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The Annalist's index of general business activity in April underwent a moderate decline after allowing for seasonal factors, caused very largely by the sharp decrease in soft coal production and a falling off in automobile production, cotton consumption, and car loadings (seasonally adjusted). Wholesale prices continued to decline, the Bureau of Labor's index standing at 144.2 in April as compared with 145.3 in March. The iron and steel industry experienced the usual seasonal let-up, while building also receded from the March peak. Crop planting in some parts of the country has been delayed by unusually heavy rains.

Although activity is not quite up to March or to a year ago, the general business situation may be described as satisfactory, with prosperous conditions in many lines. There are, however, some adverse factors at the present time, chief of which is the destruction resulting from the Mississippi Valley floods. This is a serious matter in that section of the country, where several hundred thousand people have been rendered homeless and property damage has run up to a very high figure. Another bad situation is found in the oil industry, which is suffering from a period of flush production, particularly in the Seminole area, accompanied by excessive stocks, weakening prices, and smaller profits for petroleum companies. The soft coal strike and the generally unsatisfactory condition of that industry may also be mentioned as a depressing factor.

In the Fourth District, as in the United States, a moderate slackening has appeared in April and May. The latter month brought a further seasonal decline in iron and steel operations, but compared favorably with May of last year. Rubber concerns have been busy during the past two months. The outlook for crops throughout most of the District has improved, although heavy rains have interfered with planting to some extent.

Profit margins in general have been declining in this District. Of 34 large manufacturers, 24 report this condition, and it appears to be especially true in the clothing, shoe, and lumber industries. Keener competition, resulting in falling prices, is the cause most frequently mentioned.

Financial Conditions

Borrowings by member banks from this bank decreased slightly between April 13 and May 11, and the figure of 44 millions on the latter date was considerably less than a year ago. Acceptances remained practically unchanged; Government securities held fell slightly; member bank deposits advanced from 175 to 187 millions, and note circulation remained unchanged at 214 millions.

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	May 11, 1927	May 12, 1926	Apr. 13, 1927	May 11, 1927	May 12, 1926	Apr. 13, 1927
Gold Reserves	514	272	295	3,070	2,804	3,081
Discounts	44	69	52	442	476	426
Acceptances	20	16	20	233	228	257
U. S. Securities	32	37	37	254	396	355
Total bills and securities	97	123	108	931	1,113	1,040
Federal Reserve notes in circulation	214	199	214	1,718	1,676	1,744
Total deposits	190	183	177	2,326	2,246	2,307

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	May 11, 1927	May 12, 1926	Apr. 13, 1927	May 11, 1927	May 12, 1926	Apr. 13, 1927
Loans secured by stocks bonds	617	538	531	5,589	5,295	5,502
All other	810	809	803	3,360	3,666	3,842
Total loans	1,427	1,347	1,335	14,449	13,896	14,345
Investments	654	652	653	5,959	5,670	5,855
Demand deposits	1,050	1,040	1,050	13,198	13,023	13,059
Time deposits	903	807	841	6,124	5,559	6,032

Commercial loans made by reporting members, which rose from 789 to 812 millions between January 5 and April 6, fell to 790 millions on May 11, the same as a year ago. Collateral loans, however, continued the climb which began in February, and on May 11 amounted to 617 millions, as compared with 561 on January 5, and 541 on February 16, the year's low point to date. On May 12, 1926, collateral loans were 538 millions. Time deposits have continued to advance, standing at 903 millions on May 11 as compared with 825 on January 5; 806 a year ago; 728 two years ago; and 645 three years ago. The steady rise in time deposits throughout the country has been one of the noteworthy financial developments of recent years. Demand deposits on May 11 were 1050 millions, as against 1011 on January 5, and 1040 a year ago.

Debits to individual accounts at 13 cities in the Fourth District aggregated \$2,897,949,000 in April, as compared

with \$2,659,473,000 in March and \$2,540,997,000 in April of 1926.

Commercial failures in this District, according to R. G. Dun and Company, numbered 151 in April, as compared with 193 in March, and 200 a year ago. Liabilities were \$6,026,000 in April, \$4,725,000 in March, and \$3,306,000 in April, 1926. For the first four months of 1927, failures numbered 726 as compared with 846 a year ago, and liabilities were \$17,294,000, as against \$16,593,000 last year.

Iron and Steel May was an irregular month in iron and steel, with the tendency downward in sales and production and some soft spots developing in the price structure. While the showing was poorer than that of April it compared favorably with last May. For some years, the second quarter has brought a decline, and the same is true this year.

Support for the markets in May came chiefly from the railroads and the automotive industry. Freight car orders in May were the heaviest since January and brought car buying for the year to date to a parity with 1926. Curtailed production of two important makers of low-priced cars was practically neutralized by the good schedules of other makers. Truck and bus production was outstripping last year.

Toward the close of May the hand-to-mouth buying tendencies became even more pronounced and it became evident that sales did not quite parallel consumption. Consumers are operating on as narrowing margins of stocks as at any time in their history. "Shopping" for low prices also was more evident last month. Price variations between selling districts became wider. Demand for various steel lines also was spotty, and while bookings of structural steel at Pittsburgh exceeded April by one-third, they dropped materially at Cleveland.

The largest pig iron tonnage in many weeks was taken by a Toledo producer when the General Motors Corporation supplemented its last half year commitments; it is understood that 75,000 tons were placed. With the general run of melters, interest in third quarter iron has not developed. A 50-cent reduction has brought foundry and malleable iron down to \$19.50, delivered Cleveland. Basic and Bessemer iron in the Mahoning Valley has dropped to \$18.00 and \$19.00, respectively. The bituminous coal strike thus far has had very little effect, as pig iron consumers evidence no apprehension concerning supplies or price.

Beehive coke production in the Connellsville district has been sharply curtailed, giving the market more stability. Progressive weakness brought the spot furnace market down to \$2.75 and foundry to \$3.75.

After many weeks of price cutting, independent sheet-makers in the Mahoning Valley in mid-May went on a basis of \$2.25 (Pittsburgh) for blue annealed, \$3.00 (Pittsburgh) for black, \$3.85 (Pittsburgh) for galvanized and \$4.25 (Pittsburgh) for full-finished. Second quarter requirements were covered at the old prices, in some cases \$6.00 per ton lower than the new levels.

Cold rolled strip manufacturers have adopted quantity differentials, the effect being to make the market \$3.00 (Pittsburgh) on 18 tons or more and \$3.00 to \$3.25 (Pittsburgh) on small business. Weakness in steel bars, plates

and shapes brought the tonnage price down to \$1.85 (Pittsburgh), with \$1.90 (Pittsburgh) still governing on small lots.

Statistically, April was a good month. Steel ingot production, at 4,129,952 gross tons, set a new high mark for April; it showed a recession from the all-time high of 4,534,926 tons in March. In the first four months of 1927, steel ingot production has totaled 16,262,161 tons, or less than 1½ per cent under the same period of 1926, the record year. April pig iron output was 3,413,431 gross tons compared with 3,482,107 tons in March and 3,438,805 tons last April. As May opened, 222 blast furnaces were active.

The Iron Trade Review composite of fourteen leading iron and steel products averaged \$36.78 for May, contrasted with \$36.73 for April, the increase in sheet prices more than offsetting other reductions, especially in pig iron.

Coal Both industrial and householder consumers of soft coal remain indifferent to the strike. Demand has not strengthened to any real extent since April 1, and the *Coal Age* average price has changed but little. The reason for this is found first in the continuation of substantial production, and second in the record-breaking storage stocks in the hands of commercial consumers on April 1st. These amounted to 75 million tons, according to the Bureau of Mines—almost twice as much as in 1925 and 1926, and 12 million tons more than just before the 1922 strike.

Average daily production declined from 2,200,000 tons in the week ending March 25, to slightly less than 1,400,000 tons in the week ending April 9, but was almost stationary during the next four weeks. In this period the total output of bituminous was not far behind the same period in 1926, and was ahead of preceding years. The non-union fields in Kentucky and West Virginia have been producing more coal than a year ago, the latter state having now passed Pennsylvania and assumed first place among the soft coal producing states. Pennsylvania production is not much lower than a year ago, but Illinois, Indiana, and Ohio, centers of the union fields, have experienced a large decrease.

Dealers in the Fourth District report demand in general as being apathetic, although there has been some increase in the buying of low volatile grades. The lake coal shipping season got away to an early start this year, and shipments from Lake Erie ports for the first four months of 1927 totaled 3,908,000 tons, as compared with only 1,069,000 last year.

Rubber and Tires Another cut in the amount of exportable rubber from British-owned plantations was announced on May 1. The price of crude rubber in the London market failed to average 21 pence (42 cents) a pound in the quarter ending May 1, and under the provisions of the Stevenson Act a further reduction in exports allowed, equal to 10 per cent of standard production, automatically took place. The average price for the quarter was 19.696 pence. The latest cut brings the percentage of production which may

be exported down to 60, a reduction from 100 to 80 per cent taking place last November, and another from 80 to 70 per cent going into effect on February 1. Unless the law is changed, no further reductions may be made, as 60 per cent is the legal minimum. The law further provides that no additions to the 60 per cent quota may be made until the average price for three successive quarters has reached 24 pence a pound.

The additional restriction appears to have had no effect upon the crude rubber market as yet. Prices have ranged between 40 and 42 cents a pound during both April and May. World stocks are stated to be large, and manufacturers are not finding any difficulty in obtaining supplies.

Activity in the Akron district is well maintained. The recovery of the automobile industry after the sharp drop of December and January, coupled with the opening of the touring season, has kept the factories very busy during the past two or three months. Tire prices are still low, and some complaint is voiced concerning narrowing profit margins.

Stocks of all casings in dealers' hands on April 1 were 70.6 per dealer, as compared with 63.9 a year ago, according to the Department of Commerce. Balloon casings alone averaged 35.5 per dealer, as compared with 21.9 last year. Inner tubes ran 120.9 per dealer, as compared with 119.6 a year ago.

Automobiles Automobile production in the United States in April made a slight gain over March, but was well under last year, as were the first four months combined. The figures were 397,566 cars and trucks in April, 386,841 in March, and 420,523 in April 1926; also 1,317,394 in the first four months of 1927, as against 1,508,294 last year. The loss from 1926 has taken place entirely in passenger cars, as truck production for the four months jumped from 150,586 in 1926 to 165,021 in 1927.

Clothing A very satisfactory Easter selling season is reported by most clothing manufacturers, but some firms report a declining tendency since then. Cotton prices have been noticeably firmer recently, probably due to the flood; other raw material prices have not changed materially. Narrowing profit-margins appear to be quite general, and in many instances greater operating economies are being effected to counteract this tendency.

The spring season in women's ready-to-wear is over, resulting in a normal decline in business until fall operations are commenced. Easter sales of men's clothing were large. An increase in cooperative buying of men's clothing by retailers is reported. Re-orders in the men's underwear trade are running from 15 to 20 per cent ahead of a year ago. The woolen industry is still depressed; profits are either non-existent or very small, and manufacturers are not inclined toward optimism.

Wholesalers are also complaining of the small margin of profits, and an added difficulty in this branch has been the slow decline in sales, even after allowing for price decreases. Sales in April were 7 per cent less than a

year ago, and for the first four months they ran 9.1 per cent below.

Retail sales of ready-to-wear lines in April gained substantially over a year ago, but in most cases this was due to the fact that the bulk of the Easter trade fell in April this year and March last year. Gains in a few lines, however, were so large as to suggest an increase after allowing for the Easter element. Some of the more important percentage changes in this District were as follows (April, 1927, compared with April, 1926): men's clothing, +13.1; men's furnishings, +11.2; boys' wear, +35.7; women's coats, +1.3; women's dresses, +14.8; misses' ready-to-wear, +21.8; furs, +67.0; juniors' and girls' ready-to-wear, +39.3; millinery, +8.9; hosiery, +22.6; knit underwear, +8.4; muslin and silk underwear, +9.0; aprons, house dresses, +13.8.

Shoes Manufacturing activity in April in this District, as well as in the country, was not quite up to that of March, but compared favorably with last year. Production figures for the United States covering 813 establishments showed a loss of more than 10 per cent, and in the Fourth District of about 3½ per cent. Final country-wide production figures for 990 concerns in March were 31,119,859 pairs, as compared with 27,292,266 in February.

Retail shoe sales in April as compared with last year benefited by the fact that more of the Easter trade came in April this year than was the case in 1926. In the Fourth District, women's and children's shoes gained 12.5 per cent, and men's and boys' shoes, 22.3 per cent.

Sales of reporting wholesale shoe houses in this District also showed up well in April, making a gain of 17.8 per cent over a year ago, and 0.4 per cent over March. For the first four months of 1927, sales were 2.4 per cent larger than for the same period in 1926.

Paint Business in this line has shown an upward tendency, partly seasonal, according to manufacturers in this District. The industry on the whole is on a prosperous basis, with some companies doing even better than last year. The majority of manufacturers report that profit margins have not declined. Prices of some raw materials have been rather low, particularly white lead and linseed oil. A continual shift from paint and varnish to lacquer for industrial purposes is reported.

General Manufacturing No particularly noteworthy changes have taken place in various miscellaneous lines of manufacture in the past month. Several industries report the appearance of a slight downward trend, after allowing for seasonal factors; in no case, however, does this amount to a depression. Profit margins in general are gradually narrowing, as a result of increasingly keen competition.

Operations in the paper trade have slackened to some extent, the industry as a whole being operated at between 70 and 80 per cent about the middle of May. Consumption is normal, but productive facilities have expanded faster than necessary to take care of the demand. Agricultural

implement makers are doing a fair volume of business, with a slight improvement in some cases. Various lines of machinery manufacture report a gradual downtrend, which seems to be true in most of the steel-using lines. One firm reports a decided increase in export activity. Demand for boxboard has lessened, following a period of activity at high levels at the boxboard mills. Electrical supply concerns are doing a satisfactory business. The stove trade reports conditions as about normal or slightly better.

Agriculture Reports coming from various parts of the District indicate that crop prospects are better than they were a month ago, and generally speaking, the situation throughout the District is satisfactory. Particularly is this true of wheat, which is in excellent condition at this time, due to the frequent rains and the favorable winter. Abandonment resulting from winter damage is estimated at 4.5 per cent as compared with 12 per cent, the average for the past several years. The acreage remaining for harvest in Ohio, is estimated to be 1,450,000 as compared with 1,789,000 last year. The condition of wheat for the entire United States on May 1 is estimated as 85.6 per cent of normal, as compared with 84.5 per cent for April, 84.0 for May 1, 1926, and 83.7 per cent for the past 10 years.

Pasture and hay crops are above average in the District this year, being 87.0 per cent of normal as compared with 74.6 per cent for May, 1926, in Ohio. In Kentucky, pasture was 92 per cent as compared with 69 per cent on May 1, 1926. Blue grass, Kentucky's second largest crop, is in fine shape and present conditions indicate a bumper crop from a large acreage.

In some sections, the planting of corn and oats was interfered with by heavy and frequent rains, but this condition has been overcome and the recently planted corn is beginning to develop in a manner somewhat better than usual.

The prospects for the main apple crop average 63 per cent from reports received. The damage from the recent freezes to the apple crop in northern Ohio was small, but prospects for the southern Ohio crop are very poor. The early apple crop for Ohio is stated to be very small, if not a total failure.

The peach crop is reported to be a failure in southern Ohio, but chances are good for a crop in the Lake counties. There was little frost damage in Ottawa and other counties in the northern part of the state.

Estimates for the Ohio cherry crop average 60 per cent, and for plums, 50 per cent, with much damage from frost reported from southern and central Ohio.

Tobacco Wet weather in April and early May is reported to have interfered with the setting out of the new burley crop in Kentucky, and no accurate idea of acreage is as yet available.

Final payment on the 1926 crop was made on May 7 by the Burley Tobacco Growers' Association to its members. The Association sold 118,356,428 pounds at an average gross price of \$13.25 per 100 pounds, while indepen-

dent warehouses sold 175,154,291 pounds at an average of \$12.55.

A report compiled by the Barker Tobacco Company of Carrollton, Kentucky, puts the average price realized on the entire burley crop in 1926 at \$12.83 per hundred pounds. This is very low compared with former years, as is shown by the following table:

	Sales (In thousands of pounds)	Average price per 100 pounds
1916	\$265,430	\$16.68
1917	252,382	24.78
1918	329,638	32.06
1919	309,339	32.66
1920	297,493	13.37
1921	176,600	22.21
1922	284,247	28.43
1923	354,105	20.80
1924	299,938	20.57
1925	279,797	18.56
1926	293,511	12.55*

*For the sake of comparison, the figures in Column 2 are all given in terms of the average price received on sales of outside warehouses. The 1927 price, including the Association's sales, was \$12.83.

Building The value of building permits in 172 cities reporting to Bradstreet's in April declined 12.3 per cent from last year, and S. W. Straus and Company reports a decrease of nearly 13 per cent in 503 cities. On the other hand, contracts awarded in 37 Eastern states gained about 6 per cent, according to the F. W. Dodge Company, although projects in contemplation at the end of the month were running 5 per cent below a year ago. Contracts awarded for public utilities and industrial construction showed a marked rise, but residential building lagged.

In the Fourth District, permit valuation in 27 cities gained 6.7 per cent over April of 1926, but there was a falling-off of 7 per cent for the first four months. In April, large increases occurred in Barberton, Cincinnati, Cleveland, Lakewood, Parma, Shaker Heights, and Springfield. The greatest decreases took place in Ashtabula, Canton, East Cleveland, Lexington, Wheeling, and Youngstown. For the first four months, 15 out of the 27 cities reported gains.

Contracts awarded in Ohio, Western Pennsylvania, Kentucky, and West Virginia aggregated \$84,476,300 in April, as compared with \$61,853,600 last year. Contemplated projects at the end of the month also showed a gain, the figures being \$115,155,800 and \$83,331,600 respectively. Residential buildings accounted for 33 millions of the April total, and public works and utilities for 24 millions.

Building Materials The Mississippi river floods have exerted some influence on the building material situation. A good deal of lumber, particularly hard woods, is in the flooded areas, both standing timber and mill stocks, and the damage to this lumber has reduced the supply and resulted in a firming of hardwood prices.

Lumber manufacturers in this District are unanimous in stating that profit margins have been declining for some time past. Over-production is the cause most frequently

mentioned. Business in the Cleveland, Pittsburgh and Cincinnati areas is reported to be somewhat below a year ago, and the general tendency at present is toward a slight decline in the volume of business.

Cement output in Ohio, West Virginia and Western Pennsylvania continued at high levels during April. Production in that month amounted to 1,409,000 barrels, a gain of 17.6 per cent over a year ago, while for the first four months of 1927, there was a gain of 33.5 per cent.

Building Operations

April, 1927
(Valuation of Permits)

	April 1927	% change from 1926	Jan.-Apr. 1927	Jan.-Apr. 1926	% change from 1926
Akron.....	2,152,357	+7.1	7,480,723	5,520,481	+35.5
Ashtabula.....	46,115	-50.6	181,440	218,242	-16.6
Barberton.....	217,545	+44.1	347,561	246,119	+42.0
Canton.....	421,705	-38.0	1,187,434	1,943,424	-38.9
Cincinnati.....	3,264,725	+30.7	8,337,205	7,388,740	+12.9
Cleveland.....	4,656,325	+31.3	11,919,225	21,886,250	-45.5
suburbs:					
Clev. Heights..	461,790	+5.4	1,475,712	2,360,487	-37.5
East Cleveland.	85,013	-51.0	385,858	479,595	-19.5
Euclid.....	203,613	+7.3	526,303	539,615	-2.5
Garfield Heights	224,500	-12.8	646,000	717,100	-9.9
Lakewood.....	338,695	+38.8	593,137	1,294,755	-54.2
Parma.....	300,266	+81.9	860,612	378,965	+127.1
Rocky River...	75,100	+1.8	427,430	174,200	+146.5
Shaker Heights.	1,223,625	+257.8	2,810,200	1,552,180	+81.0
Columbus.....	2,375,900	-19.4	9,536,100	7,205,800	+32.3
Covington, Ky..	177,700	+26.4	474,400	445,800	+10.9
Dayton.....	1,213,046	-11.4	3,399,525	2,756,292	+23.3
Eric, Pa.....	738,237	+14.7	1,931,078	1,471,740	+31.2
Hamilton.....	215,672	-24.2	748,172	737,760	+1.4
Lexington, Ky..	119,866	-32.7	588,281	780,791	-24.7
Lima.....	126,930	+12.6	220,171	618,255	-64.4
Newark.....	34,920	-15.6	150,838	111,150	+35.7
Pittsburgh, Pa.	2,452,482	-1.4	10,967,516	12,503,834	-12.3
Springfield...	275,260	+104.1	590,729	475,624	+24.2
Toledo.....	1,380,182	+28.8	4,787,956	3,629,332	+31.9
Wheeling, W. Va.	262,224	-30.0	701,584	663,273	+35.9
Youngstown.....	1,751,860	-33.5	3,455,265	4,536,222	-23.8
Total.....	24,793,704	+6.7	74,956,975	80,636,026	-7.0

Retail Trade

Substantial gains in department stores of all reporting cities in this District took place in April as compared with a year ago. This difference was only partly accounted for by the shift in the Easter trade, as March and April together gained about 5 per cent over the same months in 1926 for the District as a whole. Youngstown, with 23.2 per cent, made the largest gain for April, followed by Columbus with 21.5 and Toledo with 15.7. The District increase was 10.8 per cent. For the first four months, all cities except Pittsburgh have made gains, Columbus and Youngstown leading with 14.1 and 9.4 per cent respectively.

Thirty-nine out of 52 separate departments of retail stores in the District recorded gains in April, an unusually large number. The increases were well distributed through the various classes of goods with the exception of yard goods, whose sales have been declining for many months. A remarkable gain of 82.7 per cent took place in ribbons, doubtless caused by the growing use of artificial flowers, which are included in the ribbon department by most stores when conforming to the 52-department classification. Another extraordinary gain of 67 per cent was shown by furs, the explanation here lying in the increase in sales of fur neckpieces.

Changes in the main departments were as follows:

	% Gain or Loss over April, 1926
Silks and Velvets	-8.8%
Woolen and Cotton Dress Goods	-10.9

Toilet Articles, Drugs	+3.7
Silverware, Jewelry	+13.5
Men's Clothing	+13.1
Men's Furnishings	+11.2
Boys' Wear	+35.7
Women's Coats	+1.3
Women's Dresses	+14.8
Misses' Ready-to-Wear	+21.8
Furs	+67.0
Juniors' and Girls' Ready-to-Wear	+39.3
Gloves	+13.3
Millinery	+8.9
Hosiery	+22.6
Infants' Wear	+21.9
Shoes	+14.1
Furniture	+4.4
Draperies, Lamps, Shades	+10.5
Floor Coverings	-2.0
House Furnishings	+5.6
Books, Stationery	+20.9
Radios	-27.3

Sales of 18 wearing apparel firms in April were 11.2 per cent ahead of last year, and the increase for the first four months was 6.3 per cent. Sales of 54 furniture stores increased 4.7 per cent over April, 1926.

Wholesale Trade

This bank's index of the sales of 101 wholesale firms in the Fourth District (1919-1923 = 100) stood at 81 in April, the lowest for that month in the past five years. Shoe and hardware sales gained in April over last year, but these gains were counteracted by losses in the other three reporting lines.

Sales of 53 wholesale grocery firms in April were less than in any of the preceding four years, the decrease from 1926 being 6.2 per cent. For the first four months, there was a loss of 5.3 per cent from last year. Stocks in April were 6 per cent under a year ago, open book accounts 5.6 per cent less, and collections 1.4 per cent less. The ratio of collections in April to outstanding accounts on March 31 was 76.1 per cent, and the stock turnover rate for April was .526, or 6.31 times a year.

Dry goods sales in April were also lower than for any of the five preceding years, a loss of 7 per cent being shown by that month and of 9.1 per cent for the first four months. Stocks continued to decline, showing a drop of 23.7 per cent from April, 1926. Open book accounts were 6.8 per cent less, but collections gained very slightly. The ratio of April collections to March outstandings were 41.6 per cent, and the stock turnover rate was .317, or 3.80 times a year.

Hardware sales in April gained 2.7 per cent over last year, but were lower than in 1923, 1924, and 1925. The first four months gained 0.6 per cent over last year. Stocks fell off 22.1 per cent from a year ago; open book accounts rose 2.4 per cent; and collections gained 5.9 per cent.

Drug sales have shown up consistently better than those of other wholesale lines, and although April brought a loss of 6.5 per cent from last year, it was ahead of the three preceding years. The first four months showed

a very slight loss of 0.1 per cent from 1926. Open book accounts were 2.1 per cent more than a year ago, while collections were 4.3 per cent greater.

Shoe sales in April showed a marked increase of 17.8

per cent over last year, and a gain of 2.4 per cent was recorded for the first four months. Stocks were 4.6 per cent less, open book accounts 16.8 per cent greater, and collections 16.5 per cent greater.

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

		April 1927	April 1926	% change	Jan.-Apr. 1927	Jan.-Apr. 1926	% Change
Bank Debits (23 cities)	Millions of dollars	3,490	3,066	+13.8	12,970	11,935	+8.7
Savings Deposits (end of month)							
Ohio (41 banks)	Thous. of dollars	687,084	651,126	+5.5	680,352 ¹	636,970 ¹	+6.8 ²
Western Pennsylvania (27 banks)	" " "	254,570	238,284	+6.8	253,493 ¹	237,210 ¹	+6.9 ²
Total (68 banks)	" " "	941,654	889,410	+5.9	933,845 ¹	874,180 ¹	+6.8 ²
Commercial Failures — Number	Actual Number	151	200	-24.5	726	846	-14.2
Liabilities	Thous. of dollars	6,026	3,306	+82.3	17,294	16,593	+4.2
Postal Receipts — 9 cities	" " "	3,233	3,155	+2.5	12,674	12,280	+3.2
Sales — Life Insurance — Ohio and Pa.	" " "	107,981	102,170	+5.7	409,379	377,303	+8.5
Dept. Stores — (50 firms)	" " "	27,235	24,635	+10.6	89,379	87,718	+1.9
Wholesale Grocery (51 firms)	" " "	6,325	6,696	-5.5	24,825	26,193	-5.2
Dry Goods — (16 firms)	" " "	2,734	2,939	-7.0	11,035	12,145	-9.1
Hardware — (16 firms)	" " "	2,105	2,049	+2.7	8,028	7,984	+0.6
Drugs — (15 firms)	" " "	1,839	1,967	-6.5	7,385	7,393	-0.1
Building Permits, Valuation — 27 cities	" " "	24,794	23,243	+6.7	74,957	80,636	-7.0
Building Contracts Awarded —							
Ohio, Western Penna., Kentucky, W. Va.	" " "	84,476	61,854	+36.6	253,660	233,819	+8.5
Pig Iron, U. S.	Thous. of tons	3,422	3,450	-0.8	12,943	13,131	-1.4
Steel Ingots, U. S.	" " "	4,130	4,106	+0.6	16,262	16,492	-1.4
Automobiles, U. S.	Actual Number	353,071	383,907	-8.0	1,152,373	1,357,708	-15.1
Passenger Cars	" " "	44,495	46,616	-4.5	165,021	150,586	+9.6
Trucks	" " "	24,242 ³	19,829 ³	+22.3 ³	68,655 ³	163,102 ³	+3.8 ³
Bituminous Coal, 4th Dist.	Thous. of tons	1,409	1,198	+17.6	4,066	3,046	+33.5
Cement: Ohio, W. Va., Wn. Pa.	bbbls.	1,182	1,099	+7.6	3,402	3,200	+6.3
Electric Power: Ohio, Pa., Ky.	Millions of k. w. hrs.	2,076 ³	1,899 ³	+9.3 ³	5,715 ³	5,288 ³	+8.1 ³
Petroleum: Ohio, Pa., Ky.	Thous. of barrels	4,762 ³	4,149 ³	+14.8 ³	12,494 ³	11,355 ³	+10.3 ³
Shoes, 4th District	" " pairs	3,374	950	+255.2	3,908	1,069	+10.0 ³
Tires, U. S.	" " casings	733	...	....	733	...	+265.6
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	...	...	....	...	...	...
Iron Ore Receipts (at Lake Erie ports)	" " tons	...	...	....	...	...	...
4 months' average.							
March.							
Jan.-March.							
Figures Confidential.							

Retail and Wholesale Trade

	No. of reports	Percentage Increase or Decrease SALES	
		April, 1927 compared with April, 1926	Jan.-April, 1927 compared with Jan.-Apr. 1926
DEPARTMENT STORES			
Akron	5	+13.7	+3.6
Cincinnati	7	+11.4	+3.1
Cleveland	6	+10.2	+2.3
Columbus	7	+21.5	+14.1
Dayton	3	+5.6	+3.8
Pittsburgh	7	+8.8	-1.0
Toledo	4	+15.7	+8.6
Wheeling	5	+11.4	+0.6
Youngstown	3	+23.2	+9.4
Other Cities	18	+2.0	+0.2
District	65	+10.8	+2.5
WEARING APPAREL			
Cincinnati	6	+5.5	+5.9
Cleveland	3	+16.1	+6.4
Other Cities	9	+11.8	+6.7
District	18	+11.2	+6.3
FURNITURE			
Canton	3	+2.5	.....
Cincinnati	11	-2.5	.....
Cleveland	8	-10.7	.....
Columbus	15	+8.5	.....
Dayton	5	+19.1	.....
Toledo	6	+7.0	.....
Other Cities	6	+36.2	.....
District	54	+4.7	.....
CHAIN STORES*			
Drugs—District	3	-4.5	-4.1
Groceries—District	5	-5.8	-5.8
WHOLESALE GROCERIES			
Akron	3	-12.1	-11.9
Cincinnati	3	+2.5	+2.5
Cleveland	4	-2.8	-3.3
Erie	4	-9.2	-8.1
Pittsburgh	4	-9.4	-5.7
Toledo	8	-1.5	-5.6
Youngstown	3	-22.9	-20.5
Other Cities	25	-7.4	-5.2
District	53	-6.2	-5.3
WHOLESALE DRY GOODS	16	-7.0	-9.1
WHOLESALE DRUGS	15	-6.5	-0.1
WHOLESALE HARDWARE	16	+2.7	+0.6
WHOLESALE SHOES	5	+17.8	+2.4

*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 inc. = 100)

	April 1923	April 1924	April 1925	April 1926	April 1927
Department Stores (50)*	111	125	122	114	126
Wholesale Dry Goods (15)*	106	112	112	125	116
Wholesale Grocery (51)*	87	80	76	70	65
Wholesale Hardware (15)*	85	84	78	78	73
Wholesale Shoes (5)*	125	110	105	101	103
Wholesale—All (101)*	87	100	95	80	95
Chain Drugs (3)*†	93	90	85	84	81
	98	100	99	103	98

†Per individual unit operated.

Debits to Individual Accounts

(In thousands of dollars)

	4 weeks ending May 11, 1927	% change from 1926	1927 to date (Dec. 30 to May 11)	1926 to date (Dec. 31 to May 11)	% change from 1926
Akron	95,235	+14.1	410,339	416,712	-1.5
Butler, Pa.	10,981	+5.9	51,118	49,576	+3.1
Canton	46,397	-0.4	215,068	220,829	-2.6
Cincinnati	386,352	+15.8	1,794,366	1,714,173	+4.7
Cleveland	730,302	+13.4	3,585,166	3,255,513	+10.1
Columbus	153,672	+3.8	752,845	698,266	+8.8
Connellsville, Pa.	5,055	+6.4	23,249	21,996	+7.5
Dayton	89,812	+16.6	427,303	382,838	+11.6
Erie, Pa.	36,063	+11.0	158,094	152,046	+4.0
Greensburg, Pa.	21,593	+14.6	98,112	93,944	+4.4
Homestead, Pa.	4,271	-9.1	18,967	19,172	-1.1
Lexington, Ky.	16,725	-20.6	120,377	118,005	+2.0
Lima	14,222	-10.7	67,916	70,902	-4.2
Lorain	5,751	+5.5	25,407	25,654	-1.0
Middletown	10,820	+15.6	48,314	48,953	-1.3
Oil City, Pa.	13,028	+2.8	68,879	57,889	+19.0
Pittsburgh, Pa.	913,598	+6.1	4,733,967	4,192,139	+12.9
Springfield	21,698	-4.4	107,330	108,352	-0.9
Steubenville	9,853	-0.03	48,458	48,223	+0.5
Toledo	217,087	+15.7	1,035,151	950,972	+8.9
Warren	12,535	+16.0	61,960	58,968	+5.9
Wheeling, W. Va.	46,414	+10.0	207,285	219,589	-5.6
Youngstown	64,540	+4.4	323,689	299,301	+8.1
Zanesville	12,138	+3.2	55,438	56,391	-1.7
Total	2,938,142	+9.8	14,438,798	13,280,401	+8.7

Corporation Earnings First quarter earnings have now appeared for nearly all the industrial corporations in the country which publish this information. A survey of the net earnings of 171 concerns (excluding General Motors and United States Steel) reveals a slight loss as compared with the first quarter of 1926, the actual figures being \$166,324,000 this year, as compared with \$172,348,000 last year. This difference is more than made up, however, by adding in the figures of General Motors and United States Steel, the grand total being \$245,202,000, as compared with \$243,335,000 in the first quarter of 1926. Of the 171 firms, 88 show a gain over last year and 83 report a loss; the number actually showing a deficit was 16 this year and 14 last year.

This bank has recently compiled a record of the quarterly earnings of 100 identical industrial corporations beginning with 1925, including a considerable number of the larger companies but excluding General Motors and United States Steel. The table below shows the changes by quarters. It is noticeable that throughout the first three quarters of 1926 there was a gradual narrowing of the increase in profits over 1925; this trend was interrupted in the fourth quarter, but was resumed in a marked fashion in the first quarter of 1927, which showed a loss of about 6 per cent from the same quarter of 1926. Whether or not it is true that profit margins in general are gradually narrowing, the table would seem to indicate that the earnings of some industrial corporations have not kept pace with the gains in production and sales.

Net earnings of 100 industrial corporations.
(In thousands of dollars)

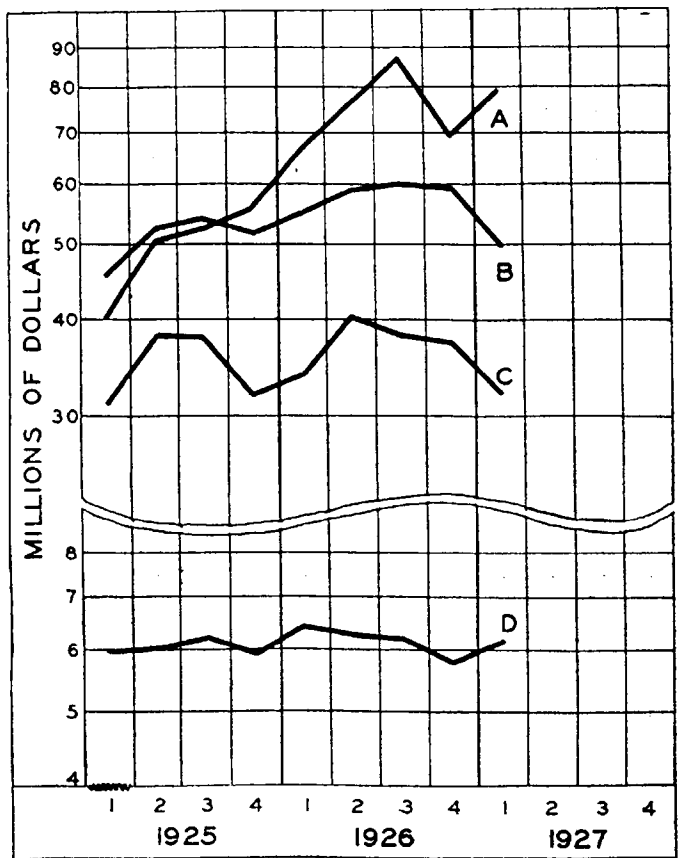
	1927	1926	% change. 1927-1926	1925	% change. 1926-1925
First quarter....	\$89,746	\$95,799	-6.3	\$82,919	+15.5
Second quarter		104,464	.....	93,795	+11.4
Third quarter.....		103,694	.....	95,918	+10.6
Fourth quarter		101,393	.....	89,583	+13.2

A further study of the figures of these 100 industrials, together with those of General Motors and United States Steel, brings to light some interesting facts with regard to the net earnings of the various corporations classified according to size. The four curves on the chart below represent earnings classified as follows: (a) General Motors and United States Steel; (b) 21 companies each with total assets of more than \$70,000,000 (c) 57 companies each with total assets ranging between \$10,000,000

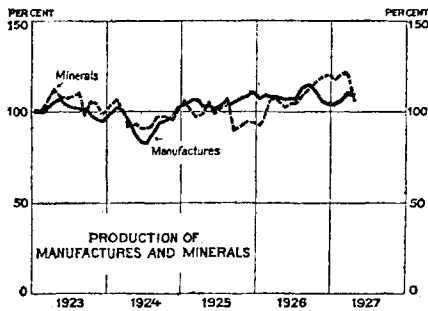
and \$70,000,000; (d) 22 companies each with total assets of less than \$10,000,000. It will be observed that, taking the whole period, the earnings of General Motors and United States Steel, the two largest industrials in the country, have had a sharp rise; that those of the large corporations have also experienced a considerable gain; that those of the medium-sized concerns have risen less noticeably; and that those of the small companies have shown only a very slight advancing tendency. The chart is drawn on a semi-logarithmic scale, so as to give an accurate picture of the percentage changes in the different groups.

QUARTERLY EARNINGS OF 102 INDUSTRIAL CORPORATIONS.

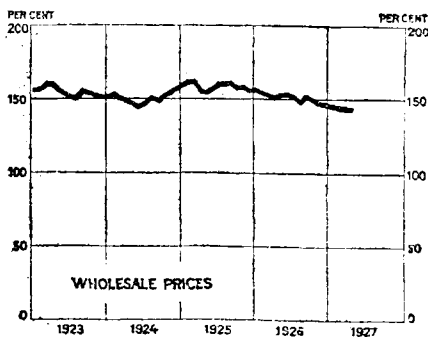
- (a) General Motors and United States Steel.
- (b) 21 companies with assets of over \$70,000,000.
- (c) 57 companies with assets ranging from \$10,000,000 to \$70,000,000.
- (d) 22 companies with assets of less than \$10,000,000.



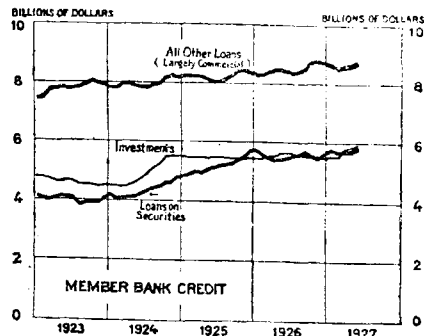
Summary of National Business Conditions



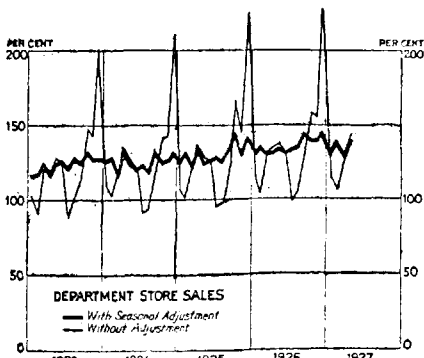
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 = 100). Latest figures: April: Manufactures, 109; minerals, 107.



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure: April—144.2.



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



Index of sales of 359 stores (1919 = 100). Latest figures, April: adjusted, 140; unadjusted, 143.

Industrial output declined in April reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased, and the level of prices showed a further slight decline.

Production

Decreased output in industry in April, as compared with March, was due chiefly to the coal miners' strike, which caused a large decline in the production of bituminous coal.

Among manufacturing industries, which as a whole were somewhat less active in April than during the previous month when allowance is made for usual seasonal changes, reductions were reported in the iron and steel and textile industries, as well as in meat packing and in the production of building materials. The manufacture of motor cars, though it showed the usual seasonal increase in April, continued at a lower level than a year ago. Petroleum production continued in record volume, notwithstanding large stocks and declining prices. Value of building contracts awarded declined slightly in April from the record high figure in March, but was larger than last year. The decline in building between March and April reflected reduced activity in the construction of commercial, industrial and educational buildings, while contracts for residential and public buildings increased.

On the basis of conditions on May 1, the Department of Agriculture forecasts a winter wheat crop of 594,000,000 bushels, or about 5 per cent less than in 1926. Continued wet cold weather over much of the corn belt and also in the spring wheat area has retarded the planting of spring crops.

Trade

Commodity distribution at retail was larger in April than at the same season of any previous year, owing in part to the lateness of the Easter holiday. Department store sales were approximately 7 per cent larger than in April of last year, and sales of mail order houses and chain stores were also in large volume. Wholesale trade showed about the usual decrease between March and April and continued smaller than in the corresponding month of last year. Inventories of merchandise carried by department stores were in about the same volume at the end of April as in March, while stocks of wholesale firms were smaller. Railroad car loadings were larger in April than is usual at that season of the year, reflecting chiefly large shipments of iron ore, coke, grain and grain products, but also increased movement of miscellaneous freight and of merchandise in less than carload lots. Coal shipments were 27 per cent smaller in April than in the preceding month.

Prices

In April there was a further slight recession in the general level of wholesale prices, as measured by the index of the Bureau of Labor statistics, but in the first three weeks of May, price conditions were firmer. The decline in April reflected chiefly a decrease in the price of petroleum, lumber and several of the non-ferrous metals. There was little change in the level of agricultural prices which have been fairly constant since the beginning of the year. During the first three weeks of May prices of grains, cotton, iron and steel, petroleum, lumber and hides advanced, while those of livestock, coke and non-ferrous metals declined.

Bank Credit

Volume of credit of weekly reporting member banks, as measured by their total loans and investments, increased by more than \$300,000,000 during the month ending May 18, and was on that date at the highest level on record. This growth represented for the most part an increase in the banks' holdings of investments and in the volume of their loans on stocks and bonds, while commercial loans showed relatively little change.

At the Reserve banks there was a decrease during the month in total volume of credit outstanding, owing to the receipt of a considerable amount of gold from abroad in addition to the purchase abroad by these banks of about \$60,000,000 of gold that is now held earmarked with a foreign correspondent. The banks' holdings of acceptances and of Government securities declined by about \$85,000,000 while discounts for member banks increased by about \$45,000,000, apparently in response to the increased Reserve requirements arising from the growth in the member bank deposits.

Conditions in the money market were comparatively stable during the first three weeks of May and there were no changes in rates quoted on prime commercial paper and on acceptances.