

# MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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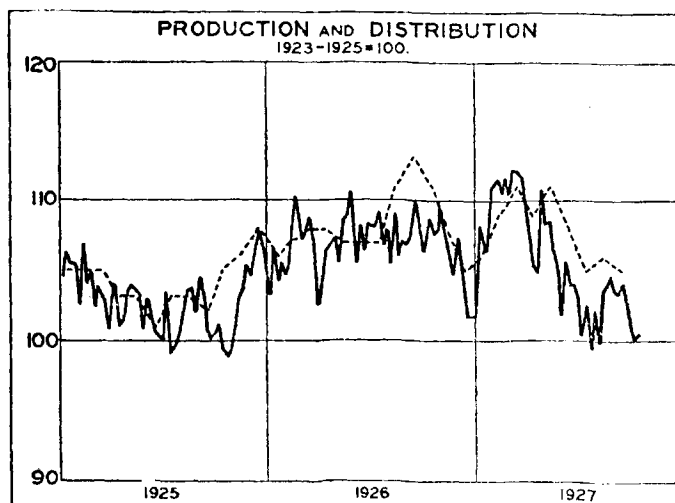
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In spite of improvement in spots, general business receded moderately in September, thus continuing its downward course which has been in progress, with one or two exceptions, since March. In such months as September, when the change in general business is slight, an examination of the great mass of business statistics is apt to be confusing, with some indicators showing an improvement and others undergoing reaction. But a study of the movements of the basic factors of production and distribution, as shown on the chart below, reveal the downward trend in September; thus, the Federal Reserve Board's index of production in basic industries declined from 107 in August to 105 in September, and this bank's weekly index of distribution, based on car loadings, fell almost steadily from 104.7 for the week ending August 27 to 101.0 for the week ending October 1. (Both of these indexes are corrected for seasonal). Furthermore, a confirmation of the decline in these two curves is found in the fall of the Annalist's index of general business activity from 101.7 in August to 100.7 (preliminary) in September. As for October, the distribution index steadied about the middle of that month after its drop during September. It declined from 101.0 for the week ending September 1 to 100.1 the following week, but recovered to 100.6 for the week ending October 15.

Corporation earnings thus far available for the third quarter show the expected falling-off from a year ago, net earnings of 54 industrials (excluding General Motors and United States Steel) totaling \$65,421,000 as compared with \$73,726,000 in 1926, a loss of about ten per cent. Earnings of General Motors and United States Steel combined were approximately \$86,100,000 in the third quarter of this year as against \$87,700,000 last year, a loss of about two per cent. For the first nine months of 1927, net earnings of 58 industrials amounted to \$200,163,000, as compared with \$212,473,000, last year, and for General Motors and United States Steel combined the figures were \$267,800,000 this year and \$243,200,000 last year. In spite of the drop from 1926 for all 54 firms, many corporations were able to show increases; in fact, for the third quarter 29 out of the 54 concerns had larger earnings than a year ago, and for the nine months, 38 out of 58 gained.

In the Fourth District, continued inactivity in the iron and steel trade marked both September and early October. Some of the other industries, however, were in better

shape; rubber and tire operations were in good volume, conditions in the clothing line were satisfactory, retail trade showed up rather better than might have been expected after an unusually good August, and the crop situation definitely improved. On the other hand, the lumber trade has been sluggish and the shoe industry slowed down.



Solid line—Weekly index of car loadings, F. R. B. of Cleveland (1923-1925 = 100). Latest figure: Week ending October 15—100.6. Broken line—Monthly index of industrial production, F. R. Board. (1923-1925 = 100). Latest figure: September, 105. Both curves adjusted for seasonal variation.

## Financial

Money rates have failed to show the usual Fall expansion, due largely to the sluggishness in various important industries. Commercial paper in the New York market remained unchanged at 4 per cent during all of September and also stood at that figure throughout the first three weeks of October. This rate was  $4\frac{1}{2}$ -4% per cent a year ago, and  $4\frac{1}{4}$ -4 $\frac{1}{2}$  per cent two years ago. Bankers' acceptances have advanced very slightly, standing at  $3\frac{3}{4}$  per cent in the middle of October as compared with  $3\frac{1}{2}$  per cent a month earlier, 3% last year, and  $3\frac{1}{2}$  in 1925. Call money has also been low, rising from  $3\frac{1}{2}$  per cent early in September to 4 per cent on the 10th and remaining at that figure, except for temporary fluctuations, throughout the rest of the month and the first three weeks of October.

Loans by this bank to its members show but little change from a month ago, amounting to \$44,000,000 on October 19 as against \$40,000,000 on September 14. Acceptance holdings are somewhat higher, as is usual at this time of year when heavy exports of foodstuffs, etc., increase the volume of acceptances covering such transactions. Government security holdings are also up from last month, so that the total of bills and securities held on October 19 was \$119,000,000, as compared with \$108,000,000 on September 14.

Loans of reporting member banks in the Fourth District have undergone practically no change since a month ago, but in the United States a noticeable gain has occurred in both loans secured by stocks and bonds and in "all others" (largely commercial), particularly the latter. In this District investments rose from 676 millions on September 14 to 707 on October 12, while both demand and time deposits declined slightly.

Savings deposits of 68 leading banks in the Fourth District amounted to \$963,642,000 on October 1, an increase of 0.5 per cent for the month and of 6.2 per cent for the year.

Commercial failures in the District numbered 149 in September, a loss of 6 from a year ago and of 24 from August. Liabilities were \$3,212,596 as compared with \$1,888,576 a year ago and \$4,276,429 in August. In the United States, there were 1,573 failures in September, 1,437 a year ago, and 1,708 in August. Liabilities were \$32,786,125 as against \$29,989,817 a year ago.

Debits to individual accounts at 13 large centers in the Fourth District aggregated \$2,521,242,000 in September, \$2,406,948,000 last year, and \$2,468,506,000 in August.

The following table gives the main changes in the balance sheets of the Federal Reserve and reporting member banks.

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Oct. 12, 1927	Oct. 13, 1927	Sept. 14, 1927	Oct. 12, 1927	Oct. 13, 1927	Sept. 14, 1927
Gold Reserves .....	297	279	309	2,971	2,819	2,984
Discounts .....	55	74	40	430	704	375
Acceptances .....	17	27	15	274	291	227
U. S. Securities .....	56	34	53	510	308	500
Total bills and securities	127	135	108	1,216	1,307	1,102
Federal Reserve notes in circulation .....	216	211	217	1,734	1,756	1,708
Total deposits .....	190	188	193	2,405	2,274	2,367

	Fourth District (In Millions)			United States (In Millions)		
	Oct. 12, 1927	Oct. 13, 1927	Sept. 14, 1927	Oct. 12, 1927	Oct. 13, 1927	Sept. 14, 1927
Loans secured by stocks and bonds .....	602	573	598	6,072	5,542	6,022
All other .....	814	814	817	8,967	8,865	8,825
Total loans .....	1,417	1,387	1,415	15,039	14,407	14,847
Investments .....	707	654	676	6,067	5,596	5,939
Demand deposits .....	1,043	1,072	1,053	13,410	13,146	13,544
Time deposits .....	917	825	926	6,375	5,736	6,287

**Iron and Steel** A weakening of the price structure is an important sequel to the failure of the customary fall pickup in iron and steel demand to put in its appearance this year. Few commodities have escaped revision downward, and some finished steel products are now the lowest in five years. Even these concessions have not attracted business particularly and the result has been to put the iron and steel markets on lower price levels without any stimulating effect upon order books.

The promise of late September was not fulfilled in

October. Considerable railroad buying did develop in October, but it was chiefly for track material for rolling late this quarter or early next and did not provide the mills with immediate tonnage. October production rates in the iron and steel industry were, in some instances, lower than in September, which in turn showed a recession from August.

Automotive purchases have continued limited by the uncertainty resulting from one important maker being almost entirely out of the market. The automotive industry will shortly reach the period when it usually eases off in anticipation of the January shows. Railroad car and locomotive orders have been negligible, and there is no sign of improvement for the remainder of the quarter. Farm implement makers have passed the crest of their fall buying. Seasonal conditions militate against any increased purchases in the oil, water and gas classifications.

Tank plates, structural shapes and soft steel bars are \$1.75 (Pittsburgh) for most small as well as all large consumers. Interest in shapes continues more marked than in other finished products. Sheets have receded \$2.00 per ton and are now available at \$2.90 (Pittsburgh) for black, \$3.75 for galvanized, \$2.15 for blue annealed and \$4.15 for autobody. Weakness developed first in the Detroit area. Concessions also have been granted in strip, cold finished bars, nails and similar products.

Pig iron sales, fair in the early part of October, tapered off rapidly toward the close. While prices in the Pittsburgh and Cleveland districts were weak, they did not give further ground, in contrast with a \$1.00 reduction at Chicago. Special irons, like the silvery grade, were reduced \$1.50 to \$2.00 per ton. Many melters apparently went into the last quarter fairly well fortified with a carryover.

Contrary to precedent, pig iron production failed to terminate the summer decline in September and the number of stacks in blast on September 30 was 181, or eight less than on August 31. The September daily rate was 92,720 tons or the lowest for any month since September, 1925. The decline from the August daily rate was 2.6 per cent. The September total of 2,781,594 tons compared with 2,950,674 tons in August.

Steel ingot production likewise declined in September, the daily rate being 124,312 tons, compared with 128,552 tons in August and 150,515 tons in September, 1926. The September total of 3,232,108 tons was 238,795 tons under August. Steel ingot production in the first nine months of 1927 totaled 33,499,794 tons against 35,689,151 tons in the opening nine months of 1926.

Owing to the numerous price adjustments, the Iron Trade Review composite of fourteen leading iron and steel products declined in October to approximately \$35.50, the lowest monthly average of this barometer since April, 1922.

**Coal**

The event of chief importance to the coal industry in recent weeks has, of course, been the settlement of the soft coal strike on October 1 in the important midwestern fields of Illinois, Iowa, and Indiana. The Illinois agreement between miners and operators called for the re-

sumption of work until April 1, 1928, on the old Jacksonville wage scale of \$7.50 per day, and also for the appointment of a commission to study the whole question in the meantime. Similar agreements were reached in Indiana and Iowa.

The immediate effect of these settlements was a further weakening of soft coal prices, the "Coal Age" average falling from \$2.07 on September 30 to \$1.95 on October 13. This reflects the very large stocks of coal still held in storage, the slack industrial demand arising from the general decrease in production, and the over-productive capacity of the coal industry as a whole. The present price, in fact, is considerably under that of a year ago, when no strike had existed.

Production mounted somewhat in the first week of October, but the advance was no more than seasonal. September output, according to the Bureau of Mines, amounted to 41,950,000 tons, slightly higher than August but 8,000,000 tons below the figure of September, 1926. Despite the strike, production for 1927 up to October 8 amounted to 405 million tons, only 15 million less than last year. The exceptionally heavy output in the first quarter almost made up for the fact that production has been consistently under 1926 since April 1.

Operations in the Fourth District are gradually increasing. Some of the former union mines in the Western Pennsylvania fields have been operating on a non-union basis for some time, and others are reported to have reopened on this basis more recently. The non-union mines in Kentucky continue to produce at high levels. Conditions in the union fields of Ohio are still depressed, but a number of mines in that territory have also reopened on a non-union basis lately with a consequent increase in the state's production. Ohio's output, however, is still only about 30 per cent of its pre-strike figure and is less than 20 per cent of the level attained several years ago.

Fourth District dealers report a seasonal gain in business during September, but also emphasize the falling-off in demand following the Illinois settlement.

The latest figures of the National Association of Purchasing Agents on coal consumption and stocks bear out the statement that the former has been low and the latter have consequently remained high. Unfortunately August is the latest month available; for that month, industrial consumption fell considerably below the preceding year, while industrial stocks on hand remained practically unchanged on September 1 at about 60 million tons, materially larger than in 1926.

**Rubber and Tires** Sales of tires to dealers by Fourth District manufacturers continue in large volume, aided by mild weather in September and the first part of October. An improvement has also taken place in sales of hard rubber goods and of footwear and other mechanical goods, business in these products having been exceptionally heavy in recent weeks. Sales of tires as original equipment have been relatively slack in the absence of buying on the part of the Ford Company. Latest reports, however, indicate the beginning of tire production for the new Ford car. Operations on the whole are therefore on a satisfactory plane, in spite of the decrease in automo-

bile output from last year.

Stocks of tires in dealers' hands on October 1 in the United States, according to the Department of Commerce, averaged 55.9 per dealer, a gain of 6.0 over the same date in 1926 but about the same as in 1925 and 1924. Stocks of inner tubes, on the other hand, were considerably higher than in both 1926 and 1924, and slightly higher than in 1925, the figure for October 1, 1927, being 100.7 per dealer.

In view of the operations of the Stevenson Restriction Act, involving the limitation of crude rubber exports from British-owned plantations, it is of interest to note the course of world rubber stocks in recent months. The following table gives the Department of Commerce's estimate of stocks, together with the average monthly price of crude rubber per pound.

	Stocks (tons)	Price (lb.)
1926—December .....	230,406	.38
1927—January .....	237,425	.39
February .....	248,740	.38½
March .....	256,688	.41
April .....	268,862 (high in '27)	.41
May .....	258,299	.41
June .....	247,614	.37½
July .....	249,929	.35
August .....	192,000*	.35
September .....		.38½
October 19th .....		.35

\*Excluding the floating supply, which totaled 58,800 tons in July.

**Automobiles** This industry is still awaiting the appearance of the new Ford car, and meanwhile production continues to show large decreases each month from 1926. September was notable in that the output of manufacturers other than Ford was only about equal to that of a year ago, whereas heretofore these companies have been making more cars than in 1926. It remains to be seen whether this indicates a general recession in buying power or merely an increasing determination on the part of the public to await the new Ford.

The actual production figures for September for the United States alone were as follows: passenger cars, 225,013, as compared with 350,923 a year ago, a loss of 36 per cent; trucks, 32,564, as against 42,434 in 1926, a decline of 23 per cent; total, 257,577, as compared with 393,357 last year, a loss of 35 per cent.

**Clothing** No great change from last month is apparent in the various branches of the clothing industry in this section.

Warm weather for several weeks during September and October retarded sales in some lines, but this is largely a seasonal matter. Factories as a rule are running at or near last year's levels, and the general situation appears to be satisfactory.

Sales of 16 wholesale dry goods houses in the Fourth District in September were again lower than in 1926, as has been the case in every month of 1927 except August. The decrease from last year was 5.5 per cent, and for the first nine months was 7.1 per cent. There was a gain of 3.8 per cent over August, however.

Retail clothing sales in September showed up well. Inasmuch as August was an exceptionally good month, owing to very cool weather which brought Fall buying on early, sales in September might naturally have been expected to decline. This was not the case, however, in most of the clothing lines. Preliminary figures from 49

retail stores as compared with a year ago show a gain for men's clothing of 14.5 per cent; men's furnishings, 1.9; women's coats, 11.4; dresses, 0.6; waists and blouses, 17.7; sweaters, 3.2; hosiery, 14.5; knit underwear, 7.6; muslin and silk underwear, 4.6; infants' wear, 1.5; and aprons and house dresses, 16.5. On the other hand, the following decreases were recorded: boys' wear, 8.8; misses' ready-to-wear, 3.7; girls' ready-to-wear, 6.3; and furs, 13.1.

**Shoes** The shoe trade in the Fourth District has slowed down after a very active summer. This was not entirely unexpected; i. e., some of the buying which would ordinarily come into the market in September and October took place in August this year as a result of the cool weather of that month, and August therefore gained at the expense of the two following months. Manufacturers report that their customers are now well stocked up, a reduction in orders being the consequence. This is borne out by figures from about 50 department stores in this District, which show that stocks of shoes on hand on October 1 were around 5 per cent greater than a year ago. Employment has declined slightly.

The effect of all this has been a falling-off in production. Preliminary figures for September indicate a drop in this District of about 14 per cent from August, whereas in former years September production has usually been somewhat higher than in August. As already suggested, however, August was an exceptionally good month and this must be taken into account. As compared with September of 1926 and 1925, the past month's output shows up favorably.

The wholesale branch of the industry likewise experienced a slump in September. Following August's increase in sales of 10.4 per cent over last year, September brought a decrease of 16.1 per cent over the same month in 1926. There was a gain of 7.9 per cent over August, but this was considerably less than the normal seasonal increase. Sales for the first nine months were 4.4 per cent under last year.

Retail shoe sales for some 70 department stores in the District in September ran about 8 per cent behind a year ago, nearly all of this loss occurring in women's shoes.

**Agriculture** The agricultural situation in the Fourth District, as compared with the Department of Agriculture's forecast of a month ago, is quite encouraging. The unusually favorable weather during September and October has caused an estimated increase in the District's corn crop of about 9,000,000 bushels, and the estimated yield is now only 28 per cent below the large crop of last year instead of 33 per cent, the Department of Agriculture's figure a month ago.

The corn yield for the entire United States, according to the October 1 forecast, is put at 2,603,437 bushels as compared with 2,646,853 bushels last year.

The potato crop for the District is estimated at 19,879,000 bushels, an increase of 9.3 per cent over last year. The crop for the country is stated to be about 894,727,000 bushels, a decline of about 5,000,000 bushels from 1926.

Thoroughly sprayed fields are yielding well, but those that were not are badly blighted and the potatoes are rotting in the ground.

The apple crop of Ohio is put at 5,372,000 barrels as compared with 11,900,000 barrels last year. This is a decline of over 50 per cent. Pennsylvania reports a crop which is only 38 per cent of a year ago. The crop for the entire country is estimated at 123,115,000 bushels, a slight decline from the September forecast and almost exactly half of the very large crop of 1926.

Crop prospects for the United States improved nearly 2 per cent over a month ago, the change being due primarily to the improvement in corn. When all crops are combined, the yield estimates and average condition is only 0.2 per cent below the October average during the past ten years. This represents a decided change from the discouraging crop prospects of the early summer.

**Tobacco** The outlook for Kentucky's burley tobacco crop is somewhat better than a month ago, but production is far below last year. There are various reasons for this. In the first place, the poor prices received for burley tobacco last year, caused principally by overproduction, had a discouraging effect, and the acreage planted to burley in Kentucky this year was some 25 per cent less than in 1926. Again, the growing season began unfavorably; heavy rainfall held back transplanting, and the crop got a late start. Progress was slow in the early summer, the weather being only moderately warm and rather dry. Unusually cool weather in August still further retarded the growing plants, and by September 1 a small crop of inferior quality was quite generally looked for. However, timely rains accompanied by warm weather in September aided the late plantings, and the Department of Agriculture's October 1 estimate for all types in Kentucky was 226,366,000 pounds, a gain of 7,000,000 over September 1 but a decrease of 139,000,000 from last year, and of 192,000,000 from the 5-year average.

Harvesting of the early plantings was under way several weeks ago, and curing is now proceeding, most of the remainder of the crop having been harvested in September. In spite of the warm weather in that month, some of the late plantings had to be cut green in order to avoid frost damage. The crop is curing very well, but on the whole is irregular in quality and size, and light in weight and color.

A final payment of \$6,000,000 on the 1924 crop was recently made to its members by the Burley Tobacco Growers Co-operative Association. The Association states that final payments on the 1923 and 1925 crops will be made by the middle of November.

**Building and Materials** September again marked a decline in building from last year, both in contracts awarded and in the valuation of permits. The Dodge record of contracts awarded in 37 states shows a total of \$521,611,000 as compared with \$562,371,400 a year ago, a loss of 7 per cent. Projects in contemplation at the end of the month, however, slightly exceeded last year's figure. Building permits in 197 cities, according to Bradstreet's, amounted to \$250,881,631 in September, a loss of 10.4 per cent from last

year. For the third quarter, contracts awarded were off 5 per cent from 1926 and building permits 12 per cent. For the first nine months of 1927 the decreases were 1½ and 9½ per cent, respectively.

In the Fourth District, contracts awarded totaled \$61,-651,000 in September of this year and \$55,226,000 last year, a gain of 11.6 per cent for the past month. Building permits in 27 centers, however, decreased 13.6 per cent from a year ago, the figures being \$16,726,060 and \$19,365,248, respectively. Large increases occurred in Akron, Lexington, Lima, Newark, and Wheeling while sizable declines took place in Canton, Cincinnati, Cleveland, Columbus, Covington, Dayton, Erie, Hamilton, Springfield, Ashtabula, Barberton, and Youngstown. For the first nine months, permits decreased 4.9 per cent; the largest gains were recorded by Akron, Dayton, Lexington, Newark, Springfield, Toledo and Wheeling, while the greatest decreases were in Canton, Cleveland, Covington, Ashland, Hamilton, and Lima.

The lumber business in this District is inclined toward dullness, according to reports from manufacturers and dealers. Some seasonal improvement in some lines has been noted, but this is hardly up to expectations. Here and there smaller mills are being closed down, awaiting more favorable prices. One manufacturer emphasizes the dull situation in the export trade, particularly in the case of England.

The Aberthaw index of industrial building costs declined one point during September, standing at 191 on October 1. This was six points lower than a year ago. The falling-off from September 1 is attributed principally to lower glass prices.

### Building Operations

(Valuation of Permits)

	September 1927	% change from 1926	Jan.-Sept. 1927	Jan.-Sept. 1926	% change from 1926
Akron.....	1,397,958	+28.2	16,405,009	12,250,624	+33.9
Ashtabula.....	42,430	-18.3	457,015	898,411	-49.1
Barberton.....	70,049	-38.6	892,408	837,339	+ 6.6
Canton.....	548,119	-18.1	3,238,237	4,573,656	-29.2
Cincinnati.....	2,720,991	-21.0	27,472,475	25,255,513	+ 8.8
Cleveland.....	2,659,075	-35.6	32,674,525	51,481,975	-36.5
Cleveland suburbs					
Cleveland Heights..	484,400	-16.5	4,276,637	5,434,382	-21.3
East Cleveland....	30,126	-88.0	1,043,011	1,086,582	- 4.0
Euclid.....	114,578	+ 2.9	1,472,452	1,318,498	+11.7
Garfield Heights...	191,500	-17.8	2,264,500	1,889,950	+19.8
Lakewood.....	477,320	+113.1	3,068,364	3,251,185	- 5.6
Parma.....	169,960	+41.3	2,798,586	1,269,238	+120.5
Rocky River.....	71,779	-22.9	1,025,244	693,109	+47.9
Shaker Heights....	583,700	+ 3.1	7,259,560	5,801,105	+25.1
Columbus.....	1,557,600	-29.6	18,388,000	20,567,900	-10.6
Covington, Ky.....	80,200	-51.6	1,380,106	1,866,500	-26.1
Dayton.....	327,456	-45.3	8,992,137	6,991,783	+28.6
Erie, Pa.....	282,127	-53.7	3,975,311	4,397,897	- 9.6
Hamilton.....	134,990	-62.1	1,669,296	2,159,408	-22.7
Lexington, Ky.....	336,750	+344.4	1,999,249	1,472,988	+35.7
Lima.....	87,290	+53.4	661,876	1,084,029	-38.9
Newark.....	237,504	+1284.9	566,992	329,650	+72.0
Pittsburgh, Pa.....	2,146,312	+16.4	28,575,175	29,950,402	- 4.6
Springfield.....	87,335	-26.6	1,508,420	1,117,743	+35.0
Toledo.....	1,001,052	+20.0	13,846,354	10,464,451	+32.3
Wheeling, W. Va.....	487,494	+131.0	2,589,269	1,321,872	+95.9
Youngstown.....	397,965	-32.5	6,831,795	7,697,372	-11.2
Total.....	16,726,060	-13.6	195,332,003	205,463,562	- 4.9

**Retail Trade** Although sales of 61 department stores in this District in September were 2.7 per cent less than in 1926, this may be considered a good showing when the unusually heavy sales in August are taken into account. Nearly all cities shared in the September decline, but in no case were the decreases unduly large, the largest—8.3 per cent—being in Toledo. The only two cities to record gains were Cincinnati and Columbus. For the first nine months of 1927, several cities experienced moderate gains and Columbus a large increase of 14.4 per cent. The District, however, showed a decline of 1.3 per cent.

Changes in the main individual departments were as follows:

	% change from 1926
Silks and Velvets .....	-12.8
Men's Clothing .....	- 7.7
Men's Furnishings .....	+ 2.3
Boys' Wear .....	- 8.6
Women's Coats .....	+ 8.2
Women's Dresses .....	- 1.4
Furs .....	-14.6
Millinery .....	-19.4
Hosiery .....	+13.2
Shoes .....	- 7.1
Furniture .....	- 0.9
Draperies, lamps, shades .....	+ 0.8
Floor Coverings .....	- 0.8
House Furnishings .....	+ 1.4

**Wholesale Trade** Sales of all reporting wholesale lines in September showed losses from last year with the exception of drugs, which increased 0.4 per cent. Dry goods sales declined 5.5 per cent; hardware, 6.8; shoes, 16.1; and groceries, 9.7 per cent. For the first nine months of 1927, all lines reported smaller sales than in 1926, the decreases being as follows: groceries, 4.5 per cent; dry goods, 7.1; hardware, 1.9; shoes, 4.4; and drugs, 0.01 per cent.

Stocks on hand were generally smaller than on September 30 of last year, but were slightly larger in the case of groceries. Dry goods registered the largest decrease—10.3 per cent. The monthly stock turnover rate in September for groceries was .66½ or 7.98 times a year, while for dry goods it was .416/10, or 4.99 times a year.

Open book accounts on September 30 were not noticeably different in amount from the preceding year, being a little larger in groceries, dry goods, and drugs, and slightly lower in hardware and shoes.

Collections during September were not as good as a year ago, every line reporting a falling-off except drugs, in which there was a gain of 1 per cent. Groceries had the largest decrease—8 per cent—and dry goods were next with 6.9 per cent. The percentage of collections during September on accounts outstanding on August 31 was 80.6 in groceries, 38.3 in dry goods, 33.4 in hardware, 29.6 in shoes, and 81.9 in drugs.

**Fourth District Business Statistics**

(All figures are for Fourth District unless otherwise specified)

	Millions of dollars	Sept. 1927	Sept. 1926	% change	Jan.-Sept. 1927	Jan.-Sept. 1926	% change
Bank Debits (23 cities)		3,060	2,850	+ 7.4	28,976	26,626	+ 8.8
Savings Deposits (end of month)	Thous. of dollars	702,710	665,140	+ 5.6	690,983 <sup>a</sup>	650,676 <sup>a</sup>	+ 9.2
Ohio (41 banks)	" " "	260,931	242,562	+ 7.6	255,863 <sup>a</sup>	237,910 <sup>a</sup>	+ 7.5
Western Pennsylvania (27 banks)	" " "	963,642	907,702	+ 6.2	946,846 <sup>a</sup>	888,586 <sup>a</sup>	+ 6.6
Total (68 banks)	" " "	149	155	+ 3.9	1,500	1,575	+ 4.8
Commercial Failures — Number	Actual Number	3,213	1,889	+ 70.1	38,851	31,887	+ 21.8
" — Liabilities	Thous. of dollars	3,046	3,018	+ 0.9	27,171	26,454	+ 2.7
Postal Receipts — 9 cities	" " "	85,701	79,491	+ 7.8	894,647	843,512	+ 6.1
Sales — Life Insurance — Ohio and Pa.	" " "	22,284	22,889	- 2.6	199,697	197,247	+ 1.2
" — Dept. Stores—(50 firms)	" " "	7,426	8,230	- 9.8	59,334	62,295	+ 4.8
" — Wholesale Grocery (50 firms)	" " "	3,777	3,995	- 5.5	25,692	27,666	+ 7.1
" — Dry Goods — (16 firms)	" " "	2,148	2,304	- 6.8	18,420	18,771	+ 1.9
" — Hardware — (16 firms)	" " "	1,909	1,902	+ 0.4	16,395	16,397	- 0.01
" — Drugs — (15 firms)	" " "	16,726	19,365	- 13.6	195,332	205,464	+ 4.9
Building Permits, Valuation—27 cities	" " "	61,651	55,226	+ 11.6	565,591	494,688	+ 14.3
Building Contracts Awarded—Fourth District	" " "	2,775	3,136	- 11.5	28,093	29,402	+ 4.5
Production — Pig Iron, U. S.	Thous. of tons	3,232	3,913	- 17.4	33,500	35,689	- 6.1
" — Steel Ingots, U. S.	" " "						
" — Automobiles, U. S.	" " "						
Passenger Cars	Actual Number	225,013	350,923	- 35.9	2,509,018	3,118,629	- 19.5
Trucks	" " "	32,564	42,434	- 23.3	342,718	357,297	- 4.1
" — Bituminous Coal, 4th Dist.	Thous. of tons	17,937	20,525	- 12.6	168,353	172,544	- 2.4
" — Cement: Ohio, W. Va., Wn. Pa.	" " "	1,804	1,797	+ 0.4	13,024	12,098	+ 7.5
" — Electric Power: Ohio, Pa., Ky.	Millions of k. w. hrs	1,031 <sup>a</sup>	1,029 <sup>a</sup>	+ 0.4	8,651 <sup>a</sup>	8,211 <sup>a</sup>	+ 5.5
" — Petroleum: Ohio, Pa., Ky.	Thous. of barrels	2,108 <sup>a</sup>	1,955 <sup>a</sup>	+ 7.8	15,913 <sup>a</sup>	14,898 <sup>a</sup>	+ 6.8
" — Shoes, 4th District	" " pairs			+ 27.9 <sup>a</sup>			+ 19.1 <sup>a</sup>
" — Tires, U. S.	" " casings	4,362	4,448 <sup>a</sup>	- 1.9	34,906 <sup>a</sup>	31,528 <sup>a</sup>	+ 10.7
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	3,869	3,540	+ 9.3	27,051	22,250	+ 21.6
Iron Ore Receipts (at Lake Erie ports)	" " "	5,493	7,346	- 25.2	29,792	31,986	- 6.9

<sup>a</sup>9 months' average.

<sup>b</sup>August.

<sup>c</sup>Jan.-August.

<sup>d</sup>Figures Confidential.

**Index Numbers of Trade in the Fourth Federal Reserve District**

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

	Sept. 1923	Sept. 1924	Sept. 1925	Sept. 1926	Sept. 1927
Department Stores (50)*	102	102	100	106	103
Wholesale Drugs (15)*	107	103	117	121	120
Wholesale Dry Goods (15)*	118	106	97	95	90
Wholesale Groceries (50)*	101	98	95	95	86
Wholesale Hardware (15)*	110	112	108	109	106
Wholesale Shoes (5)*	86	75	81	106	95
Wholesale All (100)*	106	101	99	100	94
Chain Drugs (3)†	102	97	106	106	99

\*Number of firms.

†Per individual unit operated.

**Retail and Wholesale Trade**

	No. of reports	Percentage Increase or Decrease	
		SALES Sept. 1927 compared with Sept. 1926	SALES Jan.-Sept. 1927 compared with Jan.-Sept. 1926
<b>DEPARTMENT STORES</b>			
Akron	5	+ 2.3	+ 4.2
Cincinnati	7	+ 0.2	+ 4.1
Cleveland	6	- 2.0	+ 1.9
Columbus	6	+ 4.3	+ 14.4
Pittsburgh	7	+ 4.4	+ 2.4
Toledo	4	- 8.3	+ 4.0
Wheeling	5	- 2.7	+ 1.8
Youngstown	3	- 1.2	+ 6.8
Other Cities	18	- 5.9	+ 1.4
District	61	- 2.7	+ 1.3
<b>WEARING APPAREL</b>			
Cincinnati	6	+ 3.2	+ 8.3
Cleveland	4	- 11.3	+ 5.2
Other Cities	10	- 0.7	+ 7.0
District	20	- 4.2	+ 2.5
<b>FURNITURE</b>			
Cincinnati	11	- 4.6	.....
Cleveland	8	- 14.5	.....
Columbus	15	+ 3.4	.....
Dayton	5	- 14.3	.....
Toledo	6	- 0.5	.....
Other Cities	6	- 18.8	.....
District	51	- 7.1	.....
<b>CHAIN STORES*</b>			
Drugs—District	3	- 6.8	- 6.4
Groceries—District	7	- 3.5	- 2.2
<b>WHOLESALE GROCERIES</b>			
Akron	3	- 6.8	- 6.5
Cincinnati	3	- 10.1	+ 3.4
Cleveland	4	- 10.4	+ 4.6
Erie	4	- 15.2	+ 10.0
Pittsburgh	7	+ 4.5	+ 0.2
Toledo	3	- 10.0	+ 5.9
Other Cities	27	- 11.7	+ 5.5
District	51	- 9.7	+ 4.5
<b>WHOLESALE DRY GOODS..</b>			
	16	- 5.5	- 7.1
<b>WHOLESALE HARDWARE..</b>			
	15	+ 0.4	- 0.01
<b>WHOLESALE SHOES.....</b>			
	16	- 6.8	- 1.9
	6	- 16.1	- 4.4

\*Sales per individual unit operated.

**Debits to Individual Accounts**

(In thousands of dollars)

	5 weeks ending Oct. 19, 1927	% change from 1926	1927 to date (Dec. 29—Oct. 19)	1926 to date (Dec. 30—Oct. 20)	% change from 1926
Akron	130,693	+ 7.3	983,777	918,623	+ 7.1
Butler, Pa.	15,968	+ 3.2	114,815	109,986	+ 4.4
Canton	51,099	- 1.8	465,961	466,912	- 0.2
Cincinnati	489,850	+ 16.3	3,968,685	3,560,423	+ 11.5
Cleveland	1,003,472	+ 2.4	7,870,788	7,273,724	+ 8.2
Columbus	210,183	+ 8.8	1,632,693	1,553,569	+ 5.1
Connellsville, Pa.	6,051	- 21.7	49,905	53,685	- 7.0
Dayton	108,281	+ 2.7	928,010	855,345	+ 8.5
Erie, Pa.	45,440	+ 3.1	355,185	346,005	+ 2.7
Greensburg, Pa.	26,152	+ 8.4	217,055	200,487	+ 8.3
Homestead, Pa.	5,762	- 3.9	44,184	45,649	- 3.2
Lexington, Ky.	26,034	+ 12.1	239,025	227,269	+ 5.2
Lima	19,445	- 0.3	146,391	159,446	- 8.2
Lorain	8,475	+ 15.7	61,081	60,021	+ 1.8
Middletown	13,148	+ 3.0	109,391	109,144	+ 0.2
Oil City, Pa.	18,564	+ 8.8	150,446	138,438	+ 8.7
Pittsburgh, Pa.	1,096,013	- 4.5	10,077,688	9,128,261	+ 10.4
Springfield	28,433	+ 4.5	236,004	235,612	+ 0.2
Stuebenville	12,899	+ 0.2	110,154	107,379	+ 2.6
Toledo	267,002	+ 4.1	2,266,714	2,142,039	+ 5.8
Warren	19,872	+ 11.1	138,747	131,867	+ 5.2
Wheeling, W. Va.	50,995	- 6.2	447,678	453,271	- 1.2
Youngstown	83,278	- 8.5	703,289	682,984	+ 3.0
Zanesville	15,879	+ 3.8	125,008	123,662	+ 1.1
<b>Total</b>	<b>3,752,988</b>	<b>+ 2.2</b>	<b>31,442,674</b>	<b>29,083,801</b>	<b>+ 8.1</b>

## Summary of National Business Conditions

(By the Federal Reserve Board)

Industrial and trade activity increased less in September than is usual at this season of the year, and continued to be in smaller volume than a year ago. The general level of wholesale commodity prices showed a further rise, reflecting chiefly price advances for agricultural commodities.

### Production

The Federal Reserve Board's indexes of both manufacturing and mineral production, in which allowance is made for usual seasonal variations, decreased between August and September. Production of iron and steel was in smaller volume in September than in any month since 1925. There were also decreases from August to September in the output of non-ferrous metals, automobiles and rubber tires, while the textile and shoe and leather industries continued active. The production of bituminous coal showed about the usual seasonal increase in September and October, but continued in smaller volume than during the same period of other recent years. The output of anthracite was considerably reduced during September and the first half of October, following an increase in August, and the weekly output of crude petroleum has decreased slightly since the early part of August. The value of building contracts awarded continued somewhat smaller during September and the first three weeks of October than during the corresponding period of 1925 or 1926; declines occurred in contracts for residential, commercial, industrial, and educational building, while contracts for public works and public utilities were larger in September than in the corresponding month of any previous year.

Crop conditions improved in September, and the Department of Agriculture's estimates for October 1 indicate larger yields of most grain crops than were expected a month earlier.

The estimate for the corn crop was increased by 146,000,000 bushels and was only 43,000,000 bushels smaller than the yield in 1926. Wheat production is expected to be 34,000,000 bushels larger than last year, while the estimated cotton crop of 12,678,000 bales is more than 5,000,000 bales below last year's yield.

### Distribution

Trade of wholesale and retail firms increased in September by somewhat less than the usual seasonal amount. Compared with a year ago, sales of wholesale firms in nearly all lines, except shoes and drugs, were smaller. Sales of department stores were in about the same volume, and those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by reporting wholesale firms in leading lines were reduced in September, and continued smaller than last year. Stocks of department stores, on the other hand, increased slightly more than is usual in September, and at the end of the month were somewhat larger than a year ago.

Freight car loadings were in smaller volume during September and the first week of October than in the corresponding period of last year for all groups of commodities except grain and grain products, of which loadings were larger than in the same period of any previous years since 1924.

### Prices

Wholesale commodity prices advanced in September for the fourth consecutive month, and the Bureau of Labor Statistics all commodities index rose to the highest level since last January. There were large increases between August and September in the prices of live stock, meat, and cotton, and small advances in the prices of leather, coal and chemicals, while prices of grains, building materials and rubber declined during the first three weeks in October.

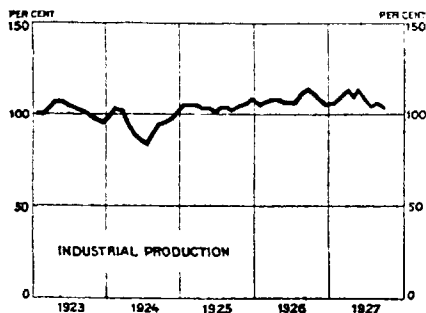
The prices of spring wheat, corn, cotton, coal, and iron and steel declined, while prices of livestock, raw wool, and rubber advanced.

### Bank Credit

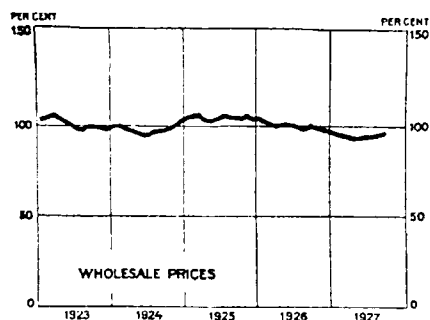
Total loans and investments of member banks in leading cities showed a further increase for the four weeks ending October 19, and on that date were about \$660,000,000 larger than in midsummer. Of this growth in member bank credit, about \$325,000,000 represented an increase in commercial loans, a considerably smaller increase than for the same period last year, and about \$335,000,000 an increase in investments and loans on securities.

At the Reserve banks, total bills and securities increased during the four weeks ending October 19th, as is usual at this season, but were on the average about 60,000,000 below the level of the corresponding period last year. The increase, which was largely in the form of additions to the bank's holdings of acceptances, reflected chiefly an increase in member bank reserve requirements and an export demand for gold.

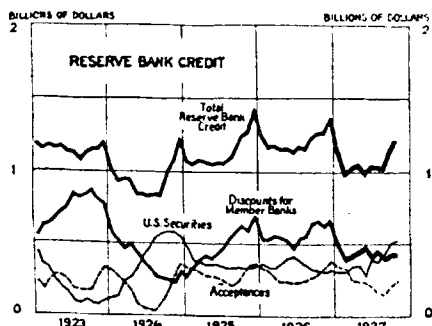
Some seasonal firmness in the money market in October was reflected in an increase from 3½ to 3¾ per cent in rates on 90-day banker acceptances. The rate on commercial paper remained unchanged at 4 per cent.



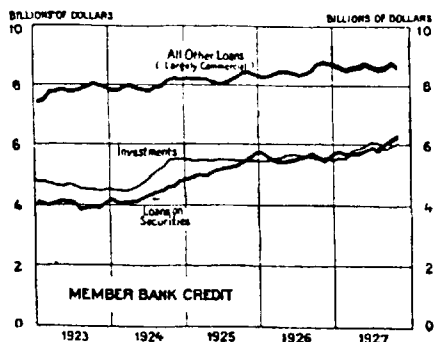
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 = 100). Latest figure: September, 105.



Index of U. S. Bureau of Labor Statistics. (1926 = 100). Latest figure: September, 96.5.

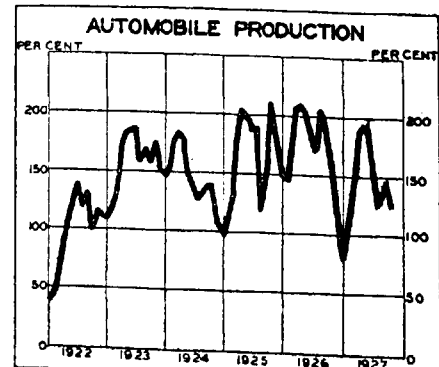
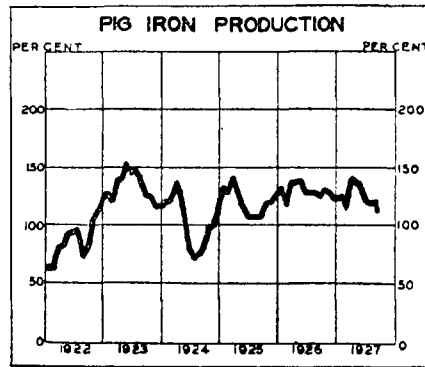
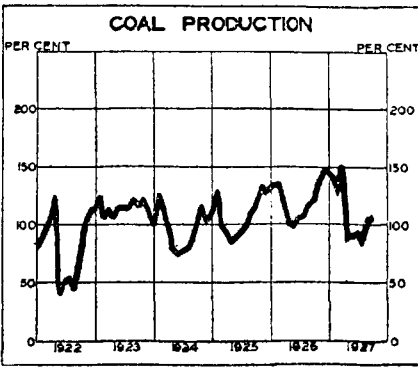
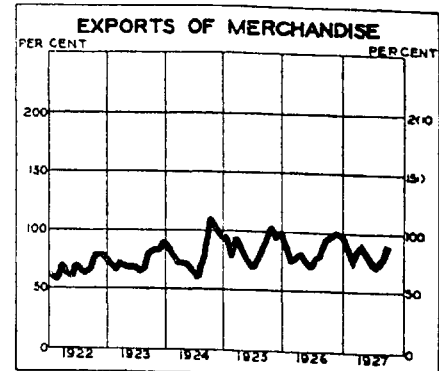
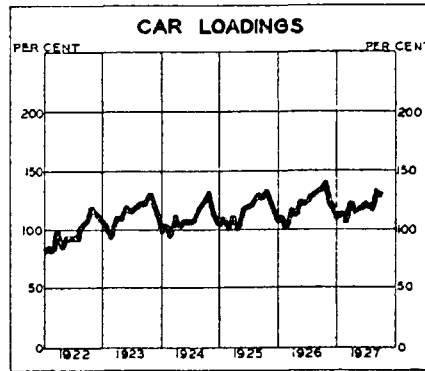
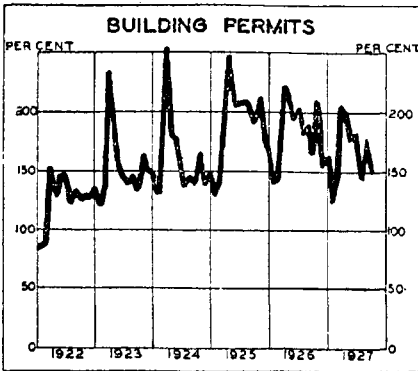
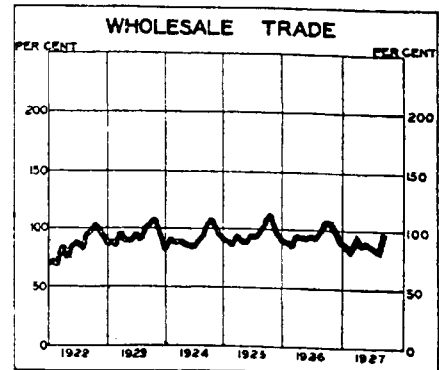
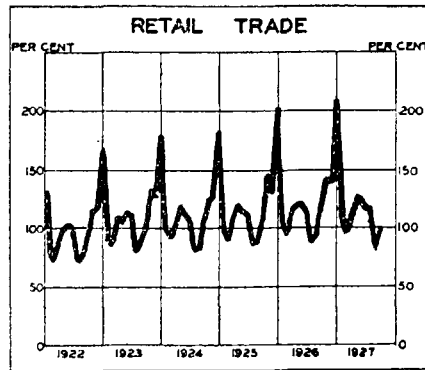
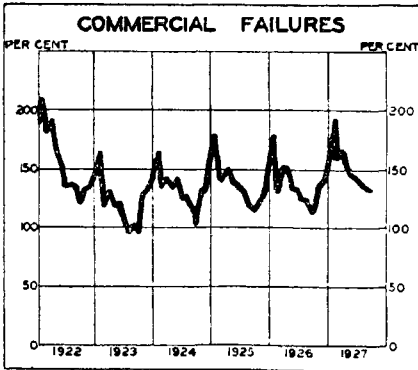
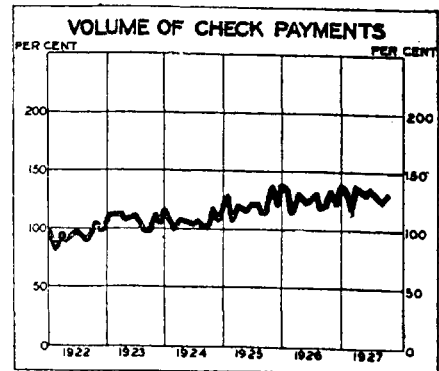
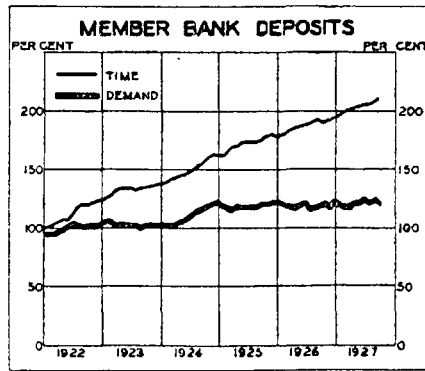
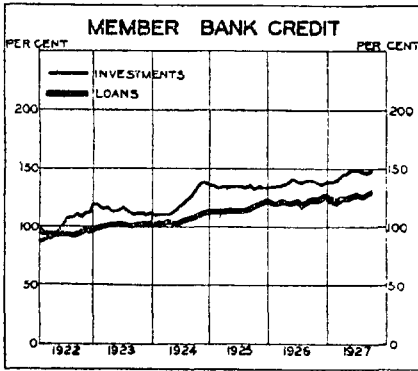


Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in October.



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

Indexes of National Business Conditions



LATEST FIGURES

- 1. Member Bank Credit: Loans, Sept.—129. Investments, Sept.—149.
- 2. Member Bank Deposits: Demand, Sept.—122. Time, Sept.—213.
- 3. Check Payments, except New York, Sept.—133.
- 4. Commercial Failures, Sept.—122.
- 5. Retail Trade, Aug.—100.
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