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Fourth Federal Reserve District

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Fourth District steel mills, particularly in the Mahoning Valley, are operating at high levels for this time of year and steel production continues well in excess of a year ago. Strong demand for sheets and pipe has brought a heavy volume of business to Youngstown plants, and orders for tin plate have likewise been large. The price situation continues unsatisfactory, and profit margins therefore remain small.

Conditions in other lines on the whole appear slightly better than a month ago. The tire industry has improved and signs of betterment are at last appearing in the coal industry. Motor accessory concerns continue to do a good volume of business. The clothing trades have been hampered all year by unseasonable weather, but the hot days of July stimulated retail sales of summer wear. June building contracts awarded were 8.7 per cent larger than a year ago. Heavy June rains benefited some of the crops and damaged others; oats and some of the fruits look better than a month ago, while potatoes and tobacco were injured by excessive rainfall.

Member banks are borrowing heavily from the Cleveland Federal Reserve Bank, and interest rates in the

District are slightly firmer. The level of bills discounted by the Cleveland bank in June and the first part of July was the highest since 1921 and was twice as high as a year ago. Total accommodation extended—i.e., total bills and securities—was also the highest since 1921.

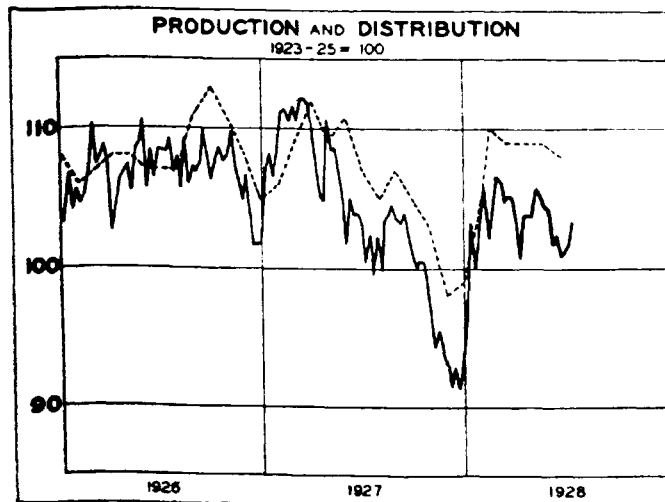
Distribution in the United States, as measured by this bank's weekly index of car loadings (seasonally corrected) declined from 104.3 for the week ending June 2nd to 100.8 for the week ending the 23rd, but rose to 101.7 for the week ending July 7th and to 103.3 for the following week. The Reserve Board's industrial production index likewise dropped in June, standing at 108 as compared with 109 in May.

FINANCIAL

Further heavy gold exports took place in June, and the country's gold stock decreased \$52,000,000 between June 1 and July 1, and \$268,000,000 in the past six months. As a result of this constant heavy outflow of primary deposits in the form of gold, together with a further rise in March and April in loans and investments of reporting member banks and the sale of government securities by the reserve banks, member banks for several months have been resorting more and more to borrowing from the Reserve System in order to bring their reserves against deposits up to the required figure—in other words, to support the amount of credit outstanding. This has brought about a relatively high level of borrowings from the System at a time of year when these are ordinarily at their lowest point, and the additional strain of the usual mid-year settlements resulted on July 3 in the highest total of bills discounted since 1921. In the two following weeks, however, there was some easing off of rediscounts.

Money rates have tightened further during the past month, and seven Reserve banks up to July 26 had raised their rediscount rates from 4½ to 5 per cent. Member bank credit has shown a slightly downward trend since the first of May, and loans to brokers have dropped noticeably during the last few weeks.

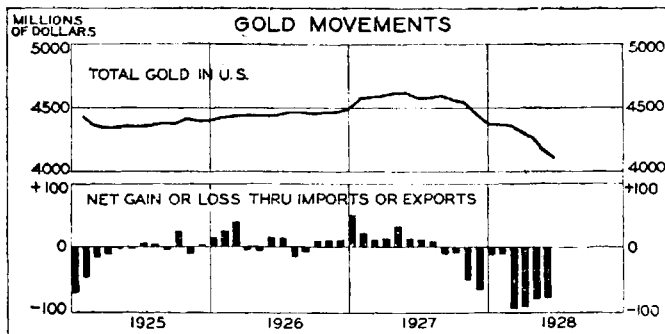
Gold Movements. Gold exports from the United States in June amounted to \$99,932,000, the highest in several years. France continued to take the greater part of such exports for stabilization purposes, although one shipment of nearly \$25,000,000 went to England early in the month. Imports during June, mostly from Canada, were larger



Solid line—weekly index of car loadings F. R. B. of Cleveland (1923-1925 = 100). Latest figure: Week ending July 14—103.3. Broken line—monthly index of industrial production. Federal Reserve Board (1923-1925 = 100). Latest figure: June—108. Both curves adjusted for seasonal variation.

than for some time, aggregating \$20,001,000. The net loss through exports was \$79,931,000. The gold stock in the United States, exclusive of earmarked gold, stood at \$4,108,932,000 on July 1 as against \$4,160,188,000 a month earlier, the former figure being the lowest since the summer of 1923.

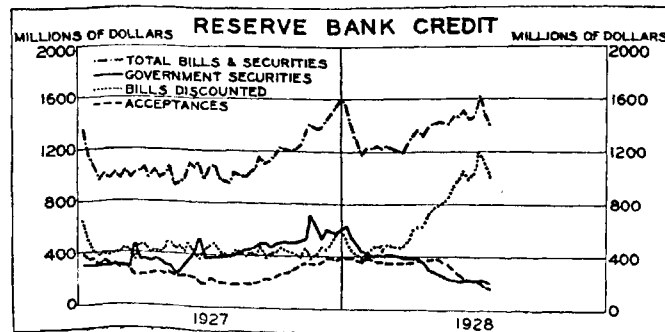
During the three weeks ending July 18, gold exports amounted to \$74,000,000 and imports to \$13,000,000, a net loss through exports of \$61,000,000 for the period. As in June, France and Canada were the nations principally concerned.



Member Bank Credit. Total loans, discounts and investments of all reporting member banks in the United States reached a new record for all time on July 3 of \$22,735,900,000. This represented a temporary increase of about \$300,000,000 due to mid-year requirements, and the following week brought a drop of \$285,000,000. The general trend since May 1 has been very slightly downward. Loans secured by stocks and bonds fell rather sharply in June, but by July 11 had recovered part of the loss. Commercial loans have been slowly increasing since early in June, while investments have changed but little.

Loans to brokers made by New York reporting member banks, after reaching a new high of \$4,563,000,000 on June 6, dropped sharply to \$4,159,000,000 on June 27, this being the period when the Dow-Jones average of stocks was also falling. On July 3 brokers' loans rose to \$4,307,000,000, but by the 18th had again declined to \$4,194,000,000. It is noteworthy that the New York banks between June 20 and July 18 reduced their own loans to brokers from \$1,004,059,000 to \$820,201,000, or 18 per cent in four weeks, while loans both for account of out-of-town banks and for account of all others increased in the same period.

In the Fourth District the trend of total loans, discounts and investments since May 1st has been upward,

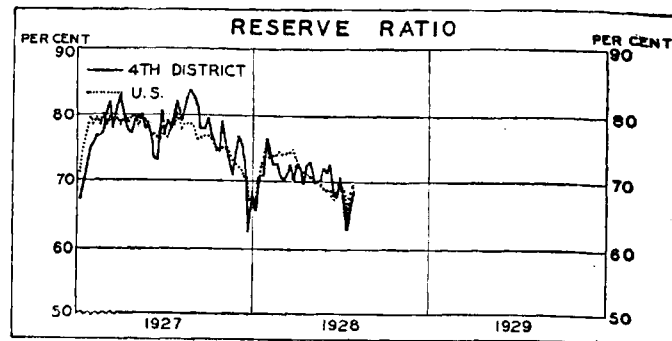


Latest figures July 18

instead of downward as in the case of the country as a whole. On July 11 the figure was \$2,226,964,000. This uptrend was largely accounted for by an increase in loans on stocks and bonds.

Reserve Bank Credit. As already stated, bills discounted by the System on July 3 reached their highest point since 1921, the figure being \$1,191,010,000. By July 18 discounts were down to \$1,011,757,000, but this total is still over half a billion dollars larger than at the same date in either 1927 or 1926. Holdings of Government securities have declined slightly during the month, and acceptance holdings have shown a larger decrease. Total bills and securities on July 18 were \$1,402,624,000, a decrease of \$36,000,000 from June 20, but an increase of \$427,000,000 over a year ago and of \$300,000,000 over two years ago.

Bills discounted by the Cleveland Federal Reserve Bank rose from 79 millions on June 20 to 116 millions on July 3, the period of mid-year strain, but fell to 91 millions on July 18. Acceptance holdings fell from 24 to 17 millions during the four-week period, while Government security holdings remained practically stable at 34 millions.



Latest figures July 18

Money Rates. Contrary to the usual custom at this season of the year, money rates are higher than in the Spring owing to heavy gold exports, selling of government securities by the Reserve System, and the high level of credit being used in the security markets. Call and time money, representing security transactions, have advanced further in the first half of 1928 than rates on commercial paper and bankers' acceptances, representing largely commercial demand, but all classes of rates have shared in the rise.

Call money (renewal) rose from 4-4½ during the first quarter to an average of 5.12 in April, 5.65 in May, and 6.19 in June. On July 2, the mid-year date, the rate opened at 7½ per cent and rose to 10 per cent, the highest in seven years, but large offerings reduced it to 5 a day or two later. The weekly average rate for the week ending July 11 was 5.58, and for the next week was 6.75.

Time money (90 days) advanced steadily from 4½ per cent on February 6 to 4¾ on April 1, 5 on May 1, 5½ on June 1, and 6 on July 12.

Commercial paper is now 5-5¼ per cent as compared with 4¾ a month ago and 4 per cent in February. Bankers' acceptances (90 days) stand at 4¾-4½ per cent, as against 4 a month ago and 3½ in February.

Security Prices. On June 2 the Dow-Jones average of 20 industrial stocks stood at 220.96, a new high record for all time. Ten days later this average had dropped to 202.65.

This extremely rapid decline, accompanied by a sharp reduction in brokers' loans, was followed by an irregular recovery to 213.86 on July 9th. Another decline then set in, culminating in a figure of 205.10 on July 16, but by the 18th the average had risen to 209.30.

Savings, Debits, Failures. Savings deposits of 67 banks in the Fourth District amounted to \$1,039,590,656 on July 1, a gain of 8 per cent for the year and of 1.1 per cent for the month.

Debits to individual account at 13 large centers in this District were \$2,979,710,000 in June, \$2,984,591,000 a year ago, and \$2,705,272,000 in May.

Commercial failures in the Fourth District, according to Dun's, numbered 136 in June, 157 in May, and 164 in June, 1927. Liabilities were \$2,847,201, as compared with \$2,377,568 in May and \$3,572,903 a year ago. In the United States there were 1947 failures in June, 2008 in May, and 1833 a year ago.

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

| | Federal Reserve Bank of Cleveland (In Millions) | | | Federal Reserve System (In Millions) | | |
|--|--|---------------|---------------|---|---------------|---------------|
| | July 11, 1928 | July 13, 1927 | June 13, 1928 | July 11, 1928 | July 13, 1927 | June 13, 1928 |
| Gold Reserves | 245 | 309 | 245 | 2,595 | 3,013 | 2,580 |
| Discounts | 101 | 37 | 91 | 1,089 | 426 | 1,043 |
| Acceptances | 18 | 19 | 24 | 188 | 193 | 240 |
| U. S. Securities | 34 | 45 | 336 | 218 | 378 | 223 |
| Total bills and securities | 153 | 102 | 149 | 1,495 | 999 | 1,508 |
| Federal Reserve notes in circulation | 197 | 218 | 195 | 1,640 | 1,703 | 1,605 |
| Total deposits | 190 | 192 | 191 | 2,407 | 2,361 | 2,436 |

REPORTING MEMBER BANKS

| | Fourth District (In Millions) | | | United States (In Millions) | | |
|---|----------------------------------|---------------|---------------|--------------------------------|---------------|---------------|
| | July 11, 1928 | July 13, 1927 | June 13, 1928 | July 11, 1928 | July 13, 1927 | June 13, 1928 |
| Loans secured by stocks and bonds | 693 | 618 | 672 | 6,913 | 5,900 | 6,908 |
| All other | 787 | 773 | 784 | 8,925 | 8,600 | 8,970 |
| Total loans | 1,479 | 1,392 | 1,456 | 15,837 | 14,500 | 15,878 |
| Investments | 748 | 672 | 746 | 6,613 | 6,015 | 6,658 |
| Demand deposits | 1,040 | 1,051 | 1,060 | 13,338 | 13,324 | 13,717 |
| Time deposits | 981 | 890 | 959 | 6,959 | 6,186 | 7,002 |

MANUFACTURING, MINING

Iron and Steel June was a month of heavy consumption—unusually heavy considering the season—but of restrained buying. Such raw materials as pig iron, scrap and coke, and semi-finished material and light finished steel products either were definitely declining in price or flying distress signals. On heavy steel products the mills were announcing an advance but making little effort to enforce it. The result was that consumers specified against second quarter contracts to the extent of their requirements but made few forward commitments. Heavy orders for semifinished steel and tin plate were placed with the coming of the third quarter, and line pipe was developing a record buying movement; but other lines were in light demand and most producers of iron and steel closed June with order books depleted. There was a marked contrast between actual consumption and forward buying. Because of the stiffer price attitude assumed early in July, producers may find the situation to their advantage, as any advances they enforce would be effective the sooner.

Pig iron shipments, especially to the automotive trade, were substantially as heavy in June as in May, which means that they were close to the season's peak. Auto-

motive requirements, especially for sheets and strip, kept Mahoning Valley and Pittsburgh mills at 75 per cent or better. Bar mills also mirrored demand from Detroit and Toledo consumers. Late in June pipe mills at Pittsburgh and Youngstown began putting line pipe orders on their books which, before the movement stopped, was sufficient to book some mill capacity into December. Tin plate needs have come out steadily, maintaining mill operations at 90 per cent or better.

Prices generally were easier in June. While basic iron in the Mahoning Valley rebounded to \$16 per ton from its extreme low of \$15.35, the former quotation was \$1 per ton under the early 1928 level. Iron and steel scrap prices gave ground rapidly, reaching in some cases the lowest depths in ten years, as a result of large production, particularly at Detroit. Coke was little changed. Heavy steel was invoiced to most users at \$1.85 (Pittsburgh) with the mills announcing \$1.90 for third quarter but making few contracts. Semifinished steel was settling to \$32 (Pittsburgh) for sheet bars, \$33 for rerolling billets, \$34 for small billets and \$42 for wire rods. Sheets were down to \$3.45 (Pittsburgh) for galvanized, \$2.60 for black, and \$2 for blue annealed, while autobody held at \$4.

June steel ingot output, at 3,742,964 tons or a daily average of 143,960 tons, was exceeded in only one June on record. It compared with 4,203,190 tons and a daily rate of 155,674 tons in May. The half year total of 24,792,883 tons easily topped the 23,807,387 tons of the first half of 1927 and by about 2 per cent exceeded the previous half-year record set in the first six months of 1926. Ingot production in the last half of 1928 can fall 11 per cent behind the first half and still make the year a record one.

Pig iron production in June declined moderately to 3,088,882 tons or a daily average of 102,963 tons. This compared with 3,292,790 tons or a daily average of 106,219 tons in May. The six-month total for 1928 is 18,517,005 tons, against 19,429,227 tons a year ago.

The downward path of iron and steel prices is reflected by the Iron Trade Review composite of fourteen leading iron and steel products. This composite averaged \$35.30 for June, contrasted with \$35.54 for May, and \$36.59 last June.

Coal

The feature of the soft coal industry in recent months has been the steady decline of stockpiles in the hands of industrial consumers. The stock curve of the National Association of Purchasing Agents shows that from a high point of some 75,000,000 tons on April 1, 1927, just before the soft coal strike went into effect, stocks have declined virtually without interruption until on June 1 they were only 40,890,000 tons. This figure is the lowest since the summer of 1926, and represents a 36 days' supply. Later figures are not available, although private estimates put present stocks around 35 million tons. The June 1st total was about in line with previous years, showing that the excess stocks built up in anticipation of the soft coal strike have about disappeared.

Fourth District coal concerns report that the lower freight rates on coal shipped from Ohio and Pennsylvania mines to the Great Lakes has brought about some improvement in this territory. Business compares favor-

ably with last year, and dealers appear a trifle more confident than for several months. Depression still exists, of course, and the industry is still hampered by over-productive capacity, but some indications of betterment are evident as a result of declining stocks, mergers, and the closing of unprofitable mines.

Daily average production of bituminous coal in the United States during June was almost the same as in May, and was also about equal to the output in June of 1925 and 1927, although behind 1926. Total production in June amounted to 35,963,000 tons, as against 36,624,000 in May and 36,627,000 in June, 1927. The average daily rate was 1,383,000 in June, 1,387,000 in May, and 1,409,000 a year ago.

Rubber and Tires The tire business has improved, aided by the cut in tire prices on June 11, the normal summer expansion of public buying, and the relatively high rate of automobile production during June and early July. Akron manufacturers report business at present as being fair to good, with prospects improving.

Dealer buying increased materially following the reduction of tire prices on June 11, owing partly to the fact that dealers' stocks had been allowed to reach a low point in anticipation of price cuts, and partly to an increase in buying by customers as warm weather arrived and the touring season got well under way. Sales of tires as original equipment have been better than last year, as June motor production was extremely heavy for that month in the case of numerous important automobile manufacturers. Another favorable factor is that a large part of the crude rubber purchased several months ago around the 40-cent level has now been worked into production, and the problem of inventory losses is therefore much less acute now than earlier in the year.

Crude rubber prices have fluctuated but little during the past month, and on July 16 stood at 20 cents a pound. Raw cotton advanced two cents a pound between early June and July 16.

Automobiles June proved to be another month of heavy automobile production. The output in the United States of both passenger cars and trucks according to the Department of Commerce, was 396,714 units,—75,000 more than last year and about equal to the record high marks for June in 1925 and 1926. For the first six months of 1928, car and truck production combined was 2,201,880, an increase of 133,000 over last year, but a drop of about 150,000 from the record first half of 1926.

Heavy exports this year have helped somewhat to maintain production schedules, although only a small part of the output goes abroad. It is also reported that the used car situation is less acute than it was some months ago. In the Fourth District, truck manufacturers report business as being fair, though sales as a rule have not been up to last year, and accessory concerns are doing well.

Paint This industry is in good condition in the Fourth District. Automotive demand for paint has been very good both in June and July, the falling-off due to preparation

of new models being less than usual. A small let-up in building demand in the first part of July is noted, but operations in this branch compare favorably with a year ago. Manufacturers of white lead have enjoyed excellent business during the past few weeks; in one case both June and July were record months.

Raw material prices are rather soft but are showing signs of stability.

Clothing The clothing manufacturing business in the Fourth District is only fair. Moderate improvement has taken place with the delayed appearance of summer weather, so that the present year now compares more favorably with 1927 than was the case in the Spring, but demand is still inclined to be a bit slow in spots and factories are not exceptionally busy.

The Fall order season is well under way and has proved somewhat disappointing on the whole. Makers of women's ready-to-wear report a slight decline from last year in advance orders in dollars, although the actual volume is greater. Other lines also complain of narrowing profit margins. The knitwear business has compared favorably with last year, but just at present is not developing to the extent anticipated. Business is seasonally quiet in woolens. Fall orders of men's clothing are less than a year ago. The men's knit underwear business in recent months has been adversely affected by the drift from heavy to light underwear and the increasing use of rayon. As a result there are many idle machines.

The retail and wholesale branches of the clothing trade give a more encouraging picture, with some important exceptions such as dresses. June clothing sales were larger than a year ago, gains being shown by women's coats, 22.2 per cent; misses' coats and suits, 29.8; juniors' and girls' wear, 19.3; aprons and house dresses, 10.0; furs, 65.3; men's furnishings, 6.1; boys' wear, 4.2; infants' wear, 9.3; knit underwear, 2.0; and hosiery, 7.9 per cent. On the other hand, sales of women's dresses declined 4.9 per cent; misses' dresses, 4.1; sports' wear, 2.1; and men's clothing, 1.4 per cent.

Sales of reporting wholesale dry goods firms in this District in June were about 8 per cent larger than in the same month of 1927.

Shoes Salesmen of Cincinnati shoe manufacturers now on the road continue to send in a good volume of advance orders. The general situation appears to be about the same as a month ago, and is more promising than in the Spring.

Fourth District shoe production was low in both April and May, particularly in the latter month. Actual output in May was slightly less than in April, whereas May usually shows a gain over the preceding month. Preliminary figures for June indicate an increase over May of 11.8 per cent. Final figures for the United States show that about 1250 shoe factories produced 26,159,839 pairs in May as compared with 26,332,034 in April.

June shoe sales at 31 department stores in the Fourth District were well in excess of the same month in 1927. Sales of women's shoes increased 12.2 per cent; children's

shoes, 28.5 per cent; and men's and boys' shoes, 8.4 per cent.

Other Manufacturing Business in various lines of manufacture in this District may be described as "fairly good". Most lines report little change from last month other than seasonal.

Electrical supply manufacturers report an increase in orders of radios and radio accessories. Sales of agricultural implements are lagging somewhat, being adversely affected by the extreme poor winter wheat crop in this district. Demand for heavy machinery such as tractors is satisfactory, but small implements are not selling so well. The boxboard industry is quiet. The paper trade experienced a decided slowing down in the first half of July and orders are now running about 10 per cent behind last year at this time. Business in metal containers is showing a good gain over last year. Demand for engineering machinery continues satisfactory.

AGRICULTURE

The condition of farm crops in the Fourth District in mid-July was on the whole somewhat better than a month earlier. The heavy June rains, following the dry weather in April and May benefited most crops. Weeds grew very rapidly during June, because much of the time fields were too wet to be cultivated, but since July 1 weather conditions have been much more favorable for farm work.

Wheat

Wheat is ripening and in a few places harvesting has begun. Pennsylvania farmers report bad infestation of fields by the Hessian fly and heavy damage by rain. Although the fields left for harvest are generally thin, the heads seem to be quite heavy. The following table shows the condition of the wheat crop this year as compared with 1927 and the ten-year average, according to the Department of Agriculture:

| | July 1 Condition | | Production (Thous. of Bushels) | |
|-------------|------------------|-----------------|--------------------------------|---------|
| | 1928 | 10-year average | 1928 Forecast* | 1927 |
| U. S. | 75 | 78 | 543,782 | 553,288 |
| Ohio | 51 | 80 | 9,941 | 28,980 |
| Pa. | 71 | 87 | 17,463 | 20,165 |
| Ky. | | | 817 | 3,059 |
| W. Va. | 67 | 83 | 1,305 | 1,796 |

*Based on July 1 conditions.

The acreage of winter wheat remaining for harvest in the United States is estimated at 36,125,000 acres, a decrease of 4.8 per cent from the acreage harvested last season. An increased acreage was shown last Fall, but in the four states of Ohio, Kentucky, Indiana, and Illinois, the loss from winter-killing was about 5,500,000 acres or about two-thirds of the sown acreage in these states. The fact that the July 1 production forecast for the country is only 1.7 per cent below that actually harvested in 1927 is explained by the continued expansion of wheat acreage in the Southwest where the "combine" is helping to solve the harvesting problem, and the estimated heavy yields in Kansas and Oklahoma.

Corn

Ohio corn had an average condition of 77 on July 1, as compared with 63 a year ago and a ten-year average of 81. Coupled with an estimated 8 per cent increase in acreage this year, the July 1st condition points to a crop

of 136,000,000 bushels, according to the Department of Agriculture, as compared with almost 110,000,000 bushels last year and an average of 137,000,000 bushels for the past five years. Heavy June rains made fields too wet for cultivation and resulted in very weedy fields in many localities. High water did considerable damage to corn planted in the low lands in the southern part of the state.

In Pennsylvania the July 1 condition is 79 per cent of normal as compared with 83, the ten-year average. The majority of reports state that the crop is poor and badly in need of cultivation. In some localities much harm has been done by hail and in others all planting had not been completed by July 1.

Kentucky's corn acreage is estimated at 3,231,000 acres, 12 per cent more than in 1927. The July 1st condition was 63 per cent as compared with 66 in 1927 and 84, the ten-year average condition.

Oats

Oats in this District showed marked improvement in June due to rains. In Ohio, on July 1, the condition of the crop was 85 per cent of normal, as compared with 82 per cent on July 1 last year and 80, the ten-year average. With an acreage increase of 30 per cent, the 2,470,000 acres this season gave promise, on July 1, of a crop of 92,378,000 bushels compared with 60,800,000 bushels harvested in 1927.

Much of the abandoned wheat acreage in this District was replanted with oats. Kentucky reports an acreage of 140 per cent of the small acreage in 1927. The condition of the crop is good and on July 1 was estimated to be 7,019,000 bushels as compared with 4,085,000 bushels harvested last season.

In Pennsylvania the crop is reported to be generally good. The condition on July 1 was 90 per cent of normal, the same as a year ago.

Potatoes

Ohio and Kentucky have increased their potato acreage 12 per cent from 1927 and Pennsylvania 14 per cent. The condition of the crop is slightly above the five-year average, and no blight has been reported. However, heavy rains interfered with cultivation in many fields and some of the late-planted seed rotted because of excessive moisture.

Fruit

The "June drop" of apples in this District was unusually heavy this year and the July 1st condition in Ohio was 47, Pennsylvania 55, Kentucky 71, and West Virginia 50 per cent of "normal". Early apples are much more promising than the later varieties.

The condition of the peach crop in the country is varied and ranges from total failure to a bumper crop. The present forecast of production for the entire United States is 45 per cent higher than in 1927. July 1 condition indicated a peach crop of 1,697,000 bushels in Ohio, 1,680,000 bushels in Pennsylvania, and 794,000 bushels in West Virginia as compared with a harvest last year of 1,326,000 bushels in Ohio, 947,000 bushels in Pennsylvania and 202,000 bushels in West Virginia.

Tobacco

Extremely heavy rains in June and early July did considerable damage to the new Kentucky burley tobacco crop. In some sections the fields were flooded, and in others they were badly washed. The wet weather held back cultivation of the crop, resulting in many weedy fields, and in addition, rust has appeared. Consequently, the present condition of the crop is much less satisfactory than a month ago, both as to quality and quantity, and dry weather is urgently needed to prevent serious damage from rust.

In spite of the unusually bad growing conditions during June and the first part of July, the prospects are still for an increase over last year's short crop, based on comparative acreage figures. The July 1st report of the Department of Agriculture shows an increase of 36 per cent in acreage for this year in Kentucky, all types being put at 394,700 acres in 1928 as against 290,200 in 1927. Tobacco acreage for the entire country on July 1st was estimated at 1,856,600, a gain of 17.8 per cent over last year.

Canning

Very little change has been noticed in the canning industry of the District for some time. The feeling among buyers of canned foods seems to be better as is shown by the fact that carry-over stocks in the hands of canners, wholesale grocers, chain stores and retailers are much smaller than usual. Prices for both spot and future delivery are very close to the production cost, and although an increase is expected in some quarters, there has been very little future buying.

The pea pack is about completed, with a normal yield. Reports indicate that rain in early June delayed planting of sweet corn and also permitted weeds to get such a start on the crop that regardless of favorable weather from now to harvest, no large crop could be expected. Lima bean and tomato acreage in this District is just about normal. Both crops are later than usual and it is too early to make any forecast as to the probable production.

BUILDING

Building contracts awarded in June in the Fourth District amounted to \$69,605,000, as compared with \$64,011,000 a year ago, an increase of 8.7 per cent, but a decrease of about 2 per cent from June of 1926. For the first half of 1928, total contracts were \$334,667,000 as compared with \$364,482,000 last year, a drop of 8.2 per cent.

Residential contracts awarded in June totaled \$21,498,000, as against \$20,690,000 last year, a gain of 3.9 per cent, but a decrease of 22 per cent from June of 1926. For the first six months, residential contracts aggregated \$123,123,000, as compared with \$126,830,000 in 1927.

The valuation of building permits in 27 cities in this District amounted to \$27,925,207 in June, an increase of 21 per cent over last year. Large gains appeared in Cleveland, Euclid, Columbus, and Pittsburgh, while sizable declines were shown in Ashtabula, Barberton, East Cleveland, Garfield Heights, Lakewood, Dayton, Lexington, Lima, Springfield, Toledo, Wheeling, and Youngstown. The very large gains in Cleveland and Pittsburgh

served to more than offset the long list of decline in other cities.

For the first half of 1928, the valuation of permits in the same cities was \$132,829,126, as compared with \$123,901,875 last year, a gain of 7.2 per cent. The largest increases were in Cleveland, Euclid, Newark, and Pittsburgh, while the largest declines were in Ashtabula, Lima, Springfield, and Wheeling.

Lumber

Reports from lumber manufacturers and dealers in this District, although conflicting, indicate a slightly improved outlook. Competition remains exceedingly keen, profit margins are still narrow, and productive capacity remains excessive; but on the other hand a better demand is reported from some quarters and a rather noticeable increase in softwood prices has occurred in the past two months.

Some larger producers have reduced their output, but efforts in this direction are hampered by the great number of small operators. Numerous mills in the South are having difficulty in moving their lumber out because of road washouts following the very heavy rains of June, and this has resulted in the piling-up of stocks in spite of fairly heavy orders.

The Aberthaw index of industrial building costs stood at 191 on July 1, the same as in June, but one point lower than a year ago.

Building Operations

(Valuation of Permits)

| | June, 1928 | % change from 1927 | Jan.-June, 1928 | Jan.-June 1927 | % change from 1927 |
|------------------|---------------|-----------------------------|--------------------|-------------------|-----------------------------|
| Akron..... | 1,369,662 | -34.4 | 8,811,267 | 11,184,375 | -21.2 |
| Ashtabula..... | 20,730 | -71.6 | 201,392 | 297,140 | -32.2 |
| Barberton..... | 41,373 | -74.4 | 498,999 | 648,953 | -23.1 |
| Canton..... | 350,455 | -36.8 | 2,308,913 | 2,046,178 | +12.8 |
| Cincinnati..... | 2,787,190 | +6.5 | 16,849,000 | 14,834,258 | +13.6 |
| Cleveland..... | 8,253,650 | +141.8 | 27,574,725 | 19,827,825 | +39.1 |
| Cleve. suburbs: | | | | | |
| Cleve. Heights.. | 536,275 | -7.7 | 2,759,050 | 2,895,222 | -4.7 |
| East Cleveland. | 51,622 | -60.6 | 591,951 | 585,819 | +1.0 |
| Euclid..... | 273,860 | +39.4 | 1,504,946 | 924,223 | +62.8 |
| Garfield Heights | 70,500 | -79.4 | 1,022,150 | 1,398,200 | -26.9 |
| Lakewood..... | 155,773 | -81.9 | 1,993,516 | 1,988,757 | +0.2 |
| Parma..... | 311,048 | +2.5 | 1,497,956 | 1,887,387 | -20.6 |
| Rocky River.... | 111,550 | -29.5 | 597,413 | 770,933 | -22.5 |
| Shaker Heights. | 678,950 | -28.1 | 4,127,090 | 4,545,725 | -9.2 |
| Columbus..... | 1,818,300 | +44.0 | 9,680,300 | 13,189,500 | -26.6 |
| Covington, Ky.. | 218,050 | +3.2 | 926,900 | 990,200 | -6.4 |
| Dayton..... | 768,640 | -55.3 | 6,983,082 | 5,891,811 | +18.5 |
| Erie, Pa..... | 491,535 | +19.7 | 1,997,942 | 2,761,096 | -27.6 |
| Hamilton..... | 140,375 | -12.6 | 898,728 | 1,101,724 | -18.4 |
| Lexington, Ky.. | 103,885 | -42.0 | 769,585 | 1,019,732 | -24.5 |
| Lima..... | 31,775 | -40.2 | 243,849 | 468,151 | -47.9 |
| Newark..... | 30,850 | +13.3 | 517,330 | 210,338 | +146.0 |
| Pittsburgh, Pa.. | 7,022,466 | +206.2 | 24,652,875 | 17,952,156 | +37.3 |
| Springfield.... | 129,383 | -74.7 | 687,945 | 1,193,471 | -42.4 |
| Toledo..... | 1,488,457 | -43.0 | 10,079,104 | 8,756,394 | +15.1 |
| Wheeling, W. Va. | 138,835 | -57.5 | 997,775 | 1,497,187 | -33.4 |
| Youngstown.... | 530,009 | -40.8 | 4,055,343 | 5,035,120 | -19.5 |
| Total..... | 27,925,207 | +21.0 | 132,829,126 | 123,901,875 | +7.2 |

Retail Trade

Retail sales of 62 department stores in June showed an increase of 21 per cent over the corresponding month in 1927. Pittsburgh was the only city not showing an increase. Toledo and Akron reported gains of 13.8 and 12.1 per cent respectively, the largest reported for the month in the District. Sales for the first half of 1928 were 0.8 per cent smaller than in the first six months of 1927.

Thirty out of 49 individual departments reported increases in June sales as compared with a year ago. The percentage changes in the principal departments

are as follows: silks and velvets, -21.8; millinery, +14.8; gloves, +21.6; hosiery, +7.9; women's shoes, +4.0; women's coats, +22.2; women's dresses, -4.9; juniors' and girls' wear, +19.3; furs, +65.3; men's clothing, -1.4; men's furnishings, +6.1; boys' wear, +4.2; furniture, -0.9; and house furnishings, -0.2.

Sixteen women's wearing apparel stores in the District reported a decrease of 1.9 per cent in June sales as compared with the same month of 1927. Total sales for the first six months of 1928 declined 3.7 per cent from the corresponding period of 1927.

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

| | June, 1928 | June, 1927 | % change | Jan.-June, 1928 | Jan.-June, 1927 | % change | |
|---|---------------------|---------------------|----------|------------------------|----------------------|-----------|-------|
| Bank Debits (24 cities) Millions of dollars | 3,623 | 3,516 | + 3.0 | 19,846 | 19,647 | + 1.0 | |
| Savings Deposits (end of month) Ohio (41 banks) Thous. of dollars | 758,321 | 705,206 | + 7.5 | 741,355 ¹ | 688,065 ¹ | + 7.7 | |
| Western Pennsylvania (26 banks) " " " | 281,270 | 256,941 | + 9.5 | 277,305 ¹ | 254,627 ¹ | + 8.9 | |
| Total (67 banks) " " " | 1,039,591 | 962,147 | + 8.0 | 1,018,660 ¹ | 942,697 ¹ | + 8.1 | |
| Commercial Failures - Number | 136 | 164 | -17.1 | 1,056 | 1,038 | + 1.7 | |
| Liabilities Thous. of dollars | 2,847 | 3,573 | -20.3 | 31,437 | 24,092 | +30.5 | |
| Postal Receipts - 9 cities | 2,948 | 2,906 | + 1.4 | 18,712 | 18,513 | + 1.1 | |
| Sales - Life Insurance—Ohio and Pa. | 118,085 | 104,828 | +12.6 | 653,954 | 618,516 | + 5.7 | |
| Dept. Stores - (62 firms) | 25,043 | 24,518 | + 2.1 | 143,954 | 145,122 | - 0.8 | |
| Wearing Apparel (17 firms) | 1,677 | 1,709 | - 1.9 | 10,209 | 10,602 | - 3.7 | |
| Furniture (48 firms) | 1,107 | 1,131 | - 2.1 | 6,366 | 6,506 | - 2.1 | |
| Wholesale Groceries (45 firms) | 6,897 | 7,072 | - 2.5 | 38,663 | 37,852 | + 2.1 | |
| Dry Goods (13 firms) | 1,997 | 1,841 | + 8.4 | 12,733 | 12,308 | + 3.5 | |
| Hardware (16 firms) | 2,038 | 2,101 | - 3.3 | 11,330 | 12,231 | - 7.4 | |
| Drugs (14 firms) | 1,768 | 1,801 | - 1.8 | 10,945 | 10,891 | + 0.5 | |
| Building Permits, Valuation—27 cities | 27,925 | 23,086 | +21.0 | 132,829 | 123,902 | + 7.2 | |
| Building Contracts - Total, 4th District | 69,605 | 64,011 | + 8.7 | 334,667 | 364,482 | - 8.2 | |
| Residential, 4th District | 121,498 | 20,690 | + 3.9 | 123,123 | 126,830 | - 2.9 | |
| Production - Pig Iron, U. S. Thous. of tons | 3,082 | 3,090 | - 0.3 | 18,521 | 19,420 | - 4.6 | |
| Steel Ingots, U. S. | 3,743 | 3,496 | + 7.1 | 24,793 | 23,807 | + 4.1 | |
| Automobiles, U. S. | | | | | | | |
| Passenger Cars | Actual Number | 356,439 | 278,728 | +27.9 | 1,965,727 | 1,802,620 | + 9.0 |
| Trucks | 40,275 | 43,238 | - 6.9 | 236,153 | 266,354 | -11.3 | |
| Bituminous Coal, 4th Dist. Thous. of tons | 14,788 ² | 14,158 ² | + 4.4 | 73,703 ² | 91,975 ² | -19.9 | |
| Cement: Ohio, W. Va., Wn. Pa. " barrels | 1,711 | 1,716 | - 0.3 | 7,419 | 7,340 | + 1.1 | |
| Electric Power: Ohio, Pa., Ky. Millions of k. w. hrs. | 1,068 ² | 1,073 ² | - 0.5 | 5,581 ² | 5,561 ² | + 0.4 | |
| Petroleum: Ohio, Pa., Ky. Thous. of barrels | 2,167 ² | 2,039 ² | + 6.3 | 9,984 ² | 9,740 ² | + 2.5 | |
| Shoes, 4th District " pairs | | | -26.2 | | | - 9.8 | |
| Tires, U. S. Thous. of casings | 5,116 ² | 4,679 ² | + 9.3 | 23,916 ² | 21,960 ² | + 8.9 | |
| Bituminous Coal Shipments (from Lake Erie ports) Thous. of tons | 4,706 | 5,256 | -10.5 | 9,963 | 14,554 | -31.5 | |
| Iron Ore Receipts (at Lake Erie ports) Thous. of tons | 6,199 | 6,010 | + 3.1 | 9,047 | 11,712 | -22.8 | |

¹6 months' average.
²May.
³January-May.
⁴Figures Confidential.

Retail and Wholesale Trade

(1928 compared with 1927)

| | Percentage Increase or Decrease SALES June-June | Percentage Increase or Decrease SALES First 6 mos. June-June |
|---------------------------------|---|--|
| DEPARTMENT STORES (62) | | |
| Akron | +12.1 | +10.4 |
| Cincinnati | +2.3 | +1.0 |
| Cleveland | +4.7 | +1.7 |
| Columbus | +2.1 | +1.4 |
| Dayton | +2.7 | -0.1 |
| Pittsburgh | -2.2 | -5.4 |
| Toledo | +13.8 | +6.1 |
| Wheeling | +8.7 | +3.3 |
| Youngstown | +0.6 | -0.7 |
| Other Cities | -5.0 | -7.4 |
| District | +2.1 | -0.8 |
| WEARING APPAREL (16) | | |
| Cincinnati | +3.3 | +1.1 |
| Cleveland | -9.9 | -4.6 |
| Other Cities | +1.0 | -3.4 |
| District | -1.9 | -3.7 |
| FURNITURE (48) | | |
| Cincinnati | +5.2 | +3.2 |
| Cleveland | -10.0 | -0.9 |
| Columbus | +3.8 | -5.3 |
| Dayton | +5.4 | -1.5 |
| Toledo | +1.4 | +4.4 |
| Other Cities | +1.5 | -13.7 |
| District | -2.1 | -2.1 |
| CHAIN STORES* | | |
| Drugs—District (3) | +6.1 | +6.6 |
| Groceries—District (4) | +1.2 | +5.0 |
| WHOLESALE GROCERIES (45) | | |
| Akron | +5.1 | +9.8 |
| Cincinnati | +3.6 | +3.8 |
| Cleveland | +1.7 | +2.6 |
| Erie | -9.7 | -7.5 |
| Pittsburgh | +3.5 | +8.8 |
| Toledo | +3.5 | +0.3 |
| Other Cities | -7.0 | +0.2 |
| District | -2.5 | +2.1 |
| WHOLESALE DRY GOODS (13) | +8.4 | +3.5 |
| WHOLESALE DRUGS (14) | +1.8 | +0.5 |
| WHOLESALE HARDWARE (16) | +3.3 | -7.4 |
| WHOLESALE SHOES (5) | +12.4 | -7.0 |

*Sales per individual unit operated.

Index Numbers of Trade in the Fourth Federal Reserve District

| | June 1924 | June 1925 | June 1926 | June 1927 | June 1928 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Department Stores (50)* | 109 | 110 | 108 | 107 | 110 |
| Wholesale Drugs (14)** | 92 | 98 | 106 | 106 | 104 |
| Wholesale Dry Goods (13)** | 76 | 80 | 77 | 68 | 74 |
| Wholesale Groceries (45)** | 94 | 98 | 100 | 98 | 96 |
| Wholesale Hardware (16)** | 92 | 107 | 102 | 98 | 95 |
| Wholesale All (93)**† | 92 | 96 | 97 | 93 | 93 |
| Chain Drugs (3)*† | 99 | 101 | 105 | 97 | 91 |

*Base = Average monthly sales, 1919-1923.
 **Base = Average monthly sales, 1923-1925.
 †Includes 4 shoe firms.
 ‡Per individual unit operated.

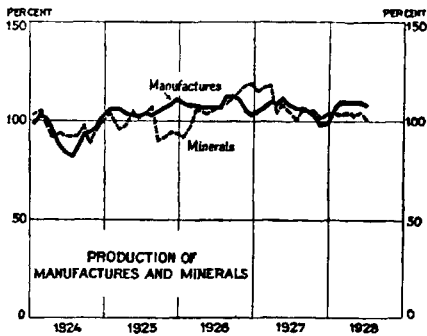
Debts to Individual Accounts

(In thousands of dollars)

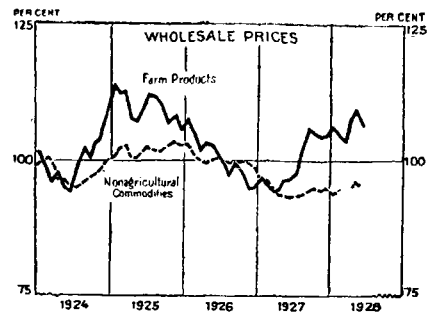
| | 4 weeks ending July 18, 1928 | % change from 1927 | 1928 to date (Dec. 28-July 18) | 1927 to date (Dec. 29-July 20) | % change from 1927 |
|--------------------|------------------------------|--------------------|--------------------------------|--------------------------------|--------------------|
| Akron | 110,803 | + 4.8 | 753,626 | 684,667 | +10.1 |
| Butler, Pa. | 10,939 | - 0.4 | 76,950 | 81,358 | - 5.4 |
| Canton | 45,003 | + 6.4 | 345,626 | 338,956 | + 2.0 |
| Cincinnati | 418,392 | + 1.9 | 3,185,022 | 2,847,573 | +11.9 |
| Cleveland | 512,655 | + 0.1 | 5,812,223 | 5,689,014 | + 2.2 |
| Columbus | 144,063 | + 7.2 | 1,182,953 | 1,173,119 | + 0.8 |
| Connellsville, Pa. | 4,129 | - 7.0 | 28,858 | 36,214 | -20.3 |
| Dayton | 98,405 | + 2.5 | 681,098 | 675,508 | + 0.8 |
| Erie, Pa. | 35,039 | + 4.5 | 247,139 | 250,564 | - 1.4 |
| Greensburg, Pa. | 21,491 | - 3.0 | 145,159 | 156,690 | - 7.4 |
| Homestead, Pa. | 4,034 | -14.1 | 29,970 | 31,052 | - 3.5 |
| Lexington, Ky. | 21,776 | + 7.2 | 180,539 | 178,196 | + 1.3 |
| Lima | 15,117 | +19.7 | 107,708 | 103,252 | + 4.3 |
| Lorain | 8,206 | +34.3 | 45,289 | 42,297 | + 2.3 |
| Middletown | 13,063 | +18.3 | 90,439 | 77,165 | +17.2 |
| Oil City, Pa. | 15,822 | +11.4 | 118,037 | 107,786 | + 9.5 |
| Pittsburgh, Pa. | 988,046 | -12.0 | 6,898,570 | 7,568,198 | - 8.8 |
| Springfield | 24,561 | + 7.9 | 158,293 | 167,803 | - 5.7 |
| Steubenville | 11,758 | + 2.0 | 80,454 | 79,101 | + 1.7 |
| Toledo | 273,364 | +27.6 | 1,924,489 | 1,631,765 | +17.9 |
| Warren | 13,557 | + 5.2 | 94,464 | 96,904 | - 2.5 |
| Wheeling, W. Va. | 47,687 | + 4.9 | 343,695 | 329,197 | + 4.4 |
| Youngstown | 74,633 | + 4.0 | 502,034 | 508,098 | - 1.2 |
| Zanesville | 12,736 | + 0.1 | 90,192 | 89,867 | + 0.4 |
| Total | 3,225,279 | - 1.8 | 23,120,827 | 22,944,344 | + 0.8 |

Summary of National Business Conditions

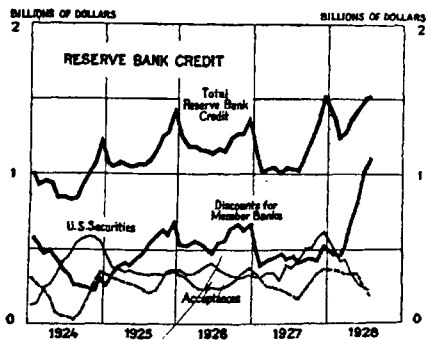
By the Federal Reserve Board



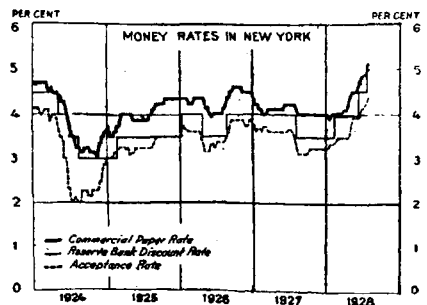
Index numbers of production of manufactures and minerals, adjusted for seasonal variations, (1923-1925 = 100). Latest figures—June, manufactures, 109; minerals, 100.



Index of U. S. Bureau of Labor Statistics (1923-1925 = 100). Latest figure—June, agricultural, 107; non-agricultural, 95.



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



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

Production

Activity of manufacturing industries declined slightly in June, and there was a decrease of about six per cent in the output of minerals owing to declines in the production of coal. The manufacture of iron and steel decreased in June by somewhat more than the usual seasonal amount, but there are indications that there were no further declines in July, and the industry was somewhat more active than a year ago. Production of flour and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last Spring. Production of lumber, copper and shoes, and activity of silk mills increased in June.

Contracts awarded for new building continued large in June, and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public, and educational buildings. Awards during the first three weeks in July were in somewhat smaller volume than for the corresponding period of last year.

The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of eight per cent from the harvested yield of 1927, and a yield of corn of 2,736,000,000 bushels, a reduction of two per cent. The production of oats, barley, white potatoes and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1 was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

Trade

Merchandise distribution at retail and wholesale was seasonally smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, while the declines in sales of chain stores were smaller. Sales of wholesale firms in most lines of trade showed a more than usual seasonal decline. Compared with a year ago, sales of department stores and chain stores were larger, and those of wholesale firms were smaller. Stocks of wholesale firms were in about the same volume at the end of June as a year ago, and those of department stores were smaller.

Freight car loadings for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grains and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927, but continued below the high level of 1926.

Prices

The general level of wholesale commodity prices declined in June and the Bureau of Labor Statistics index, which had advanced from 96 per cent of the 1926 average in March, the low point for the year, to 98.6 per cent in May, declined in June to 97.6 per cent. The decline in the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months, farm products, foods, hides and leather products. Prices of livestock and meats, which are included in these groups, however, showed further advances in June, and there was also an increase in the prices of building materials, while prices of silk and rayon, fertilizer materials, house furnishings and automobile tires declined. During the first three weeks in July there were declines in the prices of wheat and cotton and advances in those of cattle and hogs.

Bank Credit

Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks and on July 18th total loans and investments of reporting banks in leading cities were about \$180,000,000 smaller than four weeks earlier. The decreases were largely the result of reduction by about \$125,000,000 in the banks' investment holdings, but reflected also a decline in the volume of loans on securities following a temporary increase over the mid-year. Contrary to the usual seasonal trend, loans, largely for commercial purposes, were in record volume during the period. Member bank borrowing at the reserve banks showed a decline following the mid-year settlement period, but the volume of July 25, standing at slightly more than \$1,000,000,000 was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined during the period.

In July there were further advances in open market rates for commercial paper and bills, and discount rates at seven of the Federal reserve banks were raised from 4½ to 5 per cent.