



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 10

Cleveland, Ohio, April 1, 1928

No. 4

Perhaps the most noticeable feature in the Fourth District recently has been the steady gain in employment. After a long decline in 1927 the low point was reached the early part of this year, but since then the number of men employed has shown a gradual but definite increase. On March 10th, 36 large and representative manufacturers reported 96,115 employees as compared with 95,705 a year ago.

The general situation in the District continues decidedly mixed, but with the trend still upward on the whole. The iron and steel industry in March has been able to hold its February gains. Tire manufacturers have been hampered by the fall in crude rubber, but this is partially offset by the early opening of Spring demand. The coal industry is as depressed as ever. Business in apparel lines has improved, and both retail and wholesale trade are showing up well. Shoe manufacturers are operating on heavy schedules, and wholesale shoe sales have shown a marked improvement. Building contracts awarded compare unfavorably with last year, but permits are larger. In agriculture, the condition of winter wheat is fair to poor, but the outlook for tobacco is promising.

In the United States, February continued the improvement in general business activity which commenced in

January. This bank's weekly index of distribution, based on car loadings, averaged about 104 in February as compared with 101 in January. For the week ending February 25, the index stood at 105, as against 103.1 a month earlier. This increase is confirmed by a rise in the Federal Reserve Board's industrial production index from 106 in January to 108 in February, and also by the Annalist's index of general business activity, which advanced from 94.6 in January to 97.2 (preliminary) in February.

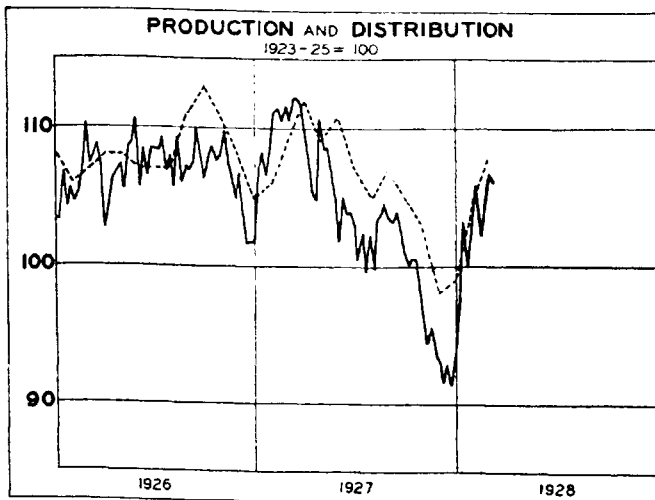
The distribution index again advanced slightly in early March, rising from 105 for the week ending February 25 to 106.7 the following week. Then came a drop to 106.1 for the week ending March 10 and a further drop to 104.9 for the week ending the 17th.

EMPLOYMENT

Considerable concern has recently been manifested about the employment situation. It is true that both employment and payrolls in the United States declined throughout most of 1927—the Federal Reserve Board's index of employment falling from 93.9 in March to 89.0 in December, and the payroll index from 109.9 in March to 101.2 in November. January brought a further slump in both indexes, that of the number of employees dropping to 87.9, and payrolls to 97.7. In February, however, a marked reversal of direction took place in the payroll index, which jumped to 103.5—the highest since October—and the employment index also rose over a point. Whether the rise will continue is, of course, impossible to determine at this time, but at least the long decline appears to have been halted.

Returns from the Fourth District also disclose a gain in employment during recent weeks. This bank recently requested information from about 40 large manufacturers as to the number of men employed on specified dates. The combined replies from 36 concerns show a slow but steady gain beginning with January, and—what is more interesting—show that more men were employed on March 10 than a year ago at that time. The figures are as follows:

	Number of Employees
March 10, 1928.....	96,115
February 10, 1928.....	95,925
January 10, 1928.....	95,362
December 10, 1927.....	95,709
March 10, 1927.....	95,705



Solid line—Weekly index of car loadings, F. R. B. of Cleveland (1923-1925 = 100). Latest figure: Week ending March 10—106.1. Broken line—Monthly index of industrial production, F. R. Board, (1923-1925 = 100). Latest figure: February—108. Both curves adjusted for seasonal variation

It is noteworthy that 22 of the 36 concerns reported an increase in employment between February 10 and March 10, while only 8 showed a loss (6 reporting no change). As compared with a year ago, only 11 firms reported an increase, and yet the gains in these firms were more than sufficient to offset the declines shown by the other 25 concerns.

Other statistics on Fourth District employment support the above figures for the most part. Thus, employment in Ohio industrial firms reporting to the Bureau of Business Research, Ohio State University, increased 5 per cent during February as compared with January; the number of men in 100 Cleveland concerns reporting to the Cleveland Chamber of Commerce in February increased 2.6 per cent over January; the number of employees in the metal trades of five Ohio cities, representing 213 shops, rose from 77,409 in January to 83,937 in February; and 51 firms in Toledo showed a gain during March over both February and a year ago, the increase over last year (March 6) being from 31,460 to 34,568, or almost 10 per cent. Cincinnati, however, reports a slight falling-off in February as compared with January, and a larger slump from a year ago.

Considerable irregularity obtains in employment, as in general business, at the present time; but recent developments have been favorable and the general trend in the Fourth District is upward.

FINANCIAL

But little change in money rates has occurred in the past few weeks. In the Fourth District, loans on prime commercial paper now range from $4\frac{1}{2}$ to 6 per cent in the larger centers, and collateral loans fall mostly in the 5-6 per cent range. Rates on commodity paper, secured by warehouse receipts, etc., are around 6 per cent. In New York commercial paper is a little firmer at $4\frac{1}{4}$ per cent as against 4 a month ago; acceptances remain unchanged at $3\frac{1}{2}$ per cent; and the call money renewal rate has stood at either $4\frac{1}{4}$ or $4\frac{1}{2}$ per cent since February 1, the prevailing rate in March being $4\frac{1}{2}$. Time money on the stock exchange on March 20 stood at $4\frac{1}{2}$ -4% per cent, virtually the same as a month ago. On March 1 the rediscount rate of this bank was raised from $3\frac{1}{2}$ to 4 per cent.

Bills discounted by this bank rose from 46 millions on February 15 to 56 millions on March 21, but Government securities held fell from \$49,740,000 to \$48,087,000. In the System, discounts fell from \$481,000,000 on February 15 to \$472,296,000 on March 14, and Government securities held also showed a further slight falling-off.

Loans of Fourth District member banks on March 14 were \$5,000,000 larger than the month before. Loans secured by stocks and bonds dropped from \$644,191,000 on February 15 to \$637,967,000 on March 14, but "all other" rose from \$763,385,000 to \$776,864,000. Investments dropped about \$4,000,000. Time deposits jumped from \$924,117,000 to \$953,102,000, while demand deposits dropped from \$1,067,338,000 to \$1,032,273,000.

Savings deposits of 68 banks in this District amounted to \$1,011,670,936 on February 29, a gain of 9.2 per cent for the year and of 1.3 per cent for the month.

Debits to individual account at 13 large centers in

this District were \$2,375,108,000 in February, as compared with \$2,440,874,000 a year ago and \$2,796,099,000 in January.

Commercial failures as reported by R. G. Dun and Company, numbered 186 in February, 269 in January, and 162 a year ago. Liabilities were \$4,727,509 in February, \$5,995,461 in January, and \$3,494,055 a year ago. In the United States there were 2176 failures in February, 2643 in January, and 2035 in February, 1927.

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)		
	Mar. 14, 1928	Mar. 16, 1927	Feb. 15, 1928	Mar. 14, 1928	Mar. 16, 1927	Feb. 15, 1928
Gold Reserves	261	303	264	2,738	3,024	2,814
Discounts	51	38	46	472	331	481
Acceptances	29	22	32	843	219	355
U. S. Securities	49	44	50	401	475	403
Total bills and securities	129	104	128	1,218	1,027	1,245
Federal Reserve notes in circulation	194	203	194	1,574	1,706	1,586
Total deposits	187	200	189	2,403	2,323	2,444

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	Mar. 14, 1928	Mar. 16, 1927	Feb. 15, 1928	Mar. 14, 1928	Mar. 16, 1927	Feb. 15, 1928
Loans secured by stocks and bonds	653	603	661	6,526	5,713	6,432
All other	777	780	763	8,799	8,672	8,649
Total loans	1,430	1,382	1,425	15,326	14,385	15,131
Investments	713	679	717	6,538	5,959	6,536
Demand deposits	1,032	1,056	1,067	13,784	13,236	13,717
Time deposits	953	845	924	6,701	6,000	6,661

MANUFACTURING, MINING

Iron and Steel Sentiment has been at variance with fact in the iron and steel industry. At a time when production, taking steel ingots as the gauge, has been at a record rate, prices generally have been tending upward, and production has been moving directly into consumption, a shade of uneasiness has crept in.

This condition has been more noticeable in the Pittsburgh, Youngstown, and Cleveland districts than at Chicago, Birmingham or in the East. It represents in part the disposition of producers to discount the present and appraise the future, and in steel the second quarter is rarely as good as the first. Increased resistance of consumers to further price advances has also been a factor.

The lag in oil country buying has handicapped the Mahoning Valley, and the increased persistence required by mills there to elicit specifications for sheets, strip, and tin plate has made an impression. Chicago producers, on the other hand, have been operating most finishing departments at capacity, benefitting from heavy specifications from the farm implement, automotive, car building and construction industries.

On the statistical side of the market, both pig iron and steel ingot production in February registered gains over January, and ingots set a new high record for February. An increase of only 3.6 per cent in March would top the all-time high of last March. Although the makers of heavy steel did not put over the \$2.00 per ton advance for the second quarter which some sought, new quarter contracts generally carry a \$1.00 rise. Broadly, steel production in the first quarter has approxi-

mated, if not equalled, that of the first quarter of 1927, and earnings have been the best since that period.

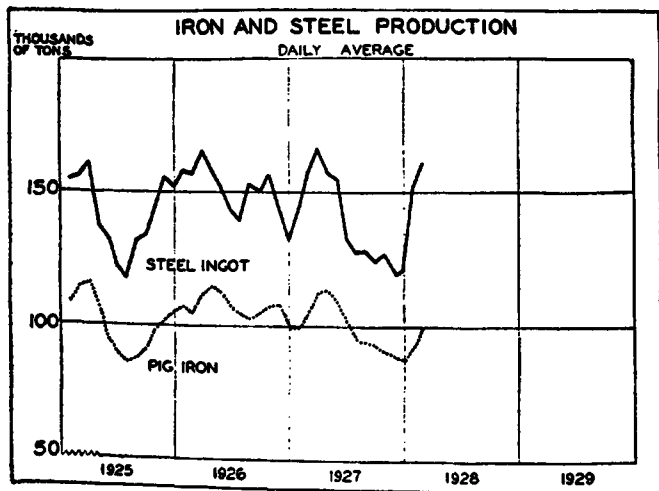
Automotive interests have been relatively the heaviest buyers of steel. Their March schedules were higher than those of February, which in turn exceeded January. February freight car orders aggregated 9962, compared with 5960 a year ago, and car builders have been specifying proportionately. Building steel orders, especially in the New York and Chicago districts, have been better than a year ago.

New business in pig iron has been secondary to shipments, and tonnage moving from some lake furnaces, especially to automotive foundries, has never been equalled. Lake furnaces have stiffened 50 cents in selling into southern Ohio and eastern Indiana. Steel makers in the immediate Pittsburgh district have had surplus basic and bessemer iron to market and have taken advantage of favorable freight rates to sell under the equivalent Valley prices. Second quarter buying in most districts has been modest, chiefly because coverage for the entire first half was extensive early in the year.

When steel ingots reached a daily output rate of 160,591 gross tons in February they set a new high mark for that month. This rate compared with 152,354 tons in January and 157,557 tons last February. The all-time monthly high is 166,633 tons, attained last March. February's total ingot output of 4,014,774 tons gave the first two months of 1928 an aggregate of 7,975,983 tons against 7,541,253 tons a year ago.

February's daily pig iron rate of 99,954 tons compared with 92,113 tons in January and 105,021 tons in February, 1927. The apparent discrepancy between pig iron and steel ingot rates results from a wider use of scrap. February's total was 2,898,668 tons. For two months, pig iron stands at 5,751,183 tons, compared with 6,041,950 tons in the similar period of 1927.

The Iron Trade Review index of fourteen leading iron and steel products in March approximated \$36.91, contrasted with a revised average of \$35.62 for February, \$35.27 for January, and \$36.82 last March.



Coal Soft coal production in the United States held up well in the first half of March. For the week ending March 10th the daily average rate was 1,737,000 tons. This figure

is still considerably lower than last year's record levels, but is close to the output in 1926 and 1925. The situation in the union fields in this District, however, has not become any better, the output being very low. In the country at large, the non-union mines are still producing most of the soft coal.

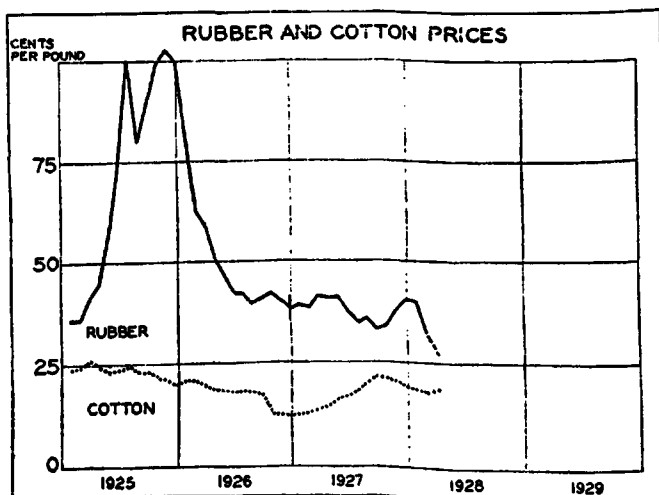
Fourth District dealers report but little change in retail demand. A slightly firmer tone is evident here and there owing to the necessity of replenishing storage stocks which have been gradually declining for almost a year. The price situation has shown a very slight improvement, the Coal Age average for February being \$1.86 as against \$1.85 for January. One indication of improvement in this District is the fact that less coal of inferior grade is finding its way into the market below the cost of production, and the coal of this type that is coming in is having difficulty in finding buyers.

The Interstate Commerce Commission has recently reaffirmed a reduction of 20 cents a ton made last summer on freight rates on lake cargo coal from Southern Ohio points, while denying a petition from Southern carriers for a similar reduction. The rate from the Southern Ohio fields is now \$1.43 a ton, and from the Pittsburgh district, \$1.46 a ton. From West Virginia and Kentucky fields, the \$1.91 rate still prevails.

Rubber and Tires

Uncertainty with regard to the future of the Stevenson Restriction Act caused a further slump in crude rubber prices during the first part of March. From a figure of 29 cents at the opening of the month—about 9 cents below the February 1st quotation—crude declined to a low of 25 cents a pound (ribbed smoked sheets, spot) on the 12th. Not since 1924 has such a low price prevailed. On March 19, however, there was a sudden recovery to 28 cents, coincident with the announcement that the American rubber pool had obtained a new credit of \$60,000,000.

In the Fourth District the industry is awaiting some definite decision by the British government with regard to the Stevenson Act. The recent fluctuations in crude prices have had a retarding effect, as dealers have shown an inclination to withhold purchases in the event of further price declines. Inventories in tire manufacturers'



hands of both crude and finished products are stated to be large. On the other hand, the approach of Spring and the seasonal increase in the volume of sales constitute a favorable factor, and operations are holding up well.

The chart above shows the price fluctuation in the last three years in the two principal raw materials used in tire manufacturing. Monthly average prices are used, the latest figures being for the first 20 days of March, represented by dotted lines. The downward trend in rubber since the first of the year is very noticeable.

Automobiles The situation in this industry is still spotty, but shows very definite improvement over last Fall. United States production in February totaled 323,368 cars and trucks, exceeding that of a year ago by some 18,000. This increase, though small, is particularly noteworthy because February was the first month to show a gain over the same month in preceding year since August, 1926—a period of 18 months. Output for the first two months of 1928 amounts to 555,015, or 11,300 more than last year.

Although the industry as a whole thus shows a healthy gain in production, this gain is not distributed equally. Earnings statements of the larger companies in 1927 exhibited some exceedingly wide variations, and this condition still appears to hold true. In addition, January sales were somewhat disappointing (February not yet available). Thus, in 35 states and the District of Columbia, new passenger car registrations were only 86,156, as against 115,271 a year ago. The whole situation is made more uncertain by the slowness of Ford in getting into full production, and the consequent holding up of new car purchases by an indeterminate number of buyers.

In the Fourth District, passenger car and truck concerns are making a satisfactory showing as compared with a year ago. According to the Cleveland Chamber of Commerce, sales of new cars in Cleveland (Cuyahoga County) in the first two months of 1928 totaled 3,739, a gain of 51 over last year, but used car sales registered a loss of 486, amounting to 16,501. The total number of cars sold was thus smaller than in the first two months of 1927 by about 2 per cent. In Cincinnati, sales of both new and used cars were less in February than in January, the figures being 2896 in February and 4526 in January.

Automobile Prices The table below gives the list prices of 25 makes of automobiles at the beginning of each year from 1923 to 1928 inclusive. In each case, a model has been selected for which comparable prices are available for the entire period. A slight inaccuracy exists in a few instances where the present models do not run back for more than two or three years; but in these cases a corresponding model of the same type was used in the earlier years, so that the figures are accurate enough for all practical purposes. A number of makes had to be omitted entirely on account of the lack of models for which comparable figures were available for the entire period.

The table furnishes an excellent illustration of the

downward trend of automobile prices during the last few years. This is particularly noticeable in the low-priced and medium-priced groups, the former exhibiting an average decline of 25 per cent during the past six years, and the latter of 29 per cent. In the case of the six higher-priced cars shown, the decline was only 9 per cent. In the low-priced group, the average price has shown a steady downward trend year by year, and the same is true of the second class except for 1925. The result is that the average low-priced car now costs \$217 less than five years ago, and the average medium-priced machine costs \$549 less. In both groups there has been a noticeable reduction even from a year ago.

AUTOMOBILE PRICES

(Except where otherwise indicated, prices are on 6-cylinder four door sedans)	1928				1927			
	1928	1927	1926	1925	1924	1923		
Under \$1,000								
Chevrolet 4	\$ 675	\$ 695	\$ 735	\$ 825	\$ 795	\$ 860		
Dodge 4	875	895	895	1,095	1,250	1,195		
Essex Coach	735	735	735	795	1,000	1,145		
Ford Tudor 4	495	495	495	580	590	595		
Star 4	570	795	795	820	785	845		
Whippet Coupe 4	535	625	685	625*	650*	750*		
Average	648	707	723	790	845	865		
\$1,000-\$2,000								
Auburn	1,295	1,295	1,695	1,795	1,695	2,245		
Buick	1,295	1,295	1,295	1,665	1,495	1,985		
Chandler	1,495	1,595	1,895	2,195	2,095	2,270		
Chrysler	1,695	1,595	1,545	1,695	1,825	1,825†		
Elcar	1,395	1,395	1,595	1,720	1,720	1,995		
Hudson Coach	1,175	1,285	1,095	1,250	1,500	1,525		
Hupmobile	1,385	1,385	1,385	1,375†	1,425†	1,750†		
Moon	1,545	1,545	1,545	1,595	1,495	1,695		
Nash	1,335	1,485	1,445	1,545	1,640	2,040		
Oakland	1,145	1,195	1,195	1,545	1,445	1,645		
Oldsmobile	1,025	975	1,025	1,285	1,135	1,595		
Paige Touring	1,655	1,655	2,165	2,165	2,095	2,450		
Studebaker	1,495	1,585	1,895	1,895	1,955	2,050		
Average	1,372	1,407	1,521	1,671	1,634	1,921		
Over \$2,000								
Franklin	2,790	2,790	2,790	3,200	2,850	2,850		
Lincoln	4,800	4,900	4,900	4,900	4,700	4,700		
McFarlan	6,720	6,720	6,720	6,720	6,720	6,720		
Packard	2,285	2,250	2,585	2,585	3,375	3,275		
Peerless 8	2,995	2,995	3,495	3,895	3,815	3,900		
Pierce Arrow	3,450	3,350	3,995	3,995	3,895	3,895†		
Average	3,840	3,834	4,081	4,216	4,226	4,223		
*Overland								
†Estimated								
‡Four Cylinder								

Clothing

Manufacturers of men's and women's wearing apparel and millinery in this District report an improvement in business, with orders about on a level with last year. The February sales of these articles as reported by 70 retail stores present a rather mixed picture of the situation. Women's coats and dresses showed respective decreases of 6.3 and 1.9 per cent from a year ago, while suits gained 4.1. Misses' coats and suits decreased 8.4 per cent, but misses' dresses increased 10.3 per cent. Men's clothing fell off 2.7 per cent, but men's furnishings gained 9.5 per cent. Millinery showed the largest change, a decrease of 14.1 per cent from February, 1927.

Fourteen wholesale dry goods firms in the Fourth District continued to report a gain in sales. The increase for the month as compared with a year ago was 3.7 per cent, and as compared with January was 23.4. Gains were reported by about half of the firms, the others showing a slight falling off. Stocks increased 9.4 per cent over a year ago, but collections decreased 9.8 per cent.

Conditions in the knitting line are unsettled. Some manufacturers report gains while others say there is a lull in the demand for both under- and outer-wear.

The price of cotton continued to rise during March, advancing a cent per pound during the twenty days. Silk buying, both in raw and manufactured, continued strong.

Shoes The manufacturing end of the Fourth District's shoe trade in February was marked by unusually heavy production for that month. Wholesale distribution improved over January, while retail shoe sales in department stores were not quite equal to February of last year. In the first part of March, future orders received by manufacturers were stated to be satisfactory, though not so heavy as in February.

Preliminary production figures from 35 shoe manufacturers in this District, representing 82 per cent of all reporting manufacturers, show a gain in February of 18.5 per cent over last year, and a correspondingly large increase over February of 1926, 1925, and 1924. Another notable accomplishment of the February production figure was a gain of 20.7 per cent over January, this being considerably greater than seasonal. The average increase of February over January, in fact, was only 4.9 per cent for the four years 1924-1927 combined. Furthermore, the January output was also unusually heavy, being exceeded only once in the four preceding Januarys, so it is evident that the February spurt cannot be explained on the grounds of low production in January.

Along with this heavy increase in manufacturing operations came a marked improvement in wholesale sales. February sales, it is true, were 2.2 per cent less than a year ago, but this was the smallest decrease from the preceding year since August, 1927, and compares with a 31.7 per cent drop in January. In addition, February sales were 81.5 per cent greater than those of January.

Retail shoe sales did not make quite such a good showing in February, but held up fairly well. In 50 department and apparel stores in the Fourth District, sales of women's shoes were 7.4 per cent under a year ago, but children's shoes gained 7.4 per cent, and men's and boys' shoes were up 13.4 per cent. The total of all three showed a decline of 3.1 per cent from last year.

General Manufacturing Further reports of improvement, partly seasonal, are coming in from various lines of manufacture in this District. Sentiment in general is a trifle more optimistic than a month ago, and a number of lines which were standing still during January and February have finally taken a turn for the better.

Agricultural Implements. Reports indicate that orders for the Spring trade are slightly ahead of a year ago.

Boxboard. Very little change has recently occurred, business being only fair.

Electrical Supplies. February brought a gain in orders, and 1928 so far has been noticeably ahead of the last quarter of 1927.

Glass. Increasing demand from the automotive industry together with a continuation of good building demand has benefited this line, and sales are improving. How-

ever, keen foreign competition and lower prices continue to be unfavorable factors.

Lumber. The lumber trade has not been doing very well for some time. Reports on the present situation are conflicting, but on the whole are rather unfavorable. Overproduction is still hampering the industry, but there is now some indication of reduced production on the part of Southern mills.

Machinery. Several lines report improvement. For example, a large volume of business has recently been done by makers of foundry supplies, and a gradual upswing in business is taking place in woodworking machinery.

Metal Containers. Business continues good. Prices have weakened slightly, owing to lower quotations on tin plate. Stocks in customers' hands are very low.

Paint. The condition of this industry continues to be good. Business is showing a gain both over last year and over the winter, one firm reporting a 15 per cent gain in February and March as compared with the same period in 1927. Raw material prices are firmer.

Pottery. Operations are in good volume, and the general situation appears satisfactory.

Stoves. The situation remains quiet. Inquiries are numerous, but actual orders are only fair. Competition is still very keen.

AGRICULTURE

Winter wheat fields in this District present a rather spotty appearance. Reports coming from the southern half of Ohio show that the wheat planted early last Fall, which amounted to about 50 per cent of the total, is in average condition and only needs fair weather to produce a good crop. The open winter, with the alternate freezing and thawing, has had a very bad effect on the wheat planted late in the season, this wheat not having had time to develop a root system strong enough to withstand the extremely hard weather. In the northern part of the state the crop does not look very promising, much of the wheat appearing dead or badly damaged. The abandonment of planted fields is partly contingent on the weather during the next month, and may be but little more than average if the weather proves favorable.

The statement on farmers' intentions to plant, as compiled by the United States Department of Agriculture from 50,000 reports, shows that in the entire country farmers plan to increase their acreages of the main crops (exclusive of cotton) by over 3 per cent. The heavier increases are found in the Mississippi Valley where wet weather or floods interfered with planting last spring.

The farmers' intentions to plant, of course, are not a forecast of the acreage which will actually be planted. The latter may be larger or smaller than these reports indicate, due to weather conditions, price changes, labor supply, etc. In this District, intentions to plant were less settled than in an ordinary year owing to the uncertainty of the survival of the winter wheat crop. The intended plantings of spring wheat, barley, oats, and corn, crops which mainly replace abandoned wheat fields, are a bit uncertain.

The planting intentions in 1928 for states comprising this District and the entire country, expressed as per-

centages of the acreage actually harvested in 1927, are as follows for the principal crops:

	U. S.	Ohio	Pa.	Ky.	W. Va.
Corn	102.8	101	106	110	104
Oats	98.6	97	97	120	96
Potatoes	111.9	120	117	115	120
Hay, Tame	98.6	92	98	98	100
Barley	114.3	115	130	80
Tobacco	115.7	130	104	132	140

Perhaps the most unfavorable factor in the Ohio agricultural situation is the general exhaustion of the corn supply on farms. It was estimated that on March 1, 1928, there were only 36,208,000 bushels still on the farms as compared with 66,254,000 bushels in 1927. This is 7 per cent less than the ten-year average. The number of livestock has remained practically normal, which means that the shortage of feed is a direct expense and loss to the farmer. As it is not generally profitable to purchase corn at \$1.00 or more a bushel to feed hogs at 8 cents a pound, farmers are selling hogs at a sacrifice rather than pay the high price for feed.

The Department of Agriculture's index of the general level of all farm prices declined during the period January 15 to February 15, from 137 to 135 per cent of the pre-war level, 1910-1914. This index is still much higher than in February, 1927, when it stood at 127. The decrease from January was caused by the decline in the poultry products index of 33 points, and in the cotton products index of 11 points. The grain index advanced 3 points, due mostly to the increase in corn which advanced 5 per cent. The fruit and vegetable index rose 11 points, most of this occurring in the prices received for potatoes and apples. The farm price of cattle advanced 1 point, the decline in hog prices offsetting the gains in the other lines.

Tobacco Interest now centers in the 1928 crop in the Kentucky burley tobacco territory.

The March 17th report of the Department of Agriculture on farmers' "intentions to plant" on March 1 indicates an increase of 32 per cent over the 1927 acreage. This would mean 421,700 acres, as against 319,500 actually harvested last year. These figures cannot be taken as final, as planting intentions are obviously subject to change; but at the present time the prospects are for a considerably larger acreage than last year, owing to the very favorable prices received by growers for their 1927 tobacco during the selling season recently closed.

During the first half of March, preparations for the new crop have been going forward, and some plant beds have been sown. The weather has been comparatively mild and open.

In the United States, farmers on March 1 intended to plant 15.7 per cent more acres in tobacco than were harvested in 1927. This would mean a 1928 acreage of 1,863,200, larger than any of the three preceding years. Increased acreage is indicated in every state except New York and Maryland.

BUILDING

Building figures for February present a somewhat confused situation so far as this District is concerned. On

the whole, residential building appears to be holding up well, while other types have fallen behind last year.

Total February contracts awarded in the Fourth District again compared unfavorably with the country as a whole. Contracts in the District were valued at \$37,841,000 as compared with \$50,808,000 last year, a loss of about 25 per cent, while the dollar totals for the United States showed a gain of 15 per cent. Residential contracts, however, give a more hopeful picture, the February figure for the District being \$15,179,000 as compared with \$15,385,000 in 1927, a loss of less than 2 per cent. For the first two months of 1927, total contracts were about 30 per cent under last year, while residential contracts were only 3 per cent less.

Turning to building permits in 27 large cities, it is found that February actually showed a gain of 19.8 per cent over last year, making the total for the first two months of 1928 nearly 3 per cent ahead of the same period in 1927. Gains and losses were fairly equally distributed among the reporting centers, but the percentage losses were relatively small except in Ashtabula, Rocky River, Newark, and Wheeling. Gains of over 100 per cent over February of 1927 occurred in Toledo, Garfield Heights, and Lakewood, and substantial increases were also registered by Barberton, Cincinnati, Covington, and Erie. Cleveland permits were up 26.3 per cent for February and 43.8 per cent for the first two months. Pittsburgh increased 21.8 per cent for the month but was 31.5 per cent behind 1927 for the first two months owing to a 64 per cent decrease in January.

Building Operations

(Valuation of Permits)

	February, 1928	% change from 1927	Jan.-Feb. 1928	Jan.-Feb. 1927	% change from 1927
Akron.....	1,244,475	+ 3.4	1,901,563	3,788,038	- 49.8
Ashtabula.....	8,000	- 77.3	31,030	90,195	- 65.6
Barberton.....	51,192	+ 39.8	75,418	42,620	+ 77.0
Canton.....	225,489	- 14.0	804,662	468,388	+ 71.8
Cincinnati.....	1,885,905	+ 65.1	2,995,545	3,020,545	- 0.8
Cleveland.....	3,569,275	+ 26.3	5,925,725	4,120,101	+ 43.8
Cleveland suburbs:					
Cleve. Heights.....	447,600	+ 14.6	854,285	584,632	+ 46.1
East Cleveland.....	87,875	+ 64.2	220,165	115,636	+ 90.4
Euclid.....	147,291	+ 87.3	245,131	151,325	+ 62.0
Garfield Heights.....	166,050	+ 126.2	246,550	149,900	+ 64.5
Lakewood.....	358,810	+ 224.9	558,135	144,483	+ 286.3
Parma.....	204,325	+ 26.7	352,295	361,316	- 2.5
Rocky River.....	76,315	- 64.7	138,363	274,005	- 49.5
Shaker Heights.....	509,500	- 7.5	922,000	1,074,600	- 14.2
Columbus.....	1,313,400	- 26.6	2,299,800	2,798,000	- 17.8
Covington, Ky.....	113,300	+ 38.2	179,700	135,400	+ 32.7
Dayton.....	678,877	- 11.2	1,257,875	1,164,288	+ 8.0
Erie, Pa.....	235,125	+ 31.9	345,165	414,884	- 16.8
Hamilton.....	81,230	- 2.1	149,855	133,234	+ 12.5
Lexington, Ky.....	144,255	- 4.6	205,940	321,745	- 36.0
Lima.....	30,835	+ 12.5	50,050	41,781	+ 19.8
Newark.....	11,950	- 34.3	28,675	32,100	- 10.7
Pittsburgh, Pa.....	2,476,115	+ 21.8	3,701,224	5,400,400	- 31.5
Springfield.....	48,470	- 11.5	135,035	112,590	+ 19.9
Toledo.....	1,864,992	+ 180.1	3,169,248	1,223,611	+ 159.0
Wheeling, W. Va.....	129,583	- 62.7	207,762	423,947	- 51.0
Youngstown.....	424,395	- 7.0	1,068,585	682,700	+ 56.5
Total.....	16,334,629	+ 19.8	28,069,781	27,270,463	+ 2.9

TRADE

Sales of 61 department stores were 1.9 per cent larger in February than a year ago, bringing the gain for the first two months up to 1.1 per cent. Surprising gains were also shown by wholesale groceries, dry goods, and drugs, in view of the steady decline in sales of practically all reporting wholesale lines for many months past. Grocery sales increased 7.7 per cent over last year; dry goods, 3.7; and drugs, 3.4 per cent.

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

	Feb. 1928	Feb. 1927	% Change	Jan.-Feb. 1928	Jan.-Feb. 1927	% Change
Bank Debits (24 cities)	2,921	2,895	+ 0.9	6,356	6,311	+ 0.7
Savings Deposits (end of month)						
Ohio (41 banks)	734,064	676,883	+ 8.4	732,336 ¹	676,310 ¹	+ 8.3
Western Pennsylvania (27 banks)	277,607	249,214	+11.4	272,673 ¹	248,456 ¹	+ 9.7
Total (68 banks)	1,011,671	926,097	+ 9.2	1,005,008 ¹	924,766 ¹	+ 8.7
Commercial Failures — Numbers	186	162	+14.8	455	382	+19.1
— Liabilities	4,728	3,494	+35.3	10,723	6,543	+63.9
Postal Receipts — 9 cities	3,120	2,955	+ 5.6	6,122	6,009	+ 1.9
Sales — Life Insurance — Ohio and Pa.	105,921	97,817	+ 8.3	191,981	183,758	+ 4.5
— Dept. Stores—(61 firms)	20,804	20,408	+ 1.9	41,593	41,155	+ 1.1
— Wholesale Grocery (47 firms)	6,371	5,917	+ 7.7	12,515	12,037	+ 4.0
— Dry Goods — (14 firms)	2,388	2,302	+ 3.7	4,322	4,163	+ 3.8
— Hardware — (16 firms)	1,737	1,870	- 7.1	3,342	3,617	- 7.6
— Drugs — (14 firms)	1,737	1,679	+ 3.4	3,475	3,514	- 1.1
Building Permits, Valuation—27 cities	16,335	13,634	+19.8	28,070	27,270	+ 2.9
Building Contracts—Total, 4th District	37,841	50,808	-25.5	62,244	64,244	- 3.1
— Residential, 4th District	15,179	15,385	- 1.3	27,892	29,007	- 3.8
Production — Pig Iron, U. S.	2,900	2,938	- 1.3	5,741	6,038	- 4.9
— Steel Ingots, U. S.	4,015	3,781	+ 6.2	7,975	7,541	+ 5.8
— Automobiles, U. S.						
— Passenger Cars	290,830	264,171	+10.1	496,373	463,821	+ 7.0
— Trucks	32,538	40,592	-19.8	58,642	79,868	-26.6
— Bituminous Coal, 4th Dist.	14,765	19,884	-25.7	30,304	41,105	-26.3
— Cement: Ohio, W. Va., Wn. Pa.	978	865	+13.1	1,733	1,392	+24.5
— Electric Power: Ohio, Pa., Ky.	1,166 ²	1,155 ²	+ 1.0			
— Petroleum: Ohio, Pa., Ky.	1,864 ²	1,809 ²	+ 3.0			
— Shoes, 4th District			+18.5 ²			+16.4 ²
— Tires, U. S.	4,155 ²	3,766 ²	+10.3			
Bituminous Coal Shipments (from Lake Erie ports)						
Iron Ore Receipts (at Lake Erie ports)						

¹ 12 months' average.
² January.
³ Figures Confidential.
⁴ Preliminary.

Index Numbers of Trade in the Fourth Federal Reserve District

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

	Feb. 1924	Feb. 1925	Feb. 1926	Feb. 1927	Feb. 1928
Department Stores (50)*	97	91	91	90	92
Wholesale Drugs (14)*	107	102	104	106	110
Wholesale Dry Goods (13)*	96	79	76	69	71
Wholesale Groceries (47)*	83	73	72	67	75
Wholesale Hardware (15)*	99	101	95	92	86
Wholesale Shoes (5)*	61	55	60	63	61
Wholesale All (94)*	90	80	78	75	79
Chain Drugs (3)*†	96	93	98	93	86

* Number of firms.
 † Per individual unit operated.

Debts To Individual Accounts

(In thousands of dollars)

	4 weeks ending Mar. 21, 1928	% change from 1927	1928 to Date (Dec. 28-Mar. 21)	1927 to Date (Dec. 29-Mar. 23)	% change from 1927
Akron	92,147	+ 8.4	310,590	265,627	+ 16.9
Butler, Pa.	9,234	+ 9.5	31,153	34,221	+ 9.0
Canton	42,944	+ 0.3	144,140	141,305	+ 2.0
Cincinnati	389,850	+ 7.1	1,394,450	1,191,280	+ 17.1
Cleveland	710,232	+ 1.4	2,522,499	2,428,399	+ 3.9
Columbus	157,374	+ 7.1	510,565	507,512	+ 0.6
Connellsville, Pa.	3,912	+ 22.0	11,806	16,028	+ 26.3
Dayton	92,751	+ 3.1	291,032	285,139	+ 2.1
Erie, Pa.	30,853	+ 9.3	99,413	105,866	+ 6.1
Greensburg, Pa.	17,688	+ 15.4	62,487	66,406	+ 5.9
Homestead, Pa.	3,833	+ 4.1	11,865	12,638	+ 6.3
Lexington, Ky.	20,947	+ 21.0	92,902	95,121	+ 2.3
Lima	14,329	+ 12.3	46,961	44,259	+ 6.1
Lorain	4,994	+ 7.6	16,634	16,507	+ 0.8
Middletown	11,610	+ 17.1	39,585	32,933	+ 20.2
Oil City, Pa.	12,637	+ 19.6	44,749	49,348	+ 9.3
Springfield, Pa.	842,785	+ 19.1	2,856,401	3,200,396	+ 10.7
Stuebenville	20,390	+ 17.3	66,518	72,928	+ 8.8
Toledo	11,438	+ 7.3	33,564	32,808	+ 2.3
Warren	241,615	+ 12.7	796,377	675,765	+ 17.8
Wheeling, W. Va.	12,081	+ 2.0	39,429	40,165	+ 1.8
Youngstown	43,681	+ 0.3	143,213	140,798	+ 1.7
Zanesville	59,794	+ 7.4	203,714	222,682	+ 8.5
	10,786	+ 2.6	37,073	37,194	+ 0.3
Total	2,857,905	+ 4.6	9,807,120	9,715,345	+ 0.9

Retail and Wholesale Trade

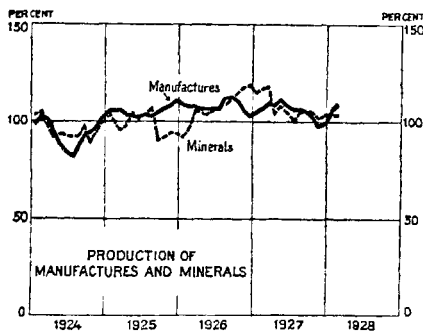
(1928 compared with 1927)

	SALES Feb.-Feb.	SALES First 2 mos.	STOCKS Feb.-Feb.
DEPARTMENT STORES (61)			
Akron	+38.0	+16.6	+17.0**
Cincinnati	+ 4.5	+ 2.2	+ 3.6
Cleveland	+ 3.6	+ 2.1	+ 4.8
Columbus	+ 1.6	+ 2.8	+ 0.8
Pittsburgh	- 4.5	- 2.0	- 7.2
Toledo	+ 1.3	+ 2.9	- 2.5
Wheeling	- 5.5	- 5.7	-13.4
Youngstown	+ 6.9	+ 4.6	+ 2.6
Other Cities	- 2.9	- 3.5	+ 0.8
District	+ 1.9	+ 1.1	+ 0.6**
WEARING APPAREL (17)			
Cincinnati	- 4.3	- 3.4	+17.0
Cleveland	-10.2	-13.0	+ 3.8
Other Cities	- 3.7	- 6.0	- 4.6
District	- 6.4	- 7.8	+ 2.4
FURNITURE (49)			
Cincinnati	+23.2	+14.4	
Cleveland	+ 8.7	+ 3.6	
Columbus	+ 5.9	+ 2.5	
Dayton	- 1.0	+ 2.9	
Toledo	+40.5	+24.2	
Other Cities	-11.4	-12.6	
District	+ 9.4	+ 5.6	
CHAIN STORE*			
Drugs—District (3)	+ 7.2	-10.2	
Groceries—District (5)	+ 8.9	+ 4.8	
WHOLESALE GROCERIES (47)			
Akron	+16.5	+15.6	
Cincinnati	+13.2	+10.7	
Cleveland	+ 5.7	+ 0.5	
Erie	- 2.1	- 2.9	
Pittsburgh	+21.8	+12.8	
Toledo	+ 5.9	+ 2.2	
Other Cities	+ 5.3	+ 2.8	
District	+ 7.7	+ 4.0	
WHOLESALE DRY GOODS (14)			
	+ 3.7	+ 3.8	
WHOLESALE DRUGS (14)			
	+ 3.4	+ 1.1	
WHOLESALE HARDWARE (16)			
	- 7.1	- 7.6	
WHOLESALE SHOES (6)			
	- 2.2	-13.2	- 1.5

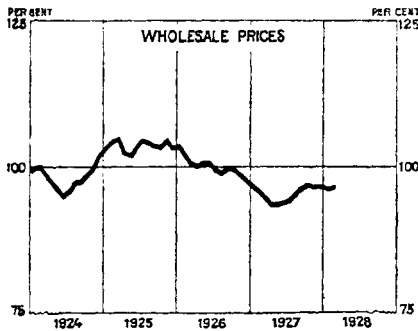
* Sales per individual unit operated.
 ** Revised.

Summary of National Business Conditions

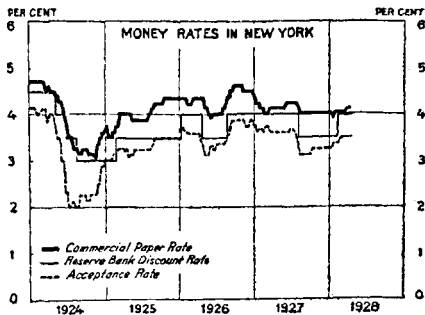
(By the Federal Reserve Board)



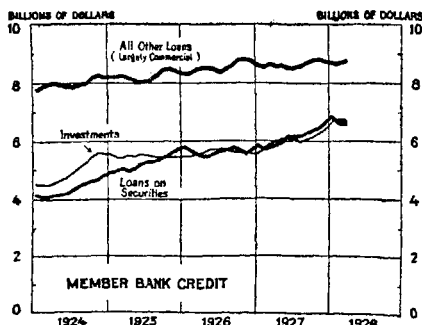
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 = 100). Latest figures—February: manufactures, 109; minerals, 103.



Index of U. S. Bureau of Labor Statistics (1926 = 100). Latest figure: February, 96.4.



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

Production and distribution of commodities increased further in February, while wholesale commodity prices remained practically unchanged. Commercial loans of member banks showed a larger increase in February and the first half of March than at the same season in other recent years.

PRODUCTION

Production of manufactures in February, as indicated by the Federal Reserve Board's index, increased 3 per cent over January and was 2 per cent larger than a year ago, while production of minerals declined slightly and continued to be substantially smaller than last year. Factory employment and payrolls showed a seasonal increase in February, but continued at a lower level than a year ago. Output of iron and steel, automobiles, and agricultural machinery has increased considerably since the first of the year. Daily average production of steel ingots in February was larger than in any other month since last March, and current reports indicate that output was sustained in the first three weeks in March. Production of non-ferrous metals also increased in February. Activity in the textile industries has shown little change since the first of the year. Production of bituminous coal and crude petroleum, which decreased in February, increased slightly in the first half of March. Building contracts awarded were larger in February than in the corresponding month of any previous year, reflecting chiefly a large volume of awards for residential construction in the New York and Chicago districts. Contracts let in the first two weeks of March were in approximately the same volume as in the corresponding period of last year.

TRADE

Sales of wholesale firms in leading lines increased in February and were slightly larger than a year ago, while sales of department stores, after allowance for the customary seasonal changes, were in about the same volume as in January and somewhat smaller than a year ago. Stocks of merchandise carried both by wholesale firms and by department stores showed a seasonal increase in February.

Freight car loadings have shown somewhat more than the usual seasonal increase since the beginning of the year, but have continued to be in smaller volume than in the corresponding period of last year, owing chiefly to much smaller shipments of coal. Loadings of merchandise in less than car load lots and of miscellaneous commodities have been less than in the corresponding period of the last two years, while loadings of live stock and grain products have been larger.

PRICES

The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics Index, remained practically unchanged in February at approximately 96 per cent of the 1926 average. There were decreases in the prices of cotton, sugar, non-ferrous metals, chemicals, and rubber, as well as a seasonal decline in dairy products. Increases occurred in prices of grains, metals, hides and leather products, and steel. In the first two weeks in March, prices of grains, hogs and cotton advanced, while those of cattle and rubber showed further declines.

BANK CREDIT

From the middle of February to the middle of March the loans and investments of member banks in leading cities increased by \$200,000,000, reflecting a growth in the banks' commercial loans. The banks' loans on securities and investments showed little change for the period.

The volume of reserve bank credit outstanding increased somewhat from February to March, chiefly in consequence of increased borrowings by member banks, which in part reflected further withdrawals of gold for export.

During the four weeks ending March 21, conditions in the money market were firmer; the rate on prime commercial paper increased from 4 to 4-4¼ per cent, and there were advances in time rates on security loans.