



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 16

Cleveland, Ohio, July 1, 1932

No. 7

Trade and industrial activity in the fourth district in May continued irregular though no marked decline in general was apparent. Weakness was most pronounced in the iron and steel industry, operations in the entire country receding from 25 per cent of capacity in the third week of May to about 16 per cent in the third week of June. Normally there is a seasonal falling-off in steel activity in this period. Local mills, particularly at Cleveland, were operating at higher-than-average levels in mid-June supplying material for the automobile industry which experienced a considerably-greater-than-seasonal increase in May and continued to show improvement in the first three weeks of June. The upturn, however, was almost entirely due to production of one small car. May production was still more than 40 per cent below the same month of 1931. Registrations of new passenger cars increased about 11 per cent from April to May in the principal counties of the district, but they were still 46 per cent below the same month last year.

Tire production and shipments increased sharply prior to the date the new tax became effective, but this was simply due to unusual circumstances and not to any marked increase in demand.

Value of building contracts awarded in May was 28 per cent higher than in April, a greater-than-seasonal increase, but was more than 60 per cent below May, 1931. The upturn was largely caused by an increase in contracts for highways and waterfront developments.

Shoe production increased from April to May, but was 9.5 per cent below May, 1931. In the first five months production was slightly under last year. Manufacturers reported an improvement in demand for women's medium and low-priced footwear and also a better collection situation.

Life insurance sales slumped in May and were 26 per cent lower in Ohio and Pennsylvania than in May last year. For the year to date the amount of new life insurance sold was down 15 per cent from a year ago.

After allowing for usual seasonal changes and the decline in prices, retail trade, as reflected in department store sales, was little changed from April to May, but the total dollar volume was 26 per cent smaller than in May last year. Wholesale trade fell off in May and was about 25 per cent lower than a year ago.

The volume of lake traffic so far this season has been

quite small, shipments of bituminous coal being 27 per cent below the same period last year and those of iron ore only six per cent of the tonnage shipped in 1931.

Agricultural conditions in mid-June were less favorable than a month earlier, though relatively better than the average for the entire country. Indicated winter wheat production, based on the June 1 condition, is nearly 15 per cent above the average harvest of the preceding five years, whereas the entire country's crop is indicated to be 25 per cent below the five-year average. Indications point to a large burley tobacco acreage despite the fact that earlier estimates predicted a reduction.

FINANCIAL

Commercial credit extended by member banks in the fourth district continued to decline in the month ended June 22. Investments in Government securities increased in mid-June, but holdings of other bonds etc., were little changed in the period. Borrowings from the reserve bank were reduced to the lowest level since last September.

Savings deposits at 45 selected banks in Ohio and western Pennsylvania declined \$3,500,000, or 0.4 per cent in May, withdrawals being entirely at Ohio banks. Banks in Pennsylvania showed a very slight increase. Four small bank suspensions occurred in the first 29 days of June, compared with one in May, and one bank reopened.

Reserve Bank Credit. Total credit extended by the Federal Reserve Bank of Cleveland increased \$48,000,000 in the four weeks ended June 15, but declined \$9,000,000 in the week ending June 22. The decrease in reserve bank credit extended directly to banks in the fourth district in the period was more than offset by the expansion in holdings of Government securities through participation in the System's open market operations which in the past month have been at a lower level than in April or early May.

Bills discounted for member banks increased slightly in the first two weeks of June, but dropped sharply in the third week following the increase in Government deposits at member banks after the mid-June Government financing. The net reduction for the five-week period was over \$8,000,000, and discounts, at \$45,345,000 on June 22, were lower than since September, 1931, and below the level for this season in 1928 and 1929.

Holdings of acceptances increased from \$3 to \$6 millions in mid-June, the first upturn since the opening week in January. Because of the decline in trade and industry, however, the available supply of this type of paper is limited and holdings of this and other reserve banks are relatively insignificant.

This bank's portfolio of Government securities increased \$43,000,000 in the five weeks ended June 22, bringing total holdings to \$169,000,000, an increase of over \$100,000,000 since large purchases of Government Securities by the Federal Reserve System began in early March. Chiefly as a result of these purchases, cash reserves of the Federal Reserve Bank of Cleveland dropped \$48,000,000 from the beginning of March to June 22, and on the latest date, at \$225,000,000, compared with \$316,000,000 on the corresponding date in 1931.

On the other hand, though reserve deposits have declined \$50,000,000 in the past year, note circulation, though still declining slowly, nevertheless was nearly \$100,000,000 higher than a year ago. Because of the relatively high deposit and note liability so far this year in the face of reduced gold reserves, brought about chiefly through purchase of Government securities, it has been necessary to make use of the third provision of the Glass-Steagall Act since the middle of May whereby United States obligations as well as eligible paper may be used to make up the 60 per cent coverage against Federal reserve notes in addition to the 40 per cent gold reserve which is still required. On June 22 Government securities thus pledged by this bank amounted to \$75,000,000.

As previously mentioned, circulation of this bank's Federal reserve notes continued to decline at a moderate rate in the five weeks ended June 22, the total reduction amounting to \$5,000,000. With the exception of two weeks, note circulation has declined continuously since the beginning of the year, the total falling-off being \$37,000,000. Compared with preceding years, however, the present level is still high for this season, particularly in view of the drop in prices and the reduced volume of business.

Member Bank Credit. Total loans and investments of reporting member banks in leading cities fluctuated somewhat in the five weeks ended June 22, and on the latest date were only slightly lower than in mid-May. They were buoyed up, however, by purchases of Government securities in mid-June, for prior to that time total credit

extended had declined from \$1,942,000,000 on May 18 to \$1,931,000,000 on June 8.

Loans and discounts continued downward at a moderate rate, but in the past five weeks the decline in collateral loans was at a more pronounced rate than in "all other" loans. The reduction in the former was \$9,000,000 in the period and on the latest date, at \$534,000,000, loans on securities were \$40,000,000 lower than at the beginning of the year and over \$100,000,000 below one year ago.

"All other" loans, fluctuations in which usually are regarded as changes in advances to commercial creditors, at \$645,000,000 on June 22, were \$2,000,000 lower than in mid-May, \$68,000,000 below the beginning of the year, and \$88,000,000 under the same date of 1931.

Investments of reporting member banks declined slightly from May 18 to June 8, increased sharply on June 15, but dropped \$12,000,000 in the following week, the net change for the five-week period being a gain of \$9,000,000. Since the beginning of the year investments have increased \$27,000,000, but Government securities owned increased \$30,000,000, other bonds and securities owned declining slightly in the period. Compared with a year ago, investments are down \$110,000,000, a reduction of \$68,000,000 being in Government securities.

Total deposits at reporting member banks were practically unchanged in the five weeks ended June 22, but the increase in Government deposits on June 15 offset the reductions in demand and time deposits which occurred in the period. Demand deposits dropped \$6,000,000 and time deposits \$9,000,000 in the five weeks and on the latest date the former were about 24 per cent lower than a year ago, while the latter were off 20 per cent.

MANUFACTURING, MINING

Iron and Steel

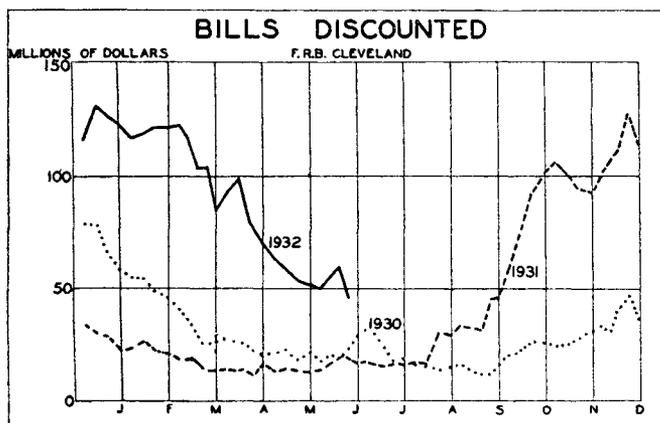
The rally in steel production which culminated with an operating rate of 25 1/2 per cent in the week ended May 21 subsided so rapidly that by the third week of June the industry was down to 16 per cent and there were few indications of any change in the situation.

This weekly rate was the lowest not only of the present depression but also appeared to be under even the low point of the depression of 1921, thereby establishing a new minimum of activity for modern steelmaking.

In May, the daily rate of steel ingot output was 42,593 gross tons, or at 20.11 per cent of estimated capacity, compared with 47,685 tons or 22.52 per cent of capacity in April. In July, 1921, the low point of that depression, production was 36,713 tons daily.

From mid-May to mid-June the steel operating rate at Pittsburgh eased from 21 to 17 per cent, at Youngstown from 26 to 19 per cent, and at Cleveland from 38 to 29 per cent. The fact that northern Ohio mills were participating more generously in automobile releases than others, with the exception of Detroit, enabled Cleveland to have the highest rate for any steelmaking district in the country.

This settling in production, which had the characteristics of the usual summer lull which producers hoped to avoid this year because they had not climbed to a spring peak, was due to the abstinence of all important con-



sumers of iron and steel from the market except for their barest minimums. While Ford was causing automobile production to increase in the aggregate, nearly half of the Ford requirements was being supplied from his own stock pile.

With prices on most steel products extended from the second to the third quarter, consumers lacked the usual spur to cover. New and important methods of pricing hot-rolled strip and cold-finished steel were adopted. In general, finished steel prices were unusually stable considering the easy production situation, but pig iron, scrap and other raw materials tended lower. The result was a decline in the iron and steel composite of *Steel* from \$29.58 to \$29.56 in the month.

Output of coke pig iron in May was at the lowest level since 1897, with a net loss of five producing stacks, making 54 out of 297 active as of May 31, indicating a further recession in June. The May daily rate was 25,282 gross tons, compared with 28,524 tons in April. In five months of 1932 output of coke pig iron has been 4,538,505 tons, compared with 9,460,124 tons in the same period of 1931. The five-month total for steel ingots for 1932 is 6,678,902 gross tons, against 13,182,609 in 1931.

Iron ore shipments from Lake Erie ports to blast furnaces in May were 68 per cent smaller than in April and 92 per cent below a year ago; in 1931 shipments more than doubled from April to May.

Stocks of iron ore on docks and at furnaces on June 1, 1932, amounted to 32,700,000 tons as against 27,115,000 tons on the same date last year.

Coal

The bituminous coal industry continues at very low levels, output of mines in this district being only 7,425,000 tons in May, a reduction of 37 per cent from the same month of 1931. Current output is less than half as large as the average May production of the past nine years. In the five-month period ending May 31, coal production in the fourth district totaled 46,820,000 tons, a decline of 28 per cent from the same period last year.

In the entire country May production represented a new low, output being 35 per cent under the same month of 1931. Despite the limited production, stocks of coal above ground represent 42 days' supply against 30 days' supply on the same date last year.

Coal shipments from Lake Erie ports were 36 per cent smaller in May and down 27 per cent so far this year from similar periods of 1931.

Strike conditions still prevailed at Ohio mines in mid-June, but prospects of adjusting the differences seemed brighter. Mines in general are only working a day or two a week in most sections and conditions are very unfavorable.

Automobiles

Production of automobiles in May increased 25 per cent from April, considerably more than the usual seasonal amount, the Federal Reserve Board's index advancing from 35 per cent of the 1923-1925 monthly average to 45 per cent after allowing for usual seasonal changes. One year ago this index stood at 78.

The industry continued to show progress in the first three weeks of June, judged by *Cram's* weekly production estimates and the adjusted *Annalist* index, which for June 18 was 51.7 as against 64.2 in the same week of 1931. Weekly output in the latest available period was 53,158 cars and trucks against 62,752 units in the corresponding week of 1931.

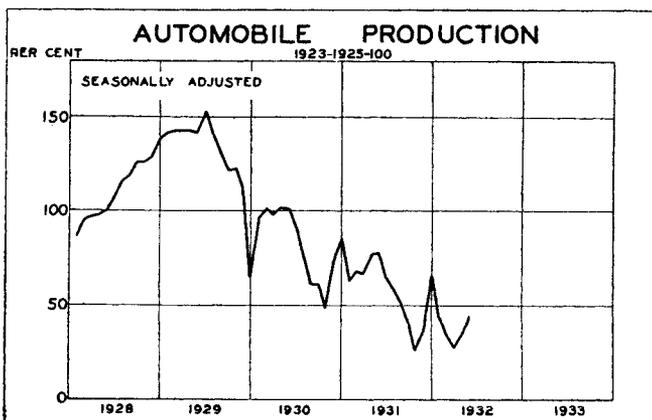
The contrary-to-seasonal upturn in April and May, shown on the accompanying chart, and in the first part of June was largely due to expanding production of one of the major small cars. It was partly offset by declines elsewhere in the low and medium-priced fields.

Passenger car and taxicab production in May totaled 157,756 units, a decline of 42 per cent from the corresponding month of 1931. This was a more favorable comparison than was shown for the first four months when output was down 51 per cent. The five-month decline is 45.8 per cent. Truck production totaled 27,393 units, down 40 per cent from last year and the reduction in the five months from the same period of 1931 was 45 per cent. Compared with preceding years, however, truck production makes a much more favorable showing, the Board's adjusted index being 60 per cent of the 1923-1925 average, while the index of passenger car production was only 43 in May.

New car sales, both in this district and the United States, reached the high point so far this year in May, whereas normally the peak occurs in April. Registrations were up about 11 per cent from April to May in this locality, and from 10 to 15 per cent in other parts of the country, although normally there is little change between the two months. Compared with a year ago, registrations in principal counties of the district were down 46 per cent.

Tires, Rubber

Basic conditions in the rubber and tire industry showed practically no change in May and early June though a decided spurt in sales and production occurred after the passage of the Revenue Act. The April 1 census found stocks of independent tire dealers at unusually low levels, but this condition apparently has been corrected to a considerable degree as dealers preferred to stock up heavily before the tax became effective and thus benefit temporarily from the increase since the tax is to be passed on to the consumer through higher prices.



Most tire manufacturers announced price increases of 11 per cent on tires and 15 per cent on tubes, effective June 21, to take care of the new Federal taxes amounting to four cents a pound on tubes and 2¼ cents on tires. The advances are somewhat larger than the increased costs resulting from the taxes, thus affording a small increase in income to the tire companies themselves. This is the first upward movement in recent years and marks a reversal of the successive slashes which have reduced tire prices to the lowest levels in history.

The increased dealer buying has been so marked that, in addition to drawing heavily on stocks of finished tires, it necessitated an expansion in factory operations. The upturn, however, was regarded as purely temporary since the sharp increase in shipments will build up dealer stocks to unusually high proportions in relation to current demand.

Latest complete monthly figures cover April operations which show replacement tire sales up about 25 per cent after allowing for seasonal variations. Shipments of tires and tubes exceeded output, the former for the first time since December, 1931, and the latter for the first time since January. According to the figures, estimated to represent 80 per cent of the industry as released by the Rubber Manufacturers' Association, production of casings declined from 2,801,602 in March to 2,579,768 in April and was 29 per cent below output in April, 1931. In the four months ended May 1 output was down 16 per cent from the same period of 1931. April shipments were up 25 per cent from March, but were 25 per cent below April, 1931. There were 7,877,000 casings in hands of manufacturers on May 1, as against 8,025,000 on the same date last year.

Employment in May at factories in this district declined one per cent from April in contrast with a five-year average increase of two per cent. Compared with May, 1931, employment in the latest period at 24 concerns was down eight per cent.

Consumption of crude rubber in May increased from the preceding month, but at 29,197 long tons, compared with 37,817 tons used in May, 1931. Despite the fact that imports dropped 13 per cent from May to April, they still exceeded consumption and were 1.6 per cent ahead of May, 1931.

Stocks of rubber on hand increased in May to 346,231 long tons, and future prices on the Rubber Exchange for July, #1 standard contract, dropped to a new low of 2.58 cents a pound in mid-June.

Clothing Weakness in the raw wool situation resulting in a price drop of 25 per cent in sixty days caused a sharp reduction in prices of woollens and worsteds to the lowest levels in 20 years. This was a disturbing factor to retail and wholesale buyers alike and orders for fall clothing are still being placed in only limited quantities.

Sales of fall materials improved following the price reduction, and operations at textile mills increased slightly in early June, but the volume of business is still quite small.

Manufacturers in the district are not in accord as to

current conditions. Employment at 44 concerns averaged one per cent higher in May than in April, whereas the average change in the preceding five years was a reduction of one per cent. Only 21 companies reported an upturn, however, while 23 indicated a falling-off in the number employed. Operations at men's clothing factories were generally downward, employment dropping 4 per cent from April and sales also were in a more limited volume than a month ago.

The dollar value of clothing stocks at department stores in this district is down sharply from last year, though the price reduction accounts for a large part of the difference. Men's clothing stocks on June 1 were valued at 17 per cent less than on June 1, 1931, and stocks of women's clothing were down about 30 per cent. *Fairchild's* retail price index showed prices of wearing apparel to be about 17 per cent lower on June 1 than a year ago.

In the knit goods industry little change has occurred since mid-May. Sales of seasonable goods have declined, but the fall selling season opens early in July. In general, clothing manufacturers are experiencing considerable difficulty regarding collections.

Other Manufacturing Activity at general manufacturing plants in this section in May and the first part of June apparently was little changed from that prevailing a month earlier. Industrial employment, according to the Ohio State Bureau of Business Research, declined one per cent in May, while in the past five years an average increase of that amount was reported for the period. Compared with a year ago the number employed was down 20 per cent. Groups of concerns engaged in producing food products, stone, clay and glass products, textiles and vehicles, were the only ones showing any increase in May compared with the preceding month.

Auto Parts, Accessories. Little change in production schedules or sales was reported in late May or the first part of June. Plants engaged at the highest rate were supplying one of the major small-car producers with materials, but activity in other lines was very limited. Employment at 45 reporting concerns increased one per cent in May from April, in contrast with a five-year average decrease of two per cent for the period. Compared with a year ago employment in May was down 31 per cent and was only 65 per cent of the 1926 monthly average. Production generally in June showed a tendency to decline, as has been customary in similar periods of past years.

Brick and Tile. A slightly greater-than-seasonal increase in employment at 30 reporting yards was shown in May, the index advancing eight per cent in contrast with a five-year average May increase of four per cent. Compared with a year ago, employment was down 27 per cent in May.

China, Pottery. Production of china and pottery in the southeastern part of the district was at low ebb in early June, partly a result of seasonal changes as operations usually slump off during the early summer months. The number employed in May was 25 per cent below a year ago. Prices remain reasonably firm.

Electrical Supplies. A contrary to seasonal decline of five per cent in employment was reported by 29 concerns and the number working in May was 13 per cent below the same period last year. A slight increase in demand for seasonal goods was felt, but this is less than is usually experienced.

Glass. Conditions in the molded glass industry remain unchanged from a month ago, but demand for plate and window glass has declined. Sales of molded glass, including sales of food containers, increased seasonally, and all things considered compare more favorably with last year than do sales of other glass products. Stocks of flat glass are low. In the entire industry in May, employment was 19 per cent below a year ago, but the five-month average was down only three per cent from the first five months of 1931.

Machinery, Machine Tools. Sales and operations continue at very low levels, and employment dropped five per cent in May in contrast with an average condition of stability in the preceding five years. Competition is very keen and price reductions are reported in some instances.

Paint. No basic change reported in the paint industry in the past month, though prices generally were reduced from 15 cents to \$1.50 a gallon, to pre-war levels. Buying increased slightly in early June, but sales so far this year have been much below similar periods of preceding years. Generally, orders are large in number, but small in volume. Raw material prices are low.

Paper. Demand for all types of paper is very restricted and stocks of newspaper are 27 per cent higher than a year ago. Employment at 11 concerns in this section was down 12 per cent in May from a year ago, and in the first five months was off 10 per cent. Price-cutting is very noticeable in the boxboard branch of the industry.

Shoes. Reports from shoe manufacturers in the southwestern part of this district indicate a slight upturn in sales and a marked improvement in collections over what they were 60 days ago. Output of local factories increased three per cent from April to May, whereas in the majority of past years a decline was shown for that period.

Compared with a year ago, however, production was off about nine per cent in May and 0.7 per cent in the first five months. Medium and cheap-priced women's shoes are in good demand and forward buying is holding up quite well. Sales of higher-priced shoes continue to lag and men's shoe sales are not showing much improvement.

TRADE

Retail Trade Fourth district department stores reported their dollar volume of sales in May 26 per cent smaller than in the corresponding month of 1931; in the first five months the decline in volume was 25 per cent. The reduction from April was slightly more than the estimated seasonal amount, but if allowance is made for the decline in prices, which continued during the month, there apparently was little change in actual volume of May department store trade from April in the entire district. The most marked declines in the month were shown at Wheeling and Youngstown stores where a falling-off of 35 per cent was experienced from last year. Pittsburgh stores showed a

reduction of 30 per cent, Toledo 29 per cent and Akron 26 per cent. Sales at Cleveland were down 20 per cent, Cincinnati 21 per cent and Columbus 22 per cent.

In the more important individual departments the smallest decline—nine per cent—was in sales of house dresses and aprons. Other reductions ranged from 17 per cent in neckwear and scarfs to 40 per cent in jewelry, silverware, gloves, millinery and women's coats, and over 50 per cent in musical instruments and radios. In the basement departments sales were down only 23 per cent in May.

The seasonally adjusted index of stocks at retail was 62.7 per cent of the 1923-1925 monthly average in May and was unchanged from the preceding month for the first time since last September. Stocks had a 17 per cent lower retail value on May 31 than a year ago. This is almost identical with the reduction in retail department store prices as shown by *Fairchild's* index, which on June 1 was 17.7 per cent lower than a year previous. The stock turnover rate in May was smaller than in April and in the four months, February to May, was only 1.09 as against 1.23 in the same period of 1931.

The ratio of credit to total sales was slightly higher in May than in April and showed a smaller decline from last year—two per cent—than in April.

Accounts receivable on April 30 were collected at a lower rate in May—30 per cent—than a year ago, the reduction being about 11 per cent.

Sales at 47 furniture stores in May were 44 per cent below the same month last year and down 39 per cent in the first five months. Collections also were down. In the furniture departments of department stores, sales were off 35 per cent in May.

Wearing apparel store sales were off 27 per cent in both May and the first five months.

May chain grocery and drug sales, per individual unit operated, were unchanged from April, but the former were seven per cent below a year ago. In the first five months the reduction was nearly eight per cent. Chain drug sales were off 16 per cent in May and 12 per cent in the five months from corresponding periods of 1931.

Wholesale Trade

All reporting lines of wholesale trade except hardware showed declines from April to May and in the latter month the reductions from the corresponding period of 1931 were larger than in the first four months of this year. All wholesale trade in May was only 53 per cent of the 1923-1925 monthly average, a reduction of 25 per cent from May, 1931.

Hardware sales increased 7.5 per cent from April to May, but in the latter month were still 22 per cent below a year ago and in the first five months of 1932 were down 25 per cent from the same period of 1931. Collections are slow, the decline in the ratio of those outstanding on April 30, which were collected in May, being over 10 per cent from a year ago.

In the other reporting lines, grocery sales were off 24 per cent in May and 22 per cent in the five-month period; May dry goods sales declined 38 per cent and were 36 per cent smaller in the first five months and drug sales were

down 17 per cent in the month and 14 per cent up to June 1 from similar periods of 1931.

Collections in all lines are down, the reduction in the collection ratio being about three per cent in drugs, 10 per cent in dry goods, and 17 per cent in groceries.

BUILDING

Contracts awarded in May in the fourth district showed a good gain over April, the increase, amounting to 28 per cent, being the largest, on a percentage basis, experienced at this season in the past ten years. The total value of the awards, however, \$14,072,000, was only 39 per cent as large as in the same period of 1931, and in the first five months awards amounted to less than \$50,000,000, a reduction of 63 per cent from the corresponding interval last year.

The accompanying chart shows the very low level to which building operations in this section have declined in the past three years. Residential building, including apartments, etc., is at almost an irreducible minimum, so far this year amounting to only \$10,000,000. This was only 30 per cent of what was considered a year ago as a very small figure.

The April-to-May upturn was largely caused by an increase in public works contracts for highways and waterfront developments, though even this type of work has been curtailed sharply because of the reduction in Government revenues. It is only about one-half as large as in 1931. Public utility contracts in the first five months of 1932 were only 12 per cent of those reported in the corresponding period last year. In the first half of June contracts awarded declined from the May level, the reduction being chiefly in the public works and utility field.

With such a small volume of building in progress, it is quite natural for the lumber and building supply industry to be very depressed and to be operating at extremely low levels. Dealers report some potential building, particularly in the residential field, but difficulties regarding financing prevent their proceeding to the contract stage.

AGRICULTURE

Crop prospects in this section were not as favorable in mid-June as a month earlier. Rainfall was much below normal in the period and spring-sown crops were making slow progress. The condition of winter grains declined since May 1 and most fruit crops are not so

promising as they were earlier in the season. Rains in some sections in the third week of June afforded much-needed relief to crops.

In general, however, fourth district crops are much above the average for the entire country, where on June 1, conditions were below the average for that date of preceding years. The May decline in conditions, both locally and in the United States, included an accumulated deficiency of rainfall through most of the central and eastern part of the country, an unusually heavy Hessian fly infestation in winter wheat areas and threatening grasshopper damage in the spring wheat sections.

Winter Wheat

	Condition June 1			Production (thousands of bushels)	
	1932	1931	1919-1928 10-yr. ave.	1932 fore- cast from June 1 con- dition	Harvest 1931 1924-29 5 yr. ave.
Ohio	84	98	76	31,160	50,534
Pennsylvania ..	85	81	86	15,822	19,756
Kentucky	70	93	78	3,512	4,840
West Virginia..	78	85	81	1,539	2,373
United States..	64.7	84.3	77.2	410,669	787,465
					548,632

The condition of winter wheat declined sharply in this district in May and the first part of June as growth was retarded by lack of rain. The grain is beginning to head on rather short straw and considerable insect damage is reported in some sections. Ohio is the only state in this part of the country that showed a higher-than-average June 1 condition, though the indicated crop is considerably below the unusually large harvest of 1931. The other three states partly included in this district showed a June 1 condition slightly below the average of preceding years, though above the average for the entire country.

The June 1 condition of 64.7 per cent of normal for the entire country was about seven per cent lower than a month earlier. The indicated crop of 410,669,000 bushels is 30,000,000 bushels smaller than was indicated a month ago and 48 per cent below the record crop harvested in 1931. It was 25 per cent below the average annual production of the five years 1924-1928.

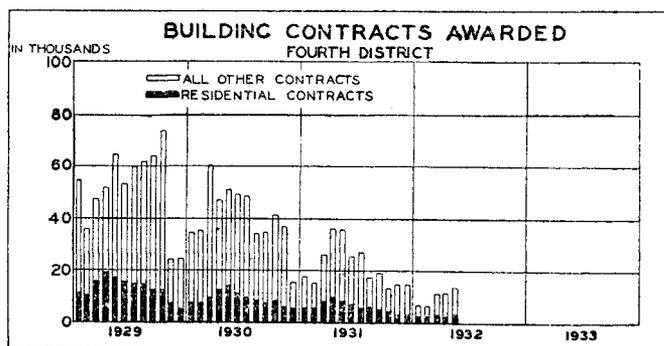
The condition of spring wheat on June 1 was about two per cent below the ten-year average June 1 condition of 86.8 per cent. Last year the spring wheat crop was very small, the June 1 condition being only 67.9 per cent of normal.

Foreign wheat prospects in the northern hemisphere countries are slightly below last year's harvest. In 24 countries it is estimated that 167,320,000 acres have been planted to winter wheat as against 176,244,000 acres planted in 1931.

Oats

Condition June 1	(per cent of normal)				United States
	Ohio	Penna.	Ky.	W. Va.	
1932	72	82	65	70	78.9
1931	87	90	85	88	84.7
1919-1928 ave.	81	87	84	86	83.7

The oat crop was seriously affected by the dry weather in May and early June and the condition on June 1 in all states of the district as well as the United States was much below last year and the ten-year average. Oats were slow germinating because of the dry weather in some sections and many fields are thin while others are heading out on very short straw. Some fields planted earlier in the season look fairly well.



Corn. Planting of corn was somewhat delayed this year and seed was slow germinating in many sections. The stand is generally good, however, though damage from cutworms, etc., is reported in many places, necessitating some replanting. Cultivating has been done in many fields, and though rain is needed badly, the crop so far has made fair progress. Acreage estimates are not yet available.

Hay and Pasture. It has been too dry in the past six weeks for hay and pasture and prospects in the district are not very favorable. June 1 condition was from 10 to 15 points below average in states of the district and eight points below the ten-year average in the entire country. Hay is short and weedy and pastures in many sections have almost as parched an appearance as in mid-summer.

Tobacco. Prior to June 1 very little transplanting was done in the burley tobacco section because of the dry condition of the soil. The supply of plants seems ample and they were in healthy condition. Preparations point to a normal acreage being planted in the central Bluegrass sections of Kentucky where much planting is done mechanically and the dry condition of the soil is not such a hinderance. In the hill counties, however, there seems to be an inclination to reduce acreage somewhat, the weather having some effect because in these sections most transplanting is done by hand.

Acreage of other types of tobacco seems to have been reduced, though no official report is available as yet. Some sections show reductions of 50 per cent in acreage.

Wholesale and Retail Trade

(1932 compared with 1931)

	Percentage Increase or Decrease		
	SALES May, 1932	SALES First five months, 1932	STOCKS May, 1932
DEPARTMENT STORES (55)			
Akron.....	-25.5	-23.7	-2.3
Cincinnati.....	-21.4	-22.8	-22.4
Cleveland.....	-20.1	-21.7	-12.9
Columbus.....	-22.0	-21.1	-16.1
Pittsburgh.....	-29.7	-28.2	-17.1
Toledo.....	-28.8	-25.0	-22.0
Wheeling.....	-35.0	-28.6	-17.8
Youngstown.....	-35.1	-30.8	-19.1
Other Cities.....	-31.4	-26.4	-20.9
District.....	-26.3	-25.1	-16.6
WEARING APPAREL (13)			
Cincinnati.....	-24.3	-22.7	-25.9
Other Cities.....	-28.8	-29.1	-30.4
District.....	-27.2	-26.9	-28.8
FURNITURE (47)			
Cincinnati.....	-44.0	-44.3	.....
Cleveland.....	-46.9	-45.3	.....
Columbus.....	-34.9	-26.6	.....
Dayton.....	-40.3	-23.1	.....
Toledo.....	-29.0	-23.7	.....
Other Cities.....	-52.0	-42.2	.....
District.....	-43.7	-38.5	.....
CHAIN STORES*			
Drugs—District (4).....	-16.3	-12.0	.....
Groceries—District (6).....	-6.9	-7.7	.....
WHOLESALE GROCERIES (37)			
Akron.....	-28.9	-25.8	.....
Cleveland.....	-24.4	-24.6	.....
Erie.....	-23.2	-17.3	.....
Pittsburgh.....	-28.4	-18.7	.....
Toledo.....	-25.7	-18.9	.....
Other Cities.....	-22.3	-21.2	.....
District.....	-24.2	-21.8	-14.3
WHOLESALE DRY GOODS (11)			
.....	-38.4	-36.1	-29.9
WHOLESALE DRUGS (13)			
.....	-16.7	-14.1	.....
WHOLESALE HARDWARE (15)			
.....	-22.2	-25.1	.....

Fourth District Business Statistics

(000 omitted)

	May, 1932	% change from 1931	Jan.-May, 1932	% change from 1931
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	1,583,000	-35.8	8,630,000	-35.5
Savings Deposits—end of month:				
27 selected banks, O., W. Pa.....	647,529	-15.6	655,684 ¹	-14.4
Postal Receipts—9 cities.....	2,212	-19.1	12,340	-14.6
Life Insurance Sales:				
Ohio and Pa.....	77,361	-25.8	436,835	-14.4
Retail Sales:				
Department Stores—55 firms.....	15,411	-26.3	73,050	-25.1
Wearing Apparel—13 firms.....	870	-27.3	4,347	-26.9
Furniture—47 firms.....	595	-43.7	2,667	-38.5
Wholesale Sales:				
Drugs—13 firms.....	1,173	-16.7	6,590	-14.1
Dry Goods—11 firms.....	853	-38.4	4,387	-36.1
Groceries—37 firms.....	3,186	-24.2	16,693	-21.8
Hardware—15 firms.....	1,110	-22.2	4,555	-25.1
Building Contracts—Residential.....	2,293	-69.5	10,387	-70.1
—Total.....	14,072	-61.3	49,563	-63.0
Commercial Failures—Liabilities.....	6,710	+13.1	39,204	+8.4
—Number.....	240 ²	+25.7	1,268 ²	+21.2
Production:				
Pig Iron, U. S..... Tons	784	-60.7	4,537	-52.1
Steel Ingots, U. S..... Tons	1,107	-55.8	6,679	-49.3
Automobiles—Pass. Cars, U. S.....	157,756 ²	-41.9	600,940 ²	-45.8
—Trucks, U. S.....	27,393 ²	-40.0	117,943 ²	-44.9
Bituminous Coal..... Tons	7,425	-37.1	46,820	-27.8
Cement—O., W. Pa., W. Va. Bbls.	471	-63.5	1,482	-57.4
Elec. Power—O., Pa., Ky. k.w.h.	966 ³	-11.7	4,159 ⁴	-11.6
Petroleum—O., Pa., Ky. Bbls.	2,017 ³	+5.1	7,703 ⁴	+0.1
Shoes..... Pairs	5	-9.5	5	-0.7
Tires, U. S..... Casings	2,820 ³	-28.9	11,652 ⁴	-15.9
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	2,101	-36.3	3,424	-26.9
Iron Ore Receipts:				
Lake Erie Ports..... Tons	39	-93.5	39	-93.6

¹ Monthly Average ³ April
² Actual number ⁴ Jan-April
⁵ Confidential

Debits to Individual Accounts

	5 weeks ending June 22, 1932	% change from 1931	Year-to-date Dec. 31, 1931 to June 22, 1932	Year-to-date Jan. 1 to June 24, 1931	% change from 1931
Akron.....	56,315	-38.5	308,382	469,421	-34.3
Butler.....	7,091	-30.0	36,274	53,549	-32.3
Canton.....	19,768	-50.4	108,743	216,372	-49.7
Cincinnati.....	267,309	-29.8	1,498,242	2,066,887	-27.5
Cleveland.....	439,861	-38.8	2,546,166	3,956,792	-35.7
Columbus.....	111,684	-35.8	596,176	988,897	-39.7
Dayton.....	49,165	-40.5	271,620	480,135	-43.4
Erie.....	22,953	-36.1	131,904	183,925	-28.3
Franklin.....	3,067	-34.0	17,458	23,011	-24.1
Greensburg.....	5,810	-31.0	32,919	52,572	-37.4
Hamilton.....	9,627	-15.7	48,177	65,469	-26.4
Homestead.....	2,627	-37.7	14,055	23,011	-38.9
Lexington.....	15,282	-16.3	101,237	123,175	-17.8
Lima.....	9,423	-14.6	46,997	63,882	-26.4
Lorain.....	3,231	-38.9	18,866	28,802	-34.5
Middletown.....	6,560	-24.1	35,674	55,678	-35.9
Oil City.....	11,380	-24.1	54,182	73,270	-26.1
Pittsburgh.....	562,301	-32.3	3,152,133	4,656,259	-32.3
Springfield.....	12,266	-43.9	72,340	132,417	-35.7
Steubenville.....	5,670	-44.9	32,957	50,331	-34.5
Toledo.....	81,311	-52.1	451,653	901,845	-49.9
Warren.....	4,555	-41.2	27,703	52,745	-47.5
Wheeling.....	29,592	-32.8	161,550	220,949	-26.9
Youngstown.....	32,054	-42.9	169,692	308,024	-44.9
Zanesville.....	6,832	-27.6	34,827	53,285	-34.6
Total.....	1,775,734	-35.9	9,969,937	15,280,703	-34.8

Fourth District Business Indexes

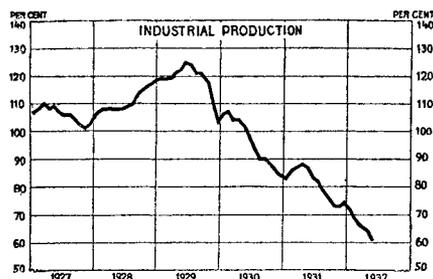
(1923-1925 = 100)

	May, 1932	May, 1931	May, 1930	May, 1929	May, 1928
Bank Debits (24 cities).....	58	91	120	129	121
Commercial Failures (Number).....	164	131	130	101	108
“ (Liabilities).....	152	135	69	73	54
Postal Receipts (9 cities).....	85	105	119	124	120
Sales—Life Insurance (Ohio and Pa.).....	92	125	141	145	144
—Department Stores (55 firms).....	68	89	101	106	103
—Wholesale Drugs (13 firms).....	75	90	103	112	113
—“ Dry Goods (10 firms).....	33	53	77	86	83
—“ Groceries (37 firms).....	55	72	92	96	96
—“ Hardware (14 firms).....	53	70	95	97	101
—“ All (74).....	53	71	91	96	97
—Chain Drugs (3 firms)**.....	74	88	91	88	93
Building Contracts (Total).....	30	76	107	136	134
“ (Residential).....	13	44	81	100	162
Production—Coal (O., W. Pa., E. Ky.).....	41	65	86	93	82
—Cement (O., W. Pa., W. Va.).....	39	107	167	133	150
—Elec. Power (O., Pa., Ky.)*.....	115	130	140	142	126
—Petroleum (O., Pa., Ky.)*.....	109	104	139	113	108
—Shoes.....	64	70	61	99	72

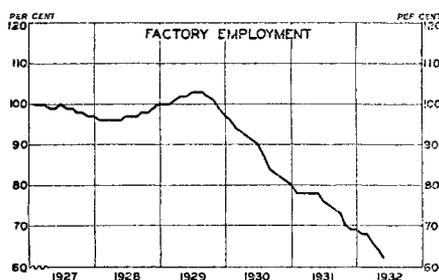
*April.
**Per individual unit operated.

Summary of National Business Conditions

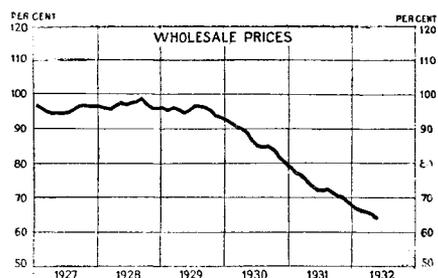
By the Federal Reserve Board



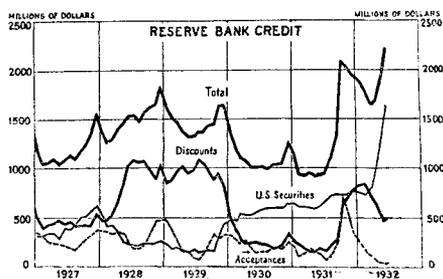
Index of industrial production, adjusted for seasonal variation. (1923-1925 average = 100) Latest figure, May, 61.



Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average = 100) Latest figure, May, 62.2.



Index of United States Bureau of Labor Statistics (1926 = 100) Latest figure, May, 64.4



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 20 days in June.

Volume of production in basic industries and employment at factories decreased further in May, and wholesale prices declined. Foreign withdrawals of gold, which had been in large volume in May and the first half of June, practically stopped after the middle of the month.

Production and Employment

Production at mines and factories declined further in May, and the Board's seasonally adjusted index of industrial production showed a reduction from 64 per cent of the 1923-1925 monthly average in April to 61 per cent in May. Output of coal was substantially reduced, particularly in the anthracite fields; shipments of iron ore showed less than the usual seasonal increase, production of iron and steel declined, and activity at textile mills and shoe factories was further curtailed. In the automobile industry output increased considerably.

In the first part of June activity in the steel and cotton industries was reported to have declined further, while output of automobiles continued at about the same rate as in the latter part of May.

Further reductions in employment and earnings of factory workers accompanied the smaller volume of manufacturing output in May, particularly in the steel and machinery industries, and in the textile and clothing trades. Employment at automobile plants and in the seasonally active food industries showed an increase. Value of building contracts awarded, according to reports to the F. W. Dodge Corporation, after increasing somewhat in April and May, declined slightly in the first half of June, reflecting chiefly smaller awards for public works and other non-residential building.

Distribution

Railroad freight traffic decreased further in May, the largest reduction being in shipments of coal and miscellaneous freight. Sales of department stores in leading cities, which had increased substantially during April, were smaller in May.

Wholesale Prices

Prices of commodities at wholesale were 1.7 per cent lower in May than in April, according to the Bureau of Labor Statistics. There were large decreases in prices of many domestic agricultural products and of hides and textiles. Prices of petroleum products advanced.

During the first three weeks of June, market quotations for a number of non-agricultural commodities were relatively steady, and prices of sugar, meats, and livestock increased. Prices of wheat, after considerable fluctuations, were at unusually low levels at the beginning of the third week in June.

Bank Credit

Withdrawals of gold from the United States continued through May and the first half of June, and the country's stock of monetary gold declined by \$435,000,000 between May 4 and June 15. After that date there was no further decline in the total stock of monetary gold, continued gold exports representing gold previously earmarked by foreign central banks. During the first part of May continued purchases of United States Government securities by the reserve banks enabled member banks further to reduce their discounts; in later weeks, however, funds released through these purchases were absorbed by the demand for gold for export, and there was also a decrease in member bank reserve balances.

Loans and investments of reporting member banks in leading cities, which had declined sharply earlier in the year, showed wide fluctuations after the middle of May. In the middle of June total loans and investments were larger than a month earlier, the increase in holdings of United States securities being more than sufficient to offset declines in other investments and in loans.

Money rates in the open market remained at low levels. Rates on prime commercial paper were reduced to a range of $2\frac{1}{2}$ - $2\frac{3}{4}$ per cent in the second week of June.