
Per cent gain	+12.6	+10.8	+10.1	+11.1
Number gained	89	78	72
Number lost	31	42	48

Iron and Steel Demand for finished steel has shown a moderate but steady contraction in the past month, reflecting a similar downward turn in consumption. Curtailment of automobile

production is the outstanding factor in the Cleveland district. Some producers believe this factor has been over-stressed, but there is no denying that the psychological reaction has been marked. Normally, the approach of the holiday season and inventory-taking time make for decreased activity, and nothing is in sight to reverse the situation this year.

Prices of finished steel, however, have stood the strain better than anticipated. For general business, \$2.00 (Pittsburgh) holds for structural shapes and soft steel bars and \$1.90 for tank plates. It is unusual for the market to undergo such a shrinkage as the past six weeks have developed without weakness resulting in the price structure. The fuel situation is largely responsible for this manifestation of strength. The flurry in coal has died down and coke prices have receded from their recent high level; nevertheless the possibility of a bituminous coal strike April 1 remains and primary producers have generally been loath to go under the market.

Following the completion of the 10-inch bar mill by the Corrigan-McKinney Steel Company, a Cleveland base on soft steel bars has virtually been established. This company and another Cleveland producer are asking \$2.00 (Cleveland) for their product instead of \$2.00 (Pittsburgh) or \$2.19, delivered, Cleveland. Generally speaking, this competition in the immediate Cleveland territory has not been met by Pittsburgh district and Mahoning Valley competitors. The feeling among the latter seems to be that it is preferable to lose some business in Cleveland rather than to upset the entire steel bar market.

The pig iron market in the past month has been checkered, with the underlying tendency in the direction of strength. In the early part of the month, prices in the Mahoning Valley and Cleveland were advanced because of the rising coke market. The problem in the last half of the month was to hold these gains. Sales for first quarter delivery were brisk on the advancing market, but as apprehension over fuel diminished, inquiry dropped off. Many producers are unwilling to quote for delivery beyond the first quarter in view of the uncertain fuel market.

Demand for plates for winter repair work at lower lake shipyards is expected to be unusually heavy this winter. These yards now have eight coal and ore steamers to construct this winter, two requiring 5000 tons of finished steel, each having been placed recently. Mahoning valley buyers of semifinished material have held back their requirements owing to the virtual certainty that current prices will carry over into the next quarter. Northern Ohio sheet mills have been operating on reduced schedules in preference to taking business below the market. Structural steel and reinforcing bar inquiries in the Cleveland district continue limited to small lots. November sales of iron and steel out of warehouse at Cleveland exceed last November.

October production of pig iron at 3,321,177 tons was the largest for any October since 1918 and the third largest for any October on record. Steel ingot output in October reached 4,092,548 tons, the largest for any October on record. Coke pig iron production in the first 10 months totaled 32,760,745 gross tons while the output of

steel ingots was 39,939,398 gross tons. The disparity between these two figures indicates the growing use of scrap, but scrap prices do not reflect this apparent broadened demand.

Due largely to advances in pig iron, the IRON TRADE REVIEW composite of fourteen leading iron and steel products continued the September rate of gain through most of October. At the beginning of October the composite stood at \$37.85, at the beginning of November it was \$38.30 and for the third week of November, it reached \$38.47.

Coal The soft coal industry in the union fields in this District has recently emerged from a state of almost chronic depression to a high degree of activity. The explanation is found in the appearance of an extraordinarily heavy demand, which temporarily at least has overcome one of the chief causes of the previous period of depression,—overproductive capacity. The unusual demand, in turn, may be traced mainly to a combination of three factors, two of which are abnormal and ordinarily would not appear. These two are the British coal strike and the possibility of a bituminous strike in the American union fields next April. The third is the usual seasonal increase in demand with the approach of winter.

The result has been an increase in production to a very high level, the total output during the week ending October 30 being the largest on record; a doubling of exports between May and September, the figures for the third quarter being nearly three times greater than normal; an advance of 75 per cent in price (Coal Age bituminous average mine price) between September 10 and November 8; the reopening of numerous mines in the union fields; increasing difficulty in distribution, caused by reductions in the number of surplus cars and pier congestion; a moderate increase of storage stocks in consumers' hands; and a firming of wages, with a shortage of miners reported in some localities.

Retailers in the Cleveland territory report that public buying was rather slack early in November, attributable to warm weather, but a material pick-up in orders accompanied the first severe cold spell of the fall, which occurred about the 10th. Industrial buying has been strong.

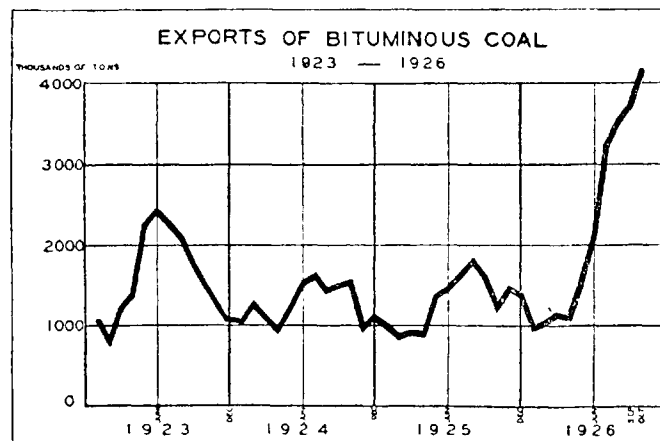
The Coal Age average price of bituminous (spot, mine) was \$3.61 on November 8, as compared with \$2.27 on October 8, \$2.07 on September 10, and \$2.19 a year ago. Some weakness has been manifested since the middle of November, however, based on rumors of a settlement of the British strike. Price advances have taken place in spite of the steady increase in production. Production has exceeded the 1922-1925 average since the middle of September, and the daily average for the week ending November 6 was 2,301,000 tons, 8 per cent ahead of last year. A considerable number of mines in the union fields have recently reopened.

Stocks of soft coal in consumers' hands, according to the Bureau of Mines, were low in the early summer, but increased gradually to about 41,000,000 tons, or 35 days supply, on October 1. Although no later figures are available, it is fairly certain that additions to the supply have taken place since that date. The

figure on October 1 was close to that of two preceding years.

The lake coal season, now almost over, has been more active than in either 1925 or 1924. Total loadings into vessels at Lake Erie ports were 25,797,000 tons for the season up to November 1, compared with 23,906,000 last year and 20,813,000 in 1924.

Exports to Great Britain and other countries formerly supplied by Great Britain have, of course, been a highly important factor in the present coal situation. The chart below shows exports of bituminous coal from the United States for the last four years, and illustrates the sharp increase in foreign demand beginning about the middle of 1926.



Rubber and Tires Two important events in connection with the rubber industry took place during the past month: first, the tire price cut on November 15, and second, the change in the British export restriction regulations, announced on November 1.

The price cut, ranging from 10 to 20 per cent, was adopted by all the important tire manufacturers. At the same time, a renewal was planned of the spring dating system, whereby manufacturers deliver tires to dealers during the winter, and final payment is made in the spring. Various reasons may be assigned for these two moves, one of the most important being the disinclination of dealers to purchase until some definite announcement regarding price cuts and spring dating should be made. Other contributing causes were the decline in the price of cotton, an important raw material; greater efficiency in production methods, resulting in lower operating costs; and the stability of crude rubber prices for several months past.

Some further slackening of business during October and early November is reported by Akron manufacturers, due partly to the approach of the normally dull winter season and partly to the let-down in automobile manufacturing with a consequent reduction in sales of tires as original equipment. The price cut above noted, however, has put the producers in a more favorable position, as dealers' stocks are admittedly low and buying from this quarter has been stimulated. The Department of Commerce report as of October 1 puts the average casings per dealer in the United States at 49.9, as compared with 56.6 a year ago and 53.6 two years ago. Stocks in manufacturers' hands are still heavy.

The change in the British export restrictions was the result of the failure of crude rubber to average 21 pence (42 cents) a pound in the London market during the three months ending October 31. Under the law, a 20 per cent reduction in exports of standard production in the British-owned colonial plantations automatically takes place, applying to the November-January quarter. The importance of this action in holding up the price is, of course, obvious; but what bearing it will have upon the immediate future of crude rubber prices is not yet clear. So far, prices have not moved upward, but have remained around the 41-cent level. In this connection it is reported that the surplus of rubber at present is materially larger than in the spring of 1925, when the operation of the Stevenson Act brought the sharp increase in price.

Production of all types of casings for the first three quarters of 1926 was 35,850,000, as compared with 36,113,000 in the same period in 1925. Stocks of inner tubes in manufacturers' hands declined further in September, but were still 54 per cent greater than last year on October 1.

Automobiles Automobile production in October declined sharply from September, the decrease being much larger than seasonal. In fact, in five of the seven years 1919-1925, October production exceeded that of September. The output of both passenger cars and trucks during October, 1926, (United States only) was 331,738, as compared with 397,123 in September and 438,419 a year ago. In comparing with last year, it should be remembered that October, 1925, was the highest month in history in the number of automobiles produced.

For the first ten months of 1926, passenger car production aggregated 3,407,411, as compared with 3,089,153 last year, and that of trucks was 428,931, as against 407,828 last year.

Clothing The state of trade in the clothing industry at this time of year is apt to depend to a considerable extent on weather conditions. In the Fourth District, for example, October business this year compared unfavorably with that of last year, for the reason that October, 1925, was extremely cold, and retail buying for winter came early. Both wholesale and retail clothing sales during the past October ran well behind last year. Manufacturers state that although October was disappointing, November is showing improvement with the beginning of cold weather, and in some instances November orders exceed last year. Salesmen are preparing to go on the road with spring samples.

Sales of 17 dry goods firms in this District in October declined 11.7 per cent from last year, and retail sales of various clothing lines, as reported by 39 department stores, also declined. Women's ready-to-wear decreased 8.6 per cent; men's wear, 11.4 per cent; furs, 6.6; millinery, 5.7; gloves, 12.8; hosiery, 2.1; knit underwear, 16.9; and yard goods, 21.4 per cent.

Shoes The shoe business continues good although manufacturing is in lesser volume than in the third quarter. A seasonal falling-off in production is natural in November.

Reporting wholesale shoe firms in the Fourth District in October experienced a gain of 3.4 per cent in sales over last year, but a loss of 4.1 per cent from September. In 39 department stores, sales of women's and children's shoes decreased 7.4 per cent from last year, and men's and boys' shoes decreased 17.6 per cent.

General Manufacturing Business in various lines of manufacture in this District is holding up fairly well, but the general trend is slightly downward and a feeling of greater caution is evident. Many lines have been affected by the slowing-up in the steel and automobile trades.

Paint manufacturers report conditions as reasonably satisfactory, but not up to expectations in one or two cases, November being rather slow. Some cancellations from the cotton territory are reported by agricultural implement makers, otherwise business is fairly good. The electrical industry appears somewhat spotted, but the situation generally is favorable. Pottery business is up to expectations, and the same is true of stove manufacturing. The paper trade is experiencing some difficulty on account of weak demand, and a number of price reductions have occurred recently. Boxboard makers report that overproduction has adversely affected that industry. Other lines show no great change from last month.

Agriculture The November crop report, recently issued by the United States Department of Agriculture, shows that while both the corn and potato crops in the Fourth District have suffered declines from last year, the decrease in neither crop is as serious as was indicated by conditions a month ago. A slight let-up in the long continued rainfall permitted the harvesting of considerable portions of both crops in areas where the situation at that time appeared almost hopeless. The report places the decrease in corn production in this District at about 14 per cent, while the estimated total production in the entire United States is 7.3 per cent below last year's crop.

The price trend has been slightly higher, yet not to the extent of discouraging feeding. The "carry over" of old corn on the farms in the entire country is more than three times as great as it was a year ago, with the twelve North Central States showing more than three and a half times the amount carried over a year ago.

The latest available estimates of the potato crop indicate a country-wide increase of 10.7 per cent over last year's total, while production appears to have fallen off 4.3 per cent in the Fourth District. Indications point to a supply quite adequate for the needs of the country. Price changes have been very small.

The latest estimates on production of wheat and oats are based on sufficient information to insure little, if any, change after final figures are reported. The oats crop has suffered a decrease from last year of 6.3 per cent in the District, and 15.2 per cent in the United States, and the quality is far from satisfactory. The wheat crop on the other hand shows a gain of 58.5 per cent over 1925 in the District, and 26 per cent in the country.

Reports to date indicate that the world's supply of wheat very closely approximates that of a year ago, but

with a slightly increasing demand. The Northern Hemisphere crop, (not including Russia and China) is reported as 2,944 million bushels, as against 2,939 million bushels last year. While too early to give any definite estimates of the yield in the Southern Hemisphere, Argentina and Australia both report slight increases in acreage, with conditions favorable for good crops in both countries.

Tobacco It is now evident that the 1926 Kentucky tobacco crop does not compare favorably with that of a normal year, either as to production or quality. The crop started well, but the bulk of it was caught by very heavy rains and was injured as a result. There has recently been damage from house-burn. The Department of Agriculture on November 1 estimated Kentucky's output of all types at 368,490,000 pounds, this being 11 per cent below the 1921-25 average and 5 per cent below 1925. The quality is reported to be about 7 per cent below the previous 10-year average but the yield per acre is about equal to this average.

With the approach of the selling season, the Burley Tobacco Growers' Association has announced that it will sell the 1926 crop of its members both privately and at auction, instead of only privately as heretofore. The Association plans to open its own warehouses at points where independent sales houses operate, and to sell all of the 1926 crop during the regular season, December to March. Settlements with members will continue as before—an advance upon delivery, and further payments following sales.

Building and Building Materials For the seventh successive month, the value of building permits in the United States during October was less than for the corresponding month in the preceding year, according to Bradstreet's. The loss was only 1 per cent, however, and there was a gain of 28 per cent over September, indicating a revival in the industry for October at least. The value of permits in 164 cities was \$326,785,719 in October, 1926, \$330,173,950 a year ago, and \$255,939,115 in September.

Twelve out of 28 cities in the Fourth District showed gains in October building permits over last year, but the District decreased 10.3 per cent. For the first 10 months, the decrease was 13.8 per cent. Valuation of permits in October was \$23,565,702, as compared with \$26,276,293 a year ago and \$19,961,963 in September.

The lumber trade in the Fourth District is spotty. Concerns in the Pittsburgh territory report an improvement particularly in the coal sections, where mine material is in demand. Low grade crating lumber for tinplate

boxes is also in unusually good demand in this region. Business in and around Cincinnati is fair, while in central Ohio October business was reported to be less than that of September. Prices on softwoods have been weak, but hardwood prices have stiffened during November.

The building tile trade is very satisfactory. Business in concrete during October and November has been only fair. Orders for common building brick have been less than a year ago, but paving brick orders are ahead of 1925. Cement output for Ohio, Western Pennsylvania and West Virginia for October amounted to 1,795,000 barrels, as compared with 1,700,000 in the same month last year.

The Aberthaw index of industrial building costs remained unchanged on November 1 at 197.

Building Operations

	October, 1926 (Valuation of Permits)				% change from 1925
	October, 1926	% change 1925	Jan.-Oct. 1926	Jan.-Oct. 1925	
Akron.....	1,076,238	-30.4	13,326,862	13,191,552	+ 1.0
Ashtabula.....	16,250	-44.7	914,661	792,244	+15.5
Barberton.....	41,932	-28.9	765,271	799,609	- 4.3
Canton.....	389,359	- 1.3	4,961,015	7,118,423	-30.3
Cincinnati.....	2,920,435	- 0.7	25,931,859	26,822,105	- 3.3
Cleveland.....	3,416,950	-43.5	54,898,925	59,378,500	- 7.5
suburbs:					
Cleveland Heights.....	899,895	+71.6	6,334,277	8,243,480	-23.2
East Cleveland.....	81,856	-79.5	1,168,438	3,588,948	-67.4
Euclid.....	163,098	+74.4	1,481,596	1,609,391	- 7.9
Garfield Heights.....	116,100	-27.4	2,006,500	2,907,100	-31.0
Lakewood.....	337,658	+27.1	3,588,843	5,713,235	-37.2
Parma.....	198,495	+134.1	1,451,133	1,361,530	+ 6.6
Rocky River.....	98,320	+73.3	754,985	794,527	- 5.0
Shaker Heights.....	642,500	+ 3.1	6,432,755	8,285,055	-22.4
Columbus.....	2,031,400	-37.3	22,599,300	26,426,100	-14.5
Covington, Ky.....	129,800	+120.0	1,996,300	2,101,850	- 5.0
Dayton.....	929,567	+60.2	7,921,350	11,413,916	-30.6
Erie, Pa.....	331,174	-51.4	4,729,071	8,059,339	-41.3
Hamilton.....	98,124	-36.5	2,259,786	1,946,661	+16.1
Lexington, Ky.....	93,919	+ 8.8	1,566,907	1,825,759	-14.2
Lima.....	63,250	- 1.7	1,147,279	2,148,306	-46.6
Mansfield.....	128,705	-15.9	2,867,231	2,944,220	- 2.6
Newark.....	33,150	-62.1	362,800	562,615	-35.5
Pittsburgh, Pa.....	7,091,977	+152.4	37,042,379	37,187,687	- 0.4
Springfield.....	185,890	+138.2	1,303,633	1,358,283	- 4.0
Toledo.....	1,214,215	-18.3	11,678,666	15,334,200	-23.8
Wheeling, W. Va.....	244,200	+126.6	1,566,072	3,130,362	-50.0
Youngstown.....	591,245	-82.9	8,288,617	10,991,195	-24.6
Totals.....	23,565,702	-10.3	229,347,061	266,036,192	-13.8

Retail and Wholesale Trade Sales of 67 department stores in the Fourth District in October were 5.2 per cent less than last year; but it should be remembered that retail trade in October, 1925, was unusually good, owing to the early winter. With the exception of 1923 and 1925, sales during October exceeded those of any corresponding month beginning with 1919. For the first ten months of 1926, the District gained 0.3 per cent, the largest increases occurring in Dayton, and Cincinnati.

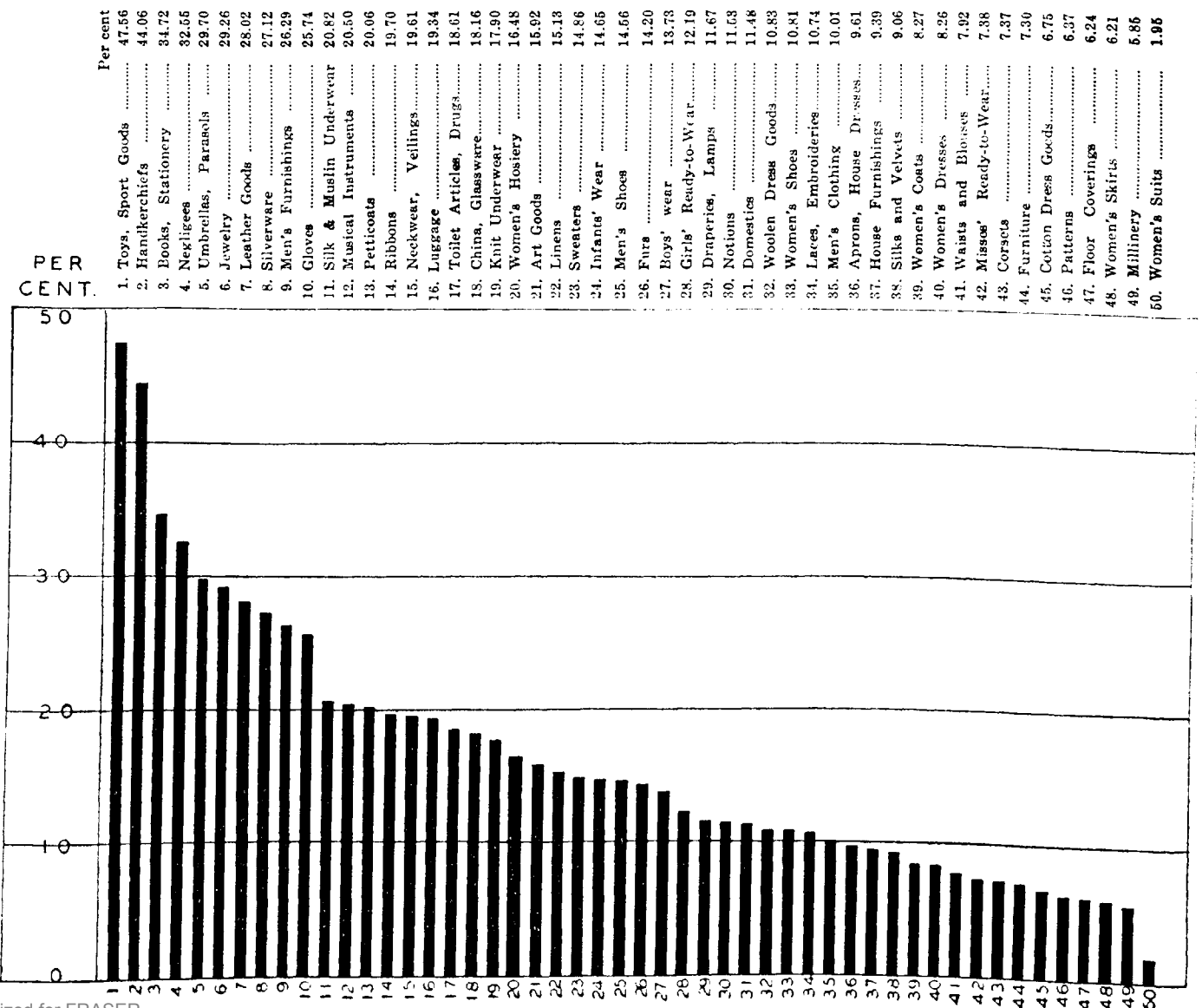
All reporting wholesale lines except shoes experienced decreases in sales during October as compared with the same month in 1925. Dry goods and groceries showed the greatest declines. For the 10 months, sales of drugs and shoes increased, but those of groceries, dry goods, and hardware decreased.

Holiday Trade The chart below shows the percentage of the year's sales done in December in various retail departments, and is compiled from figures of 53 large firms in the Fourth District, including 39 department stores, 12 wearing apparel, one shoe and one furniture. The combined years 1924 and 1925 are represented.

half of the entire year's business. As might be expected, silverware, books, leather goods, and men's furnishings are also popular at this season. Most of the various lines of women's wear, however, are pretty well down toward the end of the list, and this also applies generally to household goods. Some lines that ordinarily do not figure heavily in the total sales of a department store become important items in December—for example, musical instruments, art goods, neckwear and veillings, toys, jewelry, handkerchiefs, and books.

It will be noted that the holiday trade is so heavy in toys and handkerchiefs as to produce in December nearly

Percentage of Year's Department Store Sales Made in December, By Individual Departments



Fourth District Business Statistics

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

		October 1926	October 1925	% change	Jan.-Oct. 1926	Jan.-Oct. 1925	% change
Bank Debits (23 cities)	Millions of dollars	3,127	3,149	- 0.7	29,749	28,501	+ 4.4
Savings Deposits (end of month)							
Ohio (43 banks)	Thous. of dollars	674,728	629,551	+ 7.2	658,255 ¹	615,005 ¹	+ 7.0
Western Pennsylvania (27 banks)	" " "	243,869	228,652	+ 6.7	238,261 ¹	230,348 ¹	+ 3.4
Total (70 banks)	" " "	918,597	858,203	+ 7.0	896,516 ¹	845,353 ¹	+ 6.1
Commercial Failures—Number	Actual Number	167	167	0.0	1,742	1,601	+ 8.8
" " —Liabilities	Thous. of dollars	2,573	3,176	-19.0	34,460	36,210	- 4.8
Postal Receipts—9 cities	" " "	3,340	3,213	+ 4.0	29,794	27,795	+ 7.2
Sales—Life Insurance—Ohio and Pa.	" " "	90,046	82,259	+ 9.5	933,558	906,586	+ 3.0
" —Dept. Stores—(54 firms)	" " "	28,166	29,985	- 6.1	226,961	227,772	- 0.4
" —Wholesale Grocery —(49 firms)	" " "	8,052	8,780	- 8.3	70,347	72,608	- 3.1
" — " Dry Goods —(17 ")	" " "	4,129	4,675	-11.7	31,795	33,811	- 6.0
" — Hardware —(16 ")	" " "	2,397	2,536	- 5.5	21,168	21,513	- 1.6
" — " Drugs —(16 ")	" " "	1,917	1,935	- 0.9	18,567	17,614	+ 5.4
Building Permits, Valuation—27 cities	" " "	23,566	26,276	-10.3	229,347	266,036	-13.8
Production — Pig Iron, U. S.	Thous. of Tons	3,314	3,023	+ 9.6	32,716	30,099	+ 8.7
" — Steel Ingots, U. S.	" " "	4,093	3,892	+ 5.2	39,939	36,304	+10.0
" — Automobiles, U. S.	" " "						
Passenger Cars	Actual Number	300,000	405,996	-26.1	3,555,558	3,193,219	+11.3
Trucks	" "	47,000	44,695	+ 5.2	445,254	411,906	+ 8.1
" — Bituminous Coal, 4th Dist.	Thous. of Tons	20,529 ²	18,392	+11.6 ²	170,081 ²	152,953 ²	+11.2 ²
" — Cement: Ohio, W. Va., Wn. Pa.	" " barrels	1,795	1,700	+ 5.6	13,589	13,367	+ 1.7
" — Petroleum: Ohio, Pa., Ky.	" " "	1,924 ³	1,847 ³	+ 4.2 ³	16,840 ³	16,640 ³	+ 1.2 ³
" — Shoes, 4th Dist.	" " pairs	4	4	+ 8.2 ²	4	4	- 9.0 ²
" — Tires, U. S.	" " casings	4,322 ²	3,820 ²	+13.1 ²	35,850 ²	36,113 ²	- 0.7 ²
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	3,547	4,106	-13.6	25,797	23,906	+ 7.9
Iron Ore Receipts (at Lake Erie ports)	" " "	6,906	5,147	+34.2	38,888	35,453	+ 9.7

1—10 months' average.
2—September.
3—January-September.
4—Figures confidential.

Index Numbers of Trade in the Fourth Federal Reserve District

(Average Monthly Sales for the Five-Year Period 1919-1923, inclusive = 100)

	Oct., 1922	Oct., 1923	Oct., 1924	Oct., 1925	Oct., 1926
Department Stores (52)*	114	130	115	137	129
Wholesale Drugs (15)*	102	117	110	121	120
Wholesale Dry Goods (16)*	111	115	96	112	98
Wholesale Groceries (19)*	94	111	107	102	93
Wholesale Hardware (15)*	107	123	115	124	117
Wholesale Shoes (5)*	101	99	81	98	100
Wholesale—All (100)*	101	113	104	109	101
Chain Drugs (8)*†	100	103	100	100	107

*Number of firms.
†Per individual unit operated.

Debits to Individual Accounts

(In thousands of dollars)

	5 weeks ending Nov. 17, 1926	% change	1926 to date (Dec. 30- Nov. 17)	1925 to date (Dec. 31- Nov. 18)	% change
Akron	108,906	- 2.6	1,002,533	947,274	+ 5.8
Butler, Pa.	13,018	- 5.4	119,842	117,918	+ 1.6
Canton	50,457	+ 5.1	506,624	504,666	+ 0.4
Cincinnati	442,353	+ 1.5	3,901,536	3,704,319	+ 5.4
Cleveland	898,007	+ 6.6	7,959,755	7,341,130	+ 8.4
Columbus	182,374	+ 1.6	1,695,198	1,545,586	+ 9.7
Connellsville, Pa.	7,908	+ 38.7	59,884	49,418	+21.2
Dayton	103,672	+17.1	934,878	825,146	+13.3
Erie, Pa.	42,769	+ 4.5	379,834	362,979	+ 4.6
Greensburg, Pa.	22,720	-16.6	218,533	219,137	- 0.3
Homestead, Pa.	5,639	+ 6.2	50,131	49,613	+ 1.0
Lexington, Ky.	23,936	+ 1.9	245,927	243,234	+ 1.1
Lima	18,658	+ 8.0	173,957	191,157	- 9.0
Lorain	7,127	- 0.8	65,483	71,731	- 8.7
Oil City, Pa.	16,391	-10.6	150,964	159,945	- 5.6
Pittsburgh, Pa.	1,101,638	- 6.3	9,992,907	9,892,455	+ 1.0
Springfield	27,656	+ 3.5	256,569	231,804	+10.7
Steubenville	12,491	- 2.0	117,113	124,863	- 6.2
Toledo	248,436	+ 4.6	2,333,934	2,180,690	+ 7.0
Warren	16,275	+ 6.6	144,375	144,756	- 0.3
Wheeling, W. Va.	55,978	- 5.3	496,767	477,481	+ 4.0
Youngstown	80,524	-16.7	745,491	745,482	+ 0.001
Zanesville	15,040	+10.7	135,435	130,155	+ 4.1
Total	5,02,023	- 0.2	31,690,670	30,260,939	+ 4.7

Retail and Wholesale Trade

	No. of reports	Percentage increase or decrease SALES October, 1926 compared with Oct., 1925	SALES Jan.-Oct., 1926 compared with Jan.-Oct., 1925
DEPARTMENT STORES			
Akron	5	- 4.0	- 1.5
Canton	3	-15.4	- 5.0
Cincinnati	7	- 6.1	+ 4.1
Cleveland	6	- 6.3	+ 1.1
Columbus	6	+ 0.7	+ 2.5
Dayton	3	+ 4.4	+12.5
New Castle	3	-12.8	-10.9
Pittsburgh	7	- 6.0	- 1.1
Toledo	4	- 8.3	- 0.9
Wheeling	5	- 6.5	- 4.0
Youngstown	3	- 1.5	+ 2.8
Other Cities	14	- 6.6	+ 8.4
District	67	- 5.2	+ 0.3
WEARING APPAREL			
Cincinnati	6	- 8.8	+ 4.2
Cleveland	4	+ 1.3	+ 8.2
Other Cities	9	+ 0.1	+ 2.0
District	19	- 1.8	+ 5.0
FURNITURE			
Cincinnati	11	+ 5.4
Cleveland	9	-10.6
Columbus	16	-11.1
Dayton	5	+ 9.9
Toledo	6	+ 1.9
Other Cities	12	-15.0
District	59	- 6.1
CHAIN STORES*			
Drugs—District	8	- 2.6	+ 3.0
Groceries—District	5	+ 1.0	+ 0.7
WHOLESALE GROCERIES			
Akron	3	-19.9	-10.9
Cincinnati	3	-11.3	+ 4.1
Cleveland	4	- 9.0	- 4.8
Erie	4	+ 1.7	- 1.0
Pittsburgh	10	-12.7	-10.0
Toledo	3	- 5.8	- 6.5
Other Cities	27	- 5.1	+ 0.9
District	87	- 8.8	+ 2.9
WHOLESALE DRY GOODS..			
District	54	-11.7	- 6.0
WHOLESALE DRUGS			
District	16	- 0.9	+ 5.4
WHOLESALE HARDWARE			
District	16	- 5.5	- 1.6
WHOLESALE SHOES			
District	5	+ 8.4	+10.3

*Sales per individual unit operated.

Summary of National Business Conditions

(By the Federal Reserve Board)

Industrial activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks reflecting the continued liquidation of loans on securities.

Production

Production in basic industries, as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile mill activity and the daily average output of iron and steel was maintained during October but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November, and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January. The volume of building activity, as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

Trade

Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month, and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October but owing partly to less favorable weather conditions and to a smaller number of trading days, were at somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

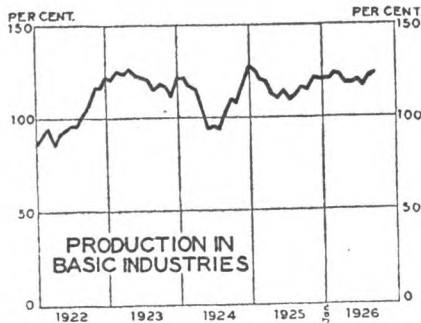
Prices

Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result of the foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

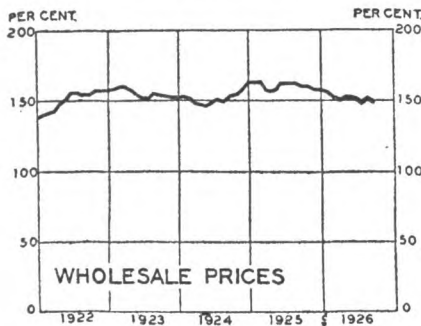
Bank Credit

Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier. At the reserve banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level of \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller.

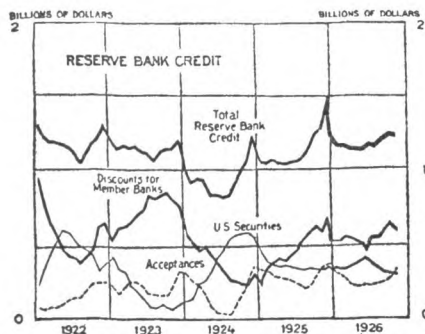
Easier conditions prevailed in the money market in November. Rates on prime commercial paper declined from $4\frac{1}{2}$ — $4\frac{3}{4}$ per cent in October to $4\frac{1}{2}$ per cent in November, and there was also a reduction of $\frac{1}{8}$ per cent in the rates on bankers' acceptances.



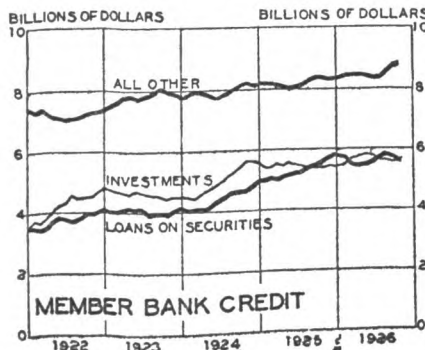
Index of 22 basic commodities, adjusted for seasonal variations (1919 = 100). Latest figure, October—122.



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure, October—149.7.



Monthly averages of daily figures for the 12 Federal Reserve Banks. Latest figures are averages of first 22 days in November.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first 3 weekly report dates in November.