

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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No. 1

After a business recession lasting since the Spring of 1927, a slightly better tone prevailed in the Fourth District in December. Conditions generally are still dull, but the more optimistic feeling of business men noted in last month's Review has been borne out by an improvement in some industries and by the cessation of the business reaction in others. Renewed activity in a number of manufacturing plants connected with the motor trade is foreshadowed by the actual receipt of orders from Ford. Definite improvement in the District's largest industry—iron and steel—was reported about the middle of December in the shape of an increasing demand for products for delivery in the first quarter of next year. Steel prices have also exhibited a stiffening tendency. Some industries, however, are still in a depressed condition, such as coal and, to a lesser extent, lumber, and still others report conditions virtually unchanged from a month ago.

The general business trend in the United States was again definitely downward in November. This bank's weekly index of distribution, based on car loadings, declined from 96.0 for the week ending November 5 to 92.9 for the week ending December 3, the latter being

the lowest point since 1924. The Federal Reserve Board's index of industrial production fell from 103 in October to 99 in November, also the lowest point since 1924. These downward movements were confirmed by the Analyst's index of general business activity, which declined from 96.4 in October to 92.1 (preliminary) in November. The Federal Reserve Board's production index has now fallen 13 points from the year's high of 112 in March.

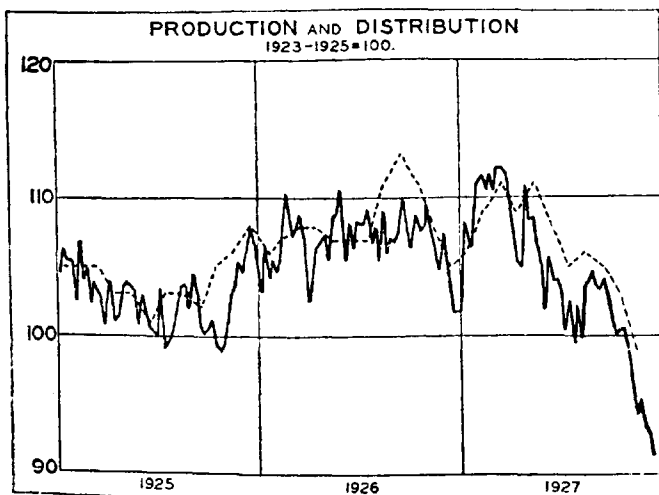
As for December, the distribution index stood at 92.9 for the week ending the 3rd; fell to 91.3 the following week, but rose to 92.9 for the week ending the 17th.

Financial

Money rates in general show no great change from a month ago, either in the Fourth District or in the United States as a whole. Call money, however, advanced from 3½ per cent—the rate prevailing throughout November—to 4 per cent on November 30th and to 4½ on December 2, due largely to first-of-month settlements. It then reacted to 4 per cent on December 7th, and was still quoted at that figure on the 16th. Time money on the stock exchange has recently been steady at 4½-4¼ per cent, prime commercial paper has remained at the 4 per cent level, and bankers acceptances were quoted at 3¼ per cent in mid-December. The discount rates of the Federal Reserve banks remain unchanged at 3½ per cent.

Gold reserves of the Federal Reserve System have undergone a noticeable decline in the past several months, particularly since the middle of October. Gold exports were heavy in September, October, and November, exceeding imports in those months for the first time since September, 1926. November exports reached the large total of \$55,266,000—the largest since January, 1925—and further heavy shipments have occurred in December, including gold sent to Great Britain for the first time in many months. The reserve ratio of the System, however, is still very high, standing at 69.2 on December 14 against a legal requirement of roughly 38 per cent.

Bills discounted by this bank have increased less than is usual at this season, and on December 21 were considerably less than a year ago. Open market purchases of Government securities have increased rather sharply, however, and acceptance holdings also increased from Au-



Solid line—Weekly index of car loadings, F. R. B. of Cleveland (1923-1925=100). Latest figure: Week ending December 10—91.3.
Broken line—Monthly index of industrial production, F. R. Board. (1923-1925=100). Latest figure: November, 99. Both curves adjusted for seasonal variation.

gust to November, although a slight decline has since manifested itself. The total of bills and securities held by this bank therefore has undergone an expansion since midsummer, though not to the same extent as last year.

Contrary to the trend exhibited by all reporting member banks in the country, loans secured by stocks and bonds in this District have fallen off since the middle of September, standing at about \$600,000,000 on December 7. "All other" loans are also down from the Fall level, amounting to about \$770,000,000 on December 7. Investments, on the contrary, have gradually increased, reaching the high point for the year to date of \$720,000,000 on November 16 and then declining to about \$705,000,000 on December 7. Demand deposits rose somewhat during November, while time deposits changed but little.

Savings deposits of 68 leading banks in this District were \$986,399,768 on November 30, a gain of 7.4 per cent for the year and of 1.4 per cent for the month.

Commercial failures in this District numbered 147 in November, 175 in October, and 134 a year ago, according to R. G. Dun and Company. Liabilities aggregated \$3,449,315 in November, as compared with \$7,009,505 in October and \$2,775,023 last year. There were 1,864 failures in the United States in November, 1,787 in October, and 1,830 in November, 1926.

Debits to individual accounts at 13 leading centers in this District amounted to \$2,464,748,000 in November, as compared with \$2,648,308,000 in October and \$2,386,738,000 in November of last year.

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

	Federal Reserve Bank of Cleveland			Federal Reserve System		
	(In Millions)			(In Millions)		
	Dec. 7 1927	Dec. 8 1926	Nov. 9 1927	Dec. 7 1927	Dec. 8 1926	Nov. 9 1927
Gold Reserves	296	261	282	2,827	2,828	2,910
Discounts	44	84	55	444	605	461
Acceptances	17	33	20	380	391	336
U. S. Securities	61	36	60	604	324	530
Total bills and securities	123	153	135	1,429	1,322	1,328
Federal Reserve notes in circulation	217	219	213	1,750	1,804	1,735
Total deposits	187	183	186	2,427	2,289	2,423

REPORTING MEMBER BANKS

	Fourth District			United States		
	(In Millions)			(In Millions)		
	Dec. 7 1927	Dec. 8 1926	Nov. 9 1927	Dec. 7 1927	Dec. 8 1926	Nov. 9 1927
Loans secured by stocks and bonds	603	552	591	6,364	5,400	6,122
All other	789	810	787	8,909	8,942	8,962
Total loans	1,392	1,362	1,378	15,273	14,342	15,084
Investments	708	635	704	6,348	5,531	6,088
Demand deposits	1,076	1,019	1,037	13,955	12,924	13,530
Time deposits	389	307	388	6,468	5,780	6,405

Iron and Steel Iron and steel demand, chiefly for first quarter delivery, displayed more vigor in December than in any month of the last half of the year. Optimism concerning the 1928 markets was gathering momentum, the Ford Motor Company was giving inspiration to better automotive buying, the railroads were more interested in new rolling stock

than at any time since last January, and foundries, especially those on automotive work, were covering liberally for the first quarter.

Not a little of the activity in finished steel was stimulated by the stiffening tendency in prices. With makers of plates, shapes and bars standing firmly on \$1.80 (Pittsburgh) for first quarter, users having lower priced contracts were specifying the material out. Practically all makers of sheets went on the new basis of \$2.10 (Pittsburgh) on blue annealed, \$2.90 on black and \$3.75 on galvanized; these prices represent not so much an advance as an effort to stem further weakness. Cold finished bar makers took their stand on \$2.20 (Pittsburgh). Strip continued to evidence considerable weakness and mills solicited first quarter contracts at prices as low as \$1.80 (Pittsburgh).

In no district was pig iron contracting so marked in December as at Cleveland, where the market on foundry and malleable iron was firm at \$18.50, furnace, for local delivery. There were two consecutive weeks in which sales of Cleveland furnaces approximated 60,000 tons. Buying in the Pittsburgh district received impetus when a large user bid \$17.25 (valley) on No. 2 foundry.

Semi-finished steel, like finished products, has come to be sold on a short-range basis. The prices quoted currently are as follows: \$34.00 (Pittsburgh, Youngstown, Cleveland) on sheet bars, \$33.00 on billets and \$40.00 to \$42.00 on wire rods.

Tin plate contracting for the first half of 1928 went forward when important makers announced \$5.25 (Pittsburgh) per base box. Indications are that the first half of 1928 will be better for tin plate than the last half of 1927. Freight car inquiry passed the 10,000 mark at one time in December, the largest prospective business since January, 1927. Pittsburgh district car builders expect to book approximately half of this inquiry. With the railroads generously covered on their 1928 railway requirements, they were turning to their needs for track fastenings, and Pittsburgh mills entered the heaviest orders since the early months of 1927.

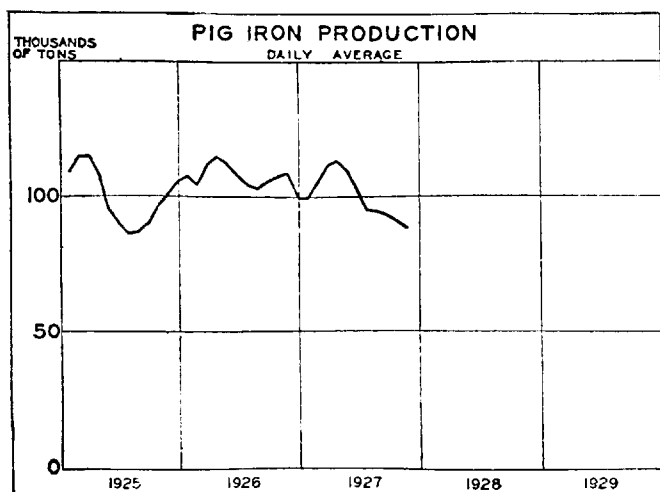
Although forward buying of both pig iron and finished steel overshadowed orders for spot shipment, December production was expected to compare favorably with November and if it displayed the usual seasonal decline to modify it considerably.

Pig iron production in November continued the decline which set in last April. The daily rate of 88,728 gross tons compared with 90,710 tons in October and 107,933 tons last November. The 1927 total of pig iron is indicated as 36,350,000 tons compared with 39,100,941 tons in 1926. November steel ingot output also developed a slight loss, the daily average being 119,299 tons compared with 126,500 tons in October and 142,529 tons in November, 1926. The 1927 output of steel ingots approximated 43,034,000 tons compared with 46,936,205 tons in 1926.

Further adjustments in pig iron, strip and wire nails brought the Iron Trade Review composite of 14 leading iron and steel products to an average of \$85.09 in Decem-

ber, compared with \$35.35 in November and \$38.22 last December.

The following chart clearly exhibits the decline in iron and steel activity since April, 1927:



Coal The soft coal industry remains in a state of dullness which has been almost chronic for months. The same unfavorable factors exist which have been reported in previous Reviews: unseasonably warm weather, sluggish demand, heavy stocks on hand, and general overproductive capacity. In addition, Ohio union mines are still suffering from lower wage competition in non-union territories and from adverse freight rates.

Fourth District concerns report that domestic demand in December has been quiet, as the weather for the most part has been above normal. A falling-off in orders has also taken place in the case of large manufacturing plants whose operations are now being curtailed for inventory purposes. Consumers' stock piles remain large.

The price decline which started about the time of the strike settlement in Illinois has apparently halted, but the present price level is not at all satisfactory to producers, being well below the winter quotations of earlier years. The Coal Age average price of bituminous coal (spot, mine) stood at \$1.90 in the middle of December, there having been practically no change since October.

Doubtless as a result of the inactivity of coal markets in the last two months, production of bituminous has not undergone the usual seasonal rise this year but has been fairly stable since Labor Day. The 1927 production curve is now running behind all of the preceding four years. For the year up to December 3, the total output amounted to 482,559,000 tons, or 46,000,000 less than in 1926.

Rubber and Tires Tire manufacturers in this District report conditions as being seasonally quiet but satisfactory for this time of year.

Although it is too early for any material gain in sales of tires as original equipment on the new Ford car, some increase in that direction is beginning to appear. The renewal tire business continues to be good.

Crude rubber prices have strengthened noticeably in the past two months. This advance is probably connected with recent efforts to check smuggling from British-owned plantations; with reduced assessments of rubber estates in Malaya, which if effective would mean smaller production and export of crude rubber from that colony in 1928; and with continued heavy demand for crude both in America and Europe. Russia has been a steady purchaser lately. The actual price per pound of crude finally crossed the 40-cent mark about the first of December, after fluctuating in the 30-to-40 cent range for several months previous. On December 14, first latex (spot) was quoted at 40½ cents per pound, as compared with 37½ cents on November 18, and 35 cents two months ago.

A recent report of the Department of Commerce states that the consumption of inner tubes in relation to casings has declined sharply in the last year or two. For the year ending October 1, 1925, tire dealers sold an average of 1.47 inner tubes with every casing; in 1926, only 1.42 tubes per casing; and in 1927, only 1.23 tubes per casing.

The estimated stocks in the hands of the 100,000 tire dealers in the United States at six-months' intervals from 1924 to 1927 were as follows:

	Casings	Inner Tubes
October 1, 1924	5,360,000	7,990,000
April 1, 1925	6,220,000	10,210,000
October 1, 1925	5,660,000	9,910,000
April 1, 1926	6,390,000	11,960,000
October 1, 1926	4,990,000	9,380,000
April 1, 1927	7,060,000	12,090,000
October 1, 1927	5,760,000	10,310,000

Automobiles Automobile production in November amounted to only 133,000 cars and trucks, as compared with 256,000 a year ago. For the first eleven months of 1927, production was 3,259,000 cars and trucks (United States only), as against 4,131,000 in the corresponding period in 1926. Conditions within the industry are very quiet at present, inasmuch as this is the period when factories close for inventory-taking. Furthermore, Ford has not swung into quantity production as yet.

The following table gives an idea of the decline in automobile production in 1927.

Automobile Production (U. S. only)			
	1927	1926	1925
(In thousands of cars)			
January	239	310	231
February	305	364	275
March	394	434	362
April	405	441	422
May	404	421	410
June	322	388	387
July	268	359	387
August	309	427	251
September	260	396	320
October	220	335	437
November	133	256	365
11 months	3,259	4,131	3,847

Paint In response to an inquiry as to whether the paint and varnish business in this District had shown any stimulus as yet from new Ford production, paint manufacturers in general replied in the negative. A more optimistic state of mind prevails among most concerns, however, owing to the potential increase in demand which would certainly follow from any increase in automobile production. Such a gain in motor output, of course, has not yet taken place.

December business of most paint firms has been equal to or better than last year, and November was about on a par with 1926. Business in the third quarter was rather dull, in common with other lines, but two or three manufacturers report a fair gain in the past few weeks which cannot be accounted for on seasonal grounds. Buying by customers is still on a hand-to-mouth basis.

Clothing Unseasonable weather continues to be one of the main factors in the clothing situation in this District. October and November were both much warmer than usual, and this kept down the sale of Fall and Winter wear to the public and also made retailers hesitate about ordering for the future on account of heavy stocks on hand. As a result of all this, retail sales of numerous articles of clothing were materially lower than in 1926 in both October and November, although the latter month showed fewer declines in this respect than the former and manufacturers report that demand on the whole improved in November, particularly in women's apparel.

The first half of December brought two severe cold snaps which resulted in some tardy buying, and retailers were thus enabled to dispose of part of their excess stocks. Spring orders for knit goods are stated to be considerably better than last year at present. Business in woolens is about on a par with December a year ago. The men's wear trade has been particularly affected by the weather, and signs of recovery from the backward Fall business have occurred only very recently.

Preliminary sales figures of 41 department stores in the Fourth District for November show the following gains over 1926 in clothing lines: women's coats, 8.8 per cent, misses' ready-to-wear, 20.2; juniors' and girls' wear, 2.6; waists and blouses, 30.5; sweaters, 5.7; hosiery, 5.6; muslin and silk underwear, 0.3; infants' wear, 3.4; and house dresses, 21.2. On the other hand, the following departments suffered losses: men's clothing, 13.1; men's furnishings, 2.7; boys' wear, 3.7; women's dresses, 2.3; furs, 13.4; knit underwear, 7.5; gloves, 8.2; millinery, 0.6; and negligees, 1.0 per cent.

Sales of 15 wholesale dry goods houses in the Fourth District in November showed the usual falling-off from last year, the decrease being 11.0 per cent. For the first eleven months of 1927, sales were 8.4 per cent less than in the same period in 1926.

Shoes Some improvement is reported in the shoe industry in this District after a rather disappointing Fall. Retail sales in November exceeded those of the same month last

year, after falling behind in both September and October. Wholesale shoe sales also showed improvement in November, although still lagging behind last year. Manufacturers report a revival of interest on the part of customers. Salesmen are now on the road and Spring orders are beginning to come in, the volume of such orders so far being greater than last year in some cases.

Other Manufacturing With the exception of concerns who deal with Ford, there has been but little change in manufacturing operations in this District during the past month. Some establishments report a slight turn for the better in December, but the majority state that conditions are virtually unchanged from a month ago.

Imports of glass into this country in 1927 have been met by price-cutting by domestic glass manufacturers. This has very considerably reduced such imports, but has also cut into the earnings of American concerns. Domestic glass output for the first ten months of 1927 was 15 per cent under 1926, caused partly by smaller automobile demand. Conditions in the industry at present are about the same as last month. The paper trade is experiencing the usual seasonal recession, owing to the practice of letting stocks run low while taking inventory. Business generally has not been up to the 1926 level. No changes of importance have recently occurred in the electrical supply trade. The situation in the boxboard industry has been spotty; some price-cutting has taken place, but on the whole 1927 proved to be a good year. Seasonal quiet prevails in the stove trade. Manufacturers of metal containers report orders as being better than usual at this season, and the outlook is promising. A seasonal increase has lately marked the watch and jewelry industry. Three lines of machinery and tool manufacturing report a pickup in December, these being woodworking, engineering, and foundry products. No changes have taken place in the agricultural implement line. Makers of white lead for the paint and varnish trade report the outlook bright on the basis of orders for the Spring of 1928, which are fully up to last year. Raw material prices have been very low, but lead has recently advanced \$5.00 per ton.

Tobacco The selling season for Kentucky burley tobacco is now under way, and reports to date are very encouraging. The volume of sales is about on a par with former years, while the prices received have been much higher than last year. The average price for the first week of selling was \$24.54 per 100 pounds, as compared with \$15.88 in the corresponding week a year ago, \$22.32 in 1925, \$24.94 in 1924, and \$19.72 in 1923. It is apparent, therefore, that the short crop this year has restored the price so far to the 1923-1925 level, or even a little higher. The growers appear well satisfied with the situation.

The Burley Association is selling at auction this year. The Association recently made the final payment of \$6,000,000 to its members on the 1923 crop.

Building Contracts awarded in 37 Eastern states in November fell below last year, amounting to \$466,393,400 as against \$487,012,500. Contemplated projects, however, were considerably larger in volume on December 1 than a year ago. Bradstreet's record of building permits for 167 cities showed a loss of 1.7 per cent in November from the same month in 1926. For the first eleven months of 1927, contracts awarded were almost equal to the corresponding period last year, but building permits were some 10 per cent less. These figures indicate that while residential building has fallen off this year in common with many other lines of industry, construction of engineering projects, etc., has exceeded that of 1926, so that the total amount of construction has held up exceptionally well in comparison with general business.

In the Fourth District, contracts awarded totaled \$41,639,000 in November, as against \$38,733,000 a year ago, a gain of 8 per cent. Residential construction alone increased 16 per cent, from \$15,862,000 to \$18,402,000. The value of permits in 27 leading cities totaled \$17,004,232 in November, a loss of 9.2 per cent from last year. Substantial gains were shown in Newark, Euclid, and Canton, while large declines occurred in Akron, Ashtabula, Cleveland Heights, East Cleveland, Rocky River, Erie, Hamilton, Lexington, Lima and Pittsburgh. For the first eleven months of this year, permits were \$231,902,260, a loss of 6.4 per cent from last year. The largest gains were in Wheeling, Newark, and Parma, while the largest decreases were in Ashtabula, Canton, Cleveland, Cleveland Heights, Covington, Hamilton and Lima.

Building Operations

(Valuation of Permits)

	November, 1927	% change from 1926	Jan.-Nov. 1927	Jan.-Nov. 1926	% change
Akron	910,287	-31.1	18,662,409	14,647,511	+27.4
Ashtabula	8,182	-44.5	502,307	929,416	-46.0
Barberton	156,438	-20.0	1,128,379	1,074,934	+5.0
Canton	433,082	+79.1	3,955,403	5,204,770	-24.0
Cincinnati	2,258,155	-25.4	33,273,205	31,204,738	+6.6
Cleveland	4,281,000	+28.6	40,728,650	58,228,475	-30.1
Cleveland suburbs:					
Cleveland Heights	229,725	-51.7	4,848,607	6,809,827	-28.8
East Cleveland	51,199	-37.9	1,319,323	1,250,880	+5.5
Euclid	250,660	+75.1	1,846,370	1,624,758	+13.6
Garfield Heights	105,000	+3.2	2,557,000	2,107,750	+21.5
Lakewood	425,100	-4.1	5,727,097	4,032,013	+7.6
Parma	168,113	+8.3	3,106,074	1,623,033	+91.4
Rocky River	38,325	-63.7	1,140,219	897,104	+27.9
Shaker Heights	655,580	-8.9	8,648,090	7,186,520	+20.3
Columbus	1,669,700	+4.5	21,772,500	24,196,400	-10.0
Covington, Ky.	108,100	+40.9	1,566,406	2,073,000	-24.4
Dayton	696,276	+12.3	10,241,792	8,541,584	+19.9
Erie, Pa.	767,870	-33.3	5,155,486	5,879,691	-12.3
Hamilton	81,280	-47.6	1,832,931	2,412,663	-24.0
Lexington, Ky.	53,596	-53.6	2,172,560	1,682,391	+29.1
Lima	15,000	-38.3	693,701	1,171,579	-40.8
Newark	28,425	+192.3	629,342	372,525	+68.9
Pittsburgh, Pa.	1,816,648	-38.8	33,920,987	40,008,376	-15.2
Springfield	64,595	-24.0	1,723,703	1,388,618	+24.1
Toledo	921,476	+8.5	15,667,061	12,527,696	+25.1
Wheeling, W. Va.	179,895	-14.5	2,923,888	1,723,138	+69.7
Youngstown	630,525	+12.2	8,158,770	8,850,662	-7.8
Total	17,004,232	-9.2	231,902,260	247,650,052	-6.4

Building Materials The lumber trade is dull at present, according to reports from manufacturers and wholesalers in the Fourth District. Inquiries for the most part are few; a buyers' market exists with selling competition very keen and buyers showing even more conservatism than heretofore in their purchases. Prices have been weak, particularly in softwoods.

Cement production in Ohio, West Virginia, and Western

Pennsylvania totaled 1,542,000 barrels in November, as compared with 1,157,000 barrels in the same month in 1926.

Orders for building tile were above normal in November and December, the demand being strong.

Retail Trade Department store sales in November declined from last year for the third successive month, the loss being 3.7 per cent. Unusually warm weather continued to retard the winter selling season, and in addition it should be remembered that sales in August, particularly of Fall wear, were exceptionally heavy due to the cool weather of that month. Consequently, total sales for the District during the year up to December 1 were slightly higher than in the first eleven months of 1926, in spite of the falling-off in business in the past three months.

Only 18 out of 52 individual departments of about 70 department and apparel stores in the District were able to register gains in November sales as compared with last year. The largest increases were: jewelry, 19.7 per cent; umbrellas and parasols, 16.7; women's suits, 14.4; misses' ready-to-wear, 15.7; and aprons and house dresses, 13.4 per cent. Changes in the fifteen departments doing the largest business in November, in order of the volume of business done, appear below.

	% change, 1927 over 1926
1. Women's Coats	+ 3.1
2. Women's Dresses	- 5.5
3. Men's Furnishings	- 5.4
4. Men's Clothing	-14.5
5. Hosiery	+ 5.6
6. Women's Shoes	- 0.4
7. Furs	-18.7
8. Misses' Ready-to-Wear	+15.7
9. Millinery	- 4.2
10. Furniture	- 3.5
11. Boys' Wear	- 6.0
12. Floor Coverings	+ 1.6
13. Silks and Velvets	- 9.5
14. Draperies	- 6.8
15. Juniors' Ready-to-Wear	- 0.4

Wholesale Trade Sales of all reporting wholesale lines in this District were in smaller volume in November than last year. The decreases were as follows: drugs, 2.5 per cent; hardware, 7.3; dry goods, 11.0; shoes, 15.1; and groceries, 4.1. For the first eleven months all lines again reported decreases, which were as follows: drugs, 0.2 per cent; hardware 2.6; dry goods, 8.4; shoes, 7.1; and groceries, 4.8.

Stocks on hand on November 30 were less than a year ago in all lines. Hardware stocks were 23.9 per cent less; dry goods, 7.9; shoes, 9.6; and groceries, 3.7.

Accounts receivable were also less on November 30 than the preceding year. The decreases in this item were: drugs, 3.7 per cent; hardware, 5.7; dry goods, 11.1; shoes, 4.2; and groceries, 2.8.

Wholesale drug collections were greater than in November, 1926, by 3.8 per cent, and grocery collections were larger by 1.5 per cent. Dry goods, hardware, and

shoes, however, showed declines of 10.4, 3.9 and 9.7 per cent respectively.

The percentage of collections during November to accounts receivable on October 31 was as follows: drugs, 83.2 per cent, hardware, 38.2; dry goods, 39.0; shoes, 30.2; and groceries, 79.0.

The stock turnover rate in November was .62½ for groceries, or 7.51 times a year, and .38 for dry goods, or 4.56 times a year.

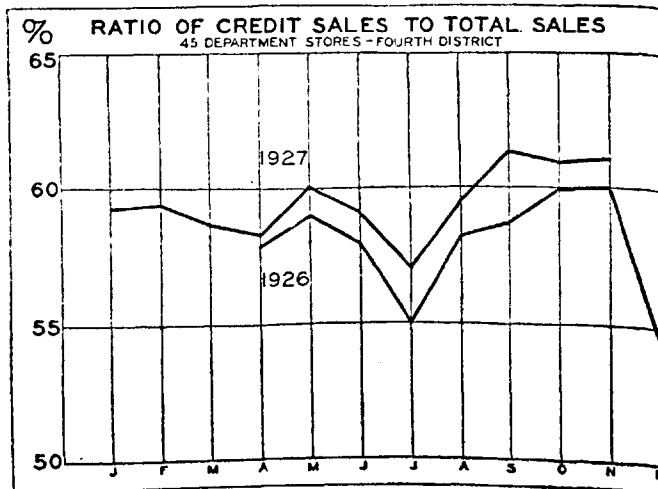
Growth of Credit Sales Much has been said about the growth of sales made on credit during the last two or three years. An evidence of such a growth in the retail field is found in the figures of 45 department stores in the Fourth District which have reported their credit sales to this bank each month, commencing with April, 1926. The chart below gives the proportion of credit to total sales by months from April, 1926, to November, 1927, inclusive.

It is apparent from the chart that a slight but persistent growth in the percentage of credit sales has occurred in the last year and a half. In fact, each of the eight months of 1927, comparing directly with 1926, shows a larger proportion of such sales than the same month in the preceding year. From April to November inclusive, the ratio of credit sales to total sales in the group of stores under discussion was 58.5 per cent in 1926, while in 1927 the percentage rose to 59.8. The eight months of the present year thus show an increase of 2.2 per cent in the ratio of credit to total sales, the gain in each individual month varying but little from that for the entire period. The noticeable feature of this increase is its regularity month after month rather than its size.

There also appears to be a seasonal swing in the matter of the ratio of credit to all sales, although no definite conclusions on that score can be drawn on the basis of only two years' experience. But for 1926 and 1927, the proportion of credit sales reached a high point in May, slumped during the early summer, and then rose rather sharply to the peak of the year, which occurred in November in 1926 and September in 1927. Figures for December of this year are not yet available, but in 1926 the percentage of credit sales dropped markedly in that

month to the lowest point of the year, possibly due to the great number of relatively low-priced articles ordinarily purchased for cash during the holiday season.

The above data include both regular charge sales and instalment sales. Of the 45 stores, only 11 of the larger firms reported their instalment sales separately each month for the entire period, this number being hardly representative enough to justify any conclusions concerning retail instalment selling as a whole in this District. One or two points of interest, however, may be found in the reports of these 11 department stores. The ratio of all their credit sales to total sales in 1927 ran ahead of last year pretty consistently, thus exhibiting the same tendency as the ratio of all credit to total sales in the larger group of 45 firms. However, this increase in the case of the 11 stores was *not* accounted for by a gain in the percentage of instalment sales, but rather by a larger proportion of 30-day charge sales. The latter in 1927 ran ahead of 1926 in all but one of the eight comparable months, while the ratio of instalment to total sales in 1927 was less than last year in some months and greater in others, being about the same for the eight months combined. The ratio of instalment to total sales averaged around 7 to 8 per cent in both years, rising to almost 11 per cent in August on account of furniture sales and declining to a low point of 5 per cent in December.



Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

	Nov. 1927	Nov. 1926	% change	Jan.-Nov. 1927	Jan.-Nov. 1926	% change
Bank Debits (23 cities)	2,980	2,926	+ 1.8	35,157	32,675	+ 7.6
Savings Deposits (end of month)						
Ohio (41 banks)	722,538	673,054	+ 7.4	695,587 ¹	654,461 ¹	+ 6.3
Western Pennsylvania (27 banks)	263,862	245,045	+ 7.7	257,180 ¹	239,108 ¹	+ 7.6
Total (68 banks)	986,400	918,099	+ 7.4	952,767 ¹	893,569 ¹	+ 6.6
Commercial Failures — Number	147	134	+ 9.7	1,822	1,876	- 2.9
Liabilities	3,449	2,775	+24.3	49,310	37,235	+32.4
Postal Receipts — 9 cities	3,107	3,048	+ 1.9	33,489	32,842	+ 2.0
Sales — Life Insurance — Ohio and Pa.	88,479	95,810	- 7.7	1,073,327	1,029,368	+ 4.3
Dept. Stores—(50 firms)	26,231	27,219	- 3.6	252,480	253,135	- 0.3
Wholesale Groceries (50 firms)	7,222	7,606	- 5.0	73,992	77,953	- 5.1
Dry Goods — (15 firms)	2,836	3,186	-11.0	27,575	30,099	- 8.4
Hardware — (16 firms)	2,108	2,273	- 7.3	22,841	23,441	- 2.6
Drugs — (15 firms)	1,803	1,850	- 2.5	20,092	20,136	- 0.2
Building Permits, Valuation—27 cities	17,004	18,726	- 9.2	231,902	247,650	- 6.4
Building Contracts Awarded—	41,639	38,733	+ 7.5	658,603	588,657	+11.9
Production — Pig Iron, U. S.	2,648	3,237	-18.2	33,536	35,979	- 6.8
Steel Ingots, U. S.	3,102	3,706	-16.3	39,891	43,469	- 8.2
Automobiles, U. S.						
Passenger Cars	108,903	222,410	-51.1	2,832,117	3,668,903	-22.8
Trucks	24,299	33,881	-28.5	427,200	461,960	- 7.5
Bituminous Coal, 4th Dist.	17,342 ²	22,808 ²	-24.0	185,695 ³	195,352 ³	- 4.9
Cement: Ohio, W. Va., Wn. Pa.	1,542	1,157	+33.3	16,312	15,050	+ 8.4
Electric Power: Ohio, Pa., Ky.	1,129 ²	1,145 ²	- 1.4	10,807 ²	10,406 ²	+ 3.9
Petroleum: Ohio, Pa., Ky.	2,038 ²	1,947 ²	+ 4.7	19,981 ³	18,769 ³	+ 6.5
Shoes, 4th District			+ 2.1 ²			+14.2 ⁴
Tires, U. S.	3,617 ²	3,871 ²	- 6.6	42,175 ³	39,721 ³	+ 6.2
Bituminous Coal Shipments (from Lake Erie ports)	3,281	3,441	- 4.6	34,083	29,237	+16.6
Iron Ore Receipts (at Lake Erie ports)	1,831	3,282	-44.2	36,553	42,171	-13.3

¹11 months' average
²October
³Jan.-October
⁴Figures confidential

Index Numbers of Trade in the Fourth Federal Reserve District

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

	Nov. 1923	Nov. 1924	Nov. 1925	Nov. 1926	Nov. 1927
Department Stores (50)*	121	120	116	126	121
Wholesale Drugs (15)*	106	100	106	118	114
Wholesale Dry Goods (14)*	97	83	82	91	81
Wholesale Groceries (50)*	98	90	90	88	84
Wholesale Hardware (15)*	104	99	100	112	104
Wholesale Shoes (5)*	75	73	74	87	73
Wholesale All (99)*	98	90	91	101	89
Chain Drugs (3)*†	97	95	99	101	92

*Number of firms.
 †Per individual unit operated.

Debits to Individual Accounts

(In thousands of dollars)

	4 weeks ending Dec. 14, 1927	% change from 1926	1927 to date (Dec. 29-Dec. 14)	1926 to date (Dec. 30-Dec. 15)	% change from 1926
Akron	90,435	+11.9	1,162,806	1,083,379	+ 7.3
Butler, Pa.	10,441	+ 1.0	136,948	130,183	+ 5.2
Canton	40,181	- 1.3	547,729	547,322	+ 0.1
Cincinnati	393,817	+13.6	4,721,501	4,251,232	+11.1
Cleveland	712,324	+ 1.9	9,331,823	8,658,919	+ 7.8
Columbus	155,776	+ 6.2	1,930,791	1,841,885	+ 4.8
Connellsville, Pa.	4,335	-28.7	58,212	65,964	-11.8
Dayton	80,012	+ 4.0	1,086,297	1,011,804	+ 7.4
Erie, Pa.	31,143	- 8.7	418,242	413,957	+ 1.0
Greensburg, Pa.	19,477	+ 3.8	256,265	237,297	+ 8.0
Homestead, Pa.	3,742	-12.7	51,853	54,415	- 4.7
Lexington, Ky.	23,614	+20.3	285,671	265,561	+ 7.5
Lima	13,555	- 1.5	174,650	187,716	- 7.0
Lorain	5,659	+ 2.4	72,262	70,990	+ 1.8
Middletown	10,442	+ 2.6	130,555	130,692	- 0.1
Oil City, Pa.	13,984	+ 8.2	178,110	163,889	+ 8.9
Pittsburgh, Pa.	841,434	+ 0.1	11,772,102	10,833,557	+ 8.7
Springfield	19,962	- 6.4	276,324	277,886	- 0.6
Steubenville	10,448	- 3.8	130,643	127,977	+ 2.1
Toledo	226,713	+20.4	2,708,339	2,522,178	+ 7.4
Warren	11,114	- 0.2	162,282	155,506	+ 4.4
Wheeling, W. Va.	46,227	+ 3.9	534,198	541,238	- 1.3
Youngstown	61,633	+ 2.7	823,421	805,488	+ 2.2
Zanesville	11,623	+ 3.5	149,282	146,661	+ 1.8
Total	3,838,071	+ 4.6	37,100,606	34,525,696	+ 7.5

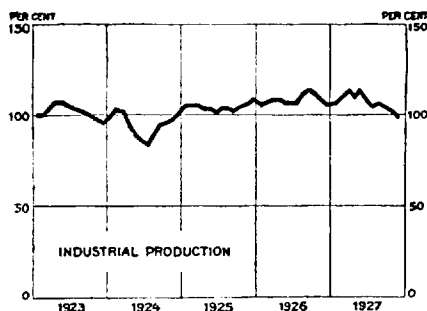
Retail and Wholesale Trade

	No. of reports	Percentage Increase or Decrease	
		Nov. 1927 compared with Nov. 1926	Jan.-Nov. 1927 compared with Jan.-Nov. 1926
DEPARTMENT STORES			
Akron	5	+ 0.1	+ 2.4
Cincinnati	7	+ 2.7	+ 3.8
Cleveland	6	+ 3.2	+ 0.5
Columbus	6	+ 0.8	+11.0
Pittsburgh	7	- 6.9	- 3.6
Toledo	4	+10.4	+ 4.4
Wheeling	5	-13.1	- 4.1
Youngstown	3	-11.9	+ 3.3
Other Cities	15	-10.0	+ 1.4
District	58	- 3.7	+ 0.1
WEARING APPAREL			
Cincinnati	6	- 3.6	+ 6.5
Cleveland	3	- 4.6	- 2.3
Other Cities	9	- 2.3	+ 4.1
District	18	- 3.5	+ 2.6
FURNITURE			
Cincinnati	11	+ 9.2	...
Cleveland	7	-21.6	...
Columbus	10	- 0.7	...
Dayton	4	-14.1	...
Toledo	6	+12.5	...
Other Cities	5	- 1.9	...
District	43	- 4.1	...
CHAIN STORE*			
Drugs—District	3	- 9.2	- 6.8
Groceries	6	- 1.2	- 2.2
WHOLESALE GROCERIES			
Akron	3	- 0.1	- 5.2
Cincinnati	3	- 1.5	+ 2.9
Cleveland	4	- 0.1	- 4.9
Erie	4	-13.9	-12.0
Pittsburgh	7	+ 4.4	+ 1.6
Toledo	4	- 7.0	- 6.1
Other Cities	27	- 8.3	+ 6.2
District	52	- 4.1	- 4.8
WHOLESALE DRY GOODS			
District	15	-11.0	- 8.4
WHOLESALE DRUGS			
District	15	- 2.5	- 0.2
WHOLESALE HARDWARE			
District	16	- 7.3	- 2.6
WHOLESALE SHOES			
District	6	-15.1	- 7.1

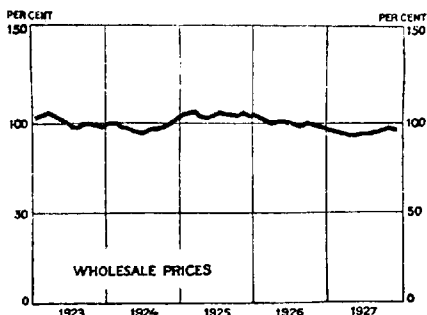
*Sales per individual unit operated.

Summary of National Business Conditions

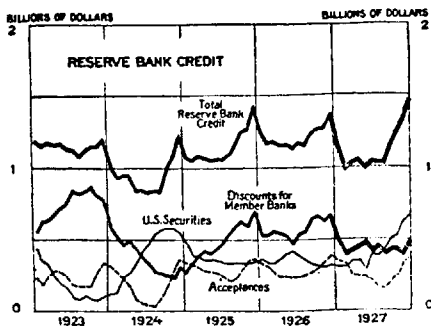
(By the Federal Reserve Board)



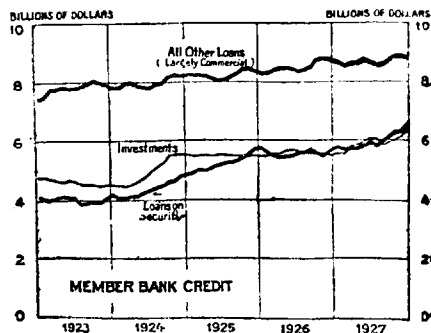
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 = 100). Latest figure: November—99.



Index of U. S. Bureau of Labor Statistics, (1926 = 100). Latest figure: November, 96.7.



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



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

Industrial activity and freight car loadings declined further in November, while retail trade showed more than the usual seasonal increase. The general level of wholesale commodity prices after advancing for four months remained practically unchanged in October and November.

Production

Output of manufactures and minerals was reduced in November and the combined index of production, after adjustments for customary seasonal variations, fell below the 1923-1925 average for the first time since 1924. The largest decline was in the output of automobiles owing largely to preparation for production of new models. Iron and steel production has also declined further, and in November was the lowest since 1924. In December, however, inquiries for iron and steel increased. Textile mill activity was slightly curtailed in November, but continued at a higher level than in previous years. There were decreases in the production of coal, building materials, and leather and shoes. Building contract awards showed seasonal declines in November and the first two weeks of December, and were slightly smaller than in the corresponding period of last year.

The total value of about fifty crops in 1927 is estimated by the Department of Agriculture at \$8,430,000,000, an increase of \$635,000,000 over 1926. The greatest increases in value were shown for cotton, corn, barley, and oats, while the largest decrease for any individual crop was shown for potatoes. The physical quantity of production of the seventeen principal crops was about two per cent less than last year, but three per cent above the average of the last ten years.

Trade

Retail trade increased slightly more than usual in November. Compared with a year ago, retail trade of department stores, mail order houses and chain stores was larger, while wholesale trade continued in slightly smaller volume in nearly all reporting lines. Freight car loadings declined during November and in the early part of December were smaller than in the corresponding period for the past four years. There were large decreases in loadings of all classes of commodities.

Prices

The general level of wholesale commodity prices as measured by the index of the Bureau of Labor statistics, after a continuous advance since early in the summer, remained at practically the same level in November as in October. Changes were relatively small in all groups, increases occurring in foods, hides, and leather, and decreases in farm products, textiles, fuels, and building materials. In the first two weeks of December, prices of wheat, cattle, hogs, cotton, pig iron, and softwood lumber declined, while those of silk, woolen goods, hides, and sole leather advanced.

Bank Credit

Between the middle of November and the middle of December, total loans and investments of member banks in leading cities showed a considerable increase, reflecting continued growth in the volume of loans on securities and in the bank's investment holdings. In the same period, loans chiefly for commercial purposes, which reached a seasonal peak in October, showed a further slight decline.

At Federal Reserve banks the seasonal increase in currency requirements and the continued demand for gold for export during the four weeks ending December 21 were reflected in a growth in member bank borrowing. At the end of this period the total volume of reserve bank credit in use was larger than on any other date in the past six years.

Somewhat firmer conditions in the money market in December were reflected in increased rates on call money. Rates on prime commercial paper and bankers' acceptances remained unchanged during the month.