

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland



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Business in the Fourth District is swinging into the Fall at a high level of activity, supported by unusually heavy operations for this season in the iron and steel industry. A few weak spots exist, it is true, such as the sluggishness of the coal and clothing industries and the very general complaint as to the difficulty in making collections. But on the whole activity is undoubtedly greater than a year ago, and conditions are more like the late summer of 1926, when production of goods reached a high point after allowing for seasonal factors.

Heavy automotive demand has greatly benefited Fourth District steel mills as well as parts manufacturers. A distinctly better situation now prevails in the tire industry, with half-year deficits caused by inventory losses a thing of the past and a better outlook apparent as a result of the present stability of crude rubber prices and a strong demand for tires. Orders for shoes for Fall delivery are in good volume. Building activity is slightly less than a year ago, being held back here and there by high interest rates. Retail trade in July exceeded that of a year ago. Crop conditions have improved; corn is looking better, tobacco has been helped by dry weather, and a very large oats crop is in prospect.

FINANCIAL

The month ending August 25th was featured by a tapering off of gold exports, increasing activity and rising prices in the stock market, and continued firmness in money rates.

Gold. Total gold exports for July amounted to \$74,190,000, and the net loss (exports less imports) was \$63,859,000. These figures were somewhat less than in the four preceding months, but nevertheless were large. In the first two weeks of August, however, exports dropped to less than half a million dollars, and the heavy outward movement to France appears to be over for the time being at least. Inasmuch as most of the gold exported in July had been earmarked previously, the net stock of gold in the country was practically the same on August 1 as on July 1.

Money Rates. At a season of normally low interest rates, money has remained high. It has been too early for the usual Fall upswing in money rates, but despite this, prime commercial paper rose from 5-5¼ per cent during most of July to 5¼ flat in August; 90-day bankers'

acceptances rose from 4½-4¾ in July to 4¾-4½ in August; and 90-day time money on the stock exchange advanced from 6 per cent in mid-July to 6½ in the middle of August. Call money has fluctuated violently at times, ranging mostly from 6 to 7 per cent in August as compared with the 5½-6 per cent rate prevailing in July.

Reserve Bank Credit. Both discounts and Government securities of the System were about the same on August 15 as on July 17, but acceptance holdings were larger, probably reflecting the first of the usual Fall purchases of acceptances in order to finance the movement of crops to the market. Total bills and securities are therefore slightly higher than a month ago, and continue very much higher than a year ago. In the Cleveland bank, discounts fell sharply from \$90,000,000 on July 17 to \$68,000,000 on August 15; acceptance holdings rose somewhat, while Government securities held changed but little.

Member Bank Credit. Loans secured by stocks and bonds in the country have shown a declining tendency since early in June, but are still much larger than a year ago. "All other" loans have increased rather steadily, while investments have shown a noticeable falling-off. In the Fourth District the decline in investments has been less marked, while the increase in commercial ("all other") loans has been relatively greater, amounting to about \$20,000,000 since early in July. Some doubt exists, however, as to whether all of this increase really represents a stronger demand for commercial funds; in the Fourth District, at least, there is some evidence that customers are borrowing on commercial paper and putting funds thus released into the call money market in New York, taking advantage of the differential of 1 to 2 per cent in favor of call money.

Loans to brokers and security dealers in New York declined from their record high of \$4,563,000,000 on June 6 to \$4,159,000,000 on the 27th, and have since fluctuated between that point and \$4,307,000,000, the latter being the figure for July 3. On August 22 such loans stood at \$4,201,000,000, as compared with \$3,168,000,000 a year previously.

Security Prices. The bond market has been very weak recently, but stocks, particularly the high-grade issues, began to move up in mid-August. After declining from a record high of 220.96 on June 2 to 202.65 on the 12th,

the Dow-Jones average of 20 industrials went through a period of irregularity with the trend slowly upward. This culminated on August 14, when the average stood at 214.91. The next day the average rose over five points and by the 23rd had reached 229.24, a 15-point advance in ten days. A year ago this average was 187.49.

Money Rates and Business. On August 1 this bank addressed inquiries to about fifty large manufacturers in the Fourth District, asking if the relatively high money rates had had any effect on their business. The replies, written between August 1 and 15, were almost unanimous in stating that high money rates had not had any effect as yet, at least as far as manufacturing was concerned. In the building trade, however, there appears to have been some curtailment in certain localities due to higher rates.

Debits, Failures, Savings. Debits to individual account at 13 centers in the Fourth District were \$2,700,414,000 in July as compared with \$2,979,710,000 in June, and \$2,775,779,000 a year ago.

Commercial failures in this District, according to R. G. Dun and Company, numbered 132 in July, as against 136 in June and 140 a year ago. Liabilities were \$3,248,216 in July, \$2,847,201 in June, and \$7,269,891 last year. In the United States there were 1723 failures in July, 1947 in June, and 1756 in July of 1927.

Savings deposits of 67 banks in the Fourth District amounted to \$1,049,062,000 in July, a gain of 0.9 per cent for the month and of 10.3 per cent for the year.

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			Federal Reserve System		
	(In Millions)			(In Millions)		
	Aug. 15, 1928	Aug. 17, 1927	July 18, 1928	Aug. 15, 1928	Aug. 17, 1927	July 18, 1928
Gold reserves	262	325	245	2,613	3,003	2,600
Discounts	79	28	91	1,002	390	1,012
Acceptances	20	11	17	190	171	181
U. S. Securities	33	50	34	206	442	209
Total bills and securities..	132	89	141	1,400	1,003	1,403
Federal Reserve notes in circulation	197	212	192	1,639	1,665	1,619
Total deposits	188	194	187	2,323	2,347	2,349

REPORTING MEMBER BANKS

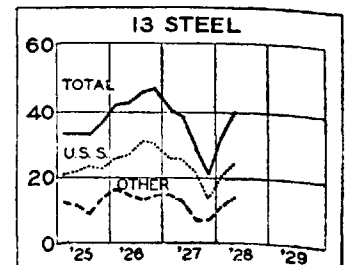
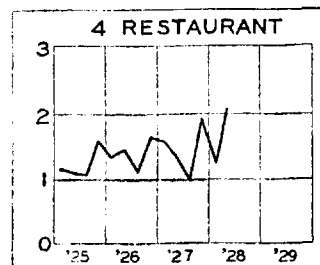
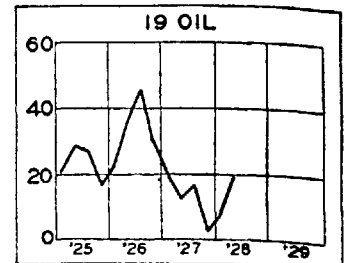
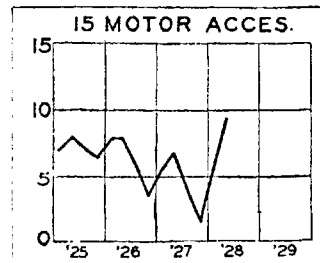
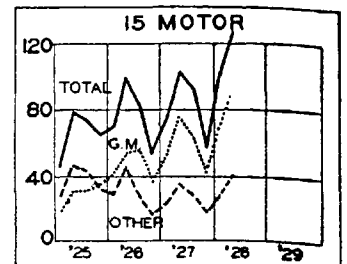
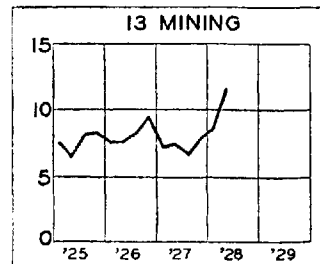
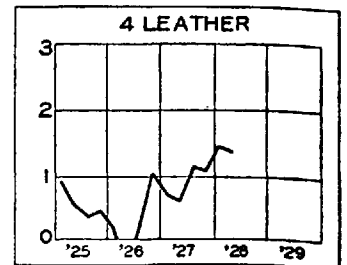
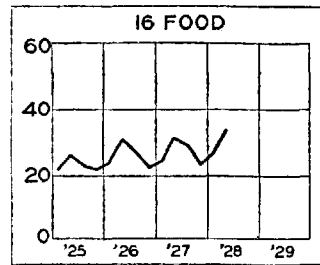
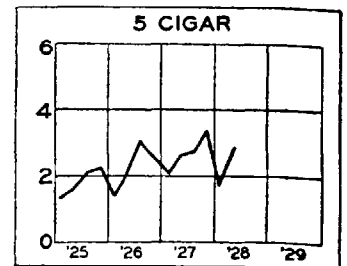
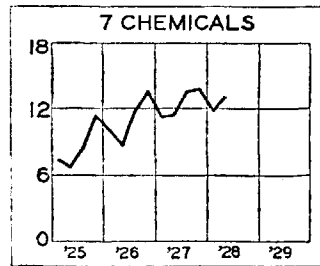
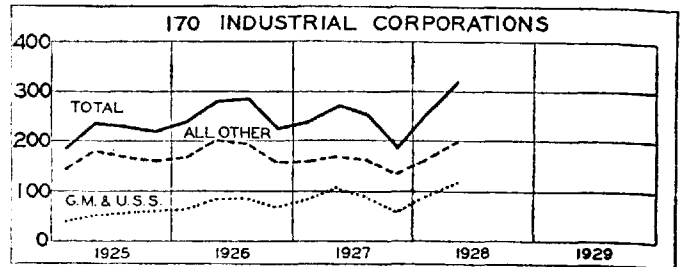
	Fourth District			United States		
	(In Millions)			(In Millions)		
	Aug. 15, 1928	Aug. 17, 1927	July 18, 1928	Aug. 15, 1928	Aug. 17, 1927	July 18, 1928
Loans secured by stocks and bonds	670	609	686	6,690	5,965	6,762
All other	795	804	786	9,049	8,656	8,988
Total loans	1,465	1,413	1,472	15,739	14,621	15,750
Investments	742	681	742	6,445	5,913	6,567
Demand deposits	1,033	1,068	1,039	12,952	13,281	13,190
Time deposits	980	906	975	6,904	6,251	6,911

CORPORATION EARNINGS

Revised Earnings Index The chart in the opposite column presents this bank's revised index of quarterly earnings of industrial corporations in the United States. The number of concerns included has been enlarged from 100 to 170, and the quarterly earnings for each have been worked back to and including 1925. Previous to that time a considerable proportion of the 170 companies did not publish quarterly earnings regularly.

In addition, separate earnings figures for various groups have been compiled. No attempt was made to segregate any group which did not truly reflect that particular industry, and this left out several important lines such as

CORPORATION EARNINGS
(Quarterly net earnings of 170 identical industrials in the United States)
All scales in millions of dollars



rubber, sugar, railroad equipment, etc., in which the firms reporting quarterly earnings were too few or too small to be representative. Of the ten groups shown, it is believed that all are sufficiently representative to give a good indication of the trend of profits in the respective industries. The steel group is comprised of nearly all the important producers. All but one of the leading motor manufacturers are included in the motor group, and most of the leading concerns are included in the other classifications with the exception of mining and oil. These two, however, include a sufficiently large number of important concerns to give a picture of their industries.

The value of corporation earnings is to give a record of actual industrial profits, as distinct from production and distribution. It is possible for an industry to be operating at a high level and still make but small profits, or even lose money, owing to price fluctuations or other causes. An example is found in the deficits reported by the rubber and tire group in the first half of 1928; in spite of heavy production, profits were wiped out by a fall in raw material prices and the resulting inventory losses. It is not so much the amount of goods produced and sold that indicates prosperity, but whether or not they are being produced and sold at a satisfactory profit. Normally, earnings of all corporations in the country will doubtless follow production closely; but exceptions are frequently found in individual industries, and in such cases profits often give a better picture of the true state of that industry than production or sales. Thus it is found that although steel ingot production in the first half of 1928 was 4.1 per cent larger than in the same period of 1927, steel earnings were 8.3 per cent less.

There are two important disadvantages in using quarterly earnings; one, that many of the figures are published so late, and the other, that a considerable number of large corporations do not publish such figures at all. But in spite of these drawbacks, quarterly profits form a valuable index of business conditions, along with indexes of production and distribution.

Second Quarter Second quarter net earnings of 170 industrial corporations in the United States were the largest on record, amounting to \$317,049,000. This figure represents an increase of 17 per cent over the same quarter of 1927, 13 per cent over 1926, and 36 per cent over 1925. After deducting the net earnings of General Motors and United States Steel, second quarter earnings were \$199,382,000, just under the 1926 record of \$200,760,000, but some \$32,000,000 larger than last year and \$19,000,000 larger than in 1925.

The following table gives the net earnings of 170 identical industrial corporations for the second quarter of the past four years:

Second Quarter (170 identical industrials) (In thousands of dollars)				
	1928	1927	1926	1925
7 Chemicals	\$ 13,071	\$ 11,354	\$ 8,689	\$ 6,714
5 Cigars	2,700	2,664	2,027	1,546
16 Food	33,781	31,418	30,778	25,749
4 Leather	1,335	586	809	518
13 Mining	11,682	7,384	7,867	6,698
15 Motor—Total	131,637	110,745	99,063	78,054
G. M.	91,798	76,699	52,641	31,460
Others	39,839	34,046	46,422	46,594
15 Motor Accessory	9,450	6,715	7,867	8,004
19 Oil	19,356	12,531	36,010	28,596

4 Restaurant	2,104	1,852	1,433	1,127
13 Steel—Total	46,042	39,080	42,960	53,553
U. S. S.	25,689	26,138	27,649	21,889
Others	14,173	12,942	15,311	11,664
59 All other	51,891	46,533	45,165	42,954
170 Grand Total	317,049	270,362	281,050	233,543
168 Grand Total	199,382	167,525	200,760	180,194
(Less G. M. and U. S. S.)				
Deficit.				

First Half Year Net earnings of 340 industrial corporations in this country showed a substantial gain of 8.8 per cent in the first half of 1928 as compared with the corresponding period of 1927. The actual figures were \$1,080,339,000 in 1928 and \$995,124,000 in 1927. After subtracting the earnings of General Motors and United States Steel, the remaining 338 concerns earned \$871,871,000 in the first six months of 1928, a gain of 7.5 per cent over last year.

Considerable spottiness appears in individual lines, although the majority shared in the increase. An exceptionally strong showing was made by the two aeroplane manufacturers, and large increases were also reported by the motor, motor accessory, mining, shoe and leather, and amusement groups. Steels made a poor record with a loss of 8.3 per cent, and oils lost 9 per cent. An even weaker situation was shown by clothing and textile earnings, with a decline of 28 per cent, and coal, 21 per cent. The worst showing occurred in the rubber group, which reported a deficit for the half year due to the drastic fall in crude rubber prices.

It is of interest to note that the increase of 8.8 per cent in half-year earnings occurred in spite of the fact that industrial production, as measured by the Federal Reserve Board, was about the same in the first half of both 1928 and 1927. This would seem to suggest further reduction in operating costs and economy in operating methods.

The following table gives first-half earnings in detail:

First Half Year (1928-1927)				
(In thousands of dollars)				
	1928	1927	% change	
2 Aeroplane	\$ 1,686	\$ 630	+ 167.5	
7 Amusement	13,423	7,312	+ 83.6	
11 Building	11,502	13,142	- 12.5	
8 Chemicals	25,732	23,321	+ 10.3	
7 Cigar, Tobacco	5,715	5,739	- 0.4	
18 Clothing, Textile	5,743	8,007	- 28.3	
6 Coal	2,263	2,876	- 21.3	
9 Equipment, Railway	15,698	18,781	- 16.2	
29 Food	75,886	71,153	+ 6.7	
14 Machinery	10,795	10,542	+ 2.4	
24 Mining	44,484	35,306	+ 26.0	
23 Motor—Total	232,463	189,931	+ 22.4	
G. M.	161,267	129,220	- 24.8	
Others	71,196	60,711	+ 17.3	
26 Motor Accessory	21,975	16,331	+ 34.6	
6 Office Equipment	6,631	6,336	+ 4.7	
28 Oil	52,839	58,075	- 9.0	
4 Restaurant	3,328	2,950	+ 12.8	
5 Rubber	3,143*	17,502	
6 Shoe, Leather	4,692	3,188	+ 47.2	
19 Steel—Total	83,546	91,117	- 8.3	
U. S. S.	47,201	52,465	- 10.0	
Others	36,845	38,652	- 6.0	
14 Stores	19,776	17,376	+ 13.8	
74 All Other	132,080	114,511	+ 15.3	
340 Grand Total	1,083,122	995,124	+ 8.8	
338 Grand Total (Less G. M. and U. S. S.)	874,654	813,439	+ 7.5	
*Deficit.				

MANUFACTURING, MINING

Iron and Steel Never in any July, or in any previous seven months ending with July, has so much steel been produced. And, since stocks in the hands of both producers and consumers continue negligible, it is assumed that consumption also

was at a new high level. Activity in August has also been unusually heavy for that month, and the usual seasonal recession of midsummer has been very little in evidence during July and August of the present year.

The transformation of July and August from a drifting, characterless midsummer period to a very active one was made possible largely by the unusually heavy operations in the Cleveland, Pittsburgh, and Youngstown districts. Chicago, the pacemaker all year, gave ground rapidly in July as rail and car business, the backbone of its markets, was worked off. The districts to the east, meanwhile, were profiting from the sustained operations of the automotive industry.

Many sheet and strip mills in the Mahoning valley carried their spring rate of operations into midsummer, despite the handicap of hot weather. The leading steel maker at Cleveland has operated its semi-finished department at capacity since February 1, a condition not possible for several years. Only weather conditions kept tin plate makers from capacity rates. Bar mills were at a high rate for July, chiefly due to the automotive industry.

This pace mirrored consumption, which is evidenced by the fact the United States Steel Corporation's unfilled tonnage decreased only 66,082 tons in July. Mill schedules were almost exactly in step with bookings and no backlogs were built up. The strengthening price tendency, especially in finished steel, was not sufficient to prompt consumers to enlarge stocks.

Pig iron markets in July were characterized more by heavy shipments against contracts than by fresh buying. The melt at automotive foundries in the Detroit and Cleveland districts was believed to be a record. Specifications from sanitary ware and radiator manufacturers in the Pittsburgh district broadened. Basic iron became more stable at \$16 per ton (Valley), bessemer was unchanged at \$17, while No. 2 foundry tended to hover between \$16.50 and \$17. Lake furnaces dipped low for business in western Indiana and southern Michigan, only to tend to rise from \$16.25 (Cleveland) as the month wore on.

While selling heavy steel at \$1.85 per 100 pounds (Pittsburgh) the price of \$1.90, to apply late in the third quarter, gained ground and \$2.00 was announced for the fourth quarter. For average users the sheet market generally was \$3.50 (Pittsburgh) for galvanized, \$2.00 for blue annealed, \$2.60 for black and \$4.00 for autobody. Tonnage users shaded these levels, excepting autobody. Wide strip was as low as \$1.80 (Pittsburgh) to attractive buyers in the wider sizes. Coke prices were generally unchanged, as were semi-finished steel quotations, but iron and steel scrap ended its dip and late in the month began to rise.

July ingot production set its record with a daily rate of 152,463 tons, compared with 143,960 tons in June and 128,165 tons last July. The July total of 3,811,573 tons brought the seven-month total to 28,604,456 tons, contrasted with 27,011,522 tons in 1927 and the previous records of 27,965,382 tons in 1926. July pig iron production was at the daily rate of 99,120 tons, against 102,745 tons in June and 95,311 tons last July. The seven-month total for pig iron is 21,583,174 tons, compared with 22,383,852 tons in 1927. Four fewer stacks were in blast July 31 than on June 30.

Because the changing trend in prices did not manifest

itself until late in the month, the July average of the Iron Trade Review composite of fourteen leading iron and steel products fell to \$34.91, compared with \$35.30 in June, \$35.54 in May, and \$36.41 last July.

Coal Stock piles of soft coal in the hands of industrial consumers continued to decline during the second quarter of 1928, and on July 1 the amount on hand, according to the United States Department of Commerce, was 41,700,000 tons. This was 6,600,000 tons less than on April 1, 1928, and 33,000,000 tons less than on April 1, 1927, the beginning of the strike. Stocks on hand are now at the lowest level since August, 1926, at which time producers began to increase operations in anticipation of the strike shortage which never materialized. It has taken fifteen months for bituminous coal consumers to use up the surplus stocks built up, and stock piles are now at about the same level as in the summer of 1926.

The reduction in coal stocks during the second quarter of 1928 was made in the face of a seasonally small demand. The average consumption was 8,312,000 tons a week during the second quarter of this year as compared with 8,882,000 tons consumed weekly during the second quarter of 1927, and 10,636,000 tons a week for the first three months of 1928.

Prices are still low. The average price of spot bituminous coal in July was slightly less than in June, the figure for July being \$1.698 per net ton, f.o.b. mine, as against \$1.726 for the previous month. The slight increase in productive activity during the past month, freight-rate uncertainties, and the unsettlements feared as a result of the decision of the policy committee of the United Mine Workers to abandon the Jacksonville scale as the basis for wage negotiations, all had a slightly depressing influence on the market.

Conditions in Fourth District mines appear to be somewhat better than during the past four years. Reports coming from various localities are reasonably optimistic concerning profitable production during the last half of 1928. The estimated production for Ohio mines for the week ending August 4 was 280,000 tons as compared with 130,000 for the corresponding week of 1927.

Rubber and Tires Since early July, Akron tire manufacturers have been in a much more comfortable position than in the first half-year. During the first six months profits from heavy operating schedules were more than offset by inventory losses, and as a result the semi-annual earnings statements of most tire concerns were disappointing. Now, however, inventory losses have been pretty well taken care of, and the high level of activity of previous months has been maintained or even increased as a consequence of large automobile production and the normal midsummer peak of the touring season.

Crude rubber (first latex, spot) was just under 20 cents a pound in New York on August 20, about the same as a month ago. The market has changed but little recently.

World rubber stocks, as reported by the Department of Commerce, have been steadily declining during the past

six months. On February 1, they amounted to 276,870 tons; on March 1, they were 269,572 tons; and on April 1, they were 260,991 tons. Complete figures are not available since April 1, but a fairly close estimate based on partial figures puts stocks at 249,000 tons on May 1; 233,000 on June 1; and 209,000 on July 1. The latter figure represents a loss of 67,670 tons, or 24 per cent, in six months. Crude rubber consumption in this country was at an unusually high rate in July and August, amounting to some 40,000 tons in July.

Akron employment in July increased two per cent over June, but was one per cent less than in July of 1927.

Automobiles July production of passenger cars and trucks in the United States aggregated 390,445, as compared with 268,485 a year ago, according to the Department of Commerce. Output for the first seven months of 1928 amounted to 2,592,592 cars and trucks, as compared with 2,337,459 last year.

July's comparatively high rate of production marked the sixth successive month in which more cars and trucks were manufactured than in 1927. For the past three months, production has also been ahead of the record year 1926, and output for the first seven months of 1928 was only 4.6 per cent less than for the same period in 1926.

Reports concerning August business are to the effect that demand is holding up very well and that operating schedules remain heavy. Fourth District truck makers report a better demand for trucks, after several months of only indifferent sales. Parts manufacturers in the Cleveland territory continue to do a heavy volume of business. Sales of motor vehicles in Cleveland are now running well ahead of last year, particularly in the used car field.

Clothing Conditions in the clothing manufacturing business in the Fourth District are still unsettled. The depression which developed in the summer of 1927, according to reports from various sources, has not yet run its course. There are numerous evidences of deferred buying, reduced distribution and restraint in expenditures.

Prices of wool and woollens remain at reasonably low levels and production costs have not increased to any extent. These two things express themselves in the ultimate selling prices of finished garments, which now are at levels low enough to promote ready sales by retailers. However, knowing there is an overproduction, retailers are not placing many advance orders. Due to the fact that customers can secure goods on short notice, hand-to-mouth buying is still the rule.

Slight improvement is reported in the knitwear business, sales being a trifle ahead of 1927.

Sales in the retail branches of the clothing trade during July present a somewhat more encouraging picture. Gains were reported in women's coats, 11.4 per cent; women's dresses, 5.1; misses' coats and suits, 32.0; juniors' and girls' wear, 14.2; aprons and house dresses, 20.3; knit underwear, 2.0; men's furnishings, 3.9; and boys' wear, 2.2. Men's clothing showed a decrease of 2.7 per cent from July of last year.

Shoes

Preliminary shoe production figures for this District for July indicate a gain over June, rather larger than seasonal. The July output was also larger than a year ago, but was smaller than in the same month of both 1926 and 1925.

Cincinnati manufacturers are pleased with the present situation. Business is reported to be entirely satisfactory, with customers ordering in good volume. Demand for the better grades of shoes is stated to be particularly heavy. In mid-August, plants in general had enough business in sight to keep them operating at high levels for several weeks, regardless of later developments. Orders are still for quick delivery, those given in August being largely for delivery in September.

AGRICULTURE

The present outlook for crop production in the Fourth District has improved materially since July 1st, and with the exception of wheat is now about average. Rains and warmer weather during July, following the cool, wet weather in June, were for the most part beneficial to crops.

There was a marked improvement in the condition of corn for the District as a whole, but many plantings on poorly drained soils are weedy and badly in need of cultivation. Fourth District estimated production for this year, based on August 1 condition, is 189,423,000 bushels as compared with 150,323,000 bushels actually harvested in 1927. The condition of corn in Ohio on August 1 was 83 per cent of normal, an advance of 6 per cent from the July 1 estimate. The crop is best in the northwestern and north central parts, and poorest in the southern section of the State.

The estimated winter wheat production for the District, as of August 1, was 13,499,000 bushels as compared with 33,931,000 harvested last year. Production in Ohio is placed at 9,950,000 bushels as compared with 28,980,000 last season. Preliminary estimates indicate a yield of 10.8 bushels per acre as against 18.0 bushels in 1927. Threshing in many places was not finished by August 1, and later reports may show a slight change in yield per acre. The quality, impaired by excessive moisture, is rather low, averaging only 85 as compared with 93 a year ago, and 90, the ten-year average.

Oats gave promise on August 1 of being the largest crop on record in Ohio. The crop improved somewhat during July, and the August 1 forecast was 100,035,000 bushels, compared with 60,800,000 last year, and 63,177,000 bushels, the five-year average. This large crop is partly explained by the fact that much of the abandoned winter wheat acreage this Spring was re-sown with oats. Estimated production for the District as a whole, as of August 1, was 118,407,000 bushels compared with 78,362,000 bushels harvested in 1927.

The 1928 potato crop in this District, according to the August 1 estimate of the United States Department of Agriculture, will be 25,004,000 bushels as compared with 21,501,000 bushels harvested in 1927. Reports of rotting and consequently poor stands on heavy, wet soils are numerous. Vines are making good growth, but most fields would be improved by cultivation.

Hay crops in Ohio are a little better than expected earlier in the season, but the reduced acreage of clover,

alfalfa and timothy this year resulted in a much smaller crop than was grown in 1927. In Pennsylvania, had the weather been favorable for harvest, hay would have been a bumper crop. The August 1 condition was 91 as compared with 82, the five-year average. Because of heavy rains much hay has gone into the barns discolored, too damp, or overripe, while some will be left to rot down. Pastures are generally reported excellent, having improved materially during July.

Fruit crop prospects have shown but little change since last month, although the apple crop does not look quite as good as it did a month ago. Scab is reported in many districts and the fruit continues to drop badly. Peaches look promising despite damage from hail, and grapes, particularly in the Erie district, are showing marked improvement.

Canners report business rather quiet, but this is usually true during August. The pack of peas for the country is expected to be about 20 to 25 per cent larger than last year. The quality of the Ohio pack was good for the most part. Demand for goods on the part of wholesalers is rather light, purchases being made for immediate needs only.

Tobacco The Kentucky burley crop looks somewhat better than a month ago, at which time it was suffering heavily from excessive rainfall. The weather recently has been warm and dry, and this has aided the crop. Many of the fields, however, were so badly washed out by the earlier rains that the general prospects are still for a small yield per acre. In fact, the Government report as of August 1 estimates Kentucky's 1928 crop (all types of tobacco) at 288 million bushels, 11 millions less than the July 1 forecast. The former figure is 40 per cent larger than the unusually small crop of 1927, but is less than was anticipated by many from the large acreage planted to tobacco this year.

The quality of the leaf in general is only fair at present. Damage from rust has not developed to the extent feared a month ago, but considerable burning on the lower leaves is reported. Weedy fields are still common.

BUILDING

Total building contracts awarded in the Fourth District in July were \$56,103,000, a decrease of 2.4 per cent from last year. Residential contracts, on the other hand, recorded a gain of 6.6 per cent over a year ago, amounting to \$18,711,000. For the first seven months of 1928, total

contracts were 7.4 per cent less than in 1927 and residential contracts were 1.8 per cent less.

Building permits in 27 large centers amounted to \$23,237,480 in July, a loss of 2.4 per cent from a year ago. The first seven months showed a gain of 5.7 per cent. For the month, very large increases were shown by Lakewood, Lima, Newark, Springfield, and Youngstown, while the heaviest declines were in East Cleveland, Garfield Heights, Lexington and Wheeling. For the first seven months, the largest gains occurred in Lakewood, Newark and Pittsburgh, and the greatest decreases in Wheeling, Lima, Springfield, and Garfield Heights.

Building Operations

(Valuation of Permits)

	July, 1928	% Change from 1927	Jan.-July, 1928	Jan.-July, 1927	% change from 1927
Akron.....	1,932,630	+25.1	10,743,897	12,728,845	-15.6
Ashtabula.....	75,519	-24.6	276,911	397,290	-30.3
Barberton.....	76,117	-31.7	575,116	760,470	-24.4
Canton.....	272,530	+ 6.1	2,581,443	2,303,058	+12.1
Cincinnati.....	3,193,300	+13.6	20,042,300	17,646,003	+13.6
Cleveland.....	4,569,250	-35.4	32,143,975	26,905,225	+19.5
Cleve. Suburbs:					
Cleve. Heights.....	278,655	-30.4	3,037,705	3,295,757	- 7.8
East Cleve.....	10,793	-95.4	602,744	819,324	-26.4
Euclid.....	128,915	-25.9	1,633,861	1,098,203	+48.8
Garfield Hgts.....	84,100	-80.9	1,106,250	1,837,500	-39.8
Lakewood.....	2,236,480	+467.3	4,229,996	2,382,959	+77.5
Parma.....	239,210	-47.3	1,737,166	2,341,707	-25.8
Rocky River.....	122,000	+12.8	719,413	879,133	-18.2
Shaker Heights.....	766,450	- 5.5	4,895,540	5,357,175	- 8.7
Columbus.....	1,960,400	+29.1	11,640,700	14,708,300	-20.9
Covington, Ky.....	146,600	+ 8.0	1,073,500	1,126,000	- 4.7
Dayton.....	1,043,946	-20.6	8,027,028	7,206,861	+11.4
Erie, Pa.....	294,145	+ 5.7	2,292,087	3,039,334	-24.6
Hamilton.....	165,405	+15.8	1,064,133	1,244,517	-14.5
Lexington, Ky.....	153,106	-42.3	922,691	1,285,197	-28.2
Lima.....	55,205	+136.3	299,054	491,516	-39.2
Newark.....	37,450	+228.5	554,780	221,738	+150.2
Pittsburgh, Pa.....	2,395,866	-14.9	27,048,741	20,766,120	+30.3
Springfield.....	171,450	+139.1	859,395	1,265,191	-32.1
Toledo.....	1,059,633	-21.3	11,138,737	10,102,960	+10.3
Wheeling, W. Va.....	85,745	-78.9	1,083,520	1,903,513	-43.1
Youngstown.....	1,682,580	+205.3	5,737,923	5,586,225	+ 2.7
Total.....	23,237,480	- 2.4	156,066,606	147,700,121	+ 5.7

TRADE

Sales of 62 department stores in the Fourth District in July were 0.04 per cent greater than a year ago, but for the first seven months were 0.7 per cent less. Sixteen wearing apparel firms showed a gain of 4.6 per cent for the month but a loss of 2.9 per cent for the year, and 48 furniture houses reported a gain of 5.1 per cent for the month and a loss of 1.3 per cent for the year.

Wholesale dry goods sales in July were 4 per cent larger than a year ago, and hardware sales were up 0.9 per cent. Groceries, dry goods, and drug sales all declined slightly. For the first seven months, grocery sales gained 1.8 per cent; dry goods, 3.5; drugs, 0.3; hardware lost 6.2 per cent; and shoes declined 6.3 per cent.

Fourth District Business Conditions

(All figures are for Fourth District unless otherwise specified)

	July, 1928	July, 1927	% change	Jan.-July, 1928	Jan.-July, 1927	% change	
Bank Debits (24 cities)	Millions of dollars	3,268	3,359	- 2.7	23,114	23,006	+ 0.5
Savings Deposits (end of month)	Thousands of dollars	753,344	694,956	+ 8.4	743,068 ¹	689,049 ¹	+ 7.8
Ohio (41 banks)	"	295,718	256,363	+15.4	279,935 ¹	254,875 ¹	+ 9.8
Western Pennsylvania (26 banks)	"	1,049,062	951,319	+10.3	1,023,003 ¹	943,924 ¹	+ 8.4
Total (67 banks)	Actual Number	132	140	- 5.7	1,188	1,178	+ 0.8
Commercial Failures—Number	Thousands of dollars	3,248	7,270	-55.3	34,685	31,362	+10.6
Liabilities	"	2,651	2,736	- 3.1	21,363	21,249	+ 0.5
Postal Receipts — 9 cities	"	97,269	97,328	- 0.1	751,223	715,844	+ 4.9
Sales — Life Insurance — Ohio and Pa.	"	19,418	19,410	+ 0.04	163,370	164,532	- 0.7
Dept. Stores — (62 firms)	"	1,275	1,219	+ 4.6	11,483	11,821	- 2.9
Wearing Apparel (17 firms)	"	906	862	+ 5.1	7,272	7,368	- 1.3
Furniture (48 firms)	"	6,262	6,314	- 0.8	44,073	43,279	+ 1.8
Wholesale Grocery (44 firms)	"	1,772	1,704	+ 4.0	14,505	14,013	+ 3.5
Dry Goods (13 firms)	"	2,078	2,058	+ 0.9	13,407	12,889	- 6.2
Hardware (16 firms)	"	1,728	1,747	- 1.1	12,674	12,638	+ 0.3
Drugs (14 firms)	"	23,237	23,798	- 2.4	156,067	147,700	+ 5.7
Building Permits, Valuation—27 cities	"	56,103	57,465	- 2.4	390,770	421,947	- 7.4
Building Contracts — Total, 4th District	"	18,711	17,550	+ 6.6	141,834	144,380	- 1.8
Residential, 4th District	"	3,072	2,951	+ 4.1	21,593	22,371	- 3.5
Production — Pig Iron, U. S.	Actual Number	337,933	236,866	+42.7	2,303,660	2,039,486	+13.0
Steel Ingots, U. S.	"	52,512	31,608	+66.1	288,918	297,962	- 3.0
Automobiles, U. S.	"	14,427	13,340	+ 8.1	102,510	119,761	-14.4
Passenger Cars	"	1,834	1,909	- 3.9	9,253	9,249	+ 0.04
Trucks	"	1,014 ²	1,057 ²	- 4.1	6,595 ²	6,618 ²	- 0.3
Bituminous Coal, 4th Dist.	Thousands of barrels	2,014 ²	2,053 ²	- 2.0	11,995 ²	11,793 ²	+ 1.7
Cement: Ohio, W. Va., Wn. Pa.	"	"	"	+ 4.7	"	"	- 7.4
Electric Power: Ohio, Pa., Ky.	"	"	"	+ 7.4	"	"	+ 8.6
Petroleum: Ohio, Pa., Ky.	"	"	"	+16.4	"	"	-20.3
Shoes, 4th District	"	5,068 ²	4,720 ²	+ 7.4	28 ² 984 ²	26,680 ²	+ 8.6
Tires, U. S.	"	5,195	4,462	+16.4	15,158	19,016	-20.3
Bituminous Coal Shipments (from Lake Erie ports)	"	6,078	6,136	- 0.9	15,125	17,849	-15.3
Iron Ore Receipts (at Lake Erie ports)	"	"	"	"	"	"	"
7 months' average.	"	"	"	"	"	"	"
June	"	"	"	"	"	"	"
January-June	"	"	"	"	"	"	"
Figures Confidential	"	"	"	"	"	"	"

Index Numbers of Trade in the Fourth Federal Reserve District

Retail and Wholesale Trade

(1928 compared with 1927)

	Percentage Increase or Decrease	SALES	STOCKS
	SALES	SALES	STOCKS
	July-1928	First 7 mos. 1928	July-1928
DEPARTMENT STORES (62)			
Akron	+ 5.9	+ 9.8	+42.5
Cincinnati	+ 4.3	+ 1.4	+ 1.6
Cleveland	+ 3.7	+ 1.9	- 0.1
Columbus	+ 1.0	+ 1.4	+ 3.8
Dayton	+ 3.9	+ 0.4	+10.2
Pittsburgh	+ 5.7	+ 5.5	- 9.4
Toledo	+ 4.9	+ 5.9	- 8.1
Wheeling	+ 0.3	+ 2.9	-11.3
Youngstown	- 1.0	- 0.8	-18.7
Other Cities	- 6.5	- 7.5	- 4.3
District	+ 0.04	- 0.7	- 2.0
WEARING APPAREL (16)			
Cincinnati	+ 6.6	+ 1.7	- 1.4
Cleveland	+12.4	+ 6.7	+ 3.1
Other Cities	- 3.7	+ 3.6	+ 1.4
District	+ 4.6	- 2.9	+ 1.6
FURNITURE (48)			
Cincinnati	+ 2.7	- 2.5	
Cleveland	- 8.7	- 1.9	
Columbus	+12.6	- 3.3	
Dayton	+29.3	+ 2.1	
Toledo	- 1.9	+ 3.7	
Other Cities	+ 7.8	-11.5	
District	+ 5.1	- 1.3	
CHAIN STORES*			
Drugs—District (3)	- 7.7	+ 6.7	
Groceries—District (4)	+ 2.7	+ 4.7	
WHOLESALE GROCERIES (45)			
Akron	+ 0.8	+ 8.5	+ 4.6
Cincinnati	+ 4.5	+ 3.9	- 5.5
Cleveland	+ 5.8	+ 1.4	
Erie	- 2.0	+ 6.7	
Pittsburgh	+ 4.9	+ 5.2	
Toledo	+ 4.2	- 0.3	
Other Cities	+ 2.3	+ 0.7	
District	+ 0.8	+ 1.8	
WHOLESALE DRY GOODS (13)	+ 4.0	+ 3.5	
WHOLESALE DRUGS (14)	+ 1.1	+ 0.3	
WHOLESALE HARDWARE (16)	+ 0.9	+ 6.2	
WHOLESALE SHOES (5)	- 0.3	- 6.3	

*Sales per individual unit operated.

	July, 1924	July, 1925	July, 1926	July, 1927	July, 1928
Department Stores (50)*	81	84	85	84	84
Wholesale Drugs (14)**	96	101	106	108	102
Wholesale Dry Goods (13)**	70	73	61	63	66
Wholesale Groceries (44)**	100	97	93	90	88
Wholesale Hardware (16)**	84	96	98	96	97
Wholesale All (82)**†	92	92	89	87	86
Chain Drugs (3)†	100	102	108	101	93

*Base = Average monthly sales, 1919-1923

**Base = Average monthly sales, 1923-1925

†Includes 4 shoe firms

‡Per individual unit operated

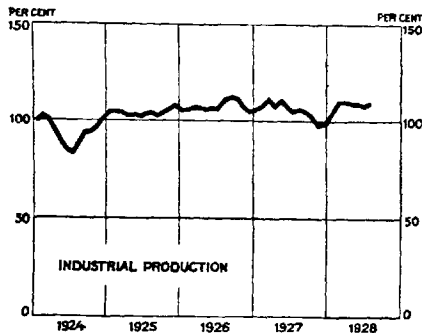
Debts to Individual Accounts

(In thousands of dollars)

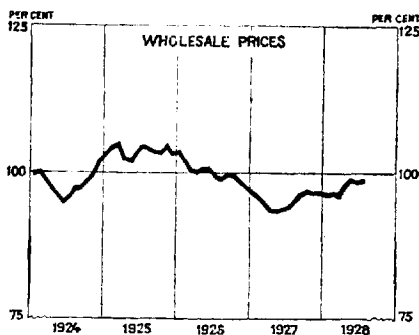
	4 weeks ending Aug. 15, 1928	% change from 1927	1928 to date (Dec. 28—Aug. 15)	1927 to date (Dec. 29—Aug. 17)	% change from 1927
Akron	103,410	+ 3.2	857,036	784,842	+ 9.2
Butler, Pa.	9,804	- 5.2	86,754	91,697	- 5.4
Canton	43,325	+ 0.8	388,951	381,947	+ 1.8
Cincinnati	369,746	- 1.2	3,554,768	3,221,675	+10.3
Cleveland	699,400	- 2.4	6,511,623	6,405,903	+ 1.7
Columbus	146,076	- 1.3	1,329,029	1,321,082	+ 0.6
Connellsville, Pa.	4,107	-14.7	32,965	41,026	-19.6
Dayton	83,974	+ 2.6	765,072	757,379	+ 1.0
Erie, Pa.	36,899	+ 8.4	284,038	284,589	- 0.2
Greensburg, Pa.	19,452	- 6.8	164,611	177,551	- 7.3
Homestead, Pa.	3,721	- 9.8	33,691	35,178	- 4.2
Lexington, Ky.	17,957	-15.6	198,496	199,471	- 0.5
Lima	13,078	- 3.6	120,786	116,814	+ 3.4
Lorain	5,448	- 4.4	48,737	47,994	+ 1.5
Middletown	11,056	+ 9.1	101,495	87,298	+16.3
Oil City, Pa.	13,377	- 2.4	131,414	121,491	+ 8.2
Pittsburgh, Pa.	857,129	+ 0.04	7,755,699	8,424,904	- 7.9
Springfield	19,894	-13.0	178,187	190,672	- 6.5
Steubenville	10,805	+10.2	91,259	88,904	+ 2.6
Toledo	225,259	+ 6.6	2,149,748	1,843,049	+16.6
Warren	12,270	-10.9	106,734	110,668	- 3.6
Wheeling, W. Va.	42,473	+ 2.1	386,168	370,794	+ 4.1
Youngstown	65,336	+ 0.1	567,370	573,338	- 1.0
Zanesville	12,059	+ 8.5	102,251	100,977	+ 1.3
Total	2,826,055	- 0.3	25,946,882	25,779,243	+ 0.7

Summary of National Business Conditions

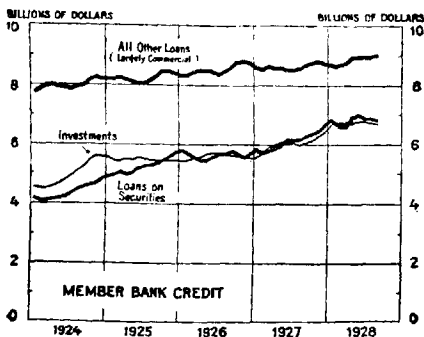
By the Federal Reserve Board



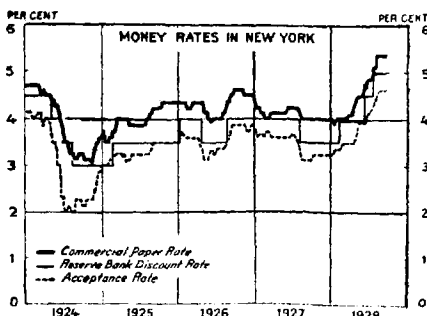
Index number of production of manufactures and minerals combined, adjusted for seasonal variations, (1923-1925=100). Latest figure—July, 109



Index of U. S. Bureau of Labor Statistics (1926=100). Latest figure—July, 98.3



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



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

Industrial and trade activity was in larger volume in July than is usual in midsummer, and the general level of commodity prices advanced slightly. Member bank holdings of securities and loans on securities declined in July and August, while all other loans increased to the highest level since 1921.

Conditions in the money market remained firm.

Production

Production of manufacturers and minerals showed a smaller decrease than usual in July, and the index of industrial production, which makes allowance for seasonal variations, advanced. Production of steel, bituminous coal, petroleum, automobiles and footwear was larger in July than in June, while activity in textile mills, meat packing, and copper and anthracite mines declined. Lumber production showed less than the usual seasonal decrease. Steel mill activity, which during July was at an unusually high level for the summer season, was well maintained during August. Weekly reports from Detroit factories show a larger volume of employment in the middle of August than at any previous date, indicating that automobile production continued large in that month. Building contracts awarded declined by somewhat more than the usual seasonal amount in July, but were larger than in any previous July, the increase over last year being chiefly in residential building. Contracts awarded in the first two weeks in August were slightly smaller than in the same period of last year. Estimates of the Department of Agriculture as of August 1 indicate considerable improvement in crop conditions during July. Estimated wheat production was 891,000,000 bushels, larger by 91,000,000 than on July 1 and slightly larger than the yield in 1927. The corn crop is expected to be more than 38,000,000 bushels, an increase of 250,000,000 bushels from last year. Forecasts for other grain crops were also larger than the July 1 estimates, and in most cases exceeded last year's yields. The August 1 forecast of cotton production was 14,290,000, as compared with yields of 12,955,000 bales in 1927 and nearly 18,000,000 bales in 1926.

Trade

Distribution of commodities at wholesale and retail was in large volume in July. Sales of dry goods and shoes at wholesale were larger than in June, and those of other lines were slightly smaller. Department store sales, after allowance for seasonal changes increased in July. Compared with July a year ago, trade of both wholesale and retail firms was larger. Stocks of department stores and of wholesale firms continued smaller than a year ago.

Freight car loadings increased by more than the usual seasonal amount in July, and for the first time this year were larger than in the corresponding month of 1927. Increases, compared with last year, were reported in loadings of miscellaneous commodities and of grain, reflecting the early harvesting of the crop this year. The largest decrease, as compared with a year ago, was in livestock shipments. During the first two weeks in August, total loadings were in about the same volume as in the corresponding weeks of last year.

Prices

The general level of wholesale commodity prices increased slightly in July, reflecting chiefly advances in the prices of livestock and meats, although there were also small increases in hide and leather products, textiles, petroleum products, and building materials. There was a sharp decline in the price of grains, other than corn, and some decrease in chemicals and drugs, silk, and rubber and automobile tires. During the first half of August there were increases in the prices of sugar, hogs and pork products, coke, and lumber, and decreases in grains, cotton, wool and hides.

Bank Credit

Between July 18 and August 15, total loans and investments of member banks in leading cities decreased by about \$130,000,000. This decline reflected a considerable reduction in investments, chiefly at banks in New York City, and some further decline in loans on securities. All other loans, which include loans for commercial purposes, showed a small seasonal increase and at the middle of August were in the largest volume since early in 1921, and nearly \$230,000,000 larger than at the autumn peak of last year. There was a further large decline in net demand deposits, and practically no change in time deposits.

Volume of reserve bank credit outstanding showed little change between July 25 and August 22. Discounts and acceptance holdings increased slightly, while United States security holdings were practically unchanged. Increased demand for currency, which is usual at this time of the year, has not resulted in an equivalent growth in reserve bank credit, because it was offset in part by a decline in reserves required by member banks which reflected the decrease in their deposits.

There were further increases between the middle of July and the middle of August in open market rates on collateral loans, commercial paper, and bankers' acceptances.