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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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General business activity receded further in July, the Annalist index declining from 105 in June to 101 (preliminary) in July. Both employment and payrolls also exhibited a downtrend in the past month, the Federal Reserve Board's index of employment falling from 92.3 in June to 90.7 in July, and that of payrolls falling from 105.7 to 101.1. Wholesale prices, on the other hand, strengthened slightly for the first time in months, due to the rise in agricultural prices.

The record of second quarter earnings also indicates a moderate recession during the last three months. Earnings of 153 industrial corporatons, excluding General Motors and United States Steel, showed a loss of over 12 per cent from last year. Including these two companies, earnings were just about equal to last year; but it is apparent that profits in general were not up to the 1926 level. An increase in profits was reported by 73 corporations, and a decrease by 80.

In this District, a slight revival of demand for iron and steel took place in August, but operations were still at a low point. Coal prices rose noticeably in response to increased demand. The tire industry is doing well, and shoe manufacturing has experienced an improvement. Building contracts awarded in July were 25 per cent under a year ago. Crops in general are poor; corn is late, wheat is only fair, tobacco is uneven, and fruit is very poor. Hay, oats, and potatoes, however, are doing well.

Financial

The past month from a financial viewpoint has been characterized by a general lowering of the Federal Reserve banks' discount rate from 4 to 3½ per cent, and a further sagging of money rates in the New York market. The commercial paper rate touched 4 per cent during the second week in August, the lowest since early in March, and acceptances, which held at the 3⅝ per cent mark for several months, finally declined to 3⅜ per cent late in July and to 3⅛ per cent in August. In the Fourth District, interest rates have shown practically no change, remaining at 4½-6 per cent for prime commercial paper and 5-6 on collateral loans. The banks report that funds are plentiful for the coming crop-moving season.

In accordance with the lowering of rates by other Federal Reserve banks, the discount rate of the Cleveland bank was reduced from 4 to 3½ per cent by action of the Board of Directors on August 5. Bills discounted on August 17 totaled $28,000,000, the same as a month previously but $12,000,000 less than a year ago. Acceptance holdings fell from 19 to 11 millions during the month, while holdings of Government securities advanced from 46 to 50 millions. Member bank borrowings during the last few weeks have been at their lowest level since the summer of 1924, owing at least in part to the moderate business recession which was under way during May, June, and July.

Loans of reporting member banks in this District secured by stock and bonds fell slightly between July 20 and August 17, but on the latter date were still 34 millions ahead of the figure of $558,000,000 on August 18, 1926. "All other" loans, largely commercial, increased from $785,000,000 on July 20 to $804,000,000 on August 17, the latter figure being 10 millions higher than a year ago. Investments during the same period rose from 672 to 681 millions, as compared with 642 millions a year ago; demand deposits were almost the same on all three dates, while time deposits on August 17 were $906,000,000, a gain of 84 millions over last year and 18 millions over last month.

Debits to individual accounts at 13 large cities in the Fourth District aggregated $2,775,779,000 in July, as compared with $2,671,960,000 a year ago and with $2,984,591,000 in June.

Commercial failures in this District numbered 140 in July of 1927 and 137 in 1926. Liabilities in July took a big jump, amounting to $7,269,891 as compared with $3,202,436 last year and $3,572,903 in June. In the United States, there were 1756 failures in July, 1833 in June, and 1605 in July of last year.

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

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Aug. 17, 1927	Aug. 18, 1926	July 20, 1927	Aug. 17, 1927	Aug. 18, 1926	July 20, 1927
Gold Reserves	325	297	309	3,003	2,334	3,012
Discount	28	40	28	390	535	408
Acceptances	11	25	19	171	254	185
U. S. Securities	50	38	46	442	360	386
Total bills and securities	89	103	93	1,003	1,152	976
Federal Reserve notes in circulation	212	195	211	1.665	1,686	1,676
Total deposits	194	196	187	2,347	2,272	2,346

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	Aug. 17, 1927	Aug. 18, 1926	July 20, 1927	Aug. 17, 1927	Aug. 18, 1926	July 20, 1927
Loans secured by stocks and bonds	592	558	604	5,847	5,459	5,787
All Other	804	794	785	8,656	8,462	8,597
Total loans	1,414	1,373	1,407	14,621	14,065	14,492
Investments	681	642	672	5,913	5,620	5,986
Demand deposits	1,068	1,064	1,064	13,281	12,845	13,240
Time deposits	906	822	888	6,251	5,738	6,188

Iron and Steel

Demand for the finished steel lines improved perceptibly in the early part of August, but the remainder of the month did little more than hold this gain. Expansion in automotive schedules did not materialize. Railroads, as usual in August, bought sparingly. Tractor manufacturers stepped up their operations, but the output of tillage and harvesting equipment fell back. Tubular goods experienced a slight revival but still continued under the cloud of over-production in August. Bookings of structural steel were at an unusually high rate for August.

Pig iron production enjoyed a good month considering mid-quarter factors, but at the expense of price. While finished steel prices were holding in all districts, pig iron was losing an average of 50 cents a ton. The Pittsburgh market was not active on the surface, but quiet closings are numerous. At Cleveland sales averaged nearly 50,000 tons weekly and northern Ohio producers were a shade more firm in their price attitude at the close of the month. A Mahoning valley furnace was quoting $17 on basic, with a general market at $17.25 to $17.50, while No. 2 foundry was sold at the equivalent of $17.50 (Valley).

The rise in beehive coke at Pittsburgh, which put the market to $3 to $3.35, was checked when production and demand struck a balance. Spot offerings of beehive furnace fuel was a stiffening factor.

Heavy finished lines of steel held throughout the month at $1.80 to $1.85 (Pittsburgh), for general consumers. Sheet prices, while subject to some pressure at Detroit, showed no major break. Cold finished steel was weak at Detroit, but firm elsewhere. Alloy steel continued highly competitive, especially for the automotive trade. Strips, like sheets, continued firm. Scrap was strong sentimentally, and in dealer trading some grades advanced, but consumer buying was light and the market lacked real support.

The production of pig iron in July was 2,944,251 gross tons compared with 3,489,726 tons in June and 3,224,663 tons last July. For seven months, production has totaled 22,373,478 tons against 23,075,576 tons in the same period of 1926 and 21,647,145 tons in 1925. At the end of July, 190 blast furnaces or 52.5 per cent of the country's serviceable furnaces were in blast. This was a reduction of eight from the end of June.

Steel ingot production also declined in July, being 3,178,342 tons as compared with 3,468,055 tons in June and 3,634,993 tons last July. Seven-month figures for 1927 are 26,796,783 tons and for 1926, 27,788,802 tons.

The Iron Trade Review composite of fourteen leading iron and steel products continued to decline in August, due largely to weakness in pig iron, and this barometer averaged $36.23 or a loss of approximately 20 cents from July.

Coal

The coal markets have finally shown signs of activity, after an exceedingly dull spring and early summer. Prices continued to slump up to mid-July, but since then have undergone a sharp rise. On July 15, the Coal Age average price of bituminous coal stood at $1.80 a ton, a decline of 27 cents during the four months' existence of the strike, but by August 5 it had advanced to $2.12, slightly higher than before the strike. Railroads have been buying more heavily. Production has varied but little since April, fluctuating about the 1,400,000 daily average mark, but showed a slight advancing tendency during July. The output is now running behind both 1926 and 1925, but owing to heavy production early in the year, the total up to August 6 was practically the same as in 1926. Stocks in the hands of industrial consumers have declined slightly. This indicates that the present rate of production is not quite sufficient to take care of the demand, although no figures are available on householders' stocks.

Non-union coal mines in the Fourth District have naturally benefited from the recent price rise, some eastern coal going westward to the market formerly supplied by Illinois and Indiana mines. Wholesalers report no great change in the situation since last month, although inquiries are more numerous, and the general feeling among coal men is better.

Conditions in the Ohio fields are very unsatisfactory. The miners and operators have been unable to come to any agreement, and the state's level of production has dropped to one-third of that of last year and one-sixth of 1923. In Pennsylvania, on the other hand, a considerable number of mines have re-opened on a non-union basis, and the output is running at about 80 per cent of last year and 56 per cent of 1923. Kentucky's production continues high, being well ahead of previous years, and West Virginia still ranks first in soft coal producing states, being slightly ahead of Pennsylvania.

Rubber and Tires

The tire industry in this District is in good shape at present. First half-year profits were considerably in excess of last year in a number of cases, net earnings during this period for six large companies amounting to $17,600,000, as against $12,400,000 in 1926, a gain of more than 40 per cent. Last year, of course, was a poor one for rubber manufacturers, and although 1927 to date has shown a marked improvement, it has not equaled the unusually prosperous first half year of 1925, when net earnings for the same six corporations amounted to $24,200,000.

July and August business has compared favorably with the first half-year. Stocks in manufacturers' hands are still very large, but this is made necessary by the great number of sizes of tires now in use and by the gradual change from cord to balloon tires. Sales continue in good volume in mechanical rubber products as well as in tires, although a small seasonal let-up is reported. Demand for footwear is increasing.

One reason for the better showing made by rubber concerns in 1927 has been the stability in the price of crude rubber. This has fluctuated around the 40-cent level since the first of the year, and early in August stood at

35½ cents a pound, the same as a month earlier but 3 cents under last year.

Automobiles Automobile production in every month of 1927 to date has been less than in the corresponding month of 1926. The July total, for the United States only, was 263,406 cars and trucks, as compared with 354,394 last year, a decrease of about 26 per cent. Truck production slumped noticeably in July, but the first seven months' total is still slightly ahead of last year. Passenger car output for the seven months, however, is considerably below that of 1926.

Demand at present appears to be rather dull, due possibly to the desire of many people to await the appearance of the new Ford car. For example, new registrations in July in Wayne County (including Detroit) show a tremendous falling-off in Ford cars registered, while other makes were holding their own as compared with a year ago. In Cuyahoga County (including Cleveland) both new and used cars sold in July numbered less than in July, 1926, the percentage decreases being 11.7 and 7.6 respectively. The number of used cars sold was more than three times as great as that of new cars.

Half-year earnings statements of 15 automobile and truck manufacturers (excluding General Motors) illustrate the irregularity which has characterized conditions within the industry. Only three concerns showed a gain over the first half of 1926, the group as a whole showing a loss of 22.8 per cent. General Motors, on the other hand, gained 27.1 per cent.

Clothing Earnings for the first six months of 1927 of ten representative clothing and textile concerns in the United States showed a gain of 59 per cent over the first half of 1926. This was the largest gain reported by any major industrial line, and speaks well for the condition of the clothing industry.

The sales season for the Spring of 1928 has formally opened and clothing concerns in this District are showing Spring models at prices almost identical with a year ago Retailers at large, particularly the city stores, are following a very hesitant buying policy and have not entered to any extent into forward buying as in former years. The prevailing cooler weather, however, has stimulated an earlier demand for Fall wearables, so that repeat orders are beginning to come to the manufacturer in larger quantities than is usual at this time of year.

So far this year manufacturers in this District report sales which compare quite favorably with those of last year. One cause of this is found in the strike of the New York clothing industry of a year ago, which resulted in many orders being diverted to other markets, including those of the District.

Wholesale dry goods sales were somewhat less during July than either in June or a year ago. Sales by the manufacturer of dry goods to the wholesaler for the Spring of 1928 have increased, which is in keeping with the recent rise in the price of cotton. The increase in price of the raw material has not been reflected in the price of the manufactured article as yet.

Shoes The price of leather has moved up rather sharply during the last two months. On June 17, sole leather was selling at 49 cents a pound, but by August 13 it had advanced to 55 cents. The latter quotation is 9 cents higher than a year ago. In spite of this upward movement, Cincinnati manufacturers report that orders are still coming in plentifully. July was a good month for most of the factories in the District, and shoe manufacturing here, as in the country as a whole, appears to have taken a slight turn for the better after a long period of very mediocre business, amounting to actual depression in some cases. One evidence of this is found in the half-year earnings of five shoe and leather concerns, which were 14.4 per cent greater than in the first half of 1926. This contrasts favorably with the loss of 6.7 per cent shown by 221 firms of all types.

Sales of reporting wholesale shoe houses in the Fourth District in July fell 13.5 per cent behind last year's figure but were ahead of 1925. Retail shoe sales also failed to equal the 1926 total by 6.6 per cent.

Fourth District shoe production in June showed a very large gain of 31.2 per cent over the same month a year ago. Preliminary figures for July indicate a falling-off of about 20 per cent from June, and also a decline from a year ago. In the United States, 27,302,372 shoes were produced in June and 25,625,840 in May. The preliminary figure for July indicates a slight increase over June.

General Manufacturing Reports from manufacturers in various lines in the Fourth District are rather more optimistic than a month ago. Several instances of a real improvement are recorded, in spite of the fact that the usual dull season is not over. In general, business is a little better than a month ago, and compares fairly well with last year.

Conditions are quiet in the paint and varnish trade. Business is average or better, and is about equal to 1926. Orders are coming in well for the season. Makers of white lead report a very active demand, taxing operating capacity, and the price of raw materials, particularly pig lead, has strengthened. A slight improvement has taken place in the glass industry, which has been forced to meet keen foreign competition in recent months. The usual seasonal lull prevails in the paper trade, but one or two concerns are experiencing an unusually active demand. Conditions in the electrical supply trade are practically unchanged from last month. An improved tone is noted in the demand for boxboard, and that industry has been on the upgrade during the past month. Agricultural implement makers report business as satisfactory, one firm having a gain in business of 20 per cent over a year ago. Shipments in the watch and jewelry trade are holding up to last year. A decided improvement in business has been experienced by manufacturers of woodworking machinery. In the stove trade, makers of ranges for public institutions report an active demand, but business in household ranges is stated to be rather quiet.

Agriculture, Livestock The growing season has made up some time during the past month and the principal crops in this District are somewhat nearer normal development.

Improvement in the corn crop was general during the last month, but much of the crop is still from two to five weeks late. Early planted corn has been in tassel for some time, but later planted varieties have made slow growth, and the net result is a very spotted corn outlook. The latest estimate of probable production for the District, August 1st, is 138,073,000 bushels against a yield last year of 197,337,000 bushels. The conditon of the crop is reported as 68 per cent in contrast with the ten year average of 84 per cent for the District. The poor stands so noticeable throughout the District point to a much larger abandonment of fields this year than for several years past.

The condition of corn for the entire United States on August 1 was 71.2 per cent of normal as compared with 80.3, the five-year average, and 72.5 on August 1, 1926. The condition of 71.2 per cent indicates a crop of 2,385,226,000 bushels, which would be the smallest crop in 26 years with the exception of 1924.

The estimated wheat yield for the District is 138,073,000 bushels against a yield last year of 197,337,000 bushels, a probable decrease of 30 per cent. The quality of the Ohio wheat is generally good with little damage to grain in shocks from rain reported. The yield is estimated at 18 bushels per acre, slightly above the average but considerably lower than the bumper crop of last year which was 22.5 bushels per acre.

Pennsylvania reports a wheat crop below expectations, both in quality and yield. Smut, fly, rust, and hail appear to have done considerable damage to the crop in that part of the District. The harvest was late, and in some cases rushed, so that a number of farmers cut the crop too green and as a result early deliveries to the mills contain excessive moisture. The average yield for the country is reported to be 14.5 bushels per acre, one bushel less than the five-year average and 2.5 bushels less than last year. The preliminary estimate of total production is 551 million bushels as compared with 579 million predicted at this time a year ago and 627 million actually harvested.

The condition of the oat crop has improved considerably in the past month and the yield for the District is predicted to be only slightly less than last year.

The District shares in the increase in potato prospects over last year. The United States crop is estimated at 411,000,000 bushels as compared with 356,000,000 bushels in 1926; the estimated production for the District is 20,408,000 as compared with actual production last year of 18,183,000 bushels.

The fruit outlook both for the District and for the country is anything but favorable. The Ohio apple crop is estimated at 70 per cent of average and the total orchard crop is about 60 per cent of the average of recent years. In West Virginia, the condition of the apple crop is 25 per cent of normal as compared with 63 per cent last year and a ten-year average of 46 per cent. The estimated production of apples for the United States, as indicated by their August 1st condition, is 128 million bushels, against 246 million bushels harvested in 1926. Considerable damage has been done by aphids, scabs, and caterpillars, and apples now on the market are small and of poor quality.

Hay has made an excellent crop both in quality and quantity, and though rain interfered with harvest in some sections, by far the greater part of the crop has been stored away in good condition. Alfalfa was affected by the dry weather during the month of July and the second cutting is short.

A favorable outlook for producers of lambs is indicated by an increase of 22 per cent in lamb production over last year. The increase in the number of lambs is due both to an increase in the number of breeding ewes and the increase in the number of lambs saved per 100 head of ewes. Wool prices have shown some strength during the past months. Domestic mills have followed a hand-to-mouth policy. Imports have shown a considerable decline and stocks have been depleted. Domestic production of fleece wool was 4.4 per cent greater than for 1926.

Tobacco Recent rains have helped the growth of burley tobacco in Kentucky. The crop continues uneven, however, and much of it is only fair in quality. The Department of Agriculture on August 1 reported a slight increase in the estimated yield for the country as a whole, the outlook on that date being for 1138 million pounds as compared with 1099 million pounds on July 1. The Kentucky crop is small, owing to reduced acreage and late planting.

The Burley Co-operative Growers' Association has sold an additional 3,625,000 pounds of redried tobacco, leaving only 2,000,000 of the old crop on hand; but stocks in general are still high, dealers and manufacturers reporting 518 million pounds of burley leaf on hand on July 1.

The rapid growth in the demand for cigarettes has resulted in some wide variations in acreage figures of the various different types of tobacco as compared with last year. Bright flue-cured tobacco, the chief cigarette type—grown mostly in the Carolinas and Georgia—has an acreage 15 per cent greater than in 1926. Dark fire-cured tobacco, on the other hand, has suffered from the drift to cigarettes and the increase in the production of dark tobacco abroad; as a result, acreage of the various types coming under this heading has declined from 25 to 40 per cent as compared with last year. Burley tobacco acreage is 25 per cent less than a year ago, and the air-cured types also show heavy declines, ranging from 16 to 45 per cent.

Building Contracts awarded in 37 Eastern states in July, according to the Dodge Company, ran slightly ahead of last year, the figures being 534 and 518 millions respectively. The gain was chiefly in public works and utilities, including road building. Bradstreet's record of building permits, confined to residences, factories, office buildings and stores, showed a big decline of 19.5 per cent from July, 1926, the figures being 240 millions for this year and 299 for last year.

In the states of the Fourth District, July contracts awarded totaled $66,736,000, as compared with $76,224,800 a year ago, a loss of nearly 25 per cent. Permits in 27 cities aggregated $24,300,508 in July, a loss of 3.8 per cent from last year, and for the first seven months of 1927 they were $148,142,826, a loss of 6.3 per cent. For July, Wheeling led with an increase of 225.4 per cent, followed by Lexington with 177.6 per cent, Dayton with 135.1, and Ashtabula with 80 per cent. Several of Cleveland's suburbs also recorded very large gains. The greatest decline took place in Newark, with 82.6 per cent. Heavy declines were also shown by Canton, Columbus, Covington, Erie, Lima, and Springfield. For the first seven months of 1927, the largest increase—144.3 per cent—occurred in Parma, while gains of more than 50 per cent also appeared in Barberton, Rocky River, Dayton, and Wheeling. The largest declines were in Canton, Ashtabula, Lima, and Cleveland.

Building Operations

(Valuation of Permits)

	July 1927	% change from 1926	Jan.-July, 1927	Jan.-July, 1926	% change from 1926
Akron	1,544,470	—3.1	12,728,845	10,076,242	+26.3
Ashtabula	100,150	+80.0	397,290	797,102	—50.2
Barberton	111,517	+12.6	760,470	496,444	+53.2
Canton	256,880	—38.9	2,303,058	3,459,409	—33.4
Cincinnati	3,314,167	+ 9.2	18,148,425	17,488,285	+3.8
Cleveland	7,077,400	+5.3	26,905,225	41,719,850	—35.5
Cleveland suburbs:					
Cleveland Heights	400,535	—45.1	3,295,757	4,307,487	—23.5
East Cleveland	233,505	+209.1	819,324	757,103	+ 8.2
Euclid	173,980	—6.7	1,098,248	1,028,791	+6.8
Garfield Heights	439,300	+124.6	1,837,500	1,446,750	+27.0
Lakewood	394,242	+65.7	2,382,999	2,768,204	—13.9
Parma	454,320	+154.5	2,341,707	958,633	+144.3
Rocky River	108,000	—55.6	819,325	527,589	+55.3
Shaker Heights	811,450	—5.5	5,357,175	3,896,255	+37.5
Columbus	1,518,800	—50.1	14,708,300	14,711,100	—0.01
Covington, Ky	135,800	—39.1	1,126,006	1,068,600	+ 5.4
Dayton	1,315,050	+135.1	7,206,861	4,646,827	+55.1
Erie, Pa	278,238	—50.6	3,039,334	3,183,700	—4.5
Hamilton	142,793	—10.9	1,244,517	1,688,267	—26.3
Lexington, Ky	265,465	+177.6	1,285,197	1,291,558	—0.5
Lima	23,365	—68.5	491,516	990,506	—50.4
Newark	11,400	—82.6	221,738	278,455	—20.4
Pittsburgh, Pa	2,813,964	—20.3	20,766,120	23,600,396	—12.0
Springfield	71,720	—52.6	1,265,191	920,229	+37.5
Toledo	1,346,566	—6.8	10,102,960	8,467,672	+19.3
Wheeling, W. Va	406,326	+225.4	1,903,513	1,056,415	+80.2
Youngstown	551,105	—5.8	5,586,225	6,522,552	—14.4
Total	24,300,508	—3.8	148,142,826	158,154,421	—6.3

Building Materials The lumber business is dull, with consumers adhering closely to hand-to-mouth buying, according to lumber concerns in the Fourth District. Hardwood prices were unable to maintain their advance of June, and slackened from $42.77 on July 8 to $42.40 on August 5 (composite index). Softwoods have also undergone a rather noticeable decline following a period of steadiness; on August 5 the composite index stood at $29.40, as compared with $30.65 a month earlier.

Cement production in Ohio, West Virginia, and Western Pennsylvania amounted to 1,909,000 barrels in July, as against 1,851,000 in the same month of 1926. Shipments were respectively 2,056,000 and 2,053,000 barrels.

The Aberthaw index of industrial building costs remained unchanged at 192 on August 1. This compares with 198 a year ago and 194 two years ago.

Wholesale Trade All reporting wholesale lines in this District showed a decline in sales during July as compared with a year ago. This bank's index of sales of 100 wholesale firms (1919-1923=100) stood at 77 in July, the lowest of any year in the past seven except 1922, when it also stood at 77. Beginning with 1923, when the index was 90, each year has shown a decrease in sales from the preceding year.

Grocery firms in July underwent a loss of 5.6 per cent from a year ago, and for the first seven months the decrease was 4.4 per cent. The grocery index number in July was 75, the lowest of any of the past seven years.

Dry goods sales showed less than the usual decrease from last year, the July decline amounting to only 3.6 per cent. For the first seven months the loss was 10 per cent. The index number of dry goods sales was 53 in July, the lowest for that month in seven years.

Drug sales were 2.6 per cent under 1926 in July, and 0.6 per cent less for the first seven months. The index number of drug sales stood at 110 in July, higher than any of the past seven years except 1926. Sales of wholesale drug concerns have held up exceptionally well in comparison with most of the other wholesale lines.

Hardware sales in July ran 2.1 per cent under last year, and 1 per cent under for the first seven months. The hardware index compares fairly well with past years, the July figure of 102 being only exceeded in 1923 and equaled in 1925.

Sales of reporting wholesale shoe houses in July were 13.5 per cent less than a year ago, and for the first seven months of this year were 5.3 per cent less. The shoe index, 53, was lower than any of the last seven years except 1922 and 1925.

The monthly stock turnover rate in July for groceries was .61, or slightly more than seven times a year, and for dry goods was .25, or four times a year.

Retail Trade Sales of 64 department stores in the Fourth District in July were 0.2 per cent less than last year, but for the first seven months of 1927 were 0.9 per cent greater. Sales of 19 wearing apparel firms decreased 1.8 per cent in July, but for the seven months ran 2.9 per cent ahead of last year.

Individual departments showing gains of more than ten per cent as compared with July, 1926, were: ribbons, 11.4; jewelry, 20.8; leather goods, 11.6; women's skirts, 15.9; sweaters, 23.8; gloves, 28.0; petticoats, 27.0; house dresses, 31.7; and radios, 77.7 Departments having decreases of more than ten per cent were: silks and velvets, 15.2; woolen dress goods, 12.5; linens, 10.3; laces, 12.1; and neckwear, 11.0.

Changes in the twelve departments doing the largest business in July were as follows (in order of sales made):

	% change from 1926
Women's Dresses	+ 1.3
Men's Furnishings	— 3.2
Women's and Children's Hosiery	+ 7.7
Men's Clothing	— 7.9
Women's Shoes	— 5.2
Furniture	+ 2.2
Silks and Velvets	—15.2
Floor Coverings	— 6.0
Silk and Muslin Underwear	+ 2.1
Millinery	— 2.4
Draperies	+ 1.0
Toilet Articles, Drugs	— 2.4

Corporation Earnings Second quarter net earnings of industrial corporations in the United States compared less favorably with last year than did those of the first quarter. This bank's record of 100 identical industrials shows that net earnings in the second quarter amounted to $93,225,000, as compared with $101,046,000 last year, a decline of 7.7 per cent, while the first quarter showed a decline of only 4.8 per cent. As usual, second quarter earnings were larger than in the first quarter, but the gain was not as great as that which took place in 1926 and 1925.

The quarterly record (excluding General Motors and United States Steel) is as follows: (A few slight revisions have been made since the publication of these figures in the June Review.)

NET EARNINGS OF 100 INDUSTRIAL CORPORATIONS
(In thousands of dollars)

	1927	1926	% change, 1927-1926	1925	% change, 1927-1925
First Quarter	$88,842	$ 93,299	—4.8	$80,419	+10.5
Second Quarter	93,225	101,046	—7.7	91,295	+ 2.1
Third Quarter	....	101,194	....	93,418	....
Fourth Quarter	....	98,750	....	87,083	....

It is evident from this table that earnings in 1927 have steadily lost ground as compared with 1926, and have almost decreased to the 1925 level. The first quarter showed a gain of 10.5 per cent over 1925, but the second quarter's gain was only 2.1 per cent. The conclusion drawn from these figures is that general business conditions have been gradually receding during recent months from their record high level in 1926, and this is borne out by the various indexes of business activity.

An analysis of the net earnings of 221 corporations, including 17 groups, for the first half-year shows that profits in 1927 were $414,254,000, as compared with $443,802,000 for last year, a loss of 6.7 per cent. If the earnings of General Motors and United States Steel be included—these two corporations combined showing a gain of about 24 per cent—there would be a slight gain of 0.9 per cent over last year, the figures being $595,969,000 and $590,811,000 respectively. Of the 221 concerns, 106 reported an increase from last year's profits, and 115 reported a decrease.

As shown in the table below, half year earnings varied widely as between different industries. The best showing was made by the clothing and textile group, whose earnings gained 59.2 per cent over a year ago. The chemical and tobacco group, whose earnings have grown almost uninterruptedly in the last several years, also showed substantial increases. Rubber companies have enjoyed a "come-back", having an increase of 32.3 per cent over the poor figure of 1926. A fair increase of 14.4 per cent is reported by the shoe and leather group, while small gains appear in the coal, food, mining, office equipment, and stores groups.

The oil industry, of course, has experienced the hardest going so far this year. Large overproduction and lower prices have resulted in a falling-off in earnings of 49 per cent, most of it coming in the second quarter. Motor corporations, except General Motors and a few others, have also been unable to keep net earnings up to last year's levels, their loss being 22.8 per cent. Motor accessories have been similarly affected. Railroad equipment companies have suffered from rather light buying by railroads, the group showing a decline of 12.9 per cent in earnings.

Almost all the steel companies earned less, but the decrease was moderate in many cases.

Corporation Earnings

	Net Earnings First 6 months of 1927 (000 omitted)	Net Earnings First 6 months of 1926 (000 omitted)	% Gain or Loss	No. firms showing increase	No. firms showing decrease
7 Building	$4,964	$6,564	—24.4	2	5
9 Chemical	48,508	42,065	+15.3	8	1
10 Clothing, Textile	5,178	3,252	+59.2	7	3
7 Coal	2,979	2,810	+6.0	3	4
7 Equipment (R. R.)	14,026	16,111	—12.9	1	6
17 Food, Packing	53,079	50,187	+5.8	13	4
9 Mining	20,025	19,018	+5.3	4	5
15 Motor	52,452	67,972	—22.8	3	12
9 Motor Accessory	7,388	8,752	—15.6	3	6
6 Office Equipment	7,170	6,585	+8.9	5	1
20 Oil	22,952	45,061	—49.1	5	15
8 Rubber	17,153	12,964	+32.3	4	4
5 Shoe, Leather	3,030	2,648	+14.4	2	3
17 Steel	40,445	44,940	—10.0	4	13
8 Stores	17,194	16,054	+7.1	6	2
6 Tobacco	9,168	7,522	+21.9	5	1
61 Miscellaneous	88,543	91,297	—3.0	31	30
221 Total	$414,254	$443,802	—6.7	106	115
1 General Motors	129,250	93,286	+38.6	1	..
1 United States Steel	52,465	53,723	—2.3	..	1
223 Grand Total	$595,969	$590,811	+0.9	107	116

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

		July, 1927	July, 1926	% change	Jan.-July 1927	Jan.-July 1926	% change
Bank Debits (23 cities)	Millions of dollars	3,345	3,179	+5.2	22,924	20,964	+9.3
Savings Deposits (end of month)							
Ohio (41 banks)	Thousands of dollars	694,902	661,926	+5.0	688,138[1]	646,923[1]	+6.4[1]
Western Pennsylvania (27 banks)	" " "	256,459	231,386	+10.8	254,632[1]	236,899[1]	+7.5[1]
Total (68 banks)	" " "	951,362	893,312	+6.5	942,770[1]	883,822[1]	+6.7[1]
Commercial Failures—Number	Actual Number	140	137	+2.2	1,178	1,282	—8.1
" " —Liabilities	Thousands of dollars	7,270	3,202	+127.0	31,362	27,346	+14.7
Postal Receipts—9 cities	" " "	2,736	2,711	+0.9	21,249	20,745	+2.4
Sales—Life Insurance—Ohio and Pa.	" " "	97,328	97,899	—0.6	715,844	676,213	+5.9
" —Dept. Stores—(50 firms)	" " "	18,281	18,346	—0.4	155,491	154,847	+0.4
" —Wholesale Grocery —(50 firms)	" " "	6,503	6,779	—4.1	44,983	47,021	—4.3
" — " Dry Goods—(16 firms)	" " "	2,227	2,309	—3.6	18,278	20,312	—10.0
" — " Hardware —(16 firms)	" " "	2,058	2,102	—2.1	14,289	14,434	—1.0
" — " Drugs —(15 firms)	" " "	1,749	1,796	—2.6	12,675	12,748	—0.6
Building Permits, Valuation—27 cities	" " "	24,301	25,248	—3.8	148,143	158,154	—6.3
Building Contracts Awarded—O., Wn. Pa., Ky., W. Va.	" " "	66,736	76,225	—12.4	474,099	469,120	+1.1
Production —Pig Iron, U. S.	Thousands of tons	2,951	3,223	—8.4	22,371	23,070	—3.0
" —Steel Ingots, U. S.	" " "	3,178	3,635	—12.6	26,795	27,911	—4.0
" —Automobiles, U. S.							
Passenger Cars	Actual Number	233,425	317,006	—26.4	2,011,961	2,387,424	—15.7
Trucks	" "	29,981	37,388	—19.8	278,571	272,847	+2.1
" —Bituminous Coal, 4th Dist.	Thousands of tons	16,462[2]	17,587[2]	—6.4[2]	117,077[3]	114,251[3]	+2.5[3]
" —Cement: Ohio, W. Va., Wn. Pa.	" " barrels	1,909	1,851	+3.1	9,249	8,477	+9.1
" —Electric Power: Ohio, Pa., Ky.	Millions of k. w. hours	1,057[2]	987[2]	+7.1[2]	6,618[3]	6,197[3]	+6.8[3]
" —Petroleum: Ohio, Pa., Ky.	Thousands of barrels	2,053[2]	1,953[2]	+5.1[2]	11,793[3]	10,990[3]	+7.3[3]
" —Shoes, 4th District	" " pairs	[4]	[4]	+31.2[2]	[4]	[4]	+22.4[3]
" —Tires, U. S.	" " casings	4,720[2]	4,109[2]	+14.9[2]	26,680[3]	23,334[3]	+14.3[3]
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	4,462	4,642	—3.9	19,016	14,617	+30.1
Iron Ore Receipts (at Lake Erie ports)	" " "	6,136	7,300	—15.9	17,849	16,984	+5.1

[1]6 months' average
[2]June
[3]Jan.-June
[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)

	July, 1923	July, 1924	July, 1925	July, 1926	July, 1927
Department Stores (50)*	82	81	84	85	84
Wholesale Drugs (15)*	103	104	109	114	110
Wholesale Dry Goods (15)*	82	62	64	55	53
Wholesale Groceries (50)*	89	80	84	79	75
Wholesale Hardware (15)*	104	99	102	104	102
Wholesale Shoes (5)*	59	55	48	62	53
Wholesale All (100)*	90	84	83	80	77
Chain Drugs (3)*†	104	100	102	108	101

*Number of firms.
†Per individual unit operated.

Debits to Individual Accounts

(In thousands of dollars)

	5 weeks ending Aug. 17, 1927	% change from 1926	1927 to date (Dec. 29 to Aug. 17)	1926 to date (Dec. 30 to August 18)	% change from 1926
Akron	128,460	+18.9	765,345	720,610	+6.2
Butler, Pa.	13,103	+3.6	88,844	85,117	+4.4
Canton	55,514	+3.3	371,564	374,066	—0.7
Cincinnati	480,771	+17.1	3,138,960	2,852,926	+10.0
Cleveland	907,521	+4.0	6,226,079	5,684,328	+9.5
Columbus	189,013	—1.2	1,288,092	1,226,721	+5.0
Connellsville, Pa.	5,858	—14.6	39,618	40,694	—2.6
Dayton	105,125	—0.6	739,780	672,564	+10.0
Erie, Pa.	42,969	+3.4	277,097	267,431	+3.6
Greensburg, Pa.	26,181	+11.9	172,358	158,270	+8.9
Homestead, Pa.	5,402	—5.1	34,258	35,364	—3.1
Lexington, Ky.	27,709	+16.0	193,163	187,428	+3.1
Lima	16,188	—19.8	114,005	125,685	—9.3
Lorain	7,234	—0.8	46,719	46,633	+0.2
Middletown	13,066	—5.4	84,805	86,656	—2.1
Oil City, Pa.	17,485	—18.6	118,567	108,632	+9.1
Pittsburgh, Pa.	1,065,714	—0.2	8,218,150	7,225,840	+13.7
Springfield	28,850	+3.4	186,166	185,229	+0.5
Steubenville	12,628	+1.0	86,402	84,692	+2.0
Toledo	265,758	—5.0	1,800,752	1,693,592	+6.3
Warren	16,675	+7.4	107,771	100,980	+6.7
Wheeling, W. Va.	52,712	+6.7	359,665	360,894	—0.3
Youngstown	82,979	—0.9	558,728	528,674	+5.7
Zanesville	14,174	+0.9	98,015	97,685	+0.3
Total	3,581,089	+3.6	25,114,903	22,864,055	+9.8

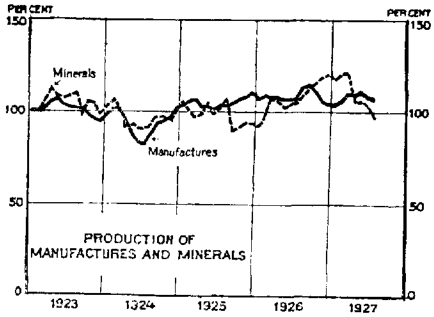
Retail and Wholesale Trade

	No. of reports	Percentage Increase or Decrease SALES July, 1927 compared with July, 1926	SALES Jan.-July, 1927 compared with Jan.-July, 1926
DEPARTMENT STORES			
Akron	5	+7.0	+2.8
Cincinnati	7	+2.4	+2.9
Cleveland	6	+0.4	+1.2
Columbus	7	+14.6	+14.4
Dayton	3	—8.9	—1.4
Pittsburgh	7	—4.5	—2.7
Toledo	4	+2.4	+5.4
Wheeling	5	—4.3	—2.4
Youngstown	3	+6.5	+7.0
Other Cities	17	—4.2	—1.3
District	64	—0.2	+0.9
WEARING APPAREL			
Cincinnati	6	—9.0	—0.3
Cleveland	3	+2.2	+5.1
Other Cities	10	+0.8	+4.9
District	19	—1.8	+2.9
FURNITURE			
Cincinnati	11	—9.7	.....
Cleveland	8	—5.8	.....
Columbus	16	—2.2	.....
Dayton	5	—9.5	.....
Toledo	6	—6.3	.....
Other Cities	8	—7.1	.....
District	54	—6.3	.....
CHAIN STORES*			
Drugs—District	3	—7.0	—6.0
Groceries—District	5	+0.5	—2.4
WHOLESALE GROCERIES			
Akron	3	—1.5	—8.1
Cincinnati	3	+9.4	+4.6
Cleveland	4	—1.6	—3.0
Erie	4	—18.0	—9.4
Pittsburgh	8	—11.8	—5.4
Toledo	3	—9.3	—5.5
Other Cities	27	—6.8	—5.1
District	52	—5.6	—4.4
WHOLESALE DRY GOODS	16	—3.6	—10.0
WHOLESALE DRUGS	15	—2.6	—0.6
WHOLESALE HARDWARE	16	—2.1	—1.0
WHOLESALE SHOES	5	—13.5	—5.3

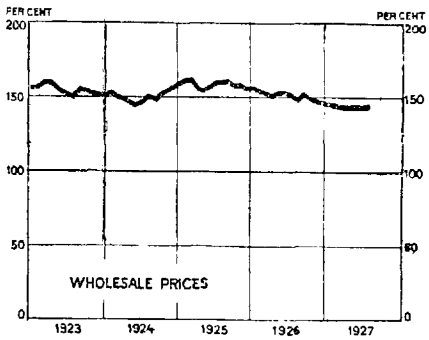
*Sales per individual unit operated.

Summary of National Business Conditions

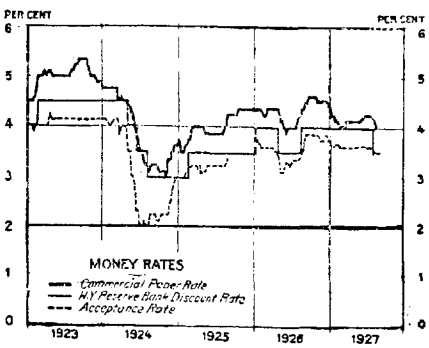
(By the Federal Reserve Board)



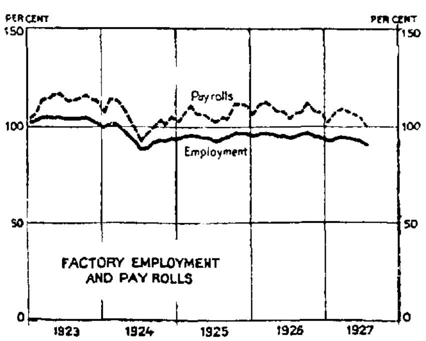
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 = 100). Latest figures: July, manufactures, 107; minerals, 97.



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure: July—144.6.



Weekly rates in New York money market, commercial paper rate on 4 to 6 months' paper, and acceptance rate on 90-day paper.



Federal Reserve Board's indexes of factory employment and payrolls (1919 = 100). Latest figures, July, employment—90.7; payrolls —101.1

Industrial production declined in July to a level below that of a year ago, while the Department of Labor's index of wholesale prices advanced for the first time since last autumn. Demand for bank credit showed a seasonal increase, but easy conditions prevailed in the money market.

Production

Output of manufactures declined in July and was in practically the same volume as a year ago, and the production of minerals, which was further reduced during the month, was at the lowest level since early in 1926, when the anthracite strike was in progress. Iron and steel production in July was in the smallest volume since 1925, and continued at practically the same level during the first three weeks of August. Automobile output for July and the early weeks of August was considerably below that of the corresponding month of last year; production of rubber tires, non-ferrous metals and food products and activity of woolen mills were smaller in July than in the preceding month. Cotton consumption was smaller than in June, but continued unusually large for this season of the year. Production of leather, shoes, and lumber increased in July as compared with June. Factory employment and payrolls showed seasonal decreases in July and were smaller than in any month since 1924. Employment in coal mining has been reduced in recent months, and reports indicate some unemployment in certain of the building trades owing to the decline in the construction of houses. Building contracts awarded in July and in the first three weeks of August continued larger than a year ago, the increase reflecting chiefly a growth in awards for engineering projects.

The August 1 cotton report of the Department of Agriculture indicated a production of 13,492,000 bales or 25 per cent less than the record yield of last year. The indicated production of corn, though considerably larger than the expectation in July, was 262,000,000 bushels lower than the harvested crop of 1926. The August estimate of 851,000,000 bushels of wheat indicated an increase of 18,000,000 bushels over the 1926 crop yield.

Trade

Distribution of merchandise at wholesale and retail showed about the usual seasonal decline in July. Compared with a year ago sales of wholesale firms and department stores were slightly smaller, owing largely to the fact that there was one less business day in July of this year than in July, 1926. Sales of mail order houses and chain stores were somewhat larger than a year ago. Inventories of department stores continued to decline in July and at the end of the month were slightly smaller than a year ago; and wholesale stocks also continued smaller than last year. Shipments of commodities by freight decreased, contrary to the usual seasonal trend, and were smaller in July and in the first two weeks of August than in the same period of last year

Prices

The Bureau of Labor Statistics index of wholesale prices advanced slightly in July, reflecting chiefly increases in the prices of corn, livestock, cotton, and leather, while prices of wheat, silk, metals, and building materials declined. Since the latter part of July, prices of corn, cotton, and cattle have continued upward and those of wheat, non-ferrous metals, and rubber have also advanced, while hogs, lumber and hides have declined.

Bank Credit

There was an increase in the volume of commercial loans at member banks in leading cities between July 20 and August 17, as is usual at the beginning of the crop-moving season. Loans on securities, as well as commercial loans, increased, while investment holdings declined, and total loans and investments were about $60,000,000 larger than a month earlier.

Total borrowings of member banks at the Reserve banks increased slightly between July 20 and August 24; there was a growth of discounts at the Federal Reserve bank of New York, partly offset by declines in other Districts. There was little change in the System's holdings of acceptances and a growth in the portfolio of United States securities.

Money rates on all classes of paper in the open market declined sharply in August, and were at a lower level than a year ago. Discount rates at eight Federal Reserve banks were reduced from 4 to 3½ per cent.