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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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General business conditions in the Fourth District have undergone the normal early summer slowing-up during the past month, this condition being a little more marked than usual in some lines. On the whole, business is still "good", although not quite up to last year's levels.

Mill operations remain high in iron and steel, but have declined rather more than seasonally in June. The industry has lately been subjected to price weakness. The coal market continues in a state of lethargy, the strike having had little, if any, effect as yet. Tire manufacturers have reduced prices on certain classes of small tires; factories are still doing a good volume of business, but the tendency appears to be slightly downward. Pronounced weakness in crude rubber prices has recently been manifested. Building in May was about on a par with last year, and an improvement is reported in the lumber trade. Paint manufacturers are doing well. The clothing industry is quiet; retail trade fell behind May of 1926, and all reporting wholesale lines showed a decline in sales from last year. Miscellaneous lines of manufacture in general are experiencing a decline slightly greater than seasonal.

The crop situation, as in other parts of the United States, is not very favorable. The contrary weather—an unusually mild season in February and March, followed by a cold April, excessive rains in May, and persistently cool weather in June—resulted in frost damage to the early crops, such as fruit, and in delay in the later plantings, particularly corn. Hay and pastures, on the other hand, compare very favorably with a year ago.

Financial Conditions Heavy operations by the Treasury on June 15 featured the past month from a financial viewpoint. These consisted of the payment of nearly 400 millions in maturing notes and 60 millions in bond interest, the collection of 500 millions in income taxes, the receipt of about 70 millions from foreign countries as war debt payments, the sale of 250 millions of new 3⅜ per cent bonds, and the additional exchange of a large amount of such bonds for Second Liberty 4¼ per cent bonds. All this was handled by the Reserve system as fiscal agents with practically no disturbance to the money market.

Coincident with these operations, holdings of Government securities of the Cleveland Federal Reserve Bank increased from 34 millions on May 18 to 46 millions on June 15, and the System's holdings rose from 269 to 547 millions. Member bank accommodation at the Cleveland bank also increased, bills discounted amounting to 59 millions on June 15 as against 50 millions a month earlier, and 44 millions a year ago. Gold reserves declined slightly during the month, deposits increased to a small extent, and Federal reserve notes changed but little.

Loans at member banks in this District secured by stocks and bonds remained at 622 millions on June 15, the same figure as a month previously. There has been a steady increase in this class of loans for two years, however, the figure on June 17, 1925, being only 472 millions, and on June 16 of last year, 539 millions. "All other" loans declined slightly during the past month while investments rose from 657 to 678 millions. Owing to special conditions, demand deposits advanced from 1051 to 1110 millions while time deposits dropped from 911 to 868 millions.

Money rates have been steady, both locally and in the New York market. In this District, rates on prime commercial paper have ranged from 5 to 6 per cent, and on stock exchange or other collateral from 5 to 7, with the bulk at 5, 5½ or 6 per cent. In the New York market, commercial paper (4 to 6 months) has been steady at 4-4½ per cent, acceptance at 3½-3¾, and call money at 4 to 4½ per cent.

Debits to individual accounts at banks in 13 large centers in this District aggregated $2,589,809,000 in May, as compared with $2,340,429,000 a year ago, a gain of 11 per cent. This was not quite as good a showing as for the country as a whole, which gained 13 per cent.

Commercial failures in this District numbered 148 in May, 155 last year, and 151 in April. Liabilities were $3,255,890 in May, $4,473,273 a year ago, and $6,026,000 in April. In the United States, failures numbered 1852 in May and 1730 a year ago.

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	June 15, 1927	June 16, 1926	May 18, 1927	June 15, 1927	June 16, 1926	May 18, 1927
Gold Reserves	292	267	303	3,017	2,837	3,057
Discounts	59	44	50	361	398	458
Acceptances	18	22	19	188	238	225
U. S. Securities	46	49	34	547	482	269
Total bills and securities	123	116	104	1,092	1,119	955
Federal Reserve notes in circulation	212	189	210	1,698	1,688	1,711
Total deposits	200	186	193	2,474	2,291	2,295

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	June 15, 1927	June 16, 1926	May 18, 1927	June 15, 1927	June 16, 1926	May 18, 1927
Loans secured by stocks and bonds	622	539	622	5,870	5,366	5,646
All other	800	812	811	8,778	8,689	8,814
Total loans	1,422	1,351	1,433	14,648	14,055	14,460
Investments	678	636	657	6,176	5,683	6,032
Demand deposits	1,110	1,037	1,051	13,727	13,130	13,217
Time deposits	868	809	910	6,175	5,604	6,166

Iron and Steel June rounded out a quarter that was promising statistically but disappointing in actual results. Production of both pig iron and steel ingots approximated that of the same quarter of 1926, yet lethargy in sales was marked and the price tendency was noticeably downward. Not until mid-June, when nearly 6000 cars were placed in one week, did freight car buying approach the level of last year. Yet the aggregate of small orders from small and moderate sized consumers was sufficient to place steelmaking on a plane with last year.

The price weakness which characterized June particularly is directly attributable to this condition. To round up these small orders and the occasional tonnage business which was placed necessitated the most intensive selling effort the market has seen in many years, and shaded prices were offered as an inducement. Soft steel bars, structural shapes and tank plates at Pittsburgh dropped from a general level of $1.90 (Pittsburgh) in the early part of June to $1.85 in the latter with the tendency toward a $1.80 market. This brought heavy finished steel prices under the low point of 1926 and in the case of shapes and bars, to the lowest point in over five years.

Strength in steel sheets and hot rolled strip steel was in contrast to the weakness in other finished lines. Sheetmakers are holding at their advanced levels of $4.25 (Pittsburgh) for autobody, $3.85 for galvanized, $3.00 for black and $3.25 for blue annealed sheets. Specifications from the automotive industry late in June, for July shipment, exceeded those of the month previous. The trend in sheet production in the Mahoning valley in the latter part of June was up. Weakness in tin plate which shaded the $5.50 (Pittsburgh) level about 30 cents, was shaken out by second half year buying late in the month.

Comparatively little buying of pig iron has been done for the third quarter, for one reason because of the heavy carryover. A sale of 20,000 tons to a sanitary ware manufacturer reduced the price of malleable and foundry 50 cents a ton to $18 (valley). Makers at Cleveland also conceded 50 cents, bringing their Cleveland delivered price down to $19.

After many weeks of decline, Connellsville coke turned the corner in mid-June and from a low of $2.65 for spot furnace material, rose rapidly to $3.00. Some third quarter business has been closed on the basis of $3.25 to $3.50. Curtailed production was the remedy for a weak price situation.

Steel ingot production in May at 4,046,214 gross tons compared with 4,129,952 tons in April and 3,927,979 tons last May. The 5-month total is 20,308,375 tons for 1927 and 20,419,656 tons for 1926. May pig iron production was 3,391,067 tons against 3,424,377 tons in April and 3,477,820 tons last May.

The down tendency in heavy finished steel and pig iron quotations was almost neutralized by the strength displayed in sheets and as a result, the Iron Trade Review composite of fourteen leading iron and steel products averaged $36.61, a drop of 17 cents from May.

Coal The coal industry remains quiet. The usual summer dullness has pervaded the coal markets, with the result that prices are even lower than on April 1, the date when the strike began. Daily average production of soft coal has varied but little since early in April, amounting to about 1,400,000 tons. Although this is some 800,000 tons less than during the first quarter, it compares favorably with preceding years, and is twice as great as during the 1922 coal strike.

Fourth District coal men report that consumers have lately begun to use their storage reserves to some extent. The latest report of the National Association of Purchasing Agents, as of May 1, shows a slight falling-off in stock piles, stocks of industrial consumers on hand amounting to 72 million tons on that date as compared with 77½ million a month earlier. The May figure, however, was still far above normal, being twice as great as that of May 1, 1926.

The Coal Age average price of soft coal (spot, mine) was $1.85 on June 10, as against $1.90 on May 11 and also a year ago, and $2.07 in the middle of March, before the strike. Industrial and railroad demand has slackened in some districts; a number of the larger railroads are receiving more coal than they need from their regular contracts, and are not in the market for June or July coal. The Coal Age, however, reports an increase of inquiries in some localities. The lake coal trade for the season to date has been very much heavier than last year, receipts at Lake Erie ports being twice as great. Conditions in the union fields affected by the strike show but little change.

Rubber and Tires The rubber market has recently become unsettled and crude rubber prices have slumped after a year of comparative stability, in spite of three successive cuts since last November in the percentage of standard production allowed for export from British-owned rubber plantations, bringing this percentage down to 60 per cent at present. Heavy selling took place on the New York Rubber Exchange early in June, quotations on first latex (spot) falling from around 41 cents at the opening of the month to 35 cents on June 20. This was accompanied by a similar selling movement in the London market.

An important factor in this weakness has been the accumulation of crude rubber stocks, both in this country and throughout the world, despite the growing demand from the motor industry. For instance, stocks in the United States are estimated to be over 90,000 tons, as compared with about 60,000 last summer; Great Britain's supply rose from 20,000 tons a year ago to 70,000 tons at the latest available date; and world stocks in March were estimated at 273,000 tons, almost double the figure of two years previously. Some dissatisfaction with the Stevenson Restriction Act has been manifested in England as a result of the failure of crude rubber prices to hold up, but it was announced in the House of Commons on June 17 that the Government was not contemplating the abandonment of the Restriction Act. In this country, the rubber "pool," organized last year, is reported to have been extended for eight months beyond August 1.

Tire price cuts, amounting to about 5 per cent, were announced early in June by the large mail order houses. These were soon followed by reductions on similar classes of tires by some of the larger tire manufacturers. The tires affected were of the cheaper type, mostly of the fabric group and serving the small car.

In the Fourth District, business during May and June is reported satisfactory by tire manufacturers, although a declining tendency has appeared in one or two cases. Unusually rainy weather in May interfered with the touring season, but June has brought an improvement. The backward season has affected the retailer's business adversely, and as a result manufacturers state that collections are somewhat below normal.

Automobiles As in the case of each of the four preceding months, automobile production in the United States in May fell behind last year. The decrease, however, was the smallest yet reported in 1927, amounting to 5 per cent for cars and trucks combined. The spread between the 1927 and 1926 figures has been steadily narrowing since January; in that month, production was 22 per cent under last year; in February, 16 per cent; March, 9 per cent; April, 8 per cent; and May, 5 per cent. Actual figures for May were 396,441, as compared with 417,211 in 1926, and for the first five months of 1927, production was 1,713,912 as against 1,925,505 a year ago, a loss of 11 per cent.

Reports indicate that business has quieted down in June, possibly somewhat more than is usual at this season. Conditions within the industry are still irregular. Some manufacturers are doing considerably better than a year ago, others are falling behind. Preparation of new models has recently curtailed operations in some cases. Fourth District accessory manufacturers state that June business has shown a downward trend.

Sales of new and used cars in Cuyahoga County amounted to 17,596 in May as compared with 19,188 a year ago, or a loss of 8 per cent, according to the Cleveland Chamber of Commerce. For the first five months, sales were 70,090 this year and 79,876 last year, a loss of 12 per cent. The actual figures were as follows:

	Sales—1927		Sales—1926	
	New	Used	New	Used
January	1,460	8,577	1,727	16,420
February	2,228	8,410	2,164	8,021
March	3,049	11,248	3,565	10,399
April	4,772	12,750	5,527	12,865
May	4,549	13,047	5,338	13,850
	16,058	54,032	18,321	61,555

Clothing No events of particular importance have recently occurred in this industry in the Fourth District. Business in general is reported to be dull. After a good April in retail clothing sales, May and June have not done so well The woolen branch of the industry is still depressed, with the tendency toward further recession. Seasonal quiet is reported in the men's underwear trade. Women's wear makers are doing a fair volume of business.

Sales of reporting wholesale dry goods firms, as usual showed a loss in May from a year ago, amounting to 13.9 per cent. For the first five months the decrease was 10.1 per cent.

Retail sales in May in this District were irregular. Men's wear sales were off 10.4 per cent from last year; boys' wear, 12.4 per cent; women's ready-to-wear, 1.7; millinery, 14.7; and underwear, about 4 per cent. On the other hand, furs were up 63 per cent, sweaters 36 per cent, hosiery 3 per cent, and aprons and house dresses 11.5 per cent.

Cotton prices have strengthened during the past month.

Paint With the advance of the outdoor season, there has been a continuation of the growth in the volume of business in the paint trade which was noted a month ago. This industry appears to be in better shape at present than some of the others in this District; operations of the larger manufacturers are holding up to the high levels of last year, and business is very satisfactory except in the automobile trade where the demand has not been as heavy as in 1926. In general, the number of units produced seems to be actually ahead of a year ago, but price reductions have offset this so that actual sales are about the same.

Reports as to collections are somewhat conflicting, the majority being either "normal" or "good." While there is some disposition on the part of buyers to request a longer time for payment, this is not true in general.

General Manufacturing The general trend in various manufacturing lines in this District has lately been slightly downward. This is quite normal with the approach of summer, although in some instances the decline has been rather more than usual. Collections are normal except in the case of firms who have customers in the flooded areas of the Mississippi Valley; the serious situation there, of course, has slowed up collections from that territory. In general, customers are not requesting a longer time for payment, but a few concerns report a desire on the part of buyers to have the time for cash discount lengthened.

Agricultural implement makers are doing a fairly good business except in the flood regions. Tractor sales are fair, but those of separators have been rather slow. The trend in glass manufacturing is downward. Electric supply manufacturers report a slight improvement in May, followed by a gradual falling-off in June. The paper business has also experienced a slight decline, and collections have been below normal, largely due to the floods. Conditions are fair in the stove trade, but the ordinary business with dealers for regular merchandise has been slow. Demand for building tile has improved in this section, although some falling-off in the New York territory is reported. A downward trend has taken place in the boxboard industry.

Agriculture, Canning A general survey of crop conditions in the Fourth District and the adjoining sections, based on reports from the various State Departments of Agriculture, shows that continued rains have seriously delayed corn planting in nearly all sections of the corn belt. This season, up to June 5th, only about one-half of the intended corn acreage had been planted in the large area which includes the southern two-thirds of Illinois and Indiana, much of Ohio and Pennsylvania and the northwestern part of Kentucky. Much of the corn planted earlier in the season either rotted in the ground or failed to germinate and numerous fields have had to be replanted, many farmers using early maturing varieties because of the retarded season.

Wheat and oats seem to be in average condition in this District, being estimated at 83 and 82 per cent of normal respectively, which is almost exactly the same as the ten-year average for both crops. The estimate for Ohio's wheat crop is 25,875,000 bushels.

In contrast with the spring-planted crop situation, pastures and most hay crops have been favored by the cool, wet weather. The present condition for hay is given as 90 per cent of normal against last June's low condition of 65 per cent, while pasture has a condition at present of 95 per cent against last year's 68 per cent. The conditions this year are somewhat above the usual, as the average condition for the past ten years is 82 per cent for hay and 86 per cent for pasture.

Fruit prospects for the entire United States are far below normal, and present conditions indicate a crop smaller than in any recent year except 1921. Apple trees in many of the northern sections were still in bloom on June 1, and it is too early to obtain any accurate idea of production for the country as a whole. The condition of the apple crop is reported as 57.2, the lowest June 1st condition in 17 years with the exception of 1921. The uniformly heavy crop of last year resulted in a light bloom on some varieties which tend to bear in alternate years and in many states the yield was further reduced by late frosts.

The peach and pear crop is estimated to be about 75 per cent of last year's condition at this time.

The acreage of peas, corn and tomatoes, the three principal canning commodities, has been very materially reduced this year, due to an appreciation on the part of the canners that there had been an overproduction of these items in 1925 and 1926.

The contemplated acreage was still further reduced by the very unfavorable weather that has prevailed in the entire packing section of this district. The spring, being wet and cold, has reduced the probable yield of peas in this section at least 25 per cent below the normal pack. Only about one-half of the intended sweet corn acreage had been planted up to the 15th of June. The advance in the price of field corn has resulted in a reduction in the sweet corn acreage and an increase in the other type in the canning district.

Tomato plants are being set out fully two weeks later than usual. There has been a shortage of plants due to the late season, which has retarded their growth, and the continued cool weather has also been an adverse factor.

Building Bradstreet's record of building permits in 156 cities in the United States registered a decline of 8 per cent in May as compared with last year. The Dodge index of contracts awarded in 37 Eastern states, however, shows a gain of 0.5 per cent.

In the Fourth District, May permits in 27 cities amounted to $25,799,104, as compared with $25,325,309 a year ago, or a gain of 1.9 per cent. Large increases took place in Barberton, Lima, Wheeling, and several of Cleveland's suburbs, while the greatest declines occurred in Canton, Hamilton and Ashtabula. A peculiar feature of the situation was the decrease in Cleveland as contrasted with the gains in all of its suburbs. For the first five months, the District showed a loss of 4.9 per cent, the largest declines being 41.4 in Canton, 41.3 in Cleveland and 45.2 in Lima.

Contracts awarded in Ohio, Western Pennsylvania, Kentucky, and West Virginia were $78,166,900 in May, as against $64,015,400 last year. Residential buildings, public works and utilities, industrial plants, and commercial buildings led in the order named. Contemplated projects are about 30 per cent ahead of last year.

Building Operations

May, 1927
(Valuation of Permits)

	May 1927	% change from 1926	Jan.-May 1927	Jan.-May 1926	% change from 1926
Akron	1,616,136	+12.6	9,096,859	6,955,785	+30.8
Ashtabula	42,240	—51.0	224,180	304,372	—26.3
Barberton	137,605	+55.5	487,166	334,586	+45.6
Canton	304,249	—49.3	1,491,683	2,543,689	—41.4
Cincinnati	3,878,683	+ 2.8	12,217,888	11,161,130	+ 9.5
Cleveland	4,494,575	—25.8	16,413,800	27,943,525	—41.3
" suburbs:					
Cleve. Hghts.	838,725	+68.7	2,314,437	2,857,522	—19.0
East Cleveland	68,925	+25.2	454,783	534,666	—14.9
Euclid	201,480	+43.1	727,783	680,375	+ 7.0
Garfield Hghts.	410,600	+60.3	1,056,600	973,200	+ 8.6
Lakewood	533,595	+40.4	1,126,732	1,674,685	—32.7
Parma	723,310	+335.2	1,583,922	545,150	+190.5
Rocky River	123,625	+194.2	553,055	216,220	+155.8
Shaker Hghts.	791,725	+24.8	3,601,925	2,187,355	+64.7
Columbus	2,390,500	+ 9.3	11,926,600	9,392,600	+27.0
Covington, Ky.	284,606	+36.7	779,006	654,000	+19.1
Dayton	774,507	+ 3.6	4,174,032	3,503,573	+19.1
Erie, Pa.	419,469	—33.1	2,350,567	2,099,028	+12.0
Hamilton	192,865	—62.7	941,037	1,254,985	—25.0
Lexington, Ky.	252,337	—12.3	840,618	1,068,486	—21.3
Lima	194,815	+40.3	414,986	757,110	—45.2
Newark	32,270	—39.6	183,108	164,550	+11.3
Pittsburgh, Pa.	4,691,106	+22.3	15,658,622	16,338,116	— 4.2
Springfield	91,082	—33.5	681,811	612,550	+11.3
Toledo	1,357,047	—13.4	6,145,003	5,196,148	+18.3
Wheeling, W. Va.	268,772	+108.8	1,170,356	791,967	+47.8
Youngstown	684,255	+ 0.5	4,139,520	5,216,962	—20.7
Total	25,799,104	+ 1.9	100,756,079	105,962,335	— 4.9

Building Materials Reports from lumber manufacturers in this District with reference to business in May and June vary considerably. Several have experienced a distinct gain, while others state that business is still sluggish with a declining tendency. On the whole, conditions appear to have improved over a month ago after allowing for a seasonal slackening. Contracts awarded in May although not quite up to April, were considerably ahead of last year in this area.

Good buying of hardwoods prevailed during the month, following the floods, and prices advanced somewhat. The market for softwoods was quieter, quotations showing practically no change. The Southern pine market is now reported to be considerably less active than a month ago.

Collections are about normal. In one or two cases, buyers are holding off and requesting a longer time for payment.

Cement production in Ohio, Western Pennsylvania and West Virginia totaled 1558 thousand barrels in May, as compared with 1825 a year ago. Shipments were 1538 and 1921 thousand respectively. The feature of the situation, both in this District and in the United States, is the very high figure attained by stocks of cement at the factories. At the end of May these were almost up to their March peak, whereas a year ago the usual seasonal decline was well under way by May.

The Aberthaw index of industrial building costs stood unchanged at 193 on June 1.

Retail Trade Department store sales in this District in May were 2.7 per cent less than a year ago. This was to be expected after the unusually heavy sales in April, and the first five months of 1927 ran 1.4 per cent ahead of last year, in spite of the falling-off in May.

Twenty-five out of 52 separate departments showed gains in sales as compared with May of 1926. Changes in the main departments were as follows:

	% Gain or Loss over May, 1926
Silks and Velvets	—17.4%
Toilet Articles, Drugs	+ 0.6
Men's Wear	—10.4
Boys' Wear	—12.4
Women's Ready-to-Wear	— 1.7
Millinery	—14.7
Hosiery	+ 3.1
Shoes	—10.9
Furniture	+ 7.3
Draperies, Lamps, Shades	+ 2.0
Floor Coverings	— 3.7

Wholesale Trade All reporting wholesale lines showed smaller sales in May as compared with last year. The largest decrease was in shoes, with 17.5 per cent. Dry goods sales fell 13.9 per cent, hardware 3.7, groceries 2.6, and drugs 1.4 per cent.

All reporting lines also showed decreases in the first five months of 1927 as compared with the same period in 1926. Grocery sales were off 4.8 per cent, dry goods 10.1, drugs 0.3, hardware 0.02, and shoes 2.0 per cent.

Special Survey on Tobacco

The tobacco industry in the last few years has experienced a remarkable growth. In 1926, for example, the American people consumed nearly 90 billion cigarettes, or about 800 per capita; 7 billion cigars, 372 millions pounds of smoking and chewing tobacco, and 38 million pounds of snuff. The increase in cigarette production in the United States in recent years has been very sharp, the 1926 output being about ten times as great as in 1910 and almost twice as great as in 1920. The production of cigars and smoking and chewing tobacco, on the other hand, has not shown any gain for several years, and it is evident that popular favor has shifted to cigarettes. The demand for chewing tobacco particularly has suffered a decided falling-off.

Tobacco is now grown in various parts of the world, although originally an American product, but this country still produces around 35 per cent of the world's supply. About 15 states grow tobacco commercially, the great bulk of the crop coming from four states—Kentucky, North Carolina, Tennessese and Virginia. Of the others, Georgia and South Carolina in the South and Connecticut, Maryland, Ohio, Pennsylvania, and Wisconsin in the North are the most important.

In 1926, the United States produced 1323 million pounds of tobacco, of which about 20 per cent was grown in the Fourth District. Kentucky's output was 374 million pounds, or second only to North Carolina; of this total, 223 million pounds were of the burley type. Nearly all of this burley tobacco was grown in the eastern half of the state, which lies within the boundaries of the Fourth District. In addition to Kentucky's production, Ohio in 1926 grew 40 million pounds of which about 14 million pounds were burley.

The cultivation of the tobacco plant requires a great deal of care. The seeds are generally planted in February or March in specially prepared seed beds, and after several weeks the young plants are transplanted to the growing fields. This stage varies with the location and climate, but generally takes place late in May or early in June in the burley region. Later the plants are "topped" so as to prevent flowering and thus allow the plant to devote its full strength to the leaves. During the growing season the farmer must be on the alert for the appearance of diseases, and the prevailing weather is also a matter of much importance. A moderate amount of rainfall, evenly distributed, with warm weather makes for the best results.

Harvesting generally extends from early in July to the first of October. In some sections the stalks are cut and put on sticks; in others, the leaves are picked as soon as they are ripe. The plants are now ready for "curing," which may be done by three methods—air, flue, and fire. The first method consists of hanging the stalks in barns for several weeks, where they are subjected to controlled ventilation. In fire-curing, wood fires are built in the barns and tobacco is permeated by the smoke. Flue-cured tobacco is cured by fires built outside the barns, the heat being conducted inside through pipes. In this method, the curing process requires about four days. After curing, the tobacco is made ready for sale. Tobacco which has been cured on the stalk must be stripped and the leaves classed according to quality, color and length. The selling is done either through co-operative societies, or through independent warehouses at auction. (Cigar leaf is not sold at auction). The co-operatives may sell their tobacco at auction, or they may hold it for a time awaiting more favorable prices. In any case, the tobacco is first graded and weighed, and that to be sold at auction is transported to the warehouses and placed in baskets on the auction floor. The various tobacco-manufacturing corporations send their buyers to these warehouses and the leaf is thus auctioned off.

There are a number of types of tobacco grown in the United States. The plant is unusually subject to different kinds of soil and climate; certain types flourish best in certain localities, and as a result, most of the tobacco-growing sections produce some particular type which is best suited to that region. The main classification is between cigar and non-cigar types. The former constitute about 10 per cent of the country's total, and are found largely in the Northern States of Connecticut, Wisconsin, Ohio, and Pennsylvania. The latter, composing the great bulk of the crop, are confined mostly to the Southeastern states.

The non-cigar types may be divided into air, flue, and fire-cured, discussed above. These are again subdivided as follows:

Air-cured

Burley. Grown mostly in Kentucky, but found also in Tennessee, Ohio, Indiana, and West Virginia, and to a slight extent in Virginia, North Carolina, and Missouri. Formerly used mainly in chewing tobacco; is now used more for cigarettes and smoking tobacco.

One Sucker. A dark air-cured type grown in Kentucky and Tennessee, most of it between the burley and dark fire-cured types.

Green River. Grown near Owensboro, Kentucky. Much of this is exported to Great Britain.

Virginia Sun-cured.

Maryland Export.

Eastern Ohio.

Flue-cured

Bright leaf. Grown extensively in North Carolina, and to a considerable degree in Virginia, South Carolina, and Georgia. A small amount is grown in Florida. This is the leading cigarette type and is also used for smoking and chewing tobacco.

Fire-cured

Paducah. Produced in Western Kentucky and Western Tennessee.

Clarksville and Hopkinsville. Also found in Western Kentucky and Western Tennessee.

Henderson. Grown around Henderson, Kentucky. This type may be either fire-cured or air-cured. Great Britain takes a considerable part of this.

Virginia dark. Grown in Virginia and is similar to the dark fired leaf of Kentucky and Tennessee.

A substantial amount of our tobacco is exported. In 1926, exports were nearly 500,000,000 pounds of all types, or about 38 per cent of the crop. The dark types are sent abroad to a large extent, going mostly to Europe. Considerable flue-cured tobacco is also exported, largely to Great Britain and China. Attempts have been made to develop foreign markets for burley, but as yet these are of very little consequence, although Italy has taken a small amount.

One convincing evidence of the growth of the tobacco industry in this country is found in the rise in the net earnings of seven important tobacco manufacturing corporations during the past eight years. Earnings of these concerns have shown a steady gain except in 1923, which fell slightly below 1922. The most striking feature is that tobacco earnings were not affected during the 1920-1921 depression; in fact, they showed steady increases in that period, when nearly all industrial lines were experiencing tremendous declines in profits, many reporting deficits. In actual figures, net earnings of the seven corporations rose from $42,154,000 in 1919 to $85,071,000 in 1926, a gain of 101.8 per cent.

The following table gives 1926 tobacco production in the United States by types and states, and also total production in 1925.

Tobacco Production, 1926 and 1925

1926 given by types and states.
(In millions of pounds)

	Conn.	Ga.	Ind.	Ky.	Md.	N. C.	Ohio	Pa.	S. C.	Tenn.	Va.	Wis.	All Other	Total 1926	Tota 1925
1. AIR CURED															
Burley	..	..	12	223	..	3	14	..	..	44	4	..	14	314	275
Green River	..	..	..	44	..	..	..	..	..	..	..	..	..	44	51
One Sucker	..	..	3	26	..	..	..	..	..	4	..	..	..	33	36
Md. export	..	..	..	..	29	..	..	..	..	..	..	..	..	29	25
Eastern Ohio	..	..	..	..	..	..	1	..	..	..	..	..	..	1	1
Va. sun-cured	..	..	..	..	..	..	..	..	..	..	6	..	..	6	6
2. FLUE CURED															
Bright, old belt	..	..	..	..	..	154	..	..	..	..	82	..	..	236	206
Bright, new belt	..	39	..	..	..	237	..	..	58	..	..	..	2	336	370
3. FIRE CURED															
Paducah	..	..	..	29	..	..	..	..	..	5	..	..	..	34	57
Clarksville and Hopkinsville	..	..	..	43	..	..	..	..	..	54	..	..	..	97	97
Henderson	..	..	..	10	..	..	..	..	..	..	..	..	..	10	14
Virginia dark	..	..	..	..	..	..	..	..	..	..	40	..	..	40	42
4. CIGAR TYPES	37	..	..	..	..	..	25	42	..	..	..	33	5	142	197
GRAND TOTAL, 1926	37	39	15	375	29	394	40	42	58	107	132	33	21	1322	1377

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

		May 1927	May 1926	% Change	Jan.-May 1927	Jan.-May 1926	% Change
Bank Debits (23 cities)	Millions of dollars	3,107	2,854	+ 8.9	16,077	14,789	+ 8.7
Savings Deposits (end of month)							
Ohio (41 banks)	Thous. of dollars	693,864	654,341	+ 6.0	683,054[1]	640,444[1]	+ 6.7[1]
Western Pennsylvania (27 banks)	" " "	255,022	240,729	+ 5.9	253,799[1]	237,914[1]	+ 6.7[1]
Total (68 banks)	" " "	948,887	895,070	+ 6.0	936,853[1]	878,357[1]	+ 6.7[1]
Commercial Failures — Number	Actual Number	148	155	— 4.5	874	1,001	—12.7
" " — Liabilities	Thous. of dollars	3,225	4,473	—27.9	20,519	21,066	— 2.6
Postal Receipts — 9 cities	" " "	2,933	2,944	— 0.4	15,607	15,224	+ 2.5
Sales — Life Insurance — Ohio and Pa.	" " "	104,309	99,779	+ 4.6	513,668	477,082	+ 7.7
" — Dept. Stores—(50 firms)	" " "	24,597	25,335	— 2.9	113,976	113,053	+ 0.8
" — Wholesale Grocery (51 firms)	" " "	6,507	6,687	— 2.7	31,332	32,880	— 4.7
" — " Dry Goods — (16 firms)	" " "	2,560	2,972	—13.9	13,595	15,118	—10.1
" — " Hardware — (16 firms)	" " "	2,092	2,173	— 3.7	10,154	10,157	— 0.02
" — " Drugs — (15 firms)	" " "	1,735	1,759	— 1.4	9,120	9,152	— 0.3
Building Permits, Valuation—27 cities	" " "	25,799	25,325	+ 1.9	100,756	105,962	— 4.9
Building Contracts Awarded—							
Ohio, Western Penna., Kentucky, W. Va.	" " "	78,167	64,015	+22.1	331,827	297,834	+11.4
Production — Pig Iron, U. S.	Thous. of tons	3,387	3,481	— 2.7	16,330	16,612	— 1.7
" — Steel Ingots, U. S.	" " "	4,046	3,928	+ 3.0	20,308	20,420	— 0.5
" — Automobiles, U. S.							
Passenger Cars	Actual Number	352,268	373,140	— 5.6	1,504,658	1,730,848	—13.1
Trucks	" "	44,173	44,071	+ 0.2	209,254	194,657	+ 7.5
" — Bituminous Coal, 4th Dist.	Thous. of tons	16,075[2]	16,948[2]	— 5.2[2]	84,730[3]	80,050[3]	+ 5.8[3]
" — Cement: Ohio, W. Va., Wn. Pa.	" " bbls.	1,558	1,781	—12.5	5,624	4,827	+16.5
" — Electric Power: Ohio, Pa., Ky.	Millions of k. w. hrs	1,086[2]	1,021[2]	+ 6.4[2]	4,488[3]	4,221[3]	+ 6.3[3]
" — Petroleum: Ohio, Pa., Ky.	Thous. of barrels	1,986[2]	1,875[2]	+ 5.9[2]	7,701[3]	7,163[3]	+ 7.5[3]
" — Shoes, 4th District	" " pairs	[4]	[4]	+74.4[2]	[4]	[4]	+21.8[3]
" — Tires, U. S.	" " casings	4,787[2]	4,058[2]	+18.0[2]	17,281[3]	15,413[3]	+12.1[3]
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	5,390	4,091	+31.8	9,298	5,159	+80.2
Iron Ore Receipts (at Lake Erie ports)	" " "	4,969	3,338	+48.9	5,702	3,338	+70.8

[1] 5months' average.
[2] April.
[3] Jan.-April.
[4] Figures Confidential.

Index Numbers of Trade in the Fourth Federal Reserve District

(Average Monthly Sales for the Five-Year Period 1919-1923 inc. = 100)

	May, 1923	May, 1924	May, 1925	May, 1926	May, 1927
Department Stores (50)*	118	115	118	117	114
Wholesale Drugs (15)*	107	105	103	111	109
Wholesale Dry Goods (15)*	86	68	67	71	61
Wholesale Groceries (51)*	89	86	81	78	76
Wholesale Hardware (15)*	126	108	105	107	103
Wholesale Shoes (5)*	98	88	72	83	69
Wholesale—All (101)*	95	86	82	84	79
Chain Drugs (3)*†	103	101	102	108	97

*Number of firms.
†Per individual unit operated.

Debits to Individual Accounts

(In thousands of dollars)

	5 weeks ending June 15, 1927	% change from 1926	1927 to date (Dec. 29 to June 15)	1926 to date (Dec. 30 to June 16)	% change from 1926
Akron	122,222	+12.4	532,561	525,427	+ 1.4
Butler, Pa.	13,473	+10.7	64,591	61,749	+ 4.6
Canton	53,591	— 1.0	268,659	274,950	+ 2.3
Cincinnati	466,033	+17.6	2,260,399	2,110,390	+ 7.1
Cleveland	915,973	+ 8.3	4,501,139	4,101,064	+ 9.8
Columbus	188,541	+ 3.7	941,386	880,129	+ 7.0
Connellsville, Pa.	6,073	— 9.9	29,322	28,736	+ 2.0
Dayton	111,086	+16.3	538,389	478,350	+12.6
Erie, Pa.	42,604	+ 1.6	200,698	193,980	+ 3.5
Greensburg, Pa.	26,347	+15.6	124,459	116,732	+ 6.6
Homestead, Pa.	5,210	—10.5	24,177	24,994	— 3.3
Lexington, Ky.	23,510	+ 1.0	143,887	141,275	+ 1.8
Lima	16,465	—11.7	84,381	89,547	— 5.8
Lorain	8,091	+ 8.5	33,498	33,113	+ 1.2
Middletown	12,467	+ 4.7	60,781	60,860	— 0.1
Oil City, Pa.	17,608	+ 6.7	86,487	74,385	+16.3
Pittsburgh, Pa.	1,248,488	+17.5	5,982,455	5,254,241	+13.9
Springfield	27,584	+ 2.6	134,914	135,235	— 0.2
Steubenville	14,089	+ 3.6	62,547	61,825	+ 1.2
Toledo	279,233	+ 9.5	1,314,384	1,206,047	+ 9.0
Warren	16,402	+19.2	78,362	72,732	+ 7.7
Wheeling, W. Va.	54,214	+ 9.1	261,499	269,289	— 2.9
Youngstown	81,202	+ 1.5	404,891	379,272	+ 6.8
Zanesville	15,766	+ 2.9	71,204	71,717	— 0.7
Total	3,766,272	+11.9	18,205,070	16,646,039	+ 9.4

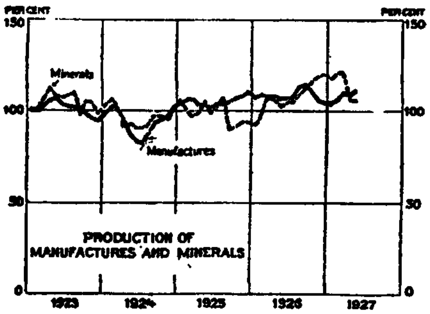
Retail and Wholesale Trade

	No. of reports	Percentage Increase or Decrease SALES May, 1927 compared with May, 1926	SALES Jan.-May, 1927 compared with Jan.-May, 1926
DEPARTMENT STORES			
Akron	5	— 4.2	+ 1.8
Cincinnati	7	+ 2.5	+ 3.0
Cleveland	6	— 2.5	+ 1.3
Columbus	7	+14.0	+14.1
Dayton	3	—10.7	+ 0.4
Pittsburgh	7	— 5.2	— 2.0
Toledo	4	— 0.4	+ 6.6
Wheeling	5	— 8.5	— 1.5
Youngstown	3	+ 1.0	+ 7.6
Other Cities	18	— 8.0	+ 0.1
District	65	— 2.7	+ 1.4
WEARING APPAREL			
Cincinnati	6	+ 1.7	+ 5.1
Cleveland	3	—11.1	+ 2.3
Other Cities	9	+ 3.3	+ 6.0
District	18	— 2.4	+ 4.4
FURNITURE			
Cincinnati	11	— 3.2	....
Cleveland	7	— 6.7	....
Columbus	16	—12.6	....
Dayton	5	—4.6	....
Toledo	6	+20.6	....
Other Cities	8	+ 5.6	....
District	53	— 3.0	....
CHAIN STORES*			
Drugs—District	3	—10.2	— 5.4
Groceries—District	5	+ 3.2	— 4.1
WHOLESALE GROCERIES			
Akron	3	— 2.5	—10.0
Cincinnati	3	+17.4	+ 5.5
Cleveland	4	— 4.3	— 3.5
Erie	4	— 5.7	— 7.6
Pittsburgh	8	— 1.6	— 4.9
Toledo	3	— 6.7	— 5.9
Youngstown	3	—17.6	—19.9
Other Cities	25	— 2.4	— 4.7
District	53	— 2.6	— 4.8
WHOLESALE DRY GOODS	16	—13.9	—10.1
WHOLESALE DRUGS	15	— 1.4	— 0.3
WHOLESALE HARDWARE	16	— 3.7	— 0.02
WHOLESALE SHOES	5	—17.5	— 2.0

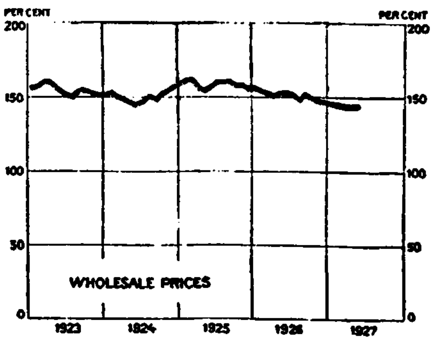
*Sales per individual unit operated.

Summary of National Business Conditions

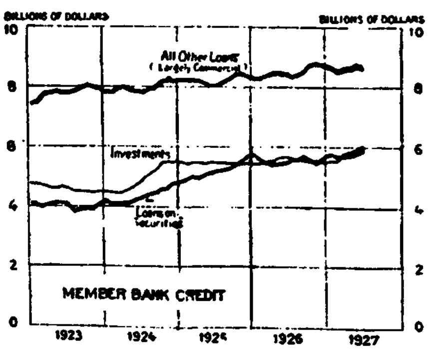
(By the Federal Reserve Board)



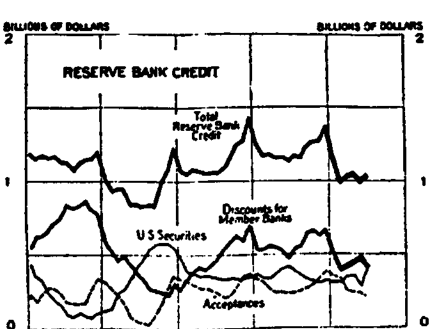
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925=100). Latest figures: May: Manufactures, 112; minerals, 107.



Index of U. S. Bureau of Labor Statistics (1913=100 base adopted by Bureau). Latest figures: May—144.1



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



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in June.

Industrial production increased in May and continued at a higher level than a year ago, while distribution of commodities was in smaller volume than last year. The general level of wholesale commodity prices has changed but little in the past two months.

Production

Output of manufacturers increased considerably in May, while production of minerals was maintained at the April level. Increased activity was shown in cotton and woolen mills, in meat packing, and in the production of lumber; the output of iron and steel, non-ferrous metals, automobiles and building materials, after allowance for usual seasonal variations. was maintained at practically the same level as in April. Since the latter part of May, however, production of steel and automobiles has declined. The total value of building contracts awarded continued slightly larger in May and in the first two weeks of June than in the corresponding period of last year. Production of winter wheat was estimated by the Department of Agriculture on the basis of June 1st condition at 537,000,000 bushels or 90,000,000 bushels less than last year. The indicated rye production was placed at 48,600,000 bushels, which is 20 per cent larger than the crop in 1926.

Trade

Sales of retail stores in May showed more than the usual seasonal decline from the high April level. Compared with May of last year, department store sales were about 4 per cent smaller, while those of mail order houses were slightly larger.

Value of wholesale trade of all leading lines, except groceries and meats, was smaller in May than in April and in the corresponding month of 1926. Inventories of merchandise carried by department stores showed slightly more than the usual seasonal decline in May and at the end of the month were somewhat smaller than a year ago. Stocks of wholesale firms were also smaller than last year. Freight carloadings increased in May by less than the usual seasonal amount, and for the first time in over a year daily average loadings were in smaller volume than in the corresponding month of the preceding year. Loadings of all classes of commodities except livestock, ore and miscellaneous products were smaller than last year.

Prices

The general level of wholesale commodity prices has remained practically unchanged since the middle of April. Prices of grains, cotton and hides and skins have advanced, but these advances have been offset in the general index by declines in the prices of livestock, wool, silk, metals and rubber.

Bank Credit

Demand for bank credit to finance trade and industry remained at a constant level between the middle of May and the middle of June, and the growth in the volume of credit extended by member banks in leading cities during the period was in holdings of securities and in loans on stocks and bonds. Loans to brokers and dealers in securities by reporting member banks in New York City increased rapidly and on June 15 were in larger volume than at any previous time covered by the reports.

At the Federal Reserve banks there was little net change in the volume of bills and securities between May 25 and June 22, the fluctuations during the period reflecting largely the effects of Treasury operations.

Discounts for member banks toward the end of June were in about the same volume as a month earlier, while there was a decline in the Reserve banks holdings of acceptances and an increase in their portfolio of United States securities.

Conditions in the money market were fairly stable throughout the period, with slight advances in the rates on commercial paper and more recently on bankers acceptances.