



# MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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In spite of some evidence of weakness, business in the Fourth District is entering the fall period of the year at a comparatively high level. The August "falling-off" in general activity, regarded by some as almost inevitable has not seemed to develop, though there has been a slight tapering in some industries, particularly iron and steel. Operations in the week ended August 21 were at 85 to 88 per cent of capacity, which was a decline of about ten points during the past month. Production schedules are well ahead of last year, however, and although there was a contraction in unfilled steel orders in July, August inquiries were encouraging.

Automobile production declined in July but output is above last year. August schedules were enlarged with many new models at lower prices and parts and accessory manufacturers in this District were accordingly benefited. The tire industry is somewhat overstocked and production has been showing some decline. Orders for shoes are being placed in good volume and manufacturers are operating at capacity.

July building operations in this District, which were six per cent ahead of July, 1928, did not show the improvement that was reported for the country as a whole. In early August, however, the situation was reversed. Retail sales of department stores increased 3 per cent and sales of most wholesale lines showed gains. Coal production and shipments were larger in July and early August. General employment continued good but showed a slight decline from June.

Agricultural conditions are irregular and not so satisfactory. Lower conditions of most crops were reported and there seemed to be much drought damage. Fruit prospects are very poor.

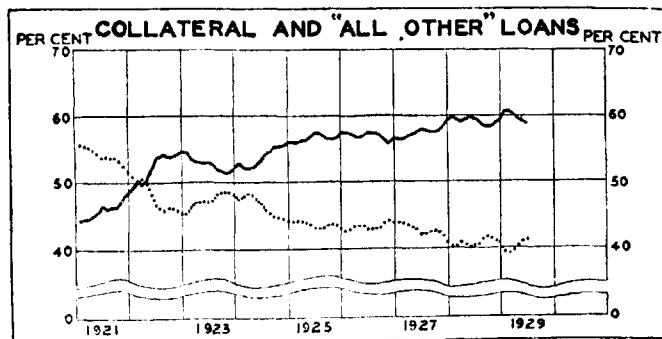
Loadings of revenue freight showed a slight decline in the week ended August 10 but continue above a million cars a week. The falling-off was due to a decline in the loadings of grain which was a result of the embargo on wheat receipts at Minneapolis and Port Arthur, caused by overstocked elevators. This bank's index of car loadings showed only fractional fluctuations during the month and is still about five points above 1928 levels.

## FINANCIAL

**Gold Movements.** In July, total gold imports amounted

to \$35,524,000, the largest amount for any month this year, with the exception of January. Exports during the month were almost negligible, totaling only \$803,000. Not all of this excess of imports was added to the gold stock of the country. Because of the rather heavy earmarking of funds during the month, gold stocks showed an increase of only \$16,000,000 and on August 1 amounted to \$4,340,307,239. For the first seven months of this year the excess of imports over exports totaled \$209,178,000 and was 53.4 per cent of the excess of exports in the entire year of 1928. Which shows that over half of the gold sent abroad last year has found its way back to the United States.

**Member Bank Credit.** The most important change in the report of member banks was the shift in loans to brokers and dealers in New York City. In the past month there was an advance of 177 million which brought the total to \$6,085,000,000, a new record. Loans for the account of New York banks, however, declined \$271,000,000 but loans for the account of out-of-town banks and for "others" have shown large increases of \$107,000,000 and \$338,000,000 respectively. "Other" loans have risen almost uninterruptedly, the advance since January being \$1,205,000,000. Commercial loans increased seasonally during the month but collateral loans showed a decline. In the Fourth District loans on securities totaled \$739,000,000 on August 7 but had declined to \$726,000,000 on August 21 and compared with \$666,000,000 last year. "All other" loans were the same as a month ago but were higher than in 1928. Investments continued to decline.

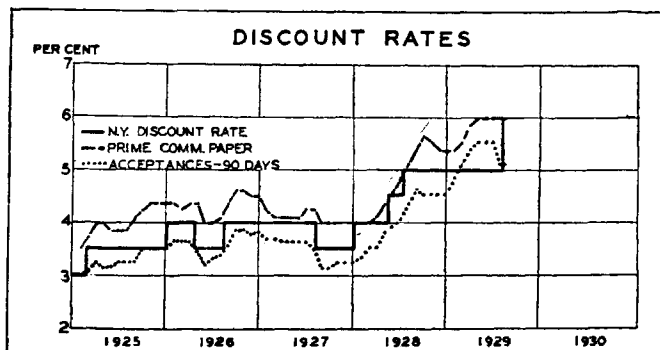


The accompanying chart shows graphically the change in the character of loans and discounts of reporting member banks in the United States from January, 1921, to July, 1929. The solid curve indicates the proportion of loans based on collateral securities to the total of loans and discounts, and the broken curve represents the percentage of total loans and discounts which are largely commercial in character.

Over the entire period, the proportion of collateral loans to the total has risen from 44.4 per cent to 58.8 per cent while so-called "commercial" loans have decreased from 55.6 per cent to 41.2 per cent of the whole.

Since under the terms of the Federal Reserve Act commercial paper or member bank notes collateralized by United States government securities are the principal mediums through which Federal Reserve credit may be extended to member banks, the effect of the constant decrease in the proportion of commercial paper held, unless this decrease be off-set by a corresponding increase in Government securities held, is to render member banks less liquid so far as their reliance upon the use of federal reserve credit is concerned. It might further be pointed out that not all commercial paper held by member banks is eligible for rediscount at reserve banks, and furthermore, paper which is technically eligible might not be acceptable from a credit standpoint.

**Reserve Bank Credit.** Bills discounted by the Federal Reserve System declined \$78,000,000 from July 24 to August 21 and were \$51,000,000 below the amount of August 22, 1928. There was little change in security holdings but acceptances held increased \$63,000,000 during the month. Most of this increase occurred during the last two weeks, following the reduction of the New York acceptance rate. The increase in the one item was partly offset by the decline in the other so that total bills and securities were little changed and amounted to \$1,283,000,000 on August 21 as against \$1,429,000,000 last year. Note circulation has remained abnormally high and showed an increase during the month. At the Cleveland bank, bills discounted rose sharply in the week of August 14 but declined the following week. Note circulation has shown some decline and the reserve ratio on August 21 was 80.6 as against 74.9 last year.



**Money Rates.** One of the most important developments during the past month was the announcement of the Federal Reserve Bank of New York which raised the rediscount rate from five to six per cent and lowered the buying rate on bankers acceptances from 5½ to 5¼ per

cent. The advance in the discount rate merely brought it into line with the prevailing level of rates. As shown on the accompanying chart, at no time during the past five years, except during early 1929, has the acceptance rate been above the discount rate.

The decrease of one-eighth in the official buying rate on bills also brought this rate into line with the open market rate. Normally at this season of the year the demand for commercial credit increases and in former years, this condition has been aided by the reserve banks through purchases of bankers bills and government securities. In the two weeks following the announcement, acceptances held by all reserve banks increased \$53,000,000 which is in line with the experience of former years, when credit for commercial purposes was supplied at a moderate rate.

The general level of money rates has remained exceptionally high. Call money renewals averaged 9.06 per cent for July, the highest since March and compared with 7.60 per cent in June. In August, however, rates eased gradually and on the 23rd were 7 per cent. Time money advanced in July and in August was quoted at 8½-9 per cent.

**Security Prices.** The movement of most stock averages has been irregular during the month. The Dow-Jones average of 30 industrial stocks rose from a low of 339.21 on July 29 to 352.10 on August 8. The following day a collapse occurred and the average declined to 337.99. Prices soon recovered, however, and a new upward movement began which continued with regularity and on August 24 had climbed to 375.44. The bond market was weak in July and early August. New offerings were few and prices were low.

**Debits, Savings, Failures.** Debits to individual accounts in 13 centers in the Fourth District in July were \$3,246,593,000 as against \$2,907,034,000 in June and \$2,700,414,000 in July, 1928. This was an increase of 11.7 per cent from last month and 20.2 per cent from a year ago.

Savings deposits of 65 banks in this District amounted to \$1,039,274,576 in July, a decrease of 1.7 per cent from June but an increase of 2.4 per cent over July, 1928.

Commercial failures in the Fourth District, according to R. G. Dun and Company, numbered 143 in July compared with 132 last year and 159 in June. The liabilities of these defaulting concerns however, were much smaller than usual, amounting to \$1,997,000 in July, \$3,480,000 in June and \$3,248,000 in July, 1928. In United States there were 1,752 defaults in July, 1,767 in June and 1,723 in July, 1928.

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

	FEDERAL RESERVE BANKS					
	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Aug. 21, 1929	Aug. 22, 1928	July 24, 1929	Aug. 21, 1929	Aug. 22, 1928	July 24, 1929
Gold reserves.....	300	274	304	2,964	2,614	2,944
Discounts .....	78	68	75	986	1,087	1,064
Acceptances .....	3	21	4	132	184	69
U. S. Securities ....	29	33	27	149	207	146
Total bills and securities .....	105	122	106	1,283	1,429	1,289
Federal Reserve notes in circulation ....	193	196	199	1,323	1,642	1,780
Total deposits .....	190	189	190	2,337	2,326	2,402

## REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	Aug. 21, 1929	Aug. 22, 1928	July 24, 1929	Aug. 21, 1929	Aug. 22, 1928	July 24, 1929
Loans on securities	726	666	722	7,513	6,745	7,683
All others	824	796	824	9,432	9,010	9,287
Total loans	1,550	1,461	1,546	16,946	15,756	16,970
Investments	633	732	638	5,488	5,930	5,490
Demand deposits	1,061	1,037	1,046	13,068	12,785	13,146
Time deposits	937	979	948	6,730	6,823	6,671

## MANUFACTURING, MINING

**Iron and Steel** The iron and steel industry has bridged July and August, usually the low area of the summer, with only an extremely mild reaction in production. Because the usual summer decline has not materialized, some producers do not anticipate the normal increase in activity in September and October.

Though the daily rate of pig iron production in July, at 122,016 gross tons, showed a slight drop from the 123,837-ton rate of June, it was the best July on record. Total output for the month was 3,782,511 tons, which increased the seven-month total to 25,420,048 tons, a record for that period.

Daily average steel ingot production in July was 186,080 tons, compared with 195,255 tons in June, and 152,224 tons last July. The month's output of 4,572,482 tons made a 7-month total of 33,805,267 tons, also a record.

In practically every finished steel line in the Pittsburgh-Youngstown-Cleveland districts July production and shipments set new monthly high records. August is showing a slight decline particularly on the lighter grades of steel and there has been a slowing down in buying, but, in spite of this, mills are operating at better than 90 per cent of capacity. Some of this summer activity has been at the expense of backlogs, since unfilled orders of the United States Steel Corporation declined 168,733 tons in July and on August 1 amounted to 4,088,177 tons, the lowest at any time this year.

July orders for freight cars and locomotives were lower than for any preceding month of 1929, but inquiries in August indicate some improvement. Structural steel demands have been large and are substantially the same as they were this spring. Line pipe mills have been operating at a steady rate with a large volume of work ahead. Roofing sheet orders are beginning to come in good volume and farm implement manufacturers are increasing their specifications. Automobile manufacturers, after a lull due to preparation for new models, are expanding schedules. Ford production, however, has been maintained at capacity.

Earnings reports of the steel companies reflect the unusual prosperity they have been experiencing. Profits for the first half of 1929 were more than double those of the same period of 1928. Net earnings of 8 of the largest steel concerns in the second quarter of the year surpassed those of the first quarter by 25.8 per cent.

Continued strength in the iron and steel scrap market is encouraging. First grade scrap, especially for steel mill consumption, is scarce and high. Pig iron prices continue steady except for sharp concessions made by southern producers for business in the Ohio river territory. Heavy steel prices are unchanged but wire nails are off 10 cents per 100 pounds and some grades of

sheets have been unsettled. On the whole, however, prices have been exceptionally steady for mid-summer.

Reflecting weakness in southern iron, nails and some grades of sheets, the Iron Trade Review composite of 14 leading iron and steel products continues to decline. The average for July was \$36.71 compared with \$36.99 for June and \$37.10 for May. Last July, however, the index was only \$34.91.

**Coal** Stocks of bituminous coal in hands of industrial consumers continued to decline during the second quarter of 1929 and on July 1, according to the United States Department of Commerce, amounted to only 33,100,000 tons or about 27 days supply. This is the smallest tonnage reported since October, 1922, which followed the prolonged suspension in mining activities earlier in that year and compares with 41,800,000 tons on hand on January 1 and 41,700,000 tons on July 1, 1928.

The reduction of coal stocks during the second quarter of 1929 took place in spite of an increased rate of production. Consumption during this period averaged 8,651,000 tons a week, an increase of 339,000 tons weekly or 4.1 per cent from the corresponding period of 1928. This increase is largely due to the improved business conditions which have prevailed so far in 1929.

Production of bituminous coal in July was estimated to be 40,619,000 tons, an increase from the same month last year of 4,343,000 tons. On a daily average basis this was an increase of 7.6 per cent. Early August production showed the usual seasonal increase over July. For the year-to-date, which includes the week of August 10, production amounted to 307,531,000 tons, an increase over the same period of last year of 8.6 per cent.

Business in the Fourth District has experienced little change during the past month. Prices remain abnormally weak but this seems to be no inducement to dealers and consumers to increase their stocks, the conservative buying policy being still in vogue. Coal shipments from Lake Erie ports, most of which originate at mines in this District, were 5,664,000 tons in July, an increase of 9 per cent from July, 1928. The first seven month's loadings, amounting to 19,156,000 tons, were 26.4 per cent larger than they were in 1929.

Production of soft coal in the Fourth District in July totaled 17,391,000 tons as compared with 14,427,000 tons, an increase of 20.5 per cent. Seven months' production amounted to 117,777,000 tons, surpassing the same period of 1928 by 16.5 per cent.

**Automobiles** July production of automobiles in the United States as reported to the United States Department of Commerce was 500,331 units, including trucks and taxicabs. This compared with 545,375 in June and 392,086 in July, 1928, a decline of 8.3 per cent for the month but an increase of 27.6 per cent as compared with the same month last year.

Of the month's total, 426,159 were passenger cars, which compared with 452,624 in June and 338,383 in July a year ago. Truck production, amounting to 73,118 units in July, showed rather a large decline from June when a record number of 91,373 units was produced.

Activity in Ohio in the automotive parts and automobile

industry, as shown by employment figures was five per cent less in July than in June but was 24 per cent greater than it was a year ago. This recession seemed to be of only a temporary nature caused by introduction of new models, vacations, etc., because early August showed some improvement. Production schedules have been increased and orders for parts and accessories were being placed in larger volume. Ford, whose production in July was 180,804 units was making every effort to produce 200,000 cars to satisfy the demand. Chevrolet is continuing at the high rate announced several weeks ago.

Valuation of automotive exports during the first half of 1929 amounted to \$354,874,924, according to the Department of Commerce. This exceeded the same period of 1928 by \$92,200,361, or 35.1 per cent. The increase in the number of passenger cars exported was 25,256 and the total amounted to ten per cent of the total production. The increased demand for light trucks brought the total exported to 174 per cent of the number recorded during the first half of 1928.

#### Rubber and Tires

Tire production in June, according to the Rubber Manufacturers' Association, declined rather sharply from the record output reported in May. Final figures for June were 5,477,771 casings as compared with 6,109,026 in May and 5,019,472 in June, 1928. Final figures for July are not available but reports seem to indicate that there was a further reduction in output.

Inventory figures continue to increase and are 48 per cent larger than they were a year ago. Excluding tires in hands of dealers, they amounted to 13,467,567 casings on July 1, which was a record. The volume of replacement demand has been below expectation which accounts for part of the increase in inventories, because sales to automobile manufacturers for use as original equipment showed an increase of 31 per cent during the first half of 1929, as compared with the same interval of 1928.

Imports of all classes of crude rubber to the United States in July amounted to 44,252 tons as compared with 33,382 tons last year and 44,490 tons in June. For the first seven months of 1929 imports were estimated to be 362,759 tons as against 245,879 tons imported in the same period of 1928.

Consumption of rubber by tire manufacturers in July fell short of imports by nearly 3,000 tons. The total for the month was 41,526 tons, less than the 43,228 tons estimated for June. Total consumption of crude rubber for the first seven months of this year was estimated to be 310,834 tons compared with 248,972 tons in the same period of 1928.

Prices of tires to dealers recently have been cut from 2½ to 4 per cent but there has been little change in the prices of raw materials entering into their manufacture.

#### Shoes

Preliminary shoe production figures for July for this District indicate a gain from June of 16 per cent, which is somewhat larger than seasonal. July output of factories shows an increase from the corresponding month of 1928 of 2.5 per cent and for the first seven months an increase of 2.2 per cent.

Manufacturers of shoes in this District and in those Districts farther west have benefited materially as a result of the strike of the shoe workers in the east, particularly in the Boston District. Most concerns in the vicinity of Cincinnati are operating at capacity, and on the basis of orders now being received, expect to continue at a high rate until mid-fall.

Sales of all types of shoes continue in good volume both by wholesalers and retailers. Wholesale sales are still for quick delivery, however, there being little evidence of any stocking up or change from the conservative buying policy which has been noticeable for some time. Retail sales of women's and children's shoes as shown by 31 department stores in July were 7.1 per cent larger than in the same month of 1928. Men's and boys' shoes were 11.9 per cent larger.

The price of both hides and sole leather continued to advance in July. Hides averaged 17.90 cents a pound during the month, an advance of 1.28 cents from June and compared with 23.95 in July, 1928. Sole leather was quoted at 55 cents, an increase of 3 cents from June but was still much below the 69 cent average of July, 1928. Supplies of good leather have been scarce and the market has been showing more activity of late.

#### Clothing

Manufacturers of clothing in the Fourth District report sales in slightly larger volume than they were a year ago.

Prices of wool and woollens have been reduced from two and a half to five per cent and there have been no material increases in production costs. These two things determine the selling price of finished garments and are low enough to promote sales by retailers. Reports seem to indicate, however, that there is very little advance ordering being done. For some time past, it has been possible to secure goods on short notice and dealers have been buying only enough for present demands. Orders are, however, in larger volume than in 1928.

In the retail store sales no generalization can be made. Coats have been in greater demand due probably to the cool weather, sales of women's and misses' coats in July showed an increase of 1.3 and 12.0 per cent respectively. Women's dresses declined 5.7 but misses' dresses gained 5.6 per cent. Sports wear sales were 1.4 and aprons 7.5 per cent lower than a year ago. All branches of men's and boys' wear showed declines in July as follows: men's clothing, —4.3; men's furnishings, —3.8; hat and caps, —15.1; and boys' wear, —3.0 per cent.

#### Other Manufacturing

Manufacturers in the Fourth District report business as continuing "favorable." There was a slight recession in industrial activity in July as compared with June but the volume of business exceeded that done in July, 1928, by a good margin.

Paints, varnishes, and wall paper continue in good demand, especially those used for redecoration purposes. Buying, however, has been on a conservative basis and mostly for immediate use. Prices of linseed oil have increased due to a decline in the estimated production of flaxseed and the contemplated increased duty. This increase has been partly offset by declines in the cost of

pig lead which has fallen from 7.35 cents a pound in March to 6.61 cents in July.

The wholesale glass industry is irregular. There has been a slight improvement in demand for window glass but the total volume of business is still less than it has been for several years. Plate glass demand has been holding up unusually well for this time of year, however, and production is better than normal.

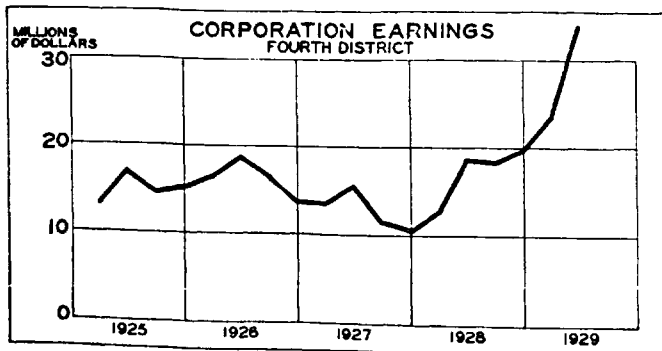
The demand for radio and electrical equipment is seasonally quiet but sales are reported to be in better volume than a year ago. Manufacturers of machine tools and equipment report business "satisfactory" but little future ordering is being done. Farm implement concerns are making preparation for fall business and are increasing their schedules. Stove sales were better in July than they were in June and last year but collections continue slow. Makers of metal containers say that the usual volume of business for this time of year is being experienced. A seasonal recession in the cork and linoleum business has developed in this District and prices of raw materials have advanced. There seems to be a somewhat easier feeling on the part of paper producers and orders are being placed in good volume for this time of year.

Manufacturing employment in Ohio in July was one per cent less than in June but was eleven per cent higher than in July, 1928, and eleven per cent greater during the first seven months of 1929, than during the same period of last year. All branches of manufacturing except lumber showed increases from a year ago.

FOURTH DISTRICT EARNINGS

The accompanying chart shows the progress of quarterly earnings of 25 industrial concerns operating wholly or largely within the Fourth District for which comparable figures for the years 1925 to 1929 are available. Because of the diversity of the group it may be considered as being fairly representative of general business in this District.

The tremendous increase in earnings shown for the first half of 1929 brings out the fact that not only has the general level of industrial activity been unprecedented but that industrial profits have also advanced at a record rate. It will be noted that the second quarter of 1929 was a record for the five years shown and earnings amounted to \$33,962,000, an increase over the same quarter of 1928 of 83.2 per cent and of 44.4 per cent over the first quarter of 1929. For the first six months of this year net earnings of these 25 concerns were \$57,478,000



compared with \$30,929,000 in the first half of 1928, an increase of 85.8 per cent.

The figures shown on the chart (in thousands of dollars) are as follows:

	1925	1926	1927	1928	1929
First Quarter .....	13,142	16,128	13,698	12,392	23,516
Second Quarter .....	16,666	18,568	15,667	18,537	33,962
Third Quarter .....	14,464	16,729	11,682	18,264	.....
Fourth Quarter .....	15,319	13,877	10,829	19,884	.....

AGRICULTURE

The general picture of crop conditions, now at mid-season, is not so favorable as it was a month ago. Hot, dry weather in many parts of the Fourth District in the latter part of July, which followed the heavy rains of June and early July, has proved somewhat detrimental to most crops and has caused a downward revision in most crop estimates.

The estimated winter wheat production as of August 1, for the District, was 38,529,000 bushels compared with 13,003,000 bushels harvested last year. This is a slight decline from the estimate made in July. Acre yields are about average and are estimated to be 18.0 bushels in Pennsylvania, 13.3 in West Virginia, 11.8 in Kentucky and 19.5 bushels in Ohio. The quality, however, is lower than was expected and there is much shriveled grain due to lack of moisture at the maturing period.

Oats ripened prematurely in some localities and the crop is generally unpromising. In many fields the stand was uneven and thin. Rust has done considerable damage and the straw is very short in some sections. Production in 1929 for this District was estimated on August 1, by the United States Department of Agriculture, to be 66,527,000 bushels as compared with 106,377,000 bushels harvested in 1928. It should be remembered, however, that last year was one of record oats production.

Corn prospects declined during July for the District, as a whole, and production on August 1 was estimated to be 175,791,000 bushels, slightly more than the harvest of 1928 but almost 9 million bushels less than the July estimate. The crop was late in starting due to rains but was making fairly good progress until affected by the dearth of moisture in late July. Kentucky is the only state in the District reporting an increase in probable production.

The potato crop in this District is not very encouraging. Production on the basis of condition is estimated to be 20,962,000 bushels as compared with 23,511,000 bushels harvested in 1928. An average crop is expected in Ohio and West Virginia but Kentucky and Pennsylvania both report rather large declines. In some sections the stand is thin and irregular and bugs and blight are doing damage.

The fruit crop, both in the District and for the entire country, declined further in July. The combined United States August 1 condition report of 12 fruit crops is 24 per cent below the condition a year ago and 19 per cent below the ten-year average. In Ohio, peaches, pears, and apples promise only one-fifth of a full crop while grapes may amount to about one-half of the usual production. In Pennsylvania all fruit prospects, except grapes, showed a decline during the month and were lower than they have been for some time.

The Bureau of Labor index of wholesale prices of

farm products rose sharply in July when it stood at 107.6 and compared with 103.3 in June and 107.1 in July, 1928. There were pronounced advances in all grains, especially wheat, and in eggs and potatoes. Prices of most meats and flaxseed were upward but declines were reported in a few products including cows, hay, and onions. In mid-August, however, the price of grains reacted rather sharply as a result of the railroad embargo on grain shipments to export points. This action was necessary because of overstocked elevators caused by the desire of farmers to take advantage of the increased wheat price.

Canning conditions are rather quiet. The pea pack has been completed, is about average in quality, but totals about 15,000 cases more than in 1928, due to increased acreage rather than to increased yields. The canning of other products has not yet begun but the outlook is favorable. Prices of future sales have been generally firm due to an almost complete depletion of the 1928 stocks.

**Tobacco** There is more irregularity in the condition of the tobacco crop in this District than has been noted for several years.

This lack of uniformity is due to variations in the time of crop-setting, soil, weather conditions, and plant diseases.

Lack of rainfall in the first half of August was very unfavorable to the burley crop and many fields are burned badly. This dry weather has, however, aided in checking some of the plant diseases which developed with the rainy weather experienced in the early summer. Nevertheless, damage in many sections from brown and black root-rot, mosaics, and leaf spot is still being reported.

Early cutting of the crop is being done in scattered areas to prevent further damage from drought. Although it is too early to make any accurate estimate of yield, the total burley crop is expected to compare favorably with 1928 production because of the large increase in acreage this year. According to the United States Department of Agriculture, burley acreage shows an increase from 1928 of 64,000 acres. The quality, however, is expected to be below that of 1928.

Conditions of the crop in the Miami Valley are unusually low. Heavy rains at planting time and in June favored the development of plant diseases and hindered cultivation. This was followed by drought in July and rain is again needed.

**BUILDING**

As measured by permits for new construction issued in 27 cities in the Fourth District, building operations in July showed a decline from the same month of 1928 of 16.2 per cent, and of 11.6 per cent from June. For the first seven months permits showed a decline of 19 per cent.

July contracts awarded in the Fourth District, as reported by the F. W. Dodge Corporation, amounted to \$59,936,868, an increase of 6.8 per cent from a year ago. This figure, showing an increase, does not conform with the decrease shown in building permits because contracts awarded include such projects as road, subway and

railroad construction, figures which are not included in the building permits total.

Residential contracts showed some improvement in July but were still over 20 per cent behind those awarded in July, 1928. The decline in residential building for the first six months of this year was 26.4 per cent behind the same period of last year.

Fourth District figures are not so favorable as are those for the entire country. In 37 eastern states, for which records are available, contracts in July established a new monthly record and were the second highest for any previously reported. The increase amounted to 12 per cent over July, 1928, and 20 per cent over June and was contrary to the usual seasonal decline. Much of this large increase was in the New York area where contracts showed an increase from 1928 of 60 per cent.

Wholesale prices of building materials have remained steady during the past 30 days. Demand for supplies, however, has been better than might be expected in view of the prolonged and rather large decline in residential building. Buying continues on a conservative basis.

**Building Operations**

(Value of Permits)

	July, 1929	% change	Jan.-July, 1929	Jan.-July, 1928	% change
Akron.....	1,615,996	-16.4	12,891,934	10,743,897	+20.0
Ashtabula.....	30,255	-60.0	456,607	276,911	+64.9
Barberton.....	156,714	+105.9	753,753	575,116	+31.1
Canton.....	737,020	+170.4	2,630,575	2,581,443	+1.9
Cincinnati.....	2,301,150	-27.9	18,738,150	20,042,300	-6.5
Cleveland.....	5,916,000	+29.5	24,455,750	32,143,975	-23.9
Cleve. Suburbs:					
Cleve. Heights.....	623,515	+63.2	1,758,370	3,141,160	-44.0
East Cleve.....	33,754	+212.7	1,579,731	602,744	+162.1
Euclid.....	152,985	+18.7	1,602,065	1,633,861	-1.9
Garfield Hghts.....	121,200	+44.1	807,150	1,106,250	-27.0
Lakewood.....	340,593	-84.8	1,178,424	4,124,951	-71.4
Parma.....	405,151	+69.4	1,532,181	1,737,166	-11.8
Rocky River.....	117,360	-3.8	1,070,950	719,413	+48.9
Shaker Heights.....	429,625	-43.9	3,822,450	4,893,210	-21.9
Columbus.....	772,350	-60.6	6,796,450	11,640,700	-41.6
Covington, Ky.....	138,850	-5.3	789,575	1,073,500	-26.4
Dayton.....	337,190	-67.7	3,780,365	8,027,028	-52.9
Eric, Pa.....	271,183	-7.8	4,612,010	2,292,087	+101.2
Hamilton.....	231,181	+39.8	1,197,145	1,064,133	+12.5
Lexington, Ky.....	152,143	-0.6	1,582,671	922,691	+71.5
Lima.....	35,960	-34.9	344,415	299,054	+15.2
Newark.....	45,040	+20.3	426,285	554,780	-23.2
Pittsburgh, Pa.....	2,115,322	-14.7	19,703,660	27,132,841	-27.4
Springfield.....	494,635	+193.6	1,386,806	856,395	+61.9
Toledo.....	1,148,383	+8.4	8,049,989	11,138,737	-27.7
Wheeling, W. Va.....	271,986	+217.2	1,138,445	1,083,520	+5.1
Youngstown.....	639,615	-62.0	3,378,792	5,737,923	-41.1
Total.....	19,635,156	-16.2	126,464,698	156,145,786	-19.0

**TRADE**

Sales of 61 department stores in the Fourth District in July were 3.6 per cent larger than in the same month of 1928. For the first seven months sales have shown an increase from a year ago of 3.0 per cent. Fifteen wearing apparel stores in July reported a loss of 4.7 per cent for the month and of 0.8 for 1929 to-date as compared with corresponding periods of 1928. Furniture sales were 2.5 less for the month and 1.0 more for the year.

All reporting wholesale lines except shoes reported gains in July. Grocery sales showed a gain of 11.2 per cent from last year and an unusual gain of 5.0 per cent from June. Dry goods increased 0.2, hardware 1.0 and drugs 5.9 per cent. Shoes showed a decline of 8.6 per cent. For the first seven months grocery sales gained 2.0; dry goods, 2.9; hardware, 2.4; and drugs, 5.6 per cent, while shoes declined 16.5 per cent.

**Fourth District Business Statistics**

(All figures for Fourth District unless otherwise specified)

	July, 1929	July, 1928	% change	Jan.-July, 1929	Jan.-July, 1928	% change	
Bank Debits (24 cities)	Millions of dollars	3,868	3,268	+18.4	25,133	23,114	+8.7
Savings Deposits (end of month)	Thousands of dollars	762,713	744,405	+2.5	777,334 <sup>1</sup>	745,434 <sup>1</sup>	+4.3
Ohio (39 banks)	"	276,562	270,291	+2.3	276,562 <sup>1</sup>	277,623 <sup>1</sup>	-0.4
Western Pennsylvania (26 banks)	"	1,039,275	1,014,696	+2.4	1,039,275 <sup>1</sup>	1,054,957 <sup>1</sup>	-1.5
Commercial Failures—Number	Actual Number	143	132	+8.3	1,164	1,188	-2.0
—Liabilities	Thousands of dollars	1,997	3,248	-38.5	22,911	34,685	-33.9
Postal Receipts—9 cities	"	2,929	2,651	+10.5	21,637	21,363	+1.3
Sales—Life Insurance—Ohio and Pa.	"	111,986	97,269	+15.1	826,040	751,223	+10.0
—Dept. Stores—(61 firms)	"	20,395	19,692	+3.6	169,844	164,959	+3.0
—Wearing Apparel (15 firms)	"	1,159	1,215	-4.6	10,761	10,851	-0.8
—Furniture (46 firms)	"	916	940	-2.6	7,432	7,358	+1.0
—Wholesale Grocery (41 firms)	"	6,489	5,838	+11.2	41,965	41,156	+2.0
—Dry Goods (12 firms)	"	1,652	1,650	+0.1	13,625	13,238	+2.9
—Hardware (17 firms)	"	2,258	2,236	+1.0	15,052	14,692	+2.5
—Drugs (13 firms)	"	1,702	1,607	+5.9	12,467	11,804	+5.6
Building Permits, Valuation—27 cities	"	19,635	23,422	-16.2	126,465	156,146	-19.0
Building Contracts—Total, 4th District	"	59,937	56,103	+6.8	367,271	390,770	-6.0
—Residential, 4th District	"	14,700	18,711	-21.4	105,374	141,834	-25.7
Production—Pig Iron, U. S.	" tons	3,785	3,072	+23.2	25,424	21,583	+17.8
—Steel Ingots, U. S.	"	4,838	3,812	+26.9	33,802	28,605	+18.2
—Automobiles, U. S.	Actual Number	426,159	338,383	+25.9	3,198,497	2,301,199	+39.0
—Passenger Cars	"	73,118	53,294	+37.2	513,539	288,835	+77.8
—Trucks	"	17,391	14,427	+20.5	117,777	101,071	+16.5
—Bituminous Coal, 4th District	Thousands of tons	2,075	1,834	+13.1	8,511	9,253	-8.0
—Cement: Ohio, W. Va., Wn. Pa.	Millions of k.w. hrs.	1,213 <sup>3</sup>	1,014 <sup>2</sup>	+19.6	7,322 <sup>3</sup>	6,595 <sup>2</sup>	+11.0
—Electric Power: Ohio, Pa., Ky.	Thousands of barrels	2,073 <sup>3</sup>	2,011 <sup>2</sup>	+3.1	12,176 <sup>3</sup>	11,995 <sup>2</sup>	+1.5
—Petroleum: Ohio, Pa., Ky.	" pairs	4	4	+2.5	4	4	+2.2
—Shoes, 4th District	" casings	5,478 <sup>2</sup>	5,068 <sup>2</sup>	+8.1	33,453 <sup>3</sup>	28,994 <sup>2</sup>	+15.4
—Tires	"	5,664	5,195	+9.0	19,156	15,158	+26.4
Bituminous Coal Shipments (from Lake Erie Ports)	Thous. of tons	7,509	6,078	+23.5	22,438	15,125	+48.4
Iron Ore Receipts (at Lake Erie Ports)	"						

<sup>1</sup>Seven Month's Average.

<sup>2</sup>June.

<sup>3</sup>January-June.

\*Figures Confidential.

**Retail and Wholesale Trade**

(1929 compared with 1928)

	Percentage Increase or Decrease		
	SALES July-	SALES First 7 mos.	STOCKS July-
DEPARTMENT STORES (61)	July	7 mos.	July
Akron	+18.1	+7.8	-11.1
Cincinnati	+0.6	+3.3	+6.5
Cleveland	+5.2	+3.0	-2.9
Columbus	+2.1	+0.003	+7.6
Dayton	-3.8	-0.3	-0.2
Pittsburgh	+1.3	+1.8	-0.9
Toledo	+16.6	+10.2	-13.9
Wheeling	+4.3	+3.0	-7.5
Other Cities	+2.5	+4.7	+1.7
District	+3.6	+3.0	-1.4
WEARING APPAREL (18)			
Cincinnati	-11.2	-4.8	+9.2
Cleveland	+3.3	+5.0	-1.5
Other Cities	-6.3	-2.6	-15.7
District	-4.7	-0.8	-3.8
FURNITURE (46)			
Cincinnati	-10.4	+0.04	
Cleveland	+13.7	+2.2	
Columbus	-5.7	-1.3	
Dayton	-23.2	-5.4	
Toledo	+6.6	+7.4	
Other Cities	+0.5	+5.5	
District	-2.5	+1.0	
CHAIN STORE*			
Drugs—District (3)	-0.07	+4.0	
Groceries—District (4)	+15.0	+4.4	
WHOLESALE GROCERIES (41)			
Akron	+3.0	+1.1	
Cincinnati	+12.0	+3.6	
Cleveland	+10.7	-2.1	
Eric	-3.7	-6.2	
Pittsburgh	+17.3	+5.4	
Toledo	+7.7	+3.3	
Other Cities	+15.2	+5.3	
District	+11.2	+2.0	-9.7
WHOLESALE DRY GOODS (12)	+0.2	+2.9	-11.4
WHOLESALE DRUGS (13)	+5.9	+5.6	
WHOLESALE HARDWARE (17)	+1.0	+2.4	+0.4
WHOLESALE SHOES (5)	+8.6	-16.5	-16.0

\*Sales per individual unit operated.

**Fourth District Business Index**

(1928-1925=100)

	July 1929	July 1928	July 1927	July 1926	July 1925
Bank Debits (24 cities)	143	121	124	118	115
Commercial Failures (Number)	98	90	96	94	131
Commercial Failures (Liabilities)	45	74	165	78	90
Postal Receipts (9 cities)	113	102	105	104	101
Sales—Life Insurance (Ohio and Pa.)	134	116	116	117	112
—Department Stores (59 firms)	80	78	78	78	76
—Wholesale Drugs (13 firms)	109	108	108	107	101
—Dry Goods (12 firms)	68	68	64	62	74
—Groceries (41 firms)	97	88	90	98	98
—Hardware (15 firms)	105	87	86	98	96
—All (85 firms)†	95	87	88	80	93
—Chain Drugs (8 firms)**	91	91	98	106	100
Building Contracts (Total)	126	118	121	142	207
—Contracts (Residential)	85	109	102	113	184
Production—Coal (O., Wn. Pa., E. Ky.)	96	80	74	95	87
—Cement (O., Wn. Pa., W. Va.)	173	153	159	154	185
—Elec. Power (O., Pa., Ky.)*	144	121	126	118	100
—Petroleum (O., Pa., Ky.)*	112	109	111	106	103
—Shoes	102	100	97	104	111

\*June.

\*\*Per individual unit operated. †Includes 3 shoe firms.

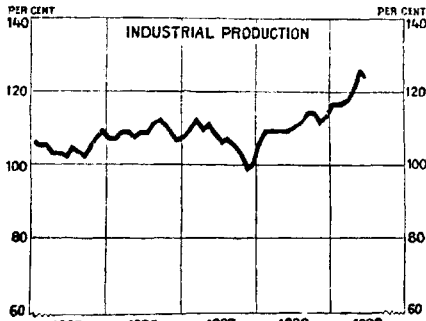
**Debts To Individual Accounts**

	5 weeks ending Aug. 21, 1929	% change from 1928	1929 to date (Dec. 26-Aug. 21)	1928 to date (Dec. 28-Aug. 22)	% change from 1928
Akron	139,478	+9.9	986,706	880,574	+12.1
Butler, Pa.	14,990	+23.9	102,496	89,052	+15.1
Canton	64,403	+19.4	458,224	399,551	+14.7
Cincinnati	467,734	+2.6	3,713,230	3,640,012	+2.0
Cleveland	1,101,571	+25.5	7,639,958	6,690,012	+14.2
Columbus	218,091	+20.3	1,559,967	1,364,285	+14.3
Connellsville	4,419	-13.8	31,108	33,987	-8.5
Dayton	119,514	+13.1	888,354	786,810	+12.9
Erie, Pa.	42,439	+7.2	326,664	293,240	+11.4
Franklin, Pa.	7,545	+19.5	48,509	43,343	+11.9
Greensburg, Pa.	25,419	+7.2	172,937	168,876	+2.4
Homestead, Pa.	5,741	+21.1	39,300	34,712	+13.2
Lexington, Ky.	25,280	+13.0	247,379	202,906	+21.9
Lima	17,305	+2.3	131,596	124,821	+5.4
Lorain	7,715	+14.4	51,309	50,032	+2.6
Middletown	15,247	+9.1	105,907	104,420	+1.4
Oil City, Pa.	23,271	+31.9	155,971	135,422	+15.2
Pittsburgh, Pa.	1,379,889	+12.3	9,049,380	7,949,528	+13.8
Springfield	28,209	+12.3	206,186	183,418	+12.4
Steubenville	13,649	+1.8	101,852	93,860	+8.5
Toledo	271,843	+4.5	1,944,555	2,209,227	-12.0
Warren	17,043	+15.6	121,887	109,207	+11.6
Wheeling, W. Va.	53,721	+1.7	418,395	396,521	+5.5
Youngstown	96,296	+19.0	664,031	582,936	+13.9
Zanesville	14,841	-1.2	107,300	105,211	+2.0
Total	4,182,850	+19.0	29,273,201	26,672,933	+9.7

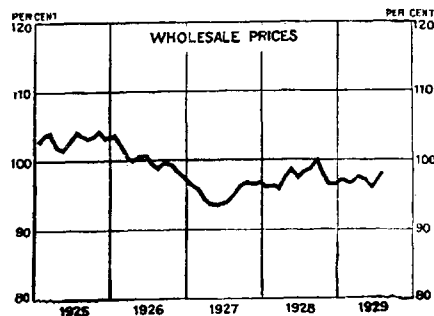


## Summary of National Business Conditions

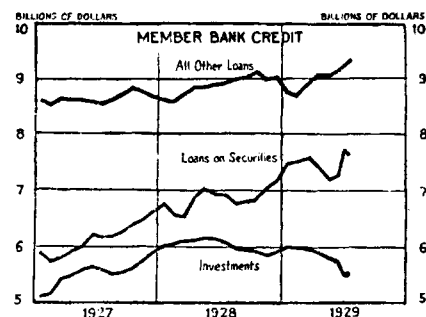
By the Federal Reserve Board



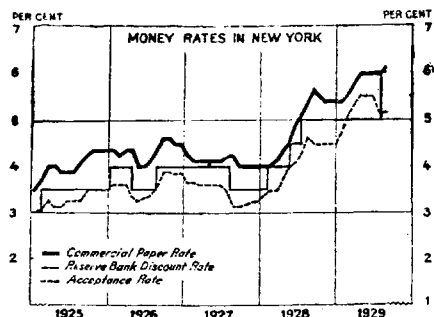
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average=100). Latest figure July, 124.



Indexes of the United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure July, 98.0



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of the first three weeks in August.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 24 days in August.

Industrial production decreased slightly during July, but continued at a higher level than in other recent years.

Wholesale commodity prices increased further during the month, reflecting chiefly higher prices of agricultural products. Loans for commercial and agricultural purposes by reporting member banks increased during July and the first half of August.

### Production

Output of manufactures decreased in July, while mineral production increased. Average daily output of automobiles, copper, tin, zinc, and cotton and wool textiles decreased and there was a small decline in the production of iron and steel.

In all of these industries, however, output was larger than in the same month in earlier years. Activity increased during July in silk and shoe factories and in meat packing plants, and there was also larger output of bituminous coal and crude petroleum than in June. Reports for the first half of August indicate sustained activity in the iron and steel and automobile industries and a further increase in the output of coal and petroleum. Employment in manufacturing industries decreased in July by less than one per cent while a somewhat greater decrease in payrolls was reported. At this level, factory employment and payrolls, as in earlier months, were larger than in any other year since 1926. Value of construction contracts awarded in July was higher than in the preceding month or in July, 1928, reflecting chiefly a sharp increase in contracts for public works and utilities. For the first half of August, however, total contracts declined to a level below the corresponding period a year ago.

The August estimate of the Department of Agriculture indicates a wheat crop of 774,000,000 bushels, slightly below the five-year average, and 128,000,000 bushels below last year's production, and a corn crop approximately equal to the five-year average crop and about 100,000,000 bushels smaller than in 1928. The cotton crop is estimated at 15,543,000 bales, 7 per cent larger than last year.

### Distribution

Freight car loadings increased seasonally during July and the first two weeks of August, reflecting chiefly increased loadings of coal, grain, and ore, while shipments of miscellaneous freight continued in about the same volume as in June.

Sales of department stores declined seasonally from June and on a daily basis were about the same as in July a year ago.

### Prices

Wholesale prices in July continued the rise which began in June, according to the index of the Bureau of Labor Statistics, reflecting chiefly higher prices for farm products and their manufactures, particularly live stock and meats, grains, and flour and potatoes. Prices of hides and leather also increased. Wool, rayon and textile products declined slightly in price. There was a marked advance in the price of sugar and rubber prices also rose somewhat. Prices of petroleum and gasoline declined and prices of iron and steel were somewhat lower.

During the first three weeks in August there were declines in the prices of cotton, petroleum, beef, sugar, oats, rubber, and tin, and marked fluctuations in prices of pork and wheat.

### Bank Credit

Loans for commercial purposes by reporting members banks increased to new high levels during the four weeks ending August 14, while security loans, after increasing further during the latter part of July, declined during the first two weeks in August. Member banks borrowing at the Reserve banks averaged \$45,000,000 less during the week ending August 17 than in the week ending July 20, reflecting increased sales of acceptances to the Reserve banks and further imports of gold.

Open market rates on call and time loans on securities were firmer during the last half of July and the first week of August. During the second week of August rates on call loans declined while rates on commercial paper in the open market advanced from 6 to 6-6½ per cent.

On August 8 the discount rate of the Federal Reserve Bank of New York was increased from 5 to 6 per cent and the buying rate on bankers' acceptances was reduced from 5½ to the market rate of 5½ per cent.