MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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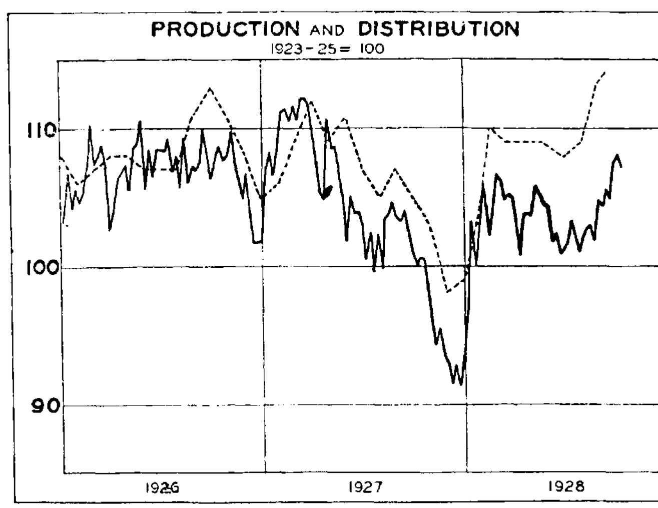
After a prosperous and increasingly active third quarter, industrial activity in this District was at the highest point for the year in October after allowing for seasonal factors. The District's basic industry—iron and steel—was operating at close to 90 per cent of capacity near the end of October, with a revival of rail inquiries making its appearance and with demand from other sources holding up well. Conditions in the tire industry were the best in some time, improvement was noted in the coal industry, and a change to colder weather in the last week of the month brought in belated retail buying for the Fall and Winter. Employment in the larger cities has increased noticeably in recent months. The value of building contracts awarded staged a marked recovery in September after the August slump. A slight increase in exports to Europe following currency stabilization is reported by several large manufacturers. Practically all the more important manufacturers in the District are paying higher interest rates on bank borrowings than at the opening of the year, but the advance has not been sufficient to hamper operations to any extent.

Total crop production in the District is estimated to exceed that of last year. The harvests of corn, oats, and tobacco are materially larger than in 1927, and owing to unusually favorable harvesting and curing weather, the quality of much of the tobacco crop is stated to be the best in years.

Fourth District manufacturers are still unanimous in stating that there is no evidence of speculative buying of commodities on the part of their customers. Purchasing continues on a strictly hand-to-mouth basis and for quick delivery.

In the United States, both production and distribution have increased recently. The Federal Reserve Board's index of industrial production rose from 109 in July to 112 in August and again to 114 in September, the highest point yet reached. This bank's weekly index of distribution based on car loadings rose from 101.9 for the week ending August 25 to 107.3 for the week ending September 29, and remained near the latter point during the first two weeks in October.

One evidence of third-quarter prosperity in the country is found in corporation net earnings so far published. Seldom have industrial corporations made such a good showing as compared with the same quarter in the preceding year. Of 60 industrials, 45, or 75 per cent, report larger net profits than a year ago, the gain for the group being 34.7 per cent. In addition, there was an increase of 12.6 per cent over the second quarter. The latter gain was considerably greater than seasonal and is all the more noteworthy in view of the fact that second quarter earnings were unusually good as compared with past years.



Solid line—weekly index of car loadings, F. R. B. of Cleveland (1923-1925 = 100). Latest figure: Week ending October 13—107.0. Broken line—monthly index of industrial production, Federal Reserve Board (1923-1925 = 100). Latest figure: September—114. Both curves adjusted for seasonal variation.

FINANCIAL

During the month ending October 23, certain classes of money rates have eased, Federal reserve and member bank credit have changed but little, loans to brokers and security dealers have advanced sharply, and stock prices have also risen. Gold movements have been small as compared with the earlier months of the year. During the four weeks ending October 17, the country gained $7,637,000 net through exports, two shipments totaling $10,357,000 having been received from England.

Money Rates. Stock exchange money rates, though still high, finally declined somewhat between mid-September and late October, after an upward trend beginning early in 1928. Call money in New York has renewed mostly at 6½ or 7 per cent during the past few weeks, although a 7½ per cent rate existed on five days and an 8 per cent rate on four days. In the preceding four weeks, the rate was 7-7½ per cent. Time money (90 days) declined from 7½ per cent on September 25 to 7¼ on the 28th and to 7 per cent on October 15. Commercial money rates, on the other hand, have shown virtually no change, so that the gap between this class of rates and stock exchange money has been narrowed. Bankers' acceptances (90-day, asked) remain at 4½ per cent, while commercial paper is 5½ except for high-grade names at 5¼ per cent.

Reserve Bank Credit. Acceptance holdings of the Federal Reserve System have advanced faster than usual and on October 17 stood at $380,000,000, about $100,000,000 more than a year ago and $140,000,000 more than a month ago. Bills discounted, on the other hand, have fallen off some $150,000,000 since September 19, amounting to nearly $940,000,000 on that date. Government security holdings have gained slightly, and the total of Federal Reserve credit outstanding on October 17 was nearly the same as on September 19.

Bills discounted by the Cleveland bank fell rapidly from a peak of $116,000,000 on July 3 to $68,000,000 on August 22, rose to $87,000,000 on September 12, and then declined to $69,000,000 on October 3. The next two weeks brought a rise to $74,000,000. Government security holdings are slightly lower than last month, while acceptances have increased sharply.

Member Bank Credit. Collateral loans and investments of reporting member banks in the United States are about the same as a month ago, while commercial loans have risen seasonally. Total loans and investments are therefore up a little from early September. Loans to brokers and security dealers in New York have shown a marked increase lately, rising from $4470 millions on September 19 to $4664 millions on October 17.

In the Fourth District, collateral loans have declined noticeably but this has been offset by an increase in "all other" loans, largely commercial. Total loans and investments are practically unchanged from a month ago.

Security Prices. The bond market again became irregular in September after a month's advance, with the trend downward. The New York Times average of 40 bonds on October 17 was 90.74, about 3 points under the year's high reached in May. The Dow-Jones industrial stock average, after several weeks of seesawing close to the 240 mark, finally started up on October 9, and by the 24th had climbed to 257.03, a new high record. The latest advance has been quite irregular, however, being accompanied by declines in a considerable number of stocks.

Debits, Savings, Failures. Debits to individual account at 13 large cities in this District amounted to $2,656,764,000 in September, $2,553,261,000 in August, and $2,521,242,000 a year ago.

Savings deposits of 68 banks in Ohio and Western Pennsylvania totaled $1,042,233,423 on October 1, a gain of 0.8 per cent for the month and 8 per cent for the year.

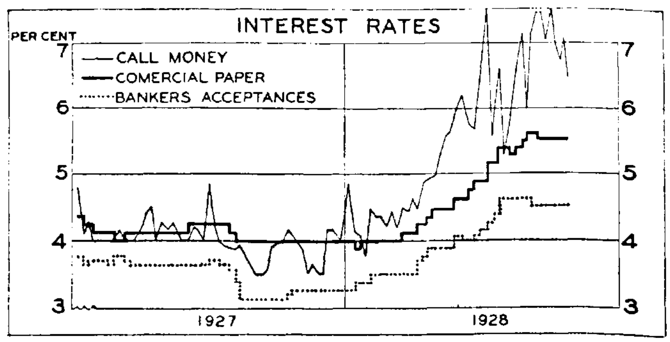
Commercial failures in the Fourth District numbered 159 in September, according to R. G. Dun and Company, as against 156 in August and 149 a year ago. Liabilities were $3,715,998 in September, $4,231,357 in August and $3,212,596 a year ago. In the United States there were 1635 failures in September, 1852 in August, and 1573 in September, 1927.

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

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Oct. 17, 1928	Oct. 19, 1927	Sept. 19, 1928	Oct. 17, 1928	Oct. 19, 1927	Sept. 19, 1928
Gold Reserves	261	286	285	2,636	2,976	2,626
Discounts	74	43	70	936	418	1,094
Acceptances	32	19	22	379	283	237
U. S. Securities	33	57	35	231	500	225
Total bills and securities	139	107	127	1,552	1,201	1,560
Federal Reserve notes in circulation	202	210	200	1,717	1,717	1,680
Total deposits	190	189	210	2,395	2,429	2,459

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
Loan secured by stocks and bonds	650	617	660	6,750	6,226	6,785
All other	818	800	804	9,196	8,830	9,083
Total loans	1,468	1,417	1,464	15,946	15,056	15,859
Investments	736	706	732	6.464	6,083	6,526
Demand deposits	1,059	1,041	1,047	13,291	13,450	13,100
Time deposits	956	918	964	6,921	6,369	6,914



Weekly average rates in New York on call money (renewal rate), commercial paper (4 to 6 months), and acceptances (90 days). Latest figures are for the week ending October 24.

MANUFACTURING, MINING

Iron and Steel Demand for iron and steel, which had been gathering momentum since early September, reached its crest in the first week of October and began to subside moderately. This was to be expected, as many consumers had committed themselves heavily, at least for the early part if not for all the last quarter.

Bookings in September and the first week of October not only compelled the resumption of some idle capacity but also left a surplus for backlogs. By mid-October, production on the way up crossed bookings on the way down. This situation indicated a return to normal rather than a definite weakening of the market structure.

Production schedules indicate that the October steel ingot output is setting a new high record for the month, as in the case of the three preceding months. With the automotive industry still operating at a high level, building steel needs holding steadily, the railroads mildly more interested in equipment, shipbuilding outlook in the East much brighter, and pipe mills at capacity on southwestern oil and gas lines, the steel outlook for the fourth quarter is promising.

The price situation continues to favor producers, but there is evidence that the cycle is being completed and raw materials are following finished materials up. Iron and steel scrap, while tempered somewhat, has continued to advance. Connellsville coke, for many weeks dormant, is stiffening. Pig iron in the Detroit, Cleveland, Pittsburgh and eastern Pennsylvania districts in mid-October was 50 cents or more per ton higher than in early September.

For the majority of consumers, the $2 per ton rise in steel bars, plates, and shapes has been effective. Most sheet users are paying $1 to $2 per ton more than in the third quarter, autobody sheets excepted, but all are receiving a discount of one-half of one per cent for cash in ten days, contrasted with the two per cent granted for many years. In steel strip and wire products, the advances average about $1 per ton. Semifinished steel is priced $1 per ton over the third quarter.

The Cleveland, Mahoning valley and Pittsburgh producers of iron and steel have been relatively busier than those in Chicago and eastern Pennsylvania, which is attributed in large measure to the unusual vigor of the automotive industry. Between now and January 1, the Chicago district will put considerable rail and track material tonnage on its books, but this will not benefit rollings appreciably until the first quarter. Mahoning valley tin plate mills have lagged somewhat, but are resuming their stride, rolling material for stock.

Pig iron in September continued the gain of August. The net gain in active stacks was 11. The September daily rate of 102,117 tons compared with 101,193 tons in August, and 92,750 tons in September, 1927. The month's total of 3,063,530 tons brought the year up to 27,783,699 tons, barely under the 28,117,026 tons in the first nine months of 1927. The larger proportion of scrap used this year accounts for the disparity with a record steel ingot output.

September's daily ingot production of 165,903 tons contrasted with 154,759 tons in August and 125,726 tons last September. The September output of 4,147,583 tons swelled the nine-month total to 36,930,520 tons, against 33,778,952 tons a year ago.

Advancing prices lifted the Iron Trade Review composite of fourteen leading iron and steel products to an average of $35.19 for September, compared with $34.96 in August. By mid-October the unchecked rise had put the composite up to $35.57, the highest since early May.

Coal

Soft coal production, both in the Fourth District and in the United States, is undergoing the usual seasonal increase. Heavier buying by the public has brought about firmer spot prices for some domestic sizes in this section. Industrial demand, however, shows no great change, and the general level of bituminous prices is about the same as a month ago.

Industrial stocks on hand, according to the National Association of Purchasing Agents, increased during August for the first time in nearly a year, and on September 1st stood at slightly more than 40 million tons, or a 37 days' supply.

Rubber and Tires

The outlook for this District's tire industry is much more promising than earlier in the year. Several factors have entered into this, among which may be mentioned: (1) the stability of crude rubber prices in recent months as compared with the rapid decline in the first part of 1928; (2) the practical disappearance of large stocks of rubber purchased at considerably higher prices, these having been gradually worked into production by manufacturers; (3) the almost unprecedented warm weather in October, which has brought greater need for tire replacement than usual at this season because of heavier travel and a lengthening of the touring season; (4) continued heavy automobile production, reflected in a strong and well-sustained demand for tires as original equipment; (5) an improvement in the volume of tire exports.

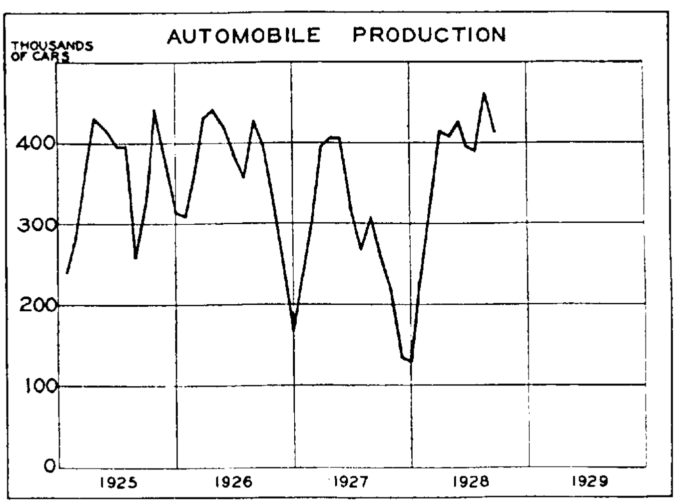
One evidence of improvement is found in tire production for August (the latest available), which broke all records. The output of pneumatic casings for that month was 5,601,856, a gain of 15 per cent over July, 30 per cent over August, 1927, and 10 per cent over the previous high month (March, 1928). Shipments also made a new high record of 6,302,258 tires.

September consumption of crude rubber in the United States was 39,882 tons, a gain of 46.5 per cent over a year ago. The gain for the first nine months of 1928 over the same period last year was 13.6 per cent.

Average stocks of tires per dealer in the United States were 62.5 in October, according to the preliminary report of the Department of Commerce. This compares with 57.6 tires per dealer a year ago, 49.9 in October of 1926, and 56.6 in 1925. Stocks of inner tubes are slightly smaller than a year ago, but larger than in 1926 and 1925.

Automobiles

September automobile production in the United States set a new high record for that month, exceeding the previous high September (1926) by nearly 20,000 units, and September of 1927 by 154,000 units. The actual number of cars and trucks produced in the past month was 413,722, of which 358,872 represented passenger car output. The September figure was 48,000 less than that for August, but this is not surprising in view of the fact that the



Production in United States only; cars and trucks combined

August total was the largest for any single month in the history of the industry.

For the first nine months of 1928, the production of passenger cars amounted to 3,064,237, and of trucks to 404,838. In 1927, the corresponding figures were 2,540,312 and 366,360.

In the Fourth District, new registrations have continued heavy. In 61 Ohio counties, representing over 80 per cent of the state's population, 14,551 new passenger cars were registered in September, according to the Bureau of Business Research at Ohio State University. This figure is 48 per cent larger than a year ago, although 23 per cent less than in August. New truck registration amounted to 1,598 in September, a gain of 41 per cent over last year but a decrease of 1 per cent from August.

Clothing Excessively warm weather in October has hampered the winter clothing season somewhat. Business in general, however, is fairly good, with a stronger demand beginning to show itself in woolens, knit goods, and cotton goods. Prices of raw cotton and cotton materials are distinctly firmer than a month ago. Rayon manufacturers in this District are showing a large gain in business over last year. Several important clothing manufacturers report an increase in employment recently, part of which, however, is seasonal.

Dry goods sales of reporting wholesalers in this District in September were slightly less than last year, the decrease being 0.4 per cent. The first nine months showed a gain of 1.1 per cent, and there was also a gain of 10.9 per cent in September as compared with August.

In the retail field, September was an excellent month for several lines of clothing. Reports from representative department stores in the District show increases in sales over last year as follows: women's coats, 44.8 per cent; dresses, 0.2; misses' ready-to-wear, 28.6; girls' wear, 46.5; sports' wear, 36.0; aprons and house dresses, 1.2; furs, 14.6; men's clothing, 12.0; men's furnishings, 6.9; boys' wear, 12.0; knit underwear, 7.5; negligees, 19.7; hosiery, 13.1 per cent.

Shoes September shoe production in the Fourth District declined more than seasonally from the very high figure of August. Preliminary statistics also indicate a decrease of 7.7 per cent from last year, as well as declines from September in 1926 and 1925. Business in early October, however, has been better than usual in some shoe lines, particularly in the better grades of women's shoes.

Retail sales of women's shoes in September made an excellent showing in the department stores. Final figures from 72 stores in the Fourth District show a gain over last year of 16.2 per cent in women's and 17.1 per cent in children's shoes. In the case of men's and boys' shoes, the increase was only 2.2 per cent.

Wholesale shoe sales in September continued to run under 1927, although the loss was not so great as in August. Reporting firms in this District experienced a decline in sales of 8.9 per cent for the month and of 9.8 per cent for the first nine months.

AGRICULTURE

There has been no material change in the estimates of agricultural production in the Fourth District during the past month. With the season practically over, except for the harvesting of a few of the late-maturing crops, present evidence points to an increase over last year in the total crop production. Increases are shown in corn, oats, barley, Irish potatoes, and fruits, while decreases are found in wheat, hay, and pastures.

Corn promises a crop of 177,652,000 bushels in the Fourth District this year as compared with 150,323,000 bushels, the estimated production of 1927. Continued dry weather throughout most of September and early October reduced the corn outlook about one per cent as compared with the September forecast. The few frosts late in September did not damage the crop to any appreciable extent. As previously reported, the stands are spotty, varying from excellent to poor. Fodder has been abundant. Silo filling is practically done, and much of the field corn has been cut.

The October 1 estimate of oat production in this District is 108,286,000 bushels, as compared with 78,362,000 bushels harvested in 1927. The large gain is due to increased acreage caused by planting of winter wheat fields abandoned last Spring. The quality of the crop is 86 as against a ten-year average of 87.

The winter wheat crop, almost a failure in this District, showed an increase for the country as a whole. Estimated production of all wheat on October 1 was 903,865,000, an increase of 3,000,000 bushels over the September 1 estimate. Production in 1927 was estimated at 872,595,000 bushels.

No figure of acreage planted to winter wheat is at hand for the District. The weather, though somewhat dry for plowing, has been generally favorable for Fall planting. Many farmers delayed planting later than usual in an effort to avoid the ravages of the Hessian fly.

Potato production for the District showed a decline of about half a million bushels from the September 1 forecast, and stood at 24,359,000 bushels on October 1. Most of this decline occurred in Ohio and was caused by the dry weather in September. Digging is in progress in all localities and acre yields are averaging above 120 bushels. Rotting is not serious, and blight, reported extensively a month ago, has caused less damage than was expected.

Hay and pastures in the District are several points below the average. Hay acreage in Ohio was reduced and this, coupled with the backward Spring which gave the crop a poor start, resulted in a crop of but 3,425,000 tons as compared with 5,149,000 in 1927.

Fruit prospects declined slightly from the September 1 estimate. Weather was unfavorable to the proper development of the fruit and some loss was caused by heavy storms.

The following table shows the October 1 estimated production of the principal fruit crops for the states comprising this District and for the entire United States:

	Ohio	Pa.	Ky.	W. Va.	U. S.
Apples—thous. bu.	5,625	8,280	5,187	7,800	177,560
Peaches—thous. bu.	1,742	1,867	1,035	810	67,875
Grapes—tons	27,300	21,600	1,176	1,362	2,605,024
Pears—thous. bu....	365	612	110	56	23,304

The 1927 production for the entire United States was: apples, 123,455,000 bushels; peaches, 45,463,000 bushels; grapes, 2,464,712 tons; and pears 23,304,000 bushels. Substantial gains were shown this year in all cases.

Ohio and Pennsylvania rank fourth and fifth in the list of grape producing states of the country, most of the crop in this District being grown in the Lake regions. Weather was favorable to the maturing of the fruit, and though some correspondents report that ripening was delayed by the cool weather of September, harvesting began in earnest in the second week in October, several days later than was anticipated a month ago. The clusters appear to be large and compact, and the fruit, especially Concords, promise to be good in color and quality. Vines have made excellent growth and foliage is good, the leaf hopper and berry moth having done very little damage.

Apple prospects declined slightly during September, but were still ahead of the production of 1927. Continued dry weather reduced the size of the fruit from early expectations. Considerable scab is reported in many localities.

The Bureau of Labor's Index of agricultural prices advanced from 107.0 in August to 108.8 in September. This point was exceeded only once this year, namely in May, when it stood at 109.8.

Tobacco The burley crop in Kentucky is in excellent shape for the most part, although some poor quality leaf has resulted from damaged plants and late plants which were cut green. The weather in September was exceptionally fine for the cutting and curing of the crop, and the damage from frost and houseburn was very small. The dark tobacco sections of Kentucky did not fare so well, considerable frost injury being reported.

The Department of Agriculture's October crop report estimates Kentucky's 1928 tobacco crop, (all types) at 316 million pounds, as compared with last year's short crop of 202 million and a 5-year average of 418 million pounds. The latest estimate is slightly larger than that of a month earlier, and nearly 30 million pounds larger than the August estimate, thus reflecting the steady improvement in the condition of the crop during the past eight or ten weeks.

The total crop of burley tobacco, most of which is grown in Kentucky, is estimated at 274,000,000 pounds this year as against 181,000,000 pounds in 1927. The total production of all types in the United States is put at 1,353,000,000 pounds as against 1,211,000,000 last year and a 1922-1926 average of 1,337,000,000 pounds.

Ohio's 1928 tobacco crop is placed at 30,251,000 pounds, as compared with 24,652,000 in 1927 and 42,639,000, the 5-year average. Pennsylvania's estimated output is 45,570,000 pounds this year, as against 44,880,000 a year ago and a 5-year average of 54,834,000.

BUILDING

September building contracts awarded made a much better showing than those in August, both in the country and in this District. After allowing for seasonal factors, the Federal Reserve Board's index of building contracts in 37 states jumped from 111 in August to 136 in September. August, however, was abnormally low, and the September index is still below the level prevailing in the first seven months of this year, although well above the figure of 121 for September of 1927.

In the Fourth District, total contracts awarded in September aggregated $67,747,810, the highest on record for that month and $17,300,000 larger than in August. The improvement was entirely in non-residential building, which was doubtless aided by the open weather. Residential contracts alone amounted to only $16,166,854, the lowest for September since 1924 and only $1,800,000 larger than in August. Residential contracts in 1928 have fallen behind 1927 in six of the first nine months and for the nine-month period were 7 per cent less than in 1927. Two factors in this decrease have been the over-built condition found in the residential sections in some localities and the advance in interest rates during the year.

The valuation of September building permits in 27 cities in this District was $17,247,960, a gain of 3.1 per cent over last year. Large increases occurred in Akron, Ashtabula, Cincinnati, Dayton, Erie, Hamilton, Pittsburgh, and Springfield, while the heaviest declines were recorded by Canton, Cleveland, Columbus, Lexington, Wheeling, and some of Cleveland's suburbs. For the first nine months, the value of permits was 2.7 per cent larger than a year ago.

Building Operations

(Valuation of Permits)

	September, 1928	% change from 1927	Jan.-Sept. 1928	Jan.-Sept. 1927	% change from 1927
Akron	2,868,922	+105.2	14,904,879	16,405,009	— 9.1
Ashtabula	58,000	+36.7	371,426	457,015	—18.7
Barberton	80,540	+ 8.8	715,238	896,388	—20.2
Canton	189,483	—65.4	2,990,856	3,238,237	— 7.3
Cincinnati	3,231,990	+18.8	27,468,995	23,995,144	+14.5
Cleveland	2,028,725	—23.7	40,998,000	32,674,525	+25.5
Cleve. suburbs:					
Cleve. Heights	168,885	—65.1	3,484,470	4,276,637	—18.5
East Cleveland	23,380	—22.4	655,730	1,043,011	—37.1
Euclid	111,825	— 2.4	1,821,781	1,472,407	+23.7
Garfield Heights	107,100	—44.1	1,335,650	2,264,500	—41.0
Lakewood	204,645	—57.1	4,486,242	3,068,344	+46.2
Parma	149,390	—12.1	2,081,829	2,798,586	—25.6
Rocky River	62,905	—11.0	928,968	1,082,923	—14.2
Shaker Heights	386,075	—33.9	6,106,840	7,259,560	—15.9
Columbus	1,031,250	—33.8	13,801,650	18,388,000	—24.9
Covington, Ky.	80,550	+ 3.0	1,308,050	1,378,100	— 5.1
Dayton	732,832	+123.8	9,453,058	8,992,137	+ 5.1
Erie, Pa	399,647	+41.7	3,039,384	3,975,311	—23.5
Hamilton	176,945	+31.1	1,700,706	1,669,296	+ 1.9
Lexington, Ky.	62,835	—81.3	1,241,811	1,999,249	—37.9
Lima	91,125	+ 4.1	409,354	662,086	—38.2
Newark	261,953	+10.3	1,203,433	566,992	+112.2
Pittsburgh, Pa.	3,024,349	+40.9	33,239,763	28,575,175	+16.3
Springfield	206,312	+136.2	1,158,527	1,508,420	—23.2
Toledo	995,585	— 0.5	14,037,225	13,846,354	+ 1.4
Wheeling, W. Va.	143,135	—70.6	1,503,735	2,589,269	—41.9
Youngstown	369,577	— 7.1	6,668,035	6,831,795	— 2.4
Total	17,247,960	+ 3.1	197,115,635	191,914,470	+ 2.7

TRADE

Retail Trade September department store sales in the Fourth District showed a sizable gain of 7.8 per cent over last year. This is explained by the fact that September sales in 1927 were unusually light, owing to the cold weather in August of last year which resulted in a good deal of early Fall buying. Consequently, while September of 1928 made a good gain over a year ago it did not quite make up the loss of 8.6 per cent shown by August as compared with August of 1927.

Every reporting city in the District shared in the increase, the largest gains being in Akron (19.6 per cent), Toledo (19.5) and Wheeling (12.2). For the first nine months, however, sales in the District were 0.5 per cent less than in the corresponding period in 1927, decreases being reported by Pittsburgh, Wheeling, Youngstown, and "other cities."

Stocks on October 1 were 6.9 per cent under a year ago but registered a seasonal increase of 5.9 per cent over September 1. Accounts receivable were 3.9 per cent larger than a year ago, and collections were 1.7 per cent larger. The percentage of collections during September to receivables on September 1 was 33.2.

The stock turnover rate for September was .28, as against .25 a year ago. The cumulative turnover rate for the first nine months was 2.35, as against 2.30 last year.

In September, 62.6 per cent of the total sales (excluding strictly cash stores) were made on credit. Instalment sales accounted for 5.8 per cent of the total.

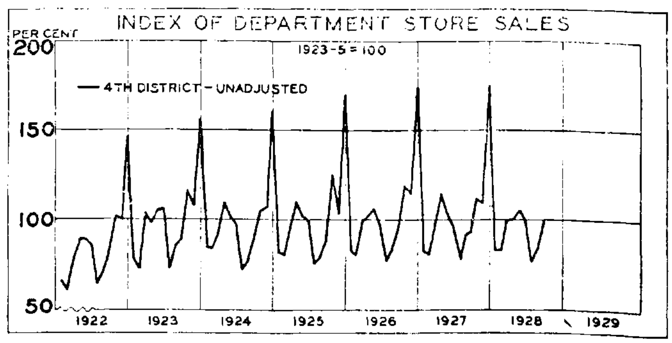
Thirty-two out of 50 separate departments recorded gains in September as compared with a year ago. Percentage changes in the principal departments were as follows:

	% change from 1927
Silks and Velvets	—10.0
Silverware, Jewelry	+ 1.9
Millinery	+13.7
Gloves	+56.6
Hosiery	+13.1
Women's and Children's Shoes	+14.6
Men's and Boys' Shoes	+ 2.2
Women's Coats	+30.2
Women's Dresses	— 4.4
Misses' Ready-to-Wear	+18.8
Juniors' and Girls' Wear	+32.3
Furs	+15.5
Men's Clothing	+10.0
Men's Furnishings	+ 3.2
Boys' Wear	+14.4
Furniture	— 0.4
Rugs	— 3.9
Draperies, Lamps, Shades	+ 0.9
House Furnishings	— 0.3

Revised Retail Trade Index The table below gives this bank's revised index of department store sales in the Fourth Federal Reserve District. The new base (100) is the monthly average sales, 1923-1925. The index includes 52 of the 62 reporting department stores, monthly figures for these 52 firms being available back to January, 1919. For the year 1927 the combined sales of these 52 stores amounted to more than $300,000,000, a figure estimated to represent about 95 per cent of the department store business of the 13 large cities included in the index.

REVISED INDEX OF DEPARTMENT STORE SALES
Fourth Federal Reserve District
(52 Firms Included. 1923—1925 = 100)

	1919	1920	1921	1922	1923
January	60.7	84.9	87.9	66.5	78.5
February	53.9	70.0	76.2	61.8	73.4
March	65.3	98.7	96.4	77.4	104.3
April	76.0	92.5	91.8	89.8	98.6
May	73.8	100.0	90.7	89.5	105.5
June	73.9	100.3	86.2	86.1	105.7
July	62.0	81.4	62.4	64.5	73.7
August	66.9	82.3	65.0	71.3	86.4
September	72.6	90.7	68.5	81.6	90.8
October	88.6	106.0	91.0	101.5	116.3
November	90.6	110.9	86.4	100.1	108.8
December	132.9	147.0	127.1	146.0	156.5
Year	76.4	97.0	85.8	86.4	99.9
	1924	**1925**	**1926**	**1927**	**1928**
January	84.9	83.7	84.0	83.0	83.4
February	85.1	81.4	81.3	81.6	83.5
March	93.3	96.0	97.8	96.6	100.3
April	110.2	110.0	102.4	114.3	100.5
May	102.0	101.6	106.0	103.6	105.3
June	97.2	99.4	97.5	97.5	99.6
July	72.2	75.8	77.0	77.0	77.0
August	77.7	80.3	84.1	92.0	84.4
September	90.6	89.3	95.4	93.2	100.4
October	104.8	124.7	118.2	112.0	....
November	107.6	103.9	114.2	110.3	....
December	160.4	169.4	173.1	174.2	....
Year	98.8	101.3	102.6	102.9	....



Wholesale Trade With the exception of groceries, sales of all reporting wholesale lines in this District were smaller in September than in the same month of 1927. Dry goods sales decreased 0.4 per cent, drugs, 3.6; hardware, 6.6; and shoes, 8.9. Grocery sales increased 0.1 per cent.

For the first nine months of 1928, grocery sales were 1.9 per cent larger than last year. Dry goods sales gained 1.1 per cent, and drugs, 0.3 per cent. Losses of 6.2 and 9.8 per cent respectively were recorded by hardware and shoes.

Stocks of grocery firms on October 1 were 2.8 per cent smaller than a year earlier. Those of dry goods and shoes also showed declines amounting to 13.3 per cent for the former and 9.4 for the latter.

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

		Sept. 1928	Sept. 1927	% change	Jan.-Sept. 1928	Jan.-Sept. 1927	% change
Bank Debits (24 cities)	Millions of dollars	3,200	3,073	+ 4.1	29,398	29,084	+ 1.1
Savings Deposits (end of month)							
Ohio (41 banks)	Thousands of dollars	765,810	704,740	+ 8.7	747,158[1]	691,943[1]	+ 8.0
Western Pennsylvania (26 banks)	" " "	276,423	260,272	+ 6.2	279,200[1]	255,978[1]	+ 9.1
Total (67 banks)	" " "	1,042,233	965,012	+ 8.0	1,026,358[1]	947,921[1]	+ 8.3
Commercial Failures Number	Actual Number	159	149	+ 6.7	1,503	1,500	+ 0.2
" " — Liabilities	Thousands of dollars	3,716	3,213	+15.7	42,632	38,851	+ 9.7
Postal Receipts — 9 cities	" " "	2,816	3,046	— 7.6	27,044	27,171	— 0.5
Sales — Life Insurance — Ohio and Pa.	" " "	80,629	85,701	— 5.9	927,696	894,647	+ 3.7
" — Dept. Stores — (62 firms)	" " "	25,190	23,374	+ 7.8	209,600	210,630	— 0.5
" — Wearing Apparel (17 firms)	" " "	1,729	1,591	+ 8.7	14,565	14,583	— 0.4
" — Furniture (49 firms)	" " "	1,132	1,025	+10.5	9,605	9,570	+ 0.4
" — Wholesale Grocery (44 firms)	" " "	7,165	7,161	+ 0.1	58,249	57,135	+ 1.9
" — " Dry Goods (13 firms)	" " "	2,830	2,841	— 0.4	19,887	19,676	+ 1.1
" — " Hardware (16 firms)	" " "	2,006	2,148	— 6.6	17,283	18,420	— 6.2
" — " Drugs (14 firms)	" " "	1,838	1,907	— 3.6	16,399	16,354	+ 0.3
Building Permits, Valuation—27 cities	" " "	17,248	16,727	+ 3.1	197,116	191,914	+ 2.7
Building Contracts — Total, 4th District	" " "	67,748	65,235	+ 3.9	508,926	549,629	— 7.4
" " — Residential, 4th District	" " "	16,167	21,579	—25.1	172,354	185,535	— 7.1
Production — Pig Iron, U. S.	" " tons	3,062	2,775	+10.3	27,791	28,093	— 1.1
" — Steel Ingots, U. S.	" " "	4,147	3,269	+26.9	36,931	33,779	+ 9.3
" — Automobiles, U. S.							
Passenger Cars	Actual Number	358,872	226,443	+58.5	3,064,237	2,540,312	+20.6
Trucks	" "	54,850	33,944	+61.6	404,838	366,360	+10.5
" — Bituminous Coal, 4th Dist.	Thousands of tons	15,797	16,004	— 1.3	134,425	151,535	—11.3
" Cement: Ohio, W. Va., Wn. Pa.	" " barrels	2,267	1,804	+25.7	13,558	13,024	+ 4.1
" — Electric Power: Ohio, Pa., Ky.	Millions of k.w. hrs.	1,130[2]	1,033[2]	+ 9.4	8,756[3]	8,661[3]	+ 1.1
" — Petroleum: Ohio, Pa., Ky.	Thousands of barrels	2,131[2]	2,108[2]	+ 1.1	16,222[3]	15,913[3]	+ 1.9
" — Shoes, 4th District	" " pairs	[4]	[4]	— 7.7	[4]	[4]	— 7.6
" — Tires, U. S.	" " casings	5,658[2]	4,362[2]	+29.7	39,562[3]	34,906[3]	+13.3
Bituminous Coal Shipments (from Lake Erie ports)	" " tons	4,680	3,869	+21.0	25,504	27,051	— 5.7
Iron Ore Receipts (at Lake Erie ports)	" " "	5,827	5,493	+ 6.1	27,342	29,792	— 8.2

[1] 9 months' average.
[2] August
[3] January-August
[4] Figures Confidential

Retail and Wholesale Trade

(1928 compared with 1927)

	Percentage Increase or Decrease SALES Sept.-Sept.	SALES First 9 mos.	STOCKS Sept.-Sept.
DEPARTMENT STORES (62)			
Akron	+19.6	+ 9.9	+19.4
Cincinnati	+ 7.6	+ 0.7	— 0.2
Cleveland	+ 8.2	+ 1.6	— 6.3
Columbus	+ 7.2	+ 1.5	— 2.4
Dayton	+ 5.9	+ 0.9	+ 0.4
Pittsburgh	+ 4.4	— 5.2	—12.5
Toledo	+19.5	+ 6.7	— 9.3
Wheeling	+12.2	— 1 3	—14.6
Youngstown	+ 4.3	— 1.0	—11.2
Other Cities	+ 6 4	— 3 8	— 8.7
District	+ 7.8	— 0.5	— 6.9
WEARING APPAREL (16)			
Cincinnati	+ 4.9	— 0.4	+ 2.4
Cleveland	+ 8.1	+ 1.4	— 1.6
Other Cities	+12.9	— 2.7	— 7.0
District	+ 8.7	— 0.7	— 3.0
FURNITURE (48)			
Cincinnati	— 2.7	— 2.1	......
Cleveland	+ 5.2	— 1.6	......
Columbus	— 8.7	— 3.3	......
Dayton	+37.1	+ 6.8	......
Toledo	+30.3	+ 6.3	......
Other Cities	+25.8	— 6.8	......
District	+10.5	+ 0.4	......
CHAIN STORE*			
Drugs—District (3)	— 3.5	— 5.7	......
Groceries—District (4)	+ 4.9	+ 5.1	......
WHOLESALE GROCERIES (44)			
Akron	+ 0.9	+ 5.8	......
Cincinnati	— 0.7	+ 2.9	......
Cleveland	+ 5.3	+ 2.8	......
Erie	— 6.5	— 6.1	......
Pittsburgh	— 7.0	+ 6.2	......
Toledo	— 3.7	+ 0.1	......
Other Cities	— 0.5	+ 0.8	......
District	+ 0.1	+ 1.9	— 2.8
WHOLESALE DRY GOODS (13)	— 0.4	+ 1.1	—13.3
WHOLESALE DRUGS (14)	— 3.6	+ 0.3	......
WHOLESALE HARDWARE (16)	— 6.6	— 6.2	......
WHOLESALE SHOES (6)	— 8.9	— 9.8	— 9.4

*Sales per individual unit operated.

Index Numbers of Trade in the Fourth Federal Reserve District

	Sept. 1924	Sept. 1925	Sept. 1926	Sept. 1927	Sept. 1928
Department Stores (52)**	91	89	95	93	100
Wholesale Drugs (14)**	95	108	112	113	109
Wholesale Dry Goods (13)**	125	111	109	105	105
Wholesale Groceries (44)**	112	110	111	102	102
Wholesale Hardware (16)**	109	103	103	100	94
Wholesale All (92)**‡	112	109	111	104	101
Chain Drugs (3)*†	97	106	106	99	95

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

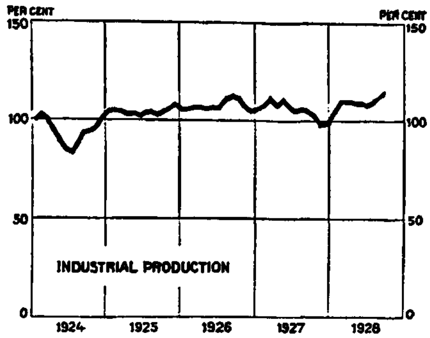
Debits to Individual Accounts

(In thousands of dollars)

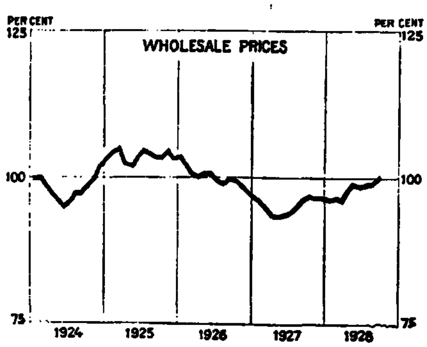
	4 weeks ending Oct. 17, 1928	% change from 1927	1928 to date (Dec. 28-Oct. 17)	1927 to date (Dec. 29-Oct. 19)	% change from 1927
Akron	120,778	+13.3	1,095,619	1,003,274	+ 9.2
Butler, Pa.	12,384	— 5.2	112,548	117,668	— 4.4
Canton	46,228	+16.1	492,412	476,344	+ 3.4
Cincinnati	416,994	+ 8.1	4,408,967	4,051,400	+ 8.8
Cleveland	914,437	+12.9	8,324,897	8,050,612	+ 3.4
Columbus	160,759	— 2.2	1,668,576	1,665,683	+ 0.2
Connellsville	4,729	— 4.6	42,436	51,313	—17.3
Dayton	89,792	+ 4.0	962,814	945,609	+ 1.8
Erie, Pa.	39,112	+ 8.1	367,220	362,677	+ 1.3
Greensburg, Pa.	20,389	— 1.6	206,495	222,248	— 7.1
Homestead, Pa.	4,949	+ 5.6	43,584	45,104	— 3.4
Lexington, Ky.	19,839	— 4.4	241,183	245,333	— 1.7
Lima	16,772	+ 6.8	157,315	149,200	+ 5.4
Lorain	6,428	+ 9.5	63,581	62,356	+ 2.0
Middletown	11,642	+16.3	127,405	111,884	+13.9
Oil City, Pa.	16,639	+12.4	169,637	153,370	+10.6
Pittsburgh, Pa.	981,984	+13.3	9,808,312	10,284,442	— 4.6
Springfield	22,501	+ 2.0	226,374	240,510	— 5.9
Steubenville	10,942	+ 5.9	117,080	112,656	+ 3.9
Toledo	260,995	+25.8	2,707,588	2,309,011	+17.3
Warren	16,135	+ 3.5	138,826	141,644	— 2.0
Wheeling, W. Va.	51,336	+28.6	494,841	458,807	+ 7.9
Youngstown	77,430	+14.3	725,778	717,899	+ 1.1
Zanesville	14,521	+14.6	132,070	127,970	+ 3.2
Total	**3,337,715**	**+11.9**	**32,835,558**	**32,107,014**	**+ 2.3**

Summary of National Business Conditions

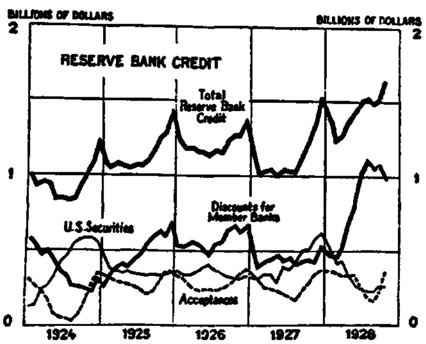
By the Federal Reserve Board



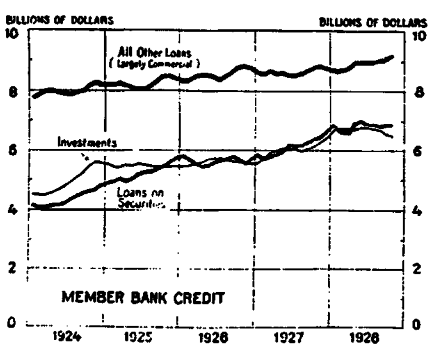
Index numbers of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 = 100). Latest figure: September—114.



Index of U. S. Bureau of Labor Statistics (1926 = 100). Latest figure: September—100.1.



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



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

Volume of production and distribution of commodities increased seasonally in September and were larger than a year ago. There was a further advance in the general price level. Loans of member banks in leading cities increased in September and October in response to the seasonal demand for commercial credit.

Production

Industrial production increased further in September, and the output of manufactures was in larger volume than in any previous month. Factory employment and payrolls also increased. Production of iron and steel and of automobiles was unusually large during September and October, although there has recently been some curtailment of operations in these industries. There were also increases in September in the activity of the textile, meat packing, and tire industries, and in the output of coal, petroleum and copper, while lumber production showed a decline.

Building contracts awarded, after declining in volume for three months, increased considerably in September and exceeded all previous records for that month. The increase was due chiefly to certain large contracts for industrial plants and subway construction. During the first three weeks of October, awards exceeded those for the same period last year, the excess being especially large in the eastern districts.

Department of Agriculture estimates of this year's crop yields indicate that the production of all crops in the aggregate will exceed last year's output by about 5 per cent. The corn crop is estimated at 2,905,000,000 bushels, or 5 per cent above last year's production. The October 8 estimate indicated a cotton crop of 13,993,000 bales, or 446,000 bales less than was forecast on September 8, compared with a yield of 12,955,000 in 1927.

Trade

Department store sales increased considerably in September and were larger than a year ago, reflecting in part the influence of cooler weather. Inventories of department stores at the end of the month were smaller than on the same date of last year. Wholesale distribution in all leading lines except meats was somewhat smaller than in September, 1927. Freight car loadings showed more than a seasonal increase in September and continued large in October. Shipments of miscellaneous commodities in recent weeks have continued in larger volume than in previous years.

Prices

Wholesale commodity prices increased further in September and the Bureau of Labor Statistics index advanced to 100.1 per cent of the 1926 average. Increases, which were largest in farm products and foods, occurred in nearly all groups except hides and leather and textiles, which showed slight declines.

There have been decreases in the prices of livestock and meats, grains, wool and increases in cotton, silk, rubber and iron and steel.

Bank Credit

Demand for bank credit for commercial purposes increased between the middle of September and the middle of October, reflecting seasonal activity in trade and the marketing of crops. There was also a growth in loans to brokers and dealers in securities, though total loans on securities of reporting member banks showed little change.

During the four weeks ending October 24, a growth of about $40,000,000 in the total volume of reserve bank credit in use was due chiefly to continued increases in the demand for currency, offset in part by a small flow of gold from abroad. Reserve bank holdings of acceptances increased by about $140,000,000 during the period, while the volume of discounts for member banks declined by about $100,000,000. United States security holdings remained practically unchanged.

Open market rates on commercial paper and on bank acceptances remained unchanged between the middle of September and the latter part of October, while rates on security loans declined in October.