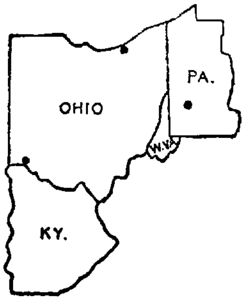


MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

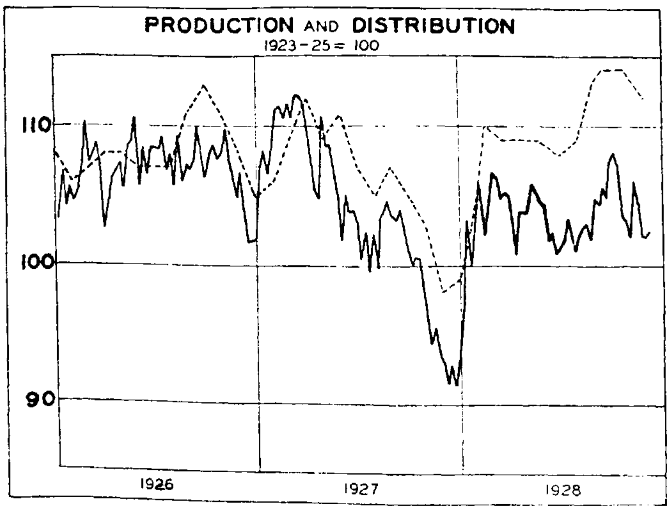
Vol. 11 | Cleveland, Ohio, January 1, 1929 | No. 1

December business in the Fourth District was favorably influenced by the high rate of activity in the iron and steel industry. Operations in this line turned up in mid-December and on the 20th the industry was close to 85 per cent of capacity—far above last year's figure. Prices remained firm. Manufacturers allied with steel naturally enjoyed a good month, particularly those supplying the motor industry. Demand for railroad material, pipe and oil supplies was also heavy.

On the whole the situation in other lines is not quite so favorable as in iron and steel, though conditions may be described as "good". Heavy production continues in the rubber and tire trade. The clothing business has been only fair, and the shoe trade has turned dull. The coal situation remains unsatisfactory. Business is good, with operations heavier than a year ago, in the electrical supply, agricultural implement, paint and stove trades. Some improvement is reported in the glass and paper trades, which have had rather a poor year.

With December nearly three-fourths over, it is evident that the holiday retail trade has been spotty, with anticipations not being realized in some sections. Reports from the Pittsburgh area indicate only moderate buying, with some question as to whether the month will exceed that of a year ago. Toledo and several other localities report a similar situation—holiday business about equal to last year, but not up to expectations.

Bankers throughout the District state that credit conditions have tightened during the month. This was to be expected, but in several instances it is said that the tightening up has been greater than seasonal.



Solid line—weekly index of car loadings, F. R. B. of Cleveland (1923-1925 = 100). Latest figure: Week ending December 8, 102.5. Broken line—monthly index of industrial production, Federal Reserve Board (1923-1925 = 100). Latest figure: November—112. Both curves adjusted for seasonal variation

REVIEW OF 1928

As in the United States as a whole, business conditions in the Fourth District in 1928 were "good", with the general trend upward throughout the year. In 1927 a mild but still noticeable business recession began in the late Spring and continued for the rest of the year. With the arrival of 1928, however, a recovery set in which has carried business back to its 1926 level and in some industries to new high records. The extent of the improvement in 1928 is shown by this bank's index of Fourth District business, which rose from 93.4 in January to a high for the first eleven months of 106.3 in September.

The District's basic industry, iron and steel, has fared much better in 1928 than in 1927. There has been a heavy demand from most consumers, particularly from the automotive, building, and oil industries. The demand for railroad equipment has been an exception, being very slow for 1928 as a whole, but even here improvement has occurred in the last months of the year. Steel concerns have been able to increase their business on a rising-price scale, so that net earnings have made a sharp gain over 1927.

The rubber industry staged a marked recovery in the last half of 1928, due largely to increasingly heavy demand coupled with the return of price stability. Price fluctuations hampered the industry severely in 1925, 1926 and 1927, but after a sharp drop in the earlier months of 1928, crude rubber has finally become stabilized, for the time being at least, at around twenty cents a pound. Production of tires has been in large volume, and in August made a new high record.

Motor accessory concerns in the Fourth District have enjoyed their most prosperous year in some time. Many factories have been operating at nearly full capacity practically without interruption throughout the year, particularly those supplying Ford. Net earnings have reflected this activity, being well ahead of 1927.

The coal industry has continued in a state of semi-depression. Over-productive capacity is the principal retarding factor. The price situation has been thoroughly unsatisfactory, and conditions in the union fields, though improving, are still below normal. The non-union mines in the District have done better, their output having been at a comparatively high level. One difficulty with which the trade has had to contend in 1928 has been the large surplus of coal held in storage by industrial consumers who stocked up heavily early in 1927 before the strike. These excess stocks, however, have been gradually worked off this year until they are now down to a level where re-stocking has become necessary.

Clothing manufacturers have been hampered somewhat by the unseasonably warm weather prevailing during 1928, but have reported a fairly good year. The shoe industry has been somewhat erratic, with the general trend downward in both production and profits.

Building has not been so heavy as in 1927, owing to the over-built condition of several sections of the District. The total 1928 volume of construction, however, was large, and the decline from last year was not great.

Agriculture in general experienced a good season. The wheat crop was almost a failure, but corn, oats, potatoes, and fruits did well. The Kentucky tobacco crop was unusually fine in quality and was bringing excellent prices at the recent opening of the selling season.

Trade at retail was only about equal to 1927, but some of the wholesale lines showed improvement. Chain stores continued to expand, and their business also compared favorably with last year on the basis of sales per unit operated.

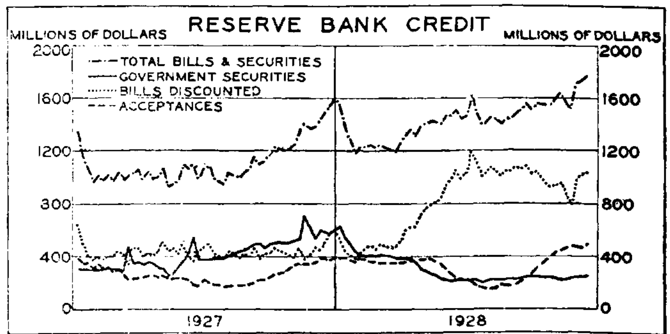
FINANCIAL

The month ending with December 20 was featured by a year-end tightening of stock-exchange money rates, a large seasonal gain in money in circulation, a further rise in collateral bank loans, a drastic fall in stock prices, and heavy Treasury operations. Total reserve bank credit increased seasonally, this being particularly true of rediscounts. Gold imports and exports about offset each other, but in addition fairly substantial earmarkings for French account were reported. Gold exports to Canada in the last half of November were returning to this country in December as the position of Canadian exchange was reversed.

Money Rates. The usual tightening of stock-exchange money rates has been experienced in December, although Treasury operations and a decline in loans to brokers produced a temporary ease in call money around the 15th. During the last half of November, call money renewed mostly at 6½ per cent, but had risen to 8 per cent on December 1. Further firmness brought the renewal rate to 10 per cent on the 7th and 8th, while on one day a rate of 12 per cent on new loans was reached. By December 14 the rate had dropped to 7 per cent, where it remained for the next few days. Time money (90-day) has advanced steadily from 6¾—7 per cent on November 20 to 7 on the 26th, 7¼ on December 6th, 7½ on the 10th, and 7¾ on the 12th. Thirty-day loans were commanding 8—8¼ per cent on December 20. The rise in this class of money rates has been more pronounced than usual even at this season.

Commercial paper and bankers' acceptance rates have shown but little change during the month. The spread between "business" rates—on commercial paper and acceptances—and stock exchange rates remains very pronounced, being greater than at any time since early in 1920. Rates charged to customers in the larger cities of this District are about the same as last month.

Member Bank Credit. Collateral loans of reporting member banks increased during the month ending December 12, both in this District and in the country. Further additions in loans to brokers for own account were partly responsible. Commercial loans sagged in this District, but remained virtually unchanged in the United States. Investments likewise fluctuated within narrow limits.



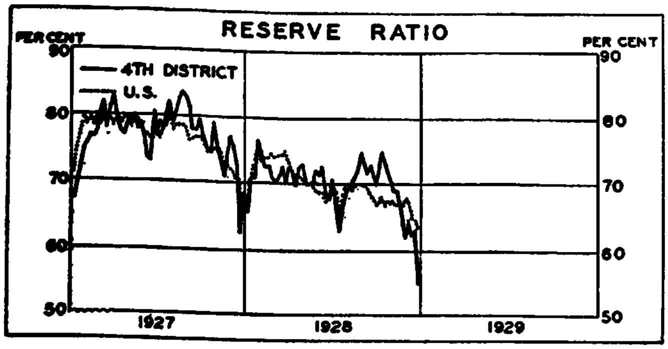
RESERVE BANK CREDIT

Reserve Bank Credit. During the four weeks ending December 19, member banks found it necessary to increase their direct borrowings from the Reserve System by $147,000,000. This resulted from a loss of $76,000,000 in cash reserves, an increase of $152,000,000 in Federal Reserve note circulation, and the sale of $31,000,000 of acceptances by the System. These items, requiring additional accommodation from the System, were partly offset by an increase of $65,000,000 in the System's Government security holdings and a decrease of $20,000,000 in member bank reserve deposits.

Although bills discounted have increased, they are still below the July peak. Acceptance holdings reached their high for 1928 to date on December 12 and declined the following week, the same being true of total bills and securities. The reserve ratio declined to 64.2 per cent on December 12, the low for the year to date and considerably under the level prevailing for the past several years.

The Cleveland bank has continued to lose gold heavily through the Gold Settlement Fund, and as a consequence discounts grew rapidly until December 12, when they amounted to almost $120,000,000. The following week, however, brought a drop of $17,000,000, as cash reserves were augmented. Acceptance holdings increased until December 12, as in the System. Note circulation underwent the usual pre-holiday rise, while the reserve ratio declined to 55 per cent on December 12 but recovered the following week.

Security Prices. After their rapid advance in November, stock prices broke on December 6, declining about 12 per cent (Dow-Jones average) from the 6th to the 8th. This was the most severe three-day break in at least ten years. An irregular recovery followed, however, which by



December 20 had made up a considerable part of the preceding decline. Accompanying the stock market break was a drop of over $200,000,000 in loans to brokers made by or through reporting member banks in New York.

Debits, Savings, Failures. Debits to individual account at 13 large cities in the Fourth District totaled $2,758,040,000 in November, as compared with $3,065,085,000 in October and $2,464,748,000 a year ago.

Savings deposits of 67 banks in Ohio and Western Pennsylvania amounted to $1,058,696,360 on December 1. This was an increase of 0.8 per cent for the month and of 6.8 per cent for the year.

Commercial failures in this District in November numbered 134, according to R. G. Dun and Company, as compared with 162 in October and 147 a year ago. Liabilities were $2,613,625 in November, $2,359,380 in October, and $3,449,315 a year ago. In the United States, there were 1838 failures in November, 2023 in October, and 1864 in November, 1927.

The table showing the main changes in the Federal Reserve and member bank balance sheets will be found on page 7.

Debits to Individual Accounts

(In thousands of dollars)

	4 weeks ending Dec. 12, 1928	% change from 1927	1928 to date (Dec. 28 to Dec. 12)	1927 to date (Dec. 29 to Dec. 14)	% change from 1927
Akron	106,376	+17.6	1,305,996	1,182,303	+10.5
Butler, Pa	12,336	+18.1	136,579	139,801	— 2.3
Canton	46,202	+15.0	580,922	558,112	+ 4.1
Cincinnati	425,587	+ 8.1	5,219,319	4,804,216	+ 8.6
Cleveland	787,811	+10.6	9,866,094	9,511,647	+ 3.7
Columbus	169,681	+ 8.9	1,989,716	1,963,781	+ 1.3
Connellsville	4,316	— 0.4	50,729	59,620	—14.9
Dayton	84,867	+ 6.1	1,131,597	1,103,896	+ 2.5
Erie, Pa	37,368	+20.0	440,761	425,734	+ 3.5
Greensburg, Pa.	19,698	+ 1.1	244,620	261,458	— 6.4
Homestead, Pa.	4,284	+14.5	51,980	52,773	— 1.5
Lexington, Ky.	22,911	— 3.0	283,319	291,979	— 3.0
Lima	13,334	— 1.6	184,149	177,459	+ 3.8
Lorain	5,475	— 2.9	74,703	73,537	+ 1.6
Middletown	13,079	+25.3	153,325	133,048	+15.2
Oil City, Pa	18,196	+30.1	205,197	181,334	+13.2
Pittsburgh, Pa.	1,039,292	+23.5	11,791,328	11,978,856	— 1.6
Springfield	23,538	+17.9	271,075	280,830	— 3.5
Steubenville	11,624	+11.3	139,237	133,145	+ 4.6
Toledo	250,079	+10.3	3,251,187	2,750,636	+18.2
Warren	12,676	+14.1	164,379	165,179	— 0.5
Wheeling, W. Va.	62,959	+36.2	607,833	545,327	+11.5
Youngstown	68,403	+11.0	864,058	838,031	+ 3.1
Zanesville	12,249	+ 5.4	157,418	152,244	+ 3.4
Total	3,252,341	+14.6	39,165,521	37,764,946	+ 3.7

MANUFACTURING, MINING

Iron and Steel

Seasonal conditions were retarding both demand for and production of iron and steel from mid-November to mid-December, yet a strong underlying situation existed in spite of holiday and inventory handicaps.

Steel production in November, despite a decline from the all-time record of October, was greater than in any preceding November. It was apparent that December was approximating, if not slightly exceeding, the December record.

This pace in production indicated a similar situation in consumption. Following the heavy specifying which made possible the October production peak, it was evident that some consumers had overspecified, fearing further price advances. These advances did not materialize and specifying reacted accordingly. But these stocks, negligible in comparison with prewar inventories, were soon worked off and by early December consumption and production were again in step.

On a relative basis, iron and steel production at Cleveland and Youngstown was heavier in the month ended December 15 than in other important districts. Operations at Cleveland were unchanged at the early-November rate in the face of seasonal factors while production at Youngstown was higher December 15 than on December 1. Later, however, there were indications that year-end stoppage at sheet mills for repairs were acting as a check.

Extension of fourth quarter finished steel prices into the first quarter, excepting sheets on which a $2 advance has been fairly well established and wire products on which a $2 rise has been announced, has stabilized the markets. Neither producers nor consumers have been pushing contracts, and requirements have flowed in a steady, normal stream. Tin plate output for shipment in the first quarter has been increased perceptibly. Sheet mills have had record December specifications. Pipe mills have been at capacity.

Track material buying has affected the Pittsburgh-Cleveland-Youngstown districts only moderately, but the 15,000 freight cars on inquiry December 15 indicated the best business in some time for Pittsburgh district car-builders. If automotive schedules in January come up to expectations the industry may be hard pressed to maintain adequate deliveries of sheets and strip.

Pig iron selling subsided in December as the reaction to the heavy forward contracting in November, but shipments tapered off only mildly. Prices also lost much of their turbulence, although little of their strength, and on most grades are unchanged. November output of coke pig iron at 110,123 gross tons daily compared with 108,824 tons in October and 88,728 tons last December. The 3,303,680 tons produced in November brought the 11-month total to 34,460,981 tons, against 33,590,904 tons in the comparable period of 1927.

November's steel ingot rate was 162,822 gross tons, a level never before reached in November. The October all-time record rate was 172,144 tons, while in November, 1927, the daily rate was only 120,270 tons. In 11 months 45,837,791 tons of ingots have been made, compared with 40,222,259 tons in the like period of 1927. In all of 1926, the previous record year, only 46,936,205 tons were produced, hence a 1928 record is assured.

Late in November the Iron Trade Review composite of 14 leading iron and steel products suffered a slight setback, but it recovered immediately and on December 12 had reached $36.24, the highest point in 15 months. The average for November was $36.02 and for November, 1927, $35.35.

Coal The continued warm weather has held down purchases of soft coal by Fourth District householders. Buying from this source has been in small quantities. Industrial demand has been steady, as consumers' stock piles are now the lowest for this time of year since 1922. The price situation, after exhibiting a slight improvement last month, has again turned for the worse, the Coal Age average (spot, mine) being $1.82 a ton in November as against $1.87 in October.

United States production of bituminous coal in November failed to show the usual seasonal advance, and for the two weeks ending December 1 was less than in the same period for most of the preceding six years, although ahead of 1927. Fourth District production compares favorably with last year, but Ohio and Pennsylvania—particularly the former—are still mining less coal than in 1923.

The lake shipping season closed with very heavy loadings for this time of year. Bituminous coal shipments from Lake Erie ports in November were 4,270,000 tons as compared with only 3,281,000 a year ago, an increase of 30 per cent. The November total also put 1928 ahead of 1927 for the season, shipments this year being 34,422,000 tons as compared with 34,083,000 last year.

Rubber and Tires No great changes have occurred in this industry during the past month. Reports from Fourth District manufacturers indicate that the volume of business is exceeding that of a year ago, but that owing to lower tire prices, dollar sales are about equal to 1927. There is some indication of a piling-up of inventories in the hands of manufacturers, while customers are still buying strictly on a hand-to-mouth basis.

World rubber production (net exports) for the first three quarters of 1928 amounted to 421,300 long tons, according to a report of the Department of Commerce, as compared with 454,083 in the same period of 1927. British Malaya, Ceylon and other British East Indian possessions produced 192,000 tons, while the Dutch East Indies produced 194,000 tons. Of the 35,000 tons remaining, 15,720 were produced in the Amazon Valley of Brazil, and 7,354 tons in French Indo-China.

Automobiles Automobile production in the United States in November amounted to 256,936 cars and trucks, according to the Department of Commerce. This figure greatly exceeded the abnormally low total of 134,370 a year ago, but was only about equal to 1926 and was less than in 1925. The shutdown throughout most of the month by some of the largest producers materially affected the output. These producers have been taking inventory and preparing their plants for new 1929 models.

For the first eleven months of 1928, total production was 4,124,225 cars and trucks as compared with 3,267,755 in 1927. The present year is now running neck-and-neck with 1926, the previous record year, in which the first eleven months' output was around 4,130,000.

The following table shows the registration of new passenger cars in eight large Ohio cities for 1928 and 1927 to date. The figures are those of the Bureau of Business Research, Ohio State University.

NEW PASSENGER CAR REGISTRATIONS
Eight Ohio Counties

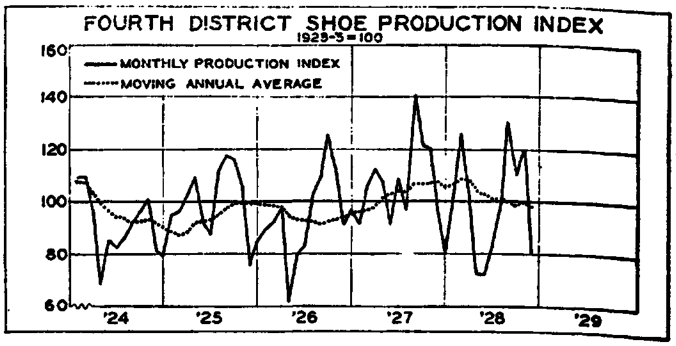
	Jan.-Nov. 1928.	Jan.-Nov. 1927.	% Change
Akron (Summit)	11,639	9,144	+27.3
Canton (Stark)	7,274	5,998	+21.3
Cincinnati (Hamilton)	16,669	13,491	+23.6
Cleveland (Cuyahoga)	36,670	30,887	+18.7
Columbus (Franklin)	11,943	9,597	+24.4
Dayton (Montgomery)	8,513	7,303	+16.6
Toledo (Lucas)	11,907	8,299	+43.5
Youngstown (Mahoning)	6,788	5,435	+24.9
Total	111,403	90,154	+23.6

Shoes Unseasonably warm weather has been hampering the shoe trade as well as the clothing industry. Fourth District production, after reaching the high for the year in August, declined rather more than seasonally in September and October, and preliminary figures for November indicate a decrease of 16 per cent from last year. December business is reported by Cincinnati manufacturers to be about the same as a year ago. There is some indication that high money rates are beginning to have an adverse effect on the settling of payments by retailers.

Customers are still buying on a restricted basis. Advance orders for Spring are stated to be rather slow in the farming districts, but good elsewhere.

Retail shoe sales showed an improvement in November. Women's shoe sales in 41 department stores in this District were 2.5 per cent greater than a year ago, children's shoe sales were 6.5 per cent larger, and men's and boys' shoes gained 3.1 per cent.

Wholesale shoe sales in the District were about 3 per cent smaller in November than a year ago. For the first eleven months, the decline was 8 per cent.



Other Manufacturing The normal end-of-the-year dullness, in anticipation of inventory-taking, has made its appearance in numerous manufacturing lines in this District. However, business in December for the most part has been better than a year ago after allowing for seasonal factors and has also compared favorably with 1926 and 1925. Manufacturers appear reasonably optimistic.

Agricultural Implements. The volume of business in early December was slightly greater than a year ago.

Boxboard. Seasonal dullness exists in this line as the inventory-period is approached. The industry has been further hampered by price-cutting during recent weeks.

Building Tile. December business has exceeded that of a year ago, but is less than in 1926.

Electrical Supply. In general, the situation compares very favorably with a year ago. The first two weeks in December were active, with orders well ahead of last year for the most part. Employment is also somewhat greater than in December of 1927.

Glass. Reports indicate that December business up to the fifteenth was running ahead of last year. Customers are still confining their purchases to immediate needs.

Machinery. Along with other branches of the iron and steel industry, operations of machinery manufacturers have been heavy for this season. One concern reports gains over the three preceding years in orders received in early December ranging from 10 to 25 per cent.

Motor Accessories. Factories continue to operate on heavy schedules, with work on 1929-model automobiles an important factor.

Paint. Business is running ahead of last year. Raw materials for Spring shipment are now being ordered by manufacturers. Some concerns report that customers are pursuing a slightly more liberal buying policy.

Paper. The first two weeks of December compared favorably with last year. The inventory period is now at hand, and a normal slowing-up has therefore taken place during the latter part of the month.

Stoves. Conditions in general appear somewhat more satisfactory than a month ago. One large manufacturer reports a distinct improvement early in December.

TOBACCO

The selling season for burley tobacco opened on December 4 in Lexington, and opening prices received on the auction floors were highly satisfactory. Sales on the numerous grades ranged from 9 to 44 cents a pound, with an average price of around 31 cents—an excellent figure as compared with past years. In the first week of the 1927 auction season, burley prices averaged 24½ cents a pound; and in the four preceding years, 1926-1923, the average prices were 15.8, 22.3, 24.9, and 19.7 cents per pound. The present quotations are thus well above the 1923-1927 average of 21½ cents a pound.

Selling in the Lexington market was brisk during the first week, sales amounting to 3,535,720 pounds. Other burley markets reported an active demand with prices near the Lexington level. Buyers appeared pleased with the high quality of the leaf, although many of the leaves were thin and the crop therefore was lighter in weight than was anticipated. It is stated that this year's crop is especially desirable for the manufacture of smoking tobacco and cigarettes.

BUILDING

Total building contracts awarded in November in the Fourth District were the highest ever reported for that month. On the other hand, residential building contracts were the lowest for November since 1922, and building permits in 27 cities were 19.2 per cent less than a year ago. The heavy volume of non-residential building was aided by open weather. The totals for industrial plants and public utilities were unusually large, due for the most part to special projects.

The amount of total contracts in November was $56,684,000 as compared with $39,136,000 last year and $57,118,000 in October. For the first eleven months of 1928, awards aggregated $622,728,000 as against $638,080,000 last year. Residential contracts were $13,331,000 in November and $203,149,000 for the first eleven months as compared with $16,559,000 and $219,550,000 respectively in 1927.

Building permits in 27 cities in November were valued at $13,352,286, a loss of 19.2 per cent from the same month in 1927. Large gains were shown by Ashtabula, 599.8 per cent; Euclid, 162.3; Springfield, 89.5; Youngstown, 60.6; and Hamilton, 60.1 per cent. Decreases of more than 50 per cent took place in Canton, Garfield Heights, Lakewood, Columbus, Dayton, Erie and Wheeling. Permits for the first eleven months totaled $228,641,025, an increase of 0.3 per cent over last year. Newark, Cincinnati, Cleveland, Euclid and Lakewood reported the largest gains, while the great majority of cities were experiencing moderate to heavy decreases.

Building Operations

(Valuation of Permits)

	November, 1928	% change from 1927	Jan.-Nov. 1928	Jan.-Nov. 1927	% change from 1927
Akron	1,006,269	+10.5	18,343,271	18,662,409	— 1.7
Ashtabula	57,255	+599.8	441,477	502,307	—12.1
Barberton	136,633	—12.7	937,506	1,132,359	—17.2
Canton	183,679	—57.6	3,499,275	3,955,403	—11.5
Cincinnati	2,100,640	+19.9	32,989,995	29,289,119	+12.6
Cleveland	3,070,350	—28.3	47,785,675	40,728,650	+17.3
Cleve. suburbs:					
Cleve. Heights	313,330	+36.4	4,013,190	4,848,607	—17.2
East Cleveland	54,383	+ 6.2	741,653	1,319,323	—43.8
Euclid	657,465	+162.3	2,615,706	1,846,325	+41.7
Garfield Heights	25,500	—75.7	1,479,650	2,557,000	—42.1
Lakewood	150,170	—64.7	4,772,773	3,727,077	+28.1
Parma	181,064	+ 7.7	2,402,648	3,106,074	—22.6
Rocky River	90,210	+31.3	1,105,378	1,229,398	—10.1
Shaker Heights	416,050	—36.5	7,108,295	8,648,090	—17.8
Columbus	723,600	—56.7	15,466,950	21,772,500	—29.0
Covington, Ky.	143,750	+33.0	1,542,050	1,564,400	— 1.4
Dayton	322,548	—53.7	10,169,991	10,241,792	— 0.7
Erie, Pa	202,885	—73.6	4,614,644	5,155,486	—10.5
Hamilton	130,135	+60.1	2,002,098	1,832,931	+ 9.2
Lexington, Ky.	53,720	+ 0.2	1,451,173	2,172,560	—33.2
Lima	18,790	+25.2	504,434	693,921	—27.3
Newark	15,360	—47.3	1,332,644	630,042	+111.5
Pittsburgh, Pa.	1,078,544	—40.6	35,996,868	33,920,987	+ 6.1
Springfield	122,490	+89.5	1,455,992	1,723,748	—15.5
Toledo	1,015,932	+10.3	15,992,942	15,667,061	+ 2.1
Wheeling, W. Va.	68,734	—60.7	1,811,392	2,918,888	—37.9
Youngstown	1,012,800	+60.6	8,063,355	8,158,770	— 1.2
Total	13,352,286	—19.2	228,641,025	228,005,227	+ 0.3

Lumber The lumber business in the Fourth District has been rather dull in December as compared with previous years. Hand-to-mouth buying is still the established rule. Retailers in the Pittsburgh area are restricting purchases even more than hitherto in anticipation of inventory-taking, and no disposition to stock up is shown in other parts of the District. Employment is about the same as a month ago and also a year ago, with some difficulty reported in obtaining reliable help. One manufacturer reports a falling-off in export business.

Prices have changed but little since last month. Hardwoods weakened temporarily, but recovered in mid-December. On December 14th, the composite price quoted by "Lumber" on 34 grades of softwood was $25.60, as against $24.15 a year ago, and on 49 grades of hardwoods was $68.50, as against $69 a year ago. Stocks in the hands of

Southern mills are well-balanced and are now being built up to some extent.

TRADE

Retail Trade Sales of 62 department stores in the Fourth District in November were 1.5 per cent less than in the same month of 1927. Akron, Toledo, Wheeling and Youngstown were the only cities in which increases occurred. For the first eleven months, sales were 0.7 per cent less than a year ago, with gains being shown by Akron, Cleveland, Columbus, Toledo and Youngstown.

For the District, stocks on hand at the end of November were 3.2 per cent less than a year ago but exhibited a seasonal increase of 2.9 per cent over October. The monthly stock turnover rate for the District was .27 or 3.24 times a year—slightly higher than the rate for November of 1927. For the first eleven months of 1928, the cumulative stock turnover rate was 2.89, as against 2.84 last year.

Accounts receivable at the end of November were 2.1 per cent higher than a year ago, and collections during the month were 2.9 per cent larger. During November, 39.1 per cent of the accounts receivable on October 31 were collected.

Credit sales in November amounted to 61.8 per cent of total sales (excluding strictly cash sales). This ratio has been advancing slowly but steadily during the past three years. Instalment sales, however, have not exhibited this rising tendency, the volume of such sales in November being only 4.7 per cent of the grand total.

The percentage changes in sales of the principal departments from last year were as follows:

	% Change from Nov. 1927
Silks and Velvets	—21.0
Woolen and Cotton Dress Goods	—15.1
Millinery	—2.8
Gloves	+3.1
Hosiery	+6.4
Infants' Wear	+8.8
Women's and Children's Shoes	+0.3
Women's Coats	+1.5
Women's Dresses	—3.4
Misses' Ready-to-Wear	+2.3
Juniors' and Girls' Wear	+13.1
Furs	—14.2
Men's Clothing	—3.5
Men's Furnishings	+1.2
Boys' Wear	+0.7
Men's and Boys' Shoes	+1.0
Furniture	—5.8
Rugs	—1.6
Draperies, Lamps, Shades	—1.8
House Furnishings	+2.3

Wholesale Trade Wholesale trade sales were irregular in November. Of the five reporting lines in this District, November sales of drugs and dry goods were larger than a year ago but sales of groceries, hardware, and shoes were smaller. Drug sales increased 2.9 per cent, and dry goods 1.9 per cent, while the other three lines decreased 1.9, 2.8, and 2.9 per cent respectively. For the first eleven months of 1928, grocery, drug, and dry goods sales were slightly larger than a year ago, while those of hardware were 5.7 per cent lower and of shoes, 8.1 per cent lower.

Collections generally were fairly good as compared with a year ago. Although every line reported smaller collections in the past month than in November of 1927, the ratio of collections during November to accounts receivable at the end of October, a better indicator, was higher this year in dry goods, hardware, and shoes. This ratio in November, 1928, was as follows: groceries, 75.5 per cent; dry goods, 41.7; hardware, 39.9; shoes, 32.4; and drugs, 73.2 per cent.

Accounts receivable on November 30 showed no great change from either October 30 or a year ago except in the case of shoes, which showed a drop of 8.4 per cent from November of 1927.

Stocks were materially lower than a year ago in the case of dry goods and shoes, the decreases being 11.5 and 18 per cent respectively. Grocery stocks on November 30 were 2.4 per cent larger than a year ago. The stock turnover rate in November for groceries was .607, or 7.3 times a year, and .44 for dry goods, or 5.3 times a year.

Annual Index

The following index gives the special items which have appeared in the Monthly Business Review during 1928. In all cases these items have consisted of either charts or tables, or both, and they have usually been accompanied by text. The regular articles appearing each month, such as those on iron and steel, retail trade, etc., have not been indexed.

Copies of the 1928 issues, as well as previous numbers, are available on request. In the number of February, 1928, there appeared an index of back issues of the Review from July, 1921, to December, 1927, inclusive.

Fourth District Business Statistics

(All figures are for Fourth District unless otherwise specified)

		Nov. 1928	Nov. 1927	% change	Jan.-Nov. 1928	Jan.-Nov. 1927	% change
Bank Debits (24 cities)	Millions of dollars	3,317	2,992	+10.9	36,399	35,288	+ 3.1
Savings Deposits (end of month)							
Ohio (40 banks)	Thousands of dollars	780,161	729,474	+ 6.9	752,542[1]	697,640	+ 7.9
Western Pennsylvania (26 banks)	" " "	278,536	261,966	+ 6.3	278,913[1]	257,102[1]	+ 8.5
Total (66 banks)	" " "	1,058,696	991,440	+ 6.8	1,031,455[1]	954,742[1]	+ 8.0
Commercial Failures—Number	Actual Number	134	147	— 8.8	1,799	1,822	— 1.3
" " — Liabilities	Thousands of dollars	2,614	3,449	—24.2	47,606	49,310	— 3.5
Postal Receipts — 9 cities	" " "	3,067	3,107	— 1.3	33,463	33,489	— 0.1
Sales — Life Insurance — Ohio and Pa.	" " "	102,261	88,479	+15.6	1,138,487	1,073,327	+ 6.1
" — Dept. Stores — (62 firms)	" " "	27,275	27,703	— 1.5	264,757	266,493	— 0.7
" — Wearing Apparel (16 firms)	" " "	1,896	1,960	— 3.3	18,461	18,750	— 1.5
" — Furniture (47 firms)	" " "	1,137	1,072	+11.2	12,289	11,947	+ 2.9
" — Wholesale Grocery (44 firms)	" " "	6,812	6,945	— 1.9	72,661	71,255	+ 2.0
" — " Dry Goods (13 firms)	" " "	2,601	2,554	+ 1.9	25,352	24,874	+ 1.9
" — " Hardware (16 firms)	" " "	2,049	2,108	— 2.8	21,539	22,841	— 5.7
" — " Drugs (13 firms)	" " "	1,711	1,662	+ 2.9	18,722	18,527	+ 1.0
Building Permits, Valuation—27 cities	" " "	13,352	16,524	—19.2	228,641	228,005	+ 0.3
Building Contracts — Total, 4th District	" " "	56,684	39,136	+44.8	622,728	638,080	— 2.4
" " — Residential, 4th District	" " "	13,331	16,559	—19.5	203,149	219,550	— 7.5
Production — Pig Iron, U. S.	" " tons	3,304	2,662	+24.1	34,461	33,591	+ 2.6
" — Steel Ingots, U. S.	" " "	4,259	3,127	+36.2	45,838	40,222	+14.0
" — Automobiles, U. S.							
Passenger Cars	Actual Number	217,256	109,758	+97.9	3,621,469	2,840,518	+27.5
Trucks	" "	39,680	24,653	+61.0	502,756	427,237	+17.7
" — Bituminous Coal, 4th Dist.	Thousands of tons	......	13,856	......	......	181,925	......
" Cement: Ohio, W. Va., Wn. Pa.	" " barrels	1,587	1,542	+ 2.9	17,265	16,342	+ 5.6
" — Electric Power: Ohio, Pa., Ky.	Millions of k.w. hrs.	1,259[2]	1,129[2]	+11.5	11,149[3]	10,807[3]	+ 3.2
" — Petroleum· Ohio, Pa., Ky.	Thousands of barrels	2,138[2]	2,034[2]	+ 5.1	20,291[3]	19,973[3]	+ 1.6
" — Shoes, 4th District	" " pairs	[4]	[4]	—15.8	[4]	[4]	— 7.4
" — Tires, U. S.	" " casings	4,634[5]	3,408	+36.0	54,882[5]	45,583	+20.4
Registration—New Passenger Cars: 8 Ohio Counties	Actual No.	7,463	4,142	+80.2	111,403	90,154	+23.6
Bituminous Coal Shipments (from Lake Erie ports)	Thousands of tons	4,270	3,281	+30.1	34,422	34,083	+ 1.0
Iron Ore Receipts (at Lake Erie ports)	" " "	3,601	1,831	+96.7	36,959	36,553	+ 1.1

[1] 11 months' average
[2] October
[3] January-October
[4] Figures Confidential
[5] Preliminary

Indexes of Business in the Fourth Federal Reserve District

(1923-1925 = 100)

	Nov. 1924	Nov. 1925	Nov. 1926	Nov. 1927	Nov. 1928
Bank Debits (24 cities)	89	107	108	110	122
Commercial Failures (No.)	91	113	92	101	92
Commercial Failures (Liab.)	55	78	63	78	59
Postal Receipts (9 cities)	96	107	117	120	118
Sales—Life Ins. (O. and Pa.)	90	105	115	106	122
Sales—Dept. Stores (52 firms)	108	104	114	110	109
Sales—Wholesale Drugs (13)	92	98	109	106	109
Sales—Wholesale Dry Goods (13)	94	91	102	94	96
Sales—Wholesale Groceries (44)	103	103	102	99	97
Sales—Wholesale Hardware (16)	94	96	106	98	96
Sales—Wholesale All† (91)	98	99	104	99	97
Sales—Chain Drugs (3)**	93	96	99	90	83
Building Contracts—Total	117	84	75	82	119
Building Contracts—Residential	126	98	82	96	78
Production—Coal (O., W. Pa., E. Ky.)	92	108	127	77	....
Production—Cement (O., W. Pa., W. Va.)	106	103	96	128	132
Production—Petroleum (O., Pa., Ky.)	90*	95*	101*	107*	116*
Production—Elec. Power (O., Pa., Ky.)	98*	122*	133*	138*	150*
Production—Shoes	81	76	91	96	81

*October.
**Per individual unit operated.
†Includes 4 shoe firms.

Retail and Wholesale Trade

(1928 compared with 1927)

Percentage Increase or Decrease

	SALES Nov.-Nov.	SALES first 11 mos.	STOCKS Nov.-Nov.
DEPARTMENT STORES (62)			
Akron	+12.3	+10.6	+19.0
Cincinnati	— 5.9	— 0.6	— 1.2
Cleveland	— 6.3	+ 0.6	— 3.8
Columbus	— 1.6	+ 1.1	+ 4.3
Dayton	— 3.1	— 0.2	+ 5.3
Pittsburgh	— 1.3	— 4.9	— 7.0
Toledo	+10.1	+ 8.2	— 4.2
Wheeling	+ 5.0	— 0.4	—10.3
Youngstown	+ 5.9	+ 0.2	—11.8
Other Cities	— 0.1	— 4.1	— 6.3
District	— 1.5	— 0.7	— 3.2
WEARING APPAREL (16)			
Cincinnati	— 0.4	— 1.0	+ 9.7
Cleveland	— 4.6	— 0.3	— 5.2
Other Cities	— 4.8	— 3.2	—10.3
District	— 3.3	— 1.5	— 4.7
FURNITURE (47)			
Cincinnati	— 9.8	— 4.7	......
Cleveland	+21.6	+ 5.6	......
Columbus	— 4.0	— 3.8	......
Dayton	+ 6.3	+ 7.2	......
Toledo	+ 3.7	+ 5.9	......
Other Cities	+ 4.8	— 4.3	......
District	+ 5.0	+ 2.3	......
CHAIN STORE*			
Drugs—District (3)	— 7.9	— 6.0	......
Groceries—District (4)	+ 2.0	+ 5.2	......
WHOLESALE GROCERIES (44)			
Akron	+10.4	+ 5.7	......
Cincinnati	— 1.4	+ 1.7	......
Cleveland	— 5.7	+ 2.8	......
Erie	— 4.6	— 4.9	......
Pittsburgh	—13.7	+ 2.6	......
Toledo	+ 3.7	+ 0.7	......
Other Cities	+ 1.2	+ 1.7	......
District	— 1.9	+ 2.0	+ 2.4
WHOLESALE DRY GOODS (13)	+ 1.9	+ 1.9	—11.5
WHOLESALE DRUGS (13)	+ 2.9	+ 1.0	......
WHOLESALE HARDWARE (16)	— 2.8	— 5.7	......
WHOLESALE SHOES (6)	— 2.9	— 8.1	—18.0

*Sales per individual unit operated.

Banking Conditions

FEDERAL RESERVE BANKS

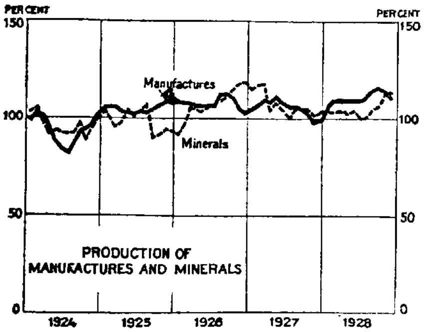
	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Dec. 12, 1928	Dec. 14, 1927	Nov. 14, 1928	Dec. 12, 1928	Dec. 14, 1927	Nov. 14, 1928
Gold Reserves	212	294	287	2,627	2,792	2,659
Discounts	119	56	93	1,028	495	858
Acceptances	55	20	50	494	381	474
U. S. Securities	34	62	83	236	598	222
Total bills and sec.	208	138	176	1,763	1,475	1,558
F. R. notes in circ.	219	222	208	1,814	1,767	1,732
Total deposits	184	195	191	2,466	2,448	2,406

REPORTING MEMBER BANKS

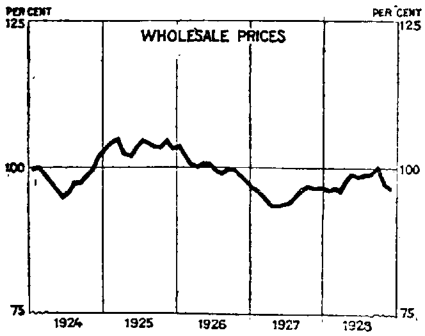
	Fourth District (In Millions)			United States (In Millions)		
Loans secured by stock and bonds	684	624	655	7,047	6,539	6,835
All other	813	771	823	9,231	8,758	9,181
Total loans	1,496	1,394	1,478	16,279	15,293	16,016
Investments	715	704	719	6,368	6,365	6,362
Demand deposits	1,032	1,079	1,041	13,549	14,031	13,409
Time deposits	953	888	956	6,905	6,471	6,927

Summary of National Business Conditions

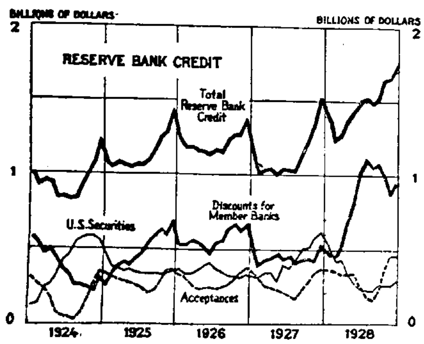
By the Federal Reserve Board



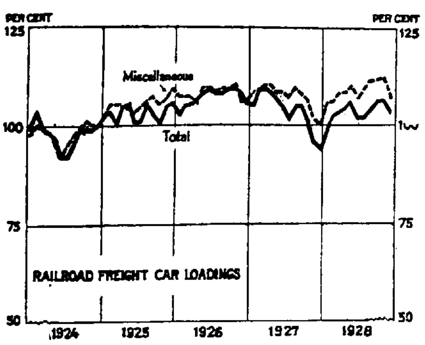
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 = 100). Latest figures: November, manufactures—111; minerals—114.



Index of U. S. Bureau of Labor Statistics (1926 = 100). Latest figure: November—96.7



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages for first 21 days in December.



Cars of revenue freight loaded as reported by American Railway Association. Index numbers adjusted for seasonal variations (1923-1925 = 100). Latest figures, November: total 103; miscellaneous, 106.

Industrial activity declined somewhat in November, but continued above the level of a year ago. Wholesale commodity prices declined further, reflecting principally a continued decrease in the prices of farm products. Security loans of member banks declined sharply after the first week of December, while other loans increased.

Production

Total output of manufactures was somewhat lower in November, reflecting primarily a decrease in production of automobiles and steel, larger than is usual at this season, but total output continued larger than a year ago. Production of pig iron and copper continued to increase in November, textile mills remained active, and meat packing increased. Sugar refining declined seasonally during the month, and the production of building materials was smaller. Factory employment and payrolls were seasonally reduced, but were larger than in 1927. Mineral production was in about the same volume as in October, according to the Federal Reserve Board's index which makes allowance for seasonal variations. Increases occurred in the daily average production of copper, zinc, tin and bituminous coal, while anthracite coal decreased and the output of petroleum was smaller. The value of building contracts awarded in November and the early part of December receded sharply from the record figures of the two preceding months. The November total was slightly larger than in the corresponding month in 1927, and the volume of contracts for the first two weeks of December was smaller than a year ago.

The December forecast of the Department of Agriculture increased the estimated 1928 production of cotton by 240,000 bales to a total of 14,373,000 bales, which is nearly 11 per cent larger than a year ago. The total value of crops, based on December farm prices, is estimated at $8,456,052,000, as compared with $8,522,563,000 in 1927.

Trade

Department stores showed a seasonal increase in November, when allowance is made for the number of business days, and approximated those of a year ago, while inventories continued smaller than in 1927. Sales at wholesale declined seasonally, but were larger than in the same month of last year. Railroad freight shipments decreased in volume during November and the early part of December, but continued larger than in 1927. The decrease from October was especially marked in loadings of miscellaneous freight.

Prices

Wholesale commodity prices decreased further in November and the first two weeks of December.

The largest price declines during the six-week period were in farm and food products and leather, while several groups of industrial products, notably iron and steel, nonferrous metals, and cotton goods, were generally higher. Wholesale prices of gasoline and automobile tires declined. Among the agricultural products, prices of silk, corn, livestock and meats were lower during November, while raw cotton and wool, wheat and oats increased somewhat. During the first two weeks of December, however, prices of all these products, with the exception of raw silk, declined. Building materials were generally higher in November, but declined somewhat in the middle of December.

Bank Credit

Loans and investments of member banks in leading cities increased $329,000,000 during the four-week period ending December 19. The advance during the first two weeks reflected chiefly a rapid increase in security loans, which include loans to brokers and dealers in securities. Subsequently a sharp decline in loans on securities was more than offset by a rapid increase in all other loans and in holdings of investments. The increase in all other loans, which include loans for commercial purposes, was contrary to the usual movement at this season and carried the total to the highest figure in eight years.

Seasonal growth for demand currency in November and December, together with increases in member bank reserve requirement consequent upon an increase in their deposits, have been reflected in larger borrowings by the member banks from the reserve banks. This recent growth, following upon demand caused by the loss of gold in earlier months has carried the total volume of reserve bank credit to the highest level in seven years. The rates on call and time loans on security collateral increased during the last week in November and the first part of December, while rates for commercial paper were generally steady. Rates of certain maturities of bankers' bills increased somewhat.