



# MONTHLY BUSINESS REVIEW

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Business in the Fourth District continued to improve in February, but at a slower pace than in January. Steel production up to the middle of February was ahead of the high mark during the same period of 1927, and prices in February were higher on the average than in January. Operations of tire factories are at a high level, but the rapid decline of crude rubber may prove an adverse factor. Motor and motor accessory concerns are increasing their production schedules. The clothing industry presents a somewhat confused picture, but the general trend is upward. January was better than December in the shoe trade after allowing for seasonal factors, and the improvement has continued in February, the demand being good in spite of higher raw material prices. A rather pronounced upturn has taken place in the paint and varnish industry. On the other hand, depression continues in the coal trade, and lumber manufacturers report that business is still quiet.

In the United States, distribution in the first week of February improved, but thereafter fell off, as evidenced by this bank's car loadings index (corrected for seasonal). The average of this index for the four weeks of January was

100.9, and for the week ending January 28 the curve stood at 103.1. The following week it rose to 105.9, but then fell to 104.3, and again dropped to 102.2 for the week ending February 18.

January unquestionably marked a turning-point in the general trend of the country's business, at least for the time being. After the long decline in 1927, conditions in January took a marked turn for the better. This is conclusively proved by the rise of the Federal Reserve Board's index of industrial production from 99 in December to 105 in January; the advance of this bank's distribution index, based on car loadings, from 93.4 for the week ending December 31 to 103.1 for the week ending January 28; and by the rise of the Annalist's index of general business activity from 90.8 in December to 95.6 in January.

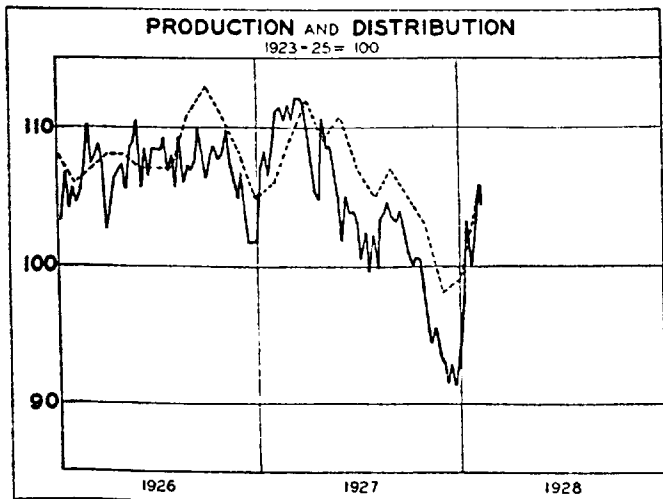
## FINANCIAL

Money rates have hardened during the past month. Bankers' acceptances in the New York market have advanced from 3% to 3½ per cent; the call loan renewal rate has been either 4¼ or 4½ per cent in February, as compared with a range of 3½ per cent to 4½ per cent in the last part of January; and time money on the stock exchange now ranges mostly from 4½ to 4% per cent, as against 4¼-4% in the latter part of January. Prime commercial paper in New York remains at 4 per cent. In the Fourth District, this class of paper commands 4¼-6 per cent in Cleveland, Pittsburgh, and Cincinnati.

A slight increase in bills discounted by this bank took place between January 18 and February 21, and acceptance holdings also increased. Government securities held, however, dropped rather sharply, so that on February 21 total bills and securities amounted to only \$135,000,000, as compared with \$136,000,000 a month earlier.

Contrary to the trend in the United States, reporting member banks in the Fourth District built up their loans secured by stocks and bonds from \$636,000,000 on January 18 to \$661,000,000 on February 15. "All other" loans and investments likewise rose moderately, and on the latter date total loans, discounts, and investments were \$2,142,000,000, as compared with \$2,104,000,000 on January 18.

Savings deposits of 68 leading banks in this District aggregated \$999,137,219 on February 1, 1928, a gain of



Solid line—Weekly index of car loadings, F. R. B. of Cleveland (1923-1925=100). Latest figure: Week ending February 11—104.3. Broken line—Monthly index of industrial production, F. R. Board, (1923-1925=100). Latest figure: January—105. Both curves adjusted for seasonal variation.

0.1 per cent for the month and of 8.2 per cent for the year.

Commercial failures in the Fourth District numbered 269 in January, 202 in December, and 220 a year ago, according to Dun and Company. Liabilities were \$5,995,461 in January, \$3,455,204 in December, and \$3,048,821 a year ago. There were 2,643 failures in the United States in January, 2,162 in December, and 2,465 a year ago.

Bank debits at 24 centers increased from \$3,416,000,000 in January, 1927, to \$3,435,000,000 in the past month, a gain of 0.6 per cent.

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

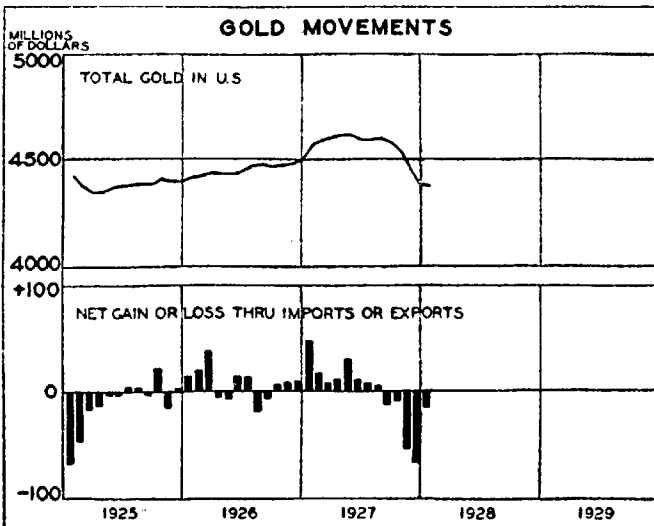
	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Feb. 15 1928	Feb. 16 1927	Jan. 18 1928	Feb. 15 1928	Feb. 16 1927	Jan. 18 1928
	Gold Reserves .....	264	286	262	2,814	2,990
Discounts .....	46	44	51	481	396	412
Acceptances .....	32	28	27	355	315	369
U. S. Securities .....	50	36	53	408	312	499
Total bills and securities	128	108	136	1,245	1,025	1,281
Federal Reserve notes in circulation .....	194	198	201	1,586	1,685	1,624
Total deposits .....	189	190	191	2,444	2,342	2,472

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	Feb. 15 1928	Feb. 16 1927	Jan. 18 1928	Feb. 15 1928	Feb. 16 1927	Jan. 18 1928
	Loans secured by stocks and bonds .....	661	562	636	6,482	5,571
All other .....	763	787	756	8,649	8,552	8,670
Total loans .....	1,425	1,349	1,391	15,131	14,124	15,326
Investments .....	717	625	713	6,535	5,603	6,544
Demand deposits .....	1,067	1,024	1,062	13,717	12,939	13,967
Time deposits .....	924	828	893	6,661	5,902	6,634

**Gold Movements** The chart below shows (a) the total amount of monetary gold in the United States, including gold held abroad by Federal reserve banks but excluding United States gold coin earmarked for foreign account by Federal reserve banks, and (b) the net gain or loss to our total gold stock through imports and exports.

The notable feature of the chart is the marked decline in gold during the last part of 1927. This is explained



by the unusually heavy net exports during November and December. It will be noted that there was only a relatively slight loss of gold in January, 1928. Exports during that month amounted to \$52,000,000—almost as large as in November and December—but imports were also heavy, resulting mostly from seasonal shipments from Canada. Total imports were \$38,000,000, the largest since January, 1927.

**Corporation Earnings** The table below gives the net earnings of 238 large industrial corporations in the United States in 1927 and 1926.

Of the 16 groups represented, earnings of 10 were larger in 1927 than in 1926, but the entire 16 groups combined showed a loss of 2 per cent. Increases over 1926 were registered by 125 corporations, and decreases by 113.

The 2 per cent loss merely confirms the downward course of business during the last part of 1927 as shown by the various curves of general business. The Annalist's index of general business activity averaged 100.4 for 1927 as against 103.8 for 1926, a loss of about 3 per cent, and the Federal Reserve Board's index of industrial production averaged 106 in 1927, as compared with 108 in 1926, a drop of nearly 2 per cent.

Of greater importance is the very wide difference in earnings as between the various groups. An analysis of the table shows that the oil and steel industries suffered more than any others, their combined earnings having declined from \$246,000,000 in 1926 to \$159,000,000 in 1927. This drop is almost four times as great as the loss for all 238 concerns combined. On the other hand, the rubber industry showed a gain of 102.4 per cent for 1927, and other sizable increases took place in chemicals, shoe and leather, stores and textiles. The motor industry was spotty; General Motors gained 20.8 per cent, while ten other firms showed a 26 per cent decline.

The same wide variations appear in the number of firms showing increases over or decreases from 1926. Gains occurred in all six of the chemicals, all four shoe and leather firms, nine out of ten tobaccos, five out of six sugars, five out of six rubbers, and ten out of 13 stores. Declines, however, were shown by 13 out of 14

NET EARNINGS

(After charges but before dividends)  
In thousands of dollars

	1927	1926	Per cent change	No. Incr.	No. Decr.
7 Building .....	17,309	18,024	- 4.0	3	4
6 Chemicals .....	25,182	18,444	+ 36.5	6	0
11 Equipment .....	30,490	38,852	- 17.3	3	0
24 Food, Packing .....	127,586	135,307	- 5.7	16	8
10 Mining .....	42,024	46,753	- 10.1	1	9
11 Motor					
General Motors .....	235,105	194,645	+ 20.8	1	0
10 others .....	53,583	72,409	- 26.0	3	7
Total .....	288,688	267,054	+ 8.1	4	0
10 Motor Accessories .....	20,868	20,285	+ 2.9	4	7
17 Oil .....	18,591	61,880	- 70.0	3	6
6 Rubber .....	27,414	13,645	+102.4	5	14
4 Shoe, Leather .....	22,390	16,689	+ 34.2	4	0
14 Steel					
U. S. Steel .....	87,845	116,667	- 24.7	0	1
13 others .....	52,439	67,715	- 22.6	1	12
Total .....	140,284	184,382	- 23.9	1	13
13 Stores, Mail Order .....	107,510	93,313	+ 15.2	10	3
6 Sugar .....	4,163	192*		5	1
17 Textiles, Clothing .....	17,888	14,671	+ 21.9	10	7
10 Tobacco .....	67,540	62,325	+ 8.4	9	1
72 Miscellaneous .....	199,455	191,107	+ 4.4	41	31
238 Grand Total .....	1,157,412	1,180,439	- 2.0	125	113

\*Loss

steels, nine out of ten mining concerns, 14 out of 17 oils, and eight out of eleven equipments.

As far as earnings were concerned, the year 1927 was one of very marked irregularity as between different industries rather than one of a slight but general decline.

### MANUFACTURING, MINING

**Iron and Steel** Steel production came back in January with sufficient impetus not only to attain the highest monthly ingot total and daily rate since last May but also to forge considerably ahead of last January. The improvement was continuing into February, though at a slower rate, but the day-to-day evidence indicated an approximation of last February's rate. A year ago, it will be recollected, the seasonal upturn in the first quarter culminated in an all-time ingot record in March; up to mid-February, this year was ahead of last year.

Pig iron production also revived in January, though to a lesser degree. The daily rate, developing the first increase since last April, was the best since September. The net gain of sixteen active blast furnaces more than neutralized the loss in furnace capacity in the entire last quarter. Because many furnaces came in about the middle of January, the full force of the gain was not reflected in the January statistics.

Despite these marked accessions in production and a distinctly stronger tone in prices, the iron and steel situation has continued spotty. The lion's share of the betterment has fallen to the producers of heavy finished steel, particularly in the Chicago district. In the Mahoning valley operating rates have been fluctuating weekly, due largely to the failure of automotive specifications to develop expected expansion. In the Pittsburgh district proper, the gains have exceeded those at Youngstown, being on a parity with Eastern Pennsylvania but falling below Chicago.

Asking prices on most finished steel products are higher but will not be reflected in earnings this quarter. Contract plates, shapes and bars have been moving at \$1.80 (Pittsburgh) with fresh business, which has been small on account of heavy contracting, at \$1.85. Most black sheets this quarter have been shipped at \$2.80 (Pittsburgh) or less, blue annealed at \$2.00 to \$2.10, galvanized at \$3.65 and autobody at \$4.00, although new second quarter levels are \$2.00 to \$3.00 per ton higher. Hot and cold rolled strip have been advanced \$2.00 for the second quarter. Scrap prices have eased off, following an upswing in January.

Foundry and malleable pig iron have been moving at \$17.25, Valley, and \$18.00, Cleveland furnace, with shipments heavy to automotive foundries. Several Valley furnaces are asking 25 cents more per ton. Sales at Cleveland were running over 20,000 tons a week in February—a high mark for mid-quarter. Beehive furnace coke has been fluctuating within narrow limits, most spot sales being priced at about \$2.75.

In point of daily rate, January ingots totaled 152,304 tons, compared with 121,167 tons in December and 144,611 tons last January. The increase of 31,137 tons in the daily rate has never been equaled in any one month. A year ago ingot output increased from 144,611 tons in January to 157,557 tons in February to the record of

166,633 tons in March. The January total was 3,959,904 tons, or at an annual indicated rate of 47,400,000 tons. Pig iron attained a daily rate in January of 92,113 tons, compared with 87,039 in December and 100,043 in January, 1927, and a total of 2,855,515 tons for the month.

Rising prices pushed the Iron Trade Review composite of fourteen leading iron and steel products up to \$35.57 in February, compared with \$35.27 in January and \$36.97 last February.

**Coal** There is very little about the present state of the soft coal industry in this District to stir up enthusiasm. At the time of year when demand is ordinarily strong, it is found that production is slack, stocks are still high, and consumers are indifferent. A month ago conditions appeared to be a trifle brighter, but with the return of unseasonably warm weather during late January and the first half of February, the coal markets have again relapsed into a state of depression. Thus the Coal Age average price of bituminous coal for January (spot, mine) was only \$1.85, a drop of 50 cents from the same month a year ago and of 14 cents from the 1927 average.

Commercial stocks have declined almost without interruption since the record high of April, 1927, according to the latest report of the Bureau of Mines. The decrease has not been as heavy as anticipated in some quarters, however, and stocks in January were still greater than at any time during 1924, 1925, or 1926. The industrial reaction and the warm winter have combined to prevent greater inroads upon stock piles.

Production in January and the first part of February held up fairly well in comparison with the declining trend exhibited by former years during that period, but the 1928 curve is still behind any of the preceding four years. The daily average output has been fluctuating between 1,600,000 and 1,700,000 tons for several weeks. Little, if any, improvement is visible in the Ohio union fields. Negotiations have recently been held looking toward consolidation of a considerable number of mines in West Virginia.

**Rubber and Tires** The most important development in this industry during February was the sudden drop in crude rubber prices.

It may be recalled that crude fluctuated within rather narrow limits during much of 1927, generally somewhere between 35 and 40 cents a pound. Toward the end of the year a noticeable advance took place which brought quotations from 35 cents in mid-October to 41 cents at the opening of 1928, this rise being connected with British efforts to tighten the provisions of the Stevenson Restriction Act. Early in February, however, the market became unsettled following the appointment by the British prime minister of a committee to investigate the Stevenson Act and report as to whether or not it should be continued. Crude rubber thereafter fell rapidly from 38 cents a pound on February 3 to slightly over 29 cents on the 29th. Uncertainty as to the future of restriction, the increasing importance of non-British production, and large stocks on hand have contributed to the price decline.

No great change has occurred in the local tire situa-

tion since a month ago. The demand for tires as original equipment has improved along with larger automobile output. Sales are normal for this time of year.

The year 1927 established a new high mark for tire production in the United States. According to the report of the Rubber Association of America pneumatic tire output aggregated 48,329,311, an increase of 2,225,000 over 1926, the previous record year. Shipments also reached a new high in 1927, amounting to 48,044,414, a gain of 3,791,000 over 1926. Balloon casings finally exceeded the old high pressure cords in both production and shipments.

**Paint** A rather marked pick-up in business is reported by Fourth District paint and varnish manufacturers, following a quiet December. The upturn became noticeable in January and has continued in February. One producer states that January business was 40 per cent greater than a year ago. Part of the general increase in business is no doubt due to seasonal factors, but these hardly account for all of it.

Household paints are doing well and larger automobile production has brought a better demand from that quarter. Varnish business is ahead of last year in most cases. Competition is very keen.

**Clothing** Conditions in the manufacturing end of the clothing industry in this District are mixed, with the prevailing trend of business upward. Retail clothing sales in January were fairly good, and reporting wholesale dry goods houses experienced a gain in sales over the same month in the preceding year for the first time since last August and for the third time in two years. The increase in wholesale sales, however, was limited to less than half of the reporting concerns. Raw wool prices have risen further, and silk is also higher.

Advance Spring business in men's clothing has been somewhat disappointing to manufacturers. Buying of overcoats has been restricted on account of the warm weather. Knitted outerwear makers are doing a heavy volume of business, considerably ahead of last year, and retail sales are very encouraging. A more optimistic feeling is also in evidence among women's wear manufacturers. Sales for 1928 to date of one large house are approximately 20 per cent ahead of the same period in 1927, and a real improvement in forward orders has taken place in the last few weeks. Collections, however, are slow. Prospects for the men's underwear trade are stated to be poor. Cotton ribs, the basic material, were marked up in December in accordance with the rise in cotton, but demand was slack and later quotations were reduced twice. These price fluctuations, combined with the existing uncertainty with regard to the price situation, have temporarily demoralized the market for cotton ribs; buyers are holding off awaiting the stabilization of prices, and orders have consequently been very light.

Fourteen wholesale dry goods houses in the Fourth District showed a 3.9 per cent gain in sales in January over the preceding year. As previously pointed out,

however, the gain was confined to a few firms. Sales were 13 per cent less than in December. Stocks were 16.6 per cent larger on January 31 than a year ago.

January retail sales in the ready-to-wear lines of Fourth District department stores were about equally divided as to gains and losses. Men's clothing was off 0.1 per cent from last year, men's furnishings 0.4 per cent, and boys' wear 3.6 per cent, but hats and caps were up 13.8 per cent. Women's coats and dresses showed declines of 6.9 and 4.6 per cent, respectively; on the other hand, misses' coats and suits increased 16.9 per cent; misses' dresses, 9.1; girls' wear, 1.5; sports wear, 28.6; and house dresses, 6.1 per cent. Fur sales were 13.3 per cent less than a year ago.

**Shoes** Some improvement in the shoe line took place in January and February from the standpoint of manufacturers and retailers, but wholesale business was poor.

Cincinnati manufacturers report a healthy gain in orders in anticipation of the Easter trade. Hide and leather prices were shaded slightly in February, but are still very much higher than a year ago. Buyers have been coming into the market and doing business at the higher prices, and reports indicate a tendency upon the part of retailers to raise shoe prices as old stocks are used up. January production of shoes in 32 Fourth District factories gained 28 per cent over December, this increase apparently being greater than seasonal. January output was also larger than that of the same month in 1927.

Sales of reporting wholesale shoe firms in the Fourth District in January were 31.7 per cent less than a year ago and 51.4 per cent less than in December. Retail sales, however, showed up fairly well in January. Preliminary figures from 40 department stores in the District indicate a gain of 2.8 per cent over last year in women's shoes and of 3.2 per cent in children's shoes, but a loss of 6.5 per cent in the men's and boys' department.

## AGRICULTURE

The report of the United States Department of Agriculture of the livestock on farms, as of January 1, 1928, shows that there are more sheep and hogs, but fewer cattle and horses than a year ago. From reports received, it appears that there are about the same number of animals on the farms but the total value of the stock has increased about \$500,000,000.

The number of cattle in the Fourth District showed an increase in spite of the fact that the country as a whole experienced a falling-off of 2 per cent from 1927. The gain in Ohio was estimated at 1 per cent, Pennsylvania 3 per cent, and Kentucky 5 per cent.

Favorable prices two or three years ago stimulated hog production of the entire country, so that on January 1, 1928, there were 8.4 per cent more hogs on farms than on January 1, 1927. This increase has been reflected in the value of the swine and has resulted in a falling-off in pork prices. The total value on January 1, 1928, was estimated at \$709,217,000 as compared with \$868,842,000 a year earlier. The increase of hogs in Ohio

was 4 per cent, Kentucky 12 per cent, and Pennsylvania 15 per cent over the preceding year.

The number of sheep in the United States has increased 65 per cent in the past year. Sheep in Ohio increased 5 per cent, the number on farms being estimated at 2,244,000 as compared with 2,133,000 on January 1, 1927. This gain has not affected the price per head, the average being \$8.90 for 1928 as compared with \$8.50 for 1927.

The number of horses has decreased about 4 per cent in the entire country, or about 600,000. The January 1 estimate for Ohio is 542,000, a decrease of 5 per cent from January, 1927, and the lowest number in Ohio for 60 years. The decrease in Kentucky was about 3 per cent. Prices per head have continued to increase.

**Canning** Cannerymen in the District report a considerable improvement in their business. Orders have improved, and stocks on hand have decreased to a point below that reached for the last several years. Prices have advanced some during the past 60 days, and those named for future delivery show slight advances.

**Tobacco** As the burley selling season in Kentucky draws to a close, prices being received by growers at auction houses are still relatively high. As usual in the latter part of the selling season, a good deal of poor-quality tobacco is being received on the auction floors, and the lower prices paid for such leaf naturally tends to bring the general average down somewhat. Eliminating this factor, however, it is apparent that quotations have held up well during the entire selling period, being far ahead of last year's low levels.

No definite information with regard to 1928 burley tobacco acreage in Kentucky is yet available, but it is reported that farmers at present feel inclined to plant a larger acreage this year, as a result of the encouraging returns from the 1927 crop.

### BUILDING

Construction in January in the Fourth District compared very unfavorably with the country as a whole. Total contracts awarded were approximately 45 per cent under a year ago in this District, while they were 11 per cent larger in the United States (37 Eastern states). Contemplated projects on February 1, however, exceeded last year's figure. Residential contracts awarded in the Fourth District decreased 6 per cent from January, 1927. As for building permits, 27 cities in this District showed a loss of 13.9 per cent in January from a year ago, while 171 cities in the country reporting to Bradstreet's showed a gain of 2.6 per cent.

As between different cities in the District, there were some very wide variations in January building permits. Lakewood gained 485 per cent over a year ago; Barberton, 304 per cent; and Canton, Cleveland Heights, East Cleveland, Toledo, and Youngstown all increased more than 100 per cent. An increase of 76 per cent occurred in Cleveland, and ten cities reported lesser increases, so that permits in 18 out of the 27 centers were actually in larger volume than a year ago. But all this was

more than offset by heavy declines in such important cities as Akron (75 per cent decrease) Cincinnati (41 per cent) Erie (54 per cent) and Pittsburgh (64 per cent).

A somewhat better feeling is exhibited by several lumber manufacturers and dealers in this territory. Buyers are showing a little more interest, and prices of both softwoods and hardwoods have strengthened. There is now a fair amount of residential construction going on, aided by the open winter, and sales of oak flooring and other residential building lumber have lately been reasonably satisfactory.

But the industry was so quiet during the last part of 1927 that even with the recent slight improvement, activity in the trade in general is only very moderate.

### Building Operations

January, 1928

	January, 1928	January, 1927	Per cent change
Akron .....	657,088	2,584,432	- 74.6
Ashtabula .....	23,080	56,020	- 58.1
Barberton .....	24,226	6,000	+303.8
Canton .....	579,173	206,195	+180.9
Cincinnati .....	1,109,640	1,878,145	- 40.9
Cleveland .....	2,556,450	1,451,625	+ 76.1
Cleveland suburbs			
Cleveland Heights .....	406,685	194,100	+109.5
East Cleveland .....	132,290	62,130	+112.9
Euclid .....	97,840	72,695	+ 34.6
Garfield Heights .....	80,500	76,500	+ 5.2
Lakewood .....	199,325	34,047	+485.4
Parma .....	147,970	200,020	- 26.0
Rocky River .....	62,048	57,725	+ 7.5
Shaker Heights .....	412,500	528,500	- 21.2
Columbus .....	986,400	1,009,300	- 2.3
Covington, Ky. ....	66,400	53,400	+ 24.3
Dayton .....	578,998	399,490	+ 44.9
Erie, Pa. ....	110,040	236,635	- 53.5
Hamilton .....	68,625	50,274	+ 36.5
Lexington, Ky. ....	61,685	170,575	- 63.8
Lima .....	19,215	14,374	+ 33.7
Newark .....	16,725	13,900	+ 20.3
Pittsburgh, Pa. ....	1,225,109	3,368,203	- 63.6
Springfield .....	86,565	57,850	+ 49.6
Toledo .....	1,304,256	557,757	+133.8
Wheeling, W. Va. ....	78,179	76,674	+ 2.0
Youngstown .....	644,190	226,350	+184.6
Total .....	11,735,152	13,636,916	- 13.9

### TRADE

**Retail Trade** Sales of 60 department stores in the Fourth District increased 0.2 per cent in January as compared with last year. The majority of reporting centers participated in this gain, the largest increases being in Toledo (4.6 per cent) and Columbus (3.6). Akron, Wheeling, and "other cities" experienced losses of 6.7, 5.8, and 4.2 per cent respectively.

Stocks on hand on January 31 were about the same as a year ago, but were 6.8 per cent less than a month previously. The monthly stock turnover rate for the District was .25, or exactly four times a year, as compared with .24 in January of 1927. Total credit sales amounted to 61 per cent of the total for the 44 stores reporting this information. Instalment sales of 14 reporting firms amounted to 5.7 per cent of the total.

Accounts receivable on January 31 were 5.6 per cent larger than a year ago, and January collections were up 4.5 per cent. Collections during January amounted to 39.9 per cent of accounts receivable on December 31.

Turning to individual departments, sales of all piece goods were lower than last year and several of the ready-to-wear accessories also showed declines. Clothing de-

partments were irregular, but house furnishings and small wares were mostly up. Percentage changes in the ten departments doing the largest business in January were as follows (in order of sales):

	% change from January, 1927
Women's Dresses .....	-4.6
Men's Clothing .....	-0.1
Women's Coats .....	-6.9
Men's Furnishings .....	-0.4
Silks and Velvets .....	-7.1
Women's Shoes .....	+1.7
Furniture .....	+8.8
Hosiery .....	+9.8
Domestic Floor Coverings .....	+8.6
Linens .....	-9.0

**Wholesale Trade** Two reporting wholesale lines in the Fourth District showed gains in sales in January over the corresponding period of 1927. Wholesale dry goods registered a gain for the month of 3.9 per cent, for the first time since August, 1927. The combined sales of forty-nine wholesale grocery firms showed a gain of 0.5 per cent in January as compared with January, 1927.

Sales of the other three reporting wholesale lines were in smaller volume in January than a year ago. Shoes declined 31.7 per cent; hardware 8.1, and drugs, 5.3 per cent. All five lines reported smaller sales in January than in December.

Accounts receivable decreased in three lines, dry goods showing a loss of 5.8 per cent, hardware 2.4, and shoes 10.7 per cent. Groceries and drugs reported gains of 2.5 and 4.6 per cent respectively.

Grocery and drug collections in January increased 12.7 and 6.4 per cent respectively over January, 1927, while dry goods decreased 8.8 per cent, hardware 8.3 and shoes 1.8 per cent.

**Departmental Sales, 1924-1927** The table below shows the increase or decrease in department store sales, according to various classes of merchandise, from 1924 through 1927. The index numbers are based on the sales figures of 53 leading retail houses in the Fourth District, including thirty-nine department stores, twelve wearing apparel firms, one furniture house, and one shoe store. Departmental sales for each of these 53 firms are available for each month throughout the four-year period, so that the figures are strictly comparable.

The table furnishes some interesting evidences of the general trend of public buying during the last few years. Style changes, for instance, have hit certain departments very hard—such as women's suits, whose sales in 1927 were only one-third of the 1924 total. Another example of shifting styles is found in the sales of sweaters and skirts. During 1925 and 1926, these two departments declined very rapidly, but the increasing demand for sports' wear in 1927 brought a very distinct upturn in the 1927 sales of both departments.

The tendency to purchase ready-made clothing is seen in the steady growth of most of the ready-to-wear group, such as juniors' wear, women's dresses, aprons and house dresses, misses' ready-to-wear, and furs. On the other hand, the yard goods departments show marked decreases in sales, not all of which can be attributed to lower raw material prices. Other piece goods, such as linens and

domestics, have also declined. In general, the clothing departments have done rather better than other types of goods.

Sales of household articles in 1927 were quite generally below the 1924 level, this applying to china and glassware, house furnishings, floor coverings, and silverware. Furniture has just about held up to 1924, while draperies, lamps, and shades have gained consistently.

The ready-to-wear accessory departments show up very well—in fact, as a group they have done better than any other. The greatest increase of all has taken place in women's hosiery, whose sales in 1927 were 36 per cent larger than in 1924. Substantial gains have also occurred in gloves, knit underwear, muslin and silk underwear, infants' wear, leather goods, shoes, and handkerchiefs. Millinery sales have held very close to the 1924 level.

Sales of men's furnishings and boys' wear have grown noticeably, but those of men's clothing have undergone a slump since 1925. Men's shoe sales in 1927 show a 10 per cent gain over 1924.

Several of the small ware and miscellaneous departments have done well, particularly jewelry (124.0 in 1927) and books and stationery (118.7). There appears to be no well-defined tendency in this group, however, as sales in a number of other miscellaneous lines, such as toys and umbrellas, have fallen off.

**Index Number of Sales by Departments of 53 Retail Stores in the Fourth District**

(1924 = 100)

	1927	1926	1925	1924
Hosiery .....	136.0	121.5	109.7	100.0
Negligees .....	135.8	134.9	110.3	100.0
Infants' Wear .....	129.2	117.1	107.1	100.0
Jewelry .....	124.0	102.9	93.2	100.0
Aprons, House Dresses .....	123.8	107.3	100.3	100.0
Leather Goods .....	120.8	110.6	99.6	100.0
Juniors' Ready-to-Wear .....	120.3	115.9	111.3	100.0
Furs .....	119.4	120.3	109.2	100.0
Ribbons .....	118.8	99.2	101.1	100.0
Books, Stationery .....	118.7	109.4	100.6	100.0
Knit Underwear .....	115.3	118.1	106.1	100.0
Women's Shoes .....	115.3	114.0	105.1	100.0
Women's Dresses .....	115.0	111.2	103.0	100.0
Men's Furnishings .....	114.3	112.5	105.3	100.0
Boys' Wear .....	112.7	111.3	104.6	100.0
Gloves .....	111.1	110.6	98.7	100.0
Petticoats, Slips .....	109.7	107.0	100.0	100.0
Men's Shoes .....	109.6	106.2	106.6	100.0
Muslin and Silk Underwear .....	109.5	105.9	103.2	100.0
Misses' Ready-to-Wear .....	109.4	103.7	102.4	100.0
Musical Instruments .....	108.6	111.5	112.1	100.0
Draperies, Lamps, Shades .....	107.8	104.8	102.4	100.0
Toilet Articles, Drugs .....	105.2	104.0	104.8	100.0
Handkerchiefs .....	105.2	105.9	103.8	100.0
Neckwear .....	102.6	112.7	106.7	100.0
Women's Coats .....	100.8	98.0	101.0	100.0
Furniture .....	100.2	102.1	99.2	100.0
Notions .....	99.9	98.7	98.0	100.0
Millinery .....	99.5	103.5	101.0	100.0
Luggage .....	98.1	101.7	104.9	100.0
Toys, Sport Goods .....	97.9	100.5	100.6	100.0
Silks and Velvets .....	96.5	108.5	115.3	100.0
China, Glassware .....	95.6	97.4	89.7	100.0
Patterns .....	95.4	98.6	102.9	100.0
Linens .....	94.7	100.1	98.6	100.0
Umbrellas .....	93.9	92.1	91.3	100.0
Floor Coverings .....	92.9	94.6	95.7	100.0
Domestics .....	91.0	102.8	97.8	100.0
Silverware .....	90.6	87.9	90.9	100.0
Men's Clothing .....	90.6	97.1	100.4	100.0
Corsets .....	89.0	91.4	86.5	100.0
Art Needlework .....	86.5	91.5	97.9	100.0
House Furnishings .....	85.1	89.8	97.3	100.0
Sweaters .....	81.9	71.1	79.6	100.0
Cotton Dress Goods .....	72.7	79.9	90.1	100.0
Laces .....	70.1	74.1	88.6	100.0
Women's Skirts .....	62.7	57.7	73.5	100.0
Woolen Dress Goods .....	53.8	65.8	83.3	100.0
Waists, Blouses .....	45.6	38.4	57.3	100.0
Women's Suits .....	34.1	28.8	82.1	100.0

**Fourth District Business Statistics**

(All figures are for Fourth District unless otherwise specified)

	Millions of dollars	Jan. 1928	Jan. 1927	% change
Bank Debits (24 cities)	.....	3,435	3,416	+ 0.6
Savings Deposits (end of month)	.....	730,607	675,737	+ 8.1
Ohio (41 banks)	.....	268,530	247,698	+ 8.4
Western Pennsylvania (27 banks)	.....	999,137	923,435	+ 8.2
Total (68 banks)	.....	769	220	+ 22.3
Commercial Failures—Number	.....	3,002	3,049	+ 1.7
Liabilities	.....	5,995	3,054	+ 0.1
Postal Receipts—9 cities	.....	86,060	85,941	+ 0.2
Sales—Life Insurance—Ohio and Pa.	.....	20,738	20,752	+ 0.5
—Dept. Stores—(60 firms)	.....	6,189	6,156	+ 0.5
—Wholesale Groceries—(49 firms)	.....	1,934	1,861	+ 3.9
—Dry Goods—(14 firms)	.....	1,605	1,746	+ 8.1
—Hardware—(16 firms)	.....	1,738	1,835	+ 5.3
—Drugs—(14 firms)	.....	11,735	15,637	+ 3.9
Building Permits, Valuation—27 cities	.....	26,403	44,634	+ 40.8
Building Contracts—Total, 4th District	.....	12,803	13,622	+ 6.0
—Residential, 4th District	.....	2,841	3,100	+ 8.4
Production—Pig Iron, U. S.	Thousands of tons	3,960	3,760	+ 5.3
—Steel Ingots, U. S.	.....	.....	.....	.....
—Automobiles, U. S.	.....	.....	.....	.....
Passenger Cars	Actual Number	199,032	199,650	+ 0.3
Trucks	.....	26,007	29,276	+ 33.8
—Bituminous Coal, 4th Dist.	Thousands of tons	14,025 <sup>1</sup>	22,151 <sup>1</sup>	+ 36.7
—Cement: Ohio, W. Va., Wn. Pa.	.....	75	563	+ 34.1
—Electric Power: Ohio, Pa., Ky.	Millions of k. w. hours	1,218 <sup>1</sup>	1,173 <sup>1</sup>	+ 3.8
—Petroleum: Ohio, Pa., Ky.	Thousands of barrels	1,900 <sup>1</sup>	1,890 <sup>1</sup>	+ 0.5
—Shoes, 4th District	.....	.....	.....	+ 17.5 <sup>1</sup>
—Tires, U. S.	.....	3,405 <sup>1</sup>	3,556 <sup>1</sup>	+ 4.2
Bituminous Coal Shipments (from Lake Erie ports)	.....	.....	.....	.....
Iron Ore Receipts (at Lake Erie ports)	.....	.....	.....	.....

<sup>1</sup>December  
<sup>2</sup>Figures confidential

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

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

	Jan. 1924	Jan. 1925	Jan. 1926	Jan. 1927	Jan. 1928
Department Stores (50)*	95	93	93	91	92
Wholesale Drugs (14)*	109	110	111	116	109
Wholesale Dry Goods (13)*	92	70	65	57	59
Wholesale Groceries (48)*	84	80	74	69	70
Wholesale Hardware (15)*	45	94	86	86	79
Wholesale Shoes (5)*	45	48	58	50	33
Wholesale All (95)*	84	81	77	73	72
Chain Drugs (3)*†	91	97	98	97	84

\*Number of firms.  
†Per individual unit operated.

**Retail and Wholesale Trade**

(1928 compared with 1927)

	Percentage SALES Jan.-Jan.	Increase or Decrease STOCKS Jan.-Jan.	Decrease ACCOUNTS RECEIVABLE Jan.-Jan.
<b>DEPARTMENT STORES (60)</b>			
Akron	- 6.7	+ 1.8	+ 11.6
Cincinnati	+ 0.2	+ 4.2	+ 0.4
Cleveland	+ 0.8	+ 5.6	.....
Columbus	+ 3.6	- 1.5	.....
Pittsburgh	+ 0.5	- 6.4	+ 2.9
Toledo	+ 4.6	+ 3.7	+ 17.4
Wheeling	- 5.8	- 18.1	- 1.4
Youngstown	+ 1.2	- 1.3	.....
Other Cities	- 4.2	- 0.5	+ 0.5
District	+ 0.2	- 0.8	+ 5.9
<b>WEARING APPAREL (19)</b>			
Cincinnati	- 2.6	+ 14.4	+ 3.2
Cleveland	- 15.6	+ 8.2	- 0.4
Other Cities	- 7.9	- 6.4	+ 5.6
District	- 10.6	+ 3.5	+ 2.1
<b>FURNITURE</b>			
Cincinnati	+ 0.7	.....	- 6.0
Cleveland	+ 7.3	.....	- 5.5
Columbus	- 0.4	.....	+ 2.3
Dayton	+ 15.3	.....	+ 1.6
Toledo	+ 4.9	.....	+ 6.6
Other Cities	- 14.4	.....	- 13.7
District	- 0.1	.....	- 1.8
<b>CHAIN STORE*</b>			
Drugs—District (3)	- 13.0	.....	.....
Groceries—District (5)	+ 1.4	.....	.....
<b>WHOLESALE GROCERIES (49)</b>			
Akron	+ 14.6	.....	.....
Cincinnati	+ 8.4	.....	.....
Cleveland	- 4.6	.....	.....
Erie	- 3.7	.....	.....
Pittsburgh	+ 5.2	.....	.....
Toledo	- 1.3	.....	.....
Other Cities	+ 0.8	.....	.....
District	+ 0.5	- 4.6	+ 2.5
<b>WHOLESALE DRY GOODS (14)</b>			
.....	+ 3.9	+ 16.6	+ 5.8
<b>WHOLESALE DRUGS (14)</b>			
.....	- 5.3	.....	+ 4.6
<b>WHOLESALE HARDWARE (16)</b>			
.....	- 8.1	.....	- 2.4
<b>WHOLESALE SHOES (5)</b>			
.....	- 31.7	- 12.7	- 10.7

\*Sales per individual unit operated.

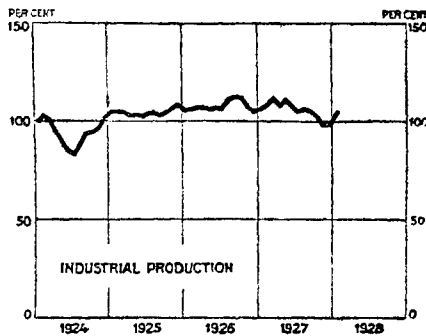
**Debits to Individual Accounts**

(In thousands of dollars)

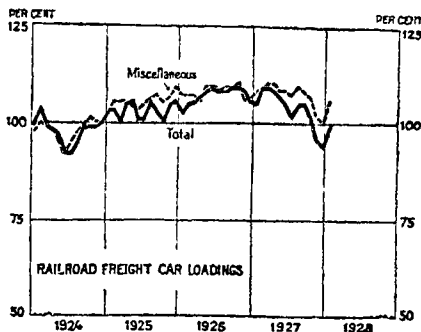
	5 weeks ending Feb. 22, 1928	% change	1928 to date (Dec. 28 - Feb. 22)	1927 to date (Dec. 29 - Feb. 23)	% change
Akron	111,084	+ 18.5	218,443	180,594	+ 21.0
Butler, Pa.	10,904	- 7.6	21,919	24,019	- 8.7
Canton	51,003	+ 6.2	101,196	98,476	+ 2.8
Cincinnati	523,117	+ 24.9	1,004,606	827,138	+ 21.5
Cleveland	863,409	+ 0.1	1,812,267	1,728,203	+ 4.9
Columbus	178,711	+ 1.9	353,191	360,609	- 2.1
Connellsville, Pa.	4,155	- 26.2	7,894	11,015	- 28.3
Dayton	97,147	+ 1.2	198,281	195,206	+ 1.6
Erie, Pa.	36,907	+ 3.5	68,560	71,852	- 4.6
Greensburg, Pa.	22,299	- 10.0	44,799	45,492	- 1.5
Homestead, Pa.	4,317	- 8.6	8,032	8,662	- 7.3
Lexington, Ky.	40,769	+ 5.1	71,955	68,597	+ 4.9
Lima	15,400	+ 4.7	32,632	31,503	+ 3.6
Lorain	6,200	+ 7.0	11,640	11,100	+ 4.9
Middletown	13,955	+ 14.4	27,975	23,022	+ 21.5
Oil City, Pa.	17,685	- 9.9	32,112	33,631	- 4.5
Pittsburgh, Pa.	1,089,630	- 13.5	2,013,616	2,158,520	- 6.7
Springfield	22,666	- 6.0	46,128	48,260	- 1.4
Steubenville	11,453	+ 2.3	22,126	22,152	- 0.1
Toledo	252,097	+ 25.5	554,762	461,403	+ 20.2
Warren	14,504	- 6.4	27,348	27,836	- 1.8
Wheeling, W. Va.	52,298	+ 8.0	99,532	97,007	+ 2.6
Youngstown	70,883	- 11.6	143,920	158,118	- 9.0
Zanesville	13,752	+ 3.3	26,287	26,124	+ 0.6
Total	3,554,345	+ 0.1	6,949,215	6,718,539	+ 3.4

## Summary of National Business Conditions

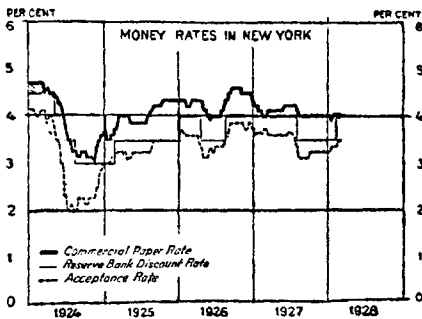
(By the Federal Reserve Board)



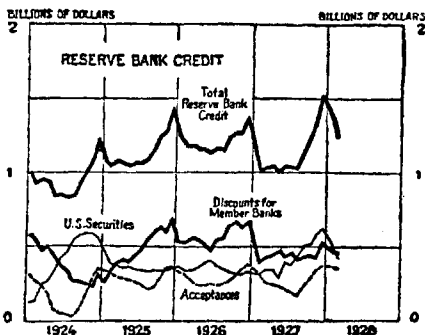
Index number of production of manufactures and minerals combined adjusted for seasonal variations (1923-1925 = 100). Latest figure: January—105.



Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations (1923-1925 = 100). Latest figures—January: total—100, miscellaneous—106.



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



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in February.

Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

### Production

The increase of 6 per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots increased by over 25 per cent in January—the largest monthly increase since 1924. Buying of steel products by the railroads, and by the automobile and construction industries was also active in January, and notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February production of steel products has continued active with new orders and shipments more nearly in balance than in previous months. Automobile production, which in December was in smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year. Cotton consumption showed about the usual seasonal increase in January following substantial curtailment in December and the woolen and silk industries were somewhat more active than in December. Production of minerals, after adjustment for customary seasonal changes, was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year and awards during the first half of February were in practically the same volume as a year ago.

### Trade

Sales of department stores showed more than the usual seasonal decline in January from the high levels reached in December and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger.

Freight car loadings for all groups of commodities were larger in January than in December—the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities, except livestock, were smaller.

### Prices

The Bureau of Labor Statistics index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products increased, while prices of meats and dairy products, textiles, fuels, non-ferrous metals, and rubber declined. During the first two weeks of February, prices of grains, cotton, silk, and wool advanced, while those of cattle, sugar, and rubber declined.

### Bank Credit

For the four weeks ending February 15 total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January, showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase.

At the reserve banks the total volume of member bank borrowing declined seasonally during the opening weeks of the year and reached a low point on January 25, but increased by about \$70,000,000 between that date and February 21. This increase in discounts accompanied smaller reductions in the reserve banks' holdings of United States securities and acceptances, and the total volume of reserve bank credit in use showed an increase for the four weeks.

During the four weeks ending February 21 a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from 3½ per cent to 3¾ per cent in the rate on 90-day bankers' acceptances. Between January 25 and February 21 discount rates at eleven Federal reserve banks were advanced from 3½ to 4 per cent.