



# MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

**Fourth Federal Reserve District**

**Federal Reserve Bank of Cleveland**

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No. 2

In contrast with the depressed condition of early 1933 prior to the banking holiday, current trade and industrial operations show up very well. The gain in this district since the beginning of the year has been substantial, but most of the expansion has been connected in some way with the automobile industry.

In January, automobile production was 161,000 units, compared with 130,044 units a year previous, but by the third week of February assemblies had been stepped up so that output for the second month was estimated to be at least 275,000 units, compared with 107,000 in February, 1933.

This sharp increase was reflected in many industries of the fourth district, but was particularly noticeable in the steel centers. January steel ingot production was 94 per cent ahead of the first month of 1933, and output averaged 34.19 per cent of capacity. By the third week of February, operations had expanded to better than 45 per cent, whereas in February, 1933, output was at about 20 per cent of capacity. Fourth district mills, excluding those at Pittsburgh, were turning out steel at better-than-average rates, most of it going to automobile fabricators, though general manufacturers also have increased specifications in recent weeks and buying of structural steel was up sharply from early 1933. Rolling of railroad steel has not been reported in any sizable volume, though in mid-February operations at Pittsburgh advanced seven points.

Electric power production in this section in the week ended February 17 was 15 per cent ahead of the corresponding period last year, a larger gain than was reported in any other section of the country, the average increase being 11.6 per cent.

Building contracts awarded in the first half of February showed a falling-off from the preceding month, but a gain from 1933 was still evident. In January, contracts awarded were eight times as large as in the opening month of 1933, the bulk of awards representing public works financed by federal funds. Little actual work on these projects has been done, however.

Industrial employment in January was little changed from December in this district, judging from mid-month figures, but an increase in the latter part of that month and the first part of February was indicated in several fields. Due to a greater number of hours worked, pay

rolls increased. This was reflected in retail trade, department store sales in January in this section being 27 per cent above a year previous. In some centers where the improvement in business was particularly marked, dollar sales were up very decidedly. Akron stores reported a gain of 65 per cent and Cleveland 38 per cent.

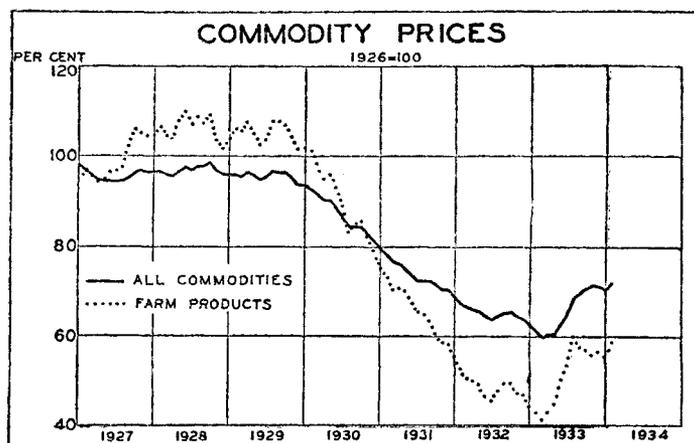
Operations at rubber factories increased sharply in January, judging by rubber consumption which was up 60 per cent from last year. Tire sales have improved, but inventories also have been built up.

Clothing plants generally were operating at capacity levels permitted by the code, spring orders being up sharply from a year ago. Glass and paint plants have stepped up production, but brick and tile manufacturers continue to operate at low levels.

The agricultural situation was improved by the continued rise in commodity prices, which has been more pronounced in the farm products group than in any other major one. Compared with a year ago farm prices were up about 50 per cent, while the gain in all commodities has been approximately 22 per cent.

## FINANCIAL

Formal devaluation of the gold value of the dollar to 59.06 cents on January 31, the transferring of title to the gold formerly held by the reserve banks to the Treasury, and the issuance of new gold certificates in lieu thereof, were the outstanding events in the financial situation



in the four weeks ended February 24. The new gold certificates, under the Gold Reserve Act, are secured dollar for dollar by gold coin or bullion belonging to the United States Treasury. These certificates are not intended for circulation, but are to be used by the reserve banks as security behind notes issued and as reserve against deposits.

At the Federal Reserve Bank of Cleveland in the four weeks ended February 21, gold certificates increased over \$25,000,000, somewhat more than the change in past years at this season, but the increase resulted chiefly from the inter-district transfers of funds. Credit extended by the reserve bank declined through a contraction in bills discounted for member banks and a reduction in the volume of acceptances held. The latter were down about \$4,000,000 from January 24 to February 21, but they were larger than a year ago. Bills discounted dropped from \$6,800,000 to \$3,500,000 in the period, and on the latest date were the lowest on record. One year ago they were \$46,000,000. Holdings of government securities continued unchanged at \$213,000,000, up about \$37,000,000 from last year.

Circulation of this bank's Federal reserve notes and bank notes increased slightly in the four latest weeks, the gain being attributed to the expansion in trade and industry, the advance in wholesale and retail prices, and the distribution of Civil Works' Administration checks, the cashing of which makes it necessary to maintain a larger supply of currency than otherwise might be required. The gain in the four latest weeks was only about \$4,000,000 and has been exceeded in several past years at this season.

Member bank reserves with the Federal Reserve Bank of Cleveland were built up rapidly in January and continued to increase in the first three weeks of February. Although the slight increase in deposits at member banks necessitated a moderate building up of reserves, the gain was such that daily average excess reserves in January amounted to \$75,000,000, compared with \$55,000,000 in December and \$4,900,000 in January, 1933. The gain in excess reserves of reserve city banks was proportionately less in January than in banks outside these centers.

At the reporting member banks in this district total loans and discounts continued to decline in the four latest weeks, the liquidation of collateral loans being greater than in "all other" loans. Investments in government securities were up sharply (15 per cent) in the four weeks ended February 21, but holdings of other securities, which increased slightly in early February, subsequently declined to new low levels. Total investments of reporting member banks in this district were up 25 per cent from the low of last March, the gain being more than enough to offset the decline in loans in the period.

Both demand and time deposits increased in the four latest weeks, the gain of \$18,000,000 being about equally divided. Government deposits also were increased at the time of the latest financing and total deposits were up \$72,000,000 in the four latest weeks and about \$180,000,000, or 20 per cent, from the low level of last March.

Savings deposits at selected banks increased 0.5 per cent in January, but they were still 4.1 per cent smaller than a year ago.

Bank debits at reporting banks in 24 cities of the

district were 11.7 per cent above a year ago in the four weeks ended February 21. The gain in the month of January was only four per cent.

There were only 104 commercial failures reported in this district in January, a reduction of 59 per cent from the opening month of 1933. Liabilities of the defaulting concerns were down 66 per cent in the period.

## MANUFACTURING, MINING

### Iron and Steel

Favorable factors have dominated most iron and steel markets so far this year.

The general average of steelworks' operations rose from 30 per cent in the middle of December to 47 per cent for the week ended February 24, and there were indications that a 50 per cent rate might become a reality in the near future.

In the Cleveland-Lorain district the steelworks rate in the same period rose from 54 to 77 per cent; Youngstown from 26 to 54 per cent; while at Pittsburgh, where operations have lagged, a seven-point gain in the two latest weeks advanced the rate to 29 per cent, with further improvement indicated. Tin plate mills were producing at 70 per cent in the latest week, a gain of ten points.

February brought a decided change for the better in automotive demand, the principal cause of expanded steelworks' operations in this district. Sheet and strip mills in and near Cleveland have been lifted to near capacity operations by specifications from automobile manufacturers. Bar and wire mills and nut and bolt manufacturers also have benefited substantially.

The largest buying of railroad equipment in this country to be noted in several years centered recently in Cleveland, and specifications will soon be forthcoming on approximately 170,000 tons of rolled steel and 110,000 tons of other iron and steel products for 12,725 freight cars and 159 coaches, contracts for which are soon to be awarded. With other lines now in the market, or preparing to enter, it is possible that material for 30,000 freight cars will be ordered in the present buying movement.

Official information from Washington is that the steel industry also may count upon orders for 845,000 tons of rails and some 200,000 tons of track fastenings, as originally planned, the bulk of the tonnage to be placed between March 1 and June 1. Actual rail purchases have increased, and bids have been taken on some large tonnages of plates, shapes, bars and miscellaneous railroad materials.

Though seasonal construction work has not yet opened up, *Steel's* compilation of structural shape awards for projects calling for 100 tons or more, totaled 100,496 tons so far this year, compared with 71,325 tons in the like period of 1933.

Miscellaneous manufacturing requirements also have shown moderate improvement. Foundry operations have increased, evident in rising shipments of pig iron and coke. *Steel's* scrap price composite, a sensitive barometer, is up to \$11.95, compared with \$11.08 a month ago, and \$9.33 in the first week of December.

That steel makers are preparing for a higher rate of operations is indicated by a net gain of 12 active blast furnaces in January, all at steelworks, 86 operating at

the close of the month, since which time several more steelworks' stacks have been blown in.

Daily average pig iron production in January was 39,426 gross tons and total output was 1,222,214 tons, both up 2.5 per cent from December. In each instance, output was the largest since October last year, while it was the best record for January since 1931.

The more rapid expansion in steelworks' operations also emphasizes the favorable beginning the industry has made this year. Daily average steel ingot output in January—73,959 gross tons—was only 1.6 per cent over December, but 86 per cent higher than in January 1933, and 31 per cent above that month in 1932. Total production last month was 1,996,897 tons, compared with 1,819,648 tons in December.

**Coal** Production of bituminous coal at mines in the fourth district was 12,325,000 tons in January, a gain of 22.8 per cent from the first month of 1933. Compared with December, output was up approximately ten per cent in contrast with declines shown at that period of the three preceding years, and it was the best January for local coal companies since 1931.

The gain from a year ago, which was slightly larger in this district than in the entire country, was attributable to two factors. Industrial operations increased sharply, production of coke for steel mills and other users being up 17.3 per cent for the first seven weeks of 1934, compared with the same period of 1933. The gains in the first half of February were quite pronounced, amounting to about 33 per cent. In addition, the cold weather in January caused household consumption to increase and the demand continued in February at such a rate that on some days retail dealers were hard-pressed to make deliveries. Output in the first three weeks of February was considerably above the same period of 1933 and somewhat greater than in 1932.

As a result of the increased consumption, stocks of coal in retail yards were slightly smaller in January than a year ago and, though industrial stocks are larger than at this time last year when they were unusually small, (lower than since 1920) they were down in the latest quarter. Total stocks above ground in January represented 32 days' supply at the current rate of consumption, compared with 30 days' supply a year ago and 46 days' supply at the start of the winter season.

With coal production showing an increase in recent weeks, wage payments were up, but the gain was somewhat larger than the gain in output because of the advance in wage rates. There also has been a marked improvement in coal prices in recent months. In February bituminous coal, steam size, run of mine, was quoted \$1.75 per net ton in carload lots, compared with \$1.20 per ton a year ago. Coke prices have advanced even more sharply, being quoted at \$3.50 a ton on the latest date, a gain of 100 per cent in the past twelve months.

**Automobiles** Although reports of the difficulties encountered by several automobile manufacturers in getting into production on the new models were quite general in January, total output in the period compared very favorably both with

December and January 1933. According to the Department of Commerce, output of cars and trucks in January totaled 161,006 units. This was an increase of 23.8 per cent from January 1933, and 91.3 per cent from December. The latter gain was considerably more than seasonal and the adjusted index of the Federal Reserve Board rose from 47 to 53 per cent of the 1923-1925 monthly average. At this point it was higher than since September last year.

The production difficulties in January were almost entirely confined to the passenger car field, for output was only 7.3 per cent ahead of January 1933. Truck production on the other hand, was 44,729 units, a gain of 106 per cent from a year ago and of nearly 50 per cent from December.

*Cram's* weekly estimates of production indicated that the industry increased its operating rate sharply in late January and the first half of February. The gain was the outstanding event in the business situation in the period, particularly as it affected this district. For the week ended February 17, output was estimated at 64,000 units, compared with 25,000 cars in the corresponding period last year, and about 30,000 cars a week in mid-January. The weekly seasonally adjusted index was 71.3 compared with 27.1 in the corresponding week of 1933, and 47 per cent in mid-January. On the latest date this weekly index was higher than since 1930, excluding the period last summer when production was abnormally high. On the basis of the weekly figures, February production is estimated to be at least 275,000 cars, the highest for any month since April 1931.

Activity has been confined chiefly to the low-priced car field and, according to reports, has resulted from orders actually received. These piled up in December and January when manufacturers were out of production for so long a time as difficulties in the model changeovers were being ironed out.

The effect of increased automobile production has been particularly noticeable on local industries. Iron and steel, machine tool, tire, glass and parts and accessory plants in this district were operating in mid-February at levels much above a year ago.

New passenger car sales in principal counties in Ohio and western Pennsylvania in January totaled 4,741 units, a reduction both from a year ago and from December.

**Tires, Rubber** Although the employment figures from local rubber factories showed practically no change from December to January, the report of the *Rubber Manufacturers' Association* on crude rubber consumed in the period indicated that a considerable increase in tire production occurred in the latest month. At 40,143 tons, consumption was up 39 per cent from December and 76 per cent from January 1933. In February, consumption was estimated to be up 60 per cent from the same period of last year. Because of the very depressed conditions prevailing in early 1933, the comparison with current figures reveals some surprising gains.

That there has been a gain in output compared with last year is revealed in the seasonally adjusted index of tire and tube production, compiled by the Federal Reserve Board, shown on the accompanying chart. In re-

cent months the adjusted index is down sharply from the peak in midsummer, but compared with a year ago, the gain is substantial.

According to manufacturers, the recent gain in production was due to a combination of factors. Increased activity at automotive plants caused an advance in original equipment sales. Dealers also have been ordering tires in somewhat larger quantities than are needed for present replacement. Part of this stocking-up is normal in anticipation of the increased spring demand, but some dealer speculative buying in expectation of higher prices is also evident. The fourth increase in tire prices from the low of 1933 was announced in early February by one dealer, the latest rise being three per cent. As a result of these advances, current tire prices are about the same as in early 1933, but the cost of labor and materials has increased quite sharply in the past year. Crude rubber in mid-February was quoted at 10 $\frac{3}{4}$  cents a pound, compared with about three cents in February 1933, and cotton was selling at 12 $\frac{1}{2}$  cents in contrast with about six cents a year ago.

Manufacturers' tire inventories at the beginning of the year were about 16 per cent larger than at the start of 1933, and though they were down slightly in the latest month, with this exception, they were higher than since May 1932. In view of the potential demand resulting from delayed automobile production, these stocks represent only 2.5 months' supply, which has been about the average for this season of the past three years.

The crude rubber situation, so far as production restriction plans are concerned, is clothed with uncertainties, most of which center in the Dutch-producing areas. United States imports of crude rubber in January were 46,204 long tons, about 6,000 tons in excess of consumption in the period and up 49 per cent from last year. As a result stocks on hand rose to 368,660 long tons. Despite the increase, stocks were still 4.4 per cent smaller than a year ago.

**Clothing** Clothing factories in this district were operating at peak levels in mid-February on goods for the spring season. Unfilled orders on hand were substantially ahead of last year, both in number of units and dollar value. The latter was up quite sharply because of the increase in selling prices, resulting from higher raw material and manufacturing costs. Raw wool in January averaged about 100 per cent

higher than a year ago. Cotton prices showed about the same increase and labor costs also were higher.

While some resistance to the higher prices was evident in retail channels, sales in general so far this year have exceeded early 1933 by a good margin. In January, dollar sales of women's and misses' ready-to-wear at reporting stores in this district were 32 per cent larger than in early 1933 and men's clothing sales were up about the same amount. Retail clothing prices, according to *Fairchild's* index, were up sharply in the period, but the gain was less than the increase in sales.

Inventories of raw materials and finished goods were larger in early February than a year ago, but were not of unusual size in view of the increased sales and the larger volume of unfilled orders.

In the textile field, preparation for production on fall materials is being completed. Sales of spring clothing materials in the first ten weeks of 1934 were up sharply from the corresponding period of 1933.

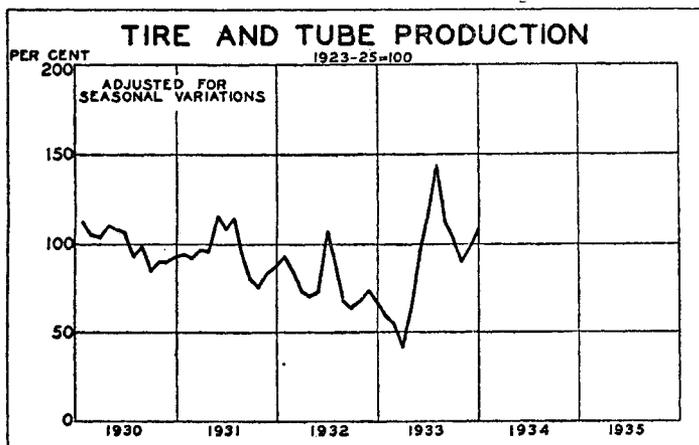
The actual number employed at fourth district plants was slightly smaller in January than in December, but compared with the opening month of 1933 a gain of 5.4 per cent was shown at 42 companies.

**Other Manufacturing** Most of the smaller manufacturing lines of the fourth district shared the increase in operations which developed in late January and the first part of February. The degree of improvement was marked in those industries connected with the manufacture of automobiles, though some of the other lines showed a sharp expansion in both sales and production and a much better sentiment prevailed generally than was evident either a month ago or last year at this time.

**Automobile Parts and Accessories.** The percentage increase in operations at local parts and accessory plants in late January and the first part of February, compared with a year ago, was sizable, in many cases amounting to nearly 100 per cent, but because of the low level to which operations at these plants fell last year most of them are still operating considerably below capacity or even so-called normal rates. Employment at 38 local concerns was 32.5 per cent higher in January than a year ago, and though the change from mid-December to mid-January was somewhat less than the average increase of recent years, the sharp expansion in automobile assemblies in early February caused an upturn in operations at local parts plants in the period. Pay rolls showed a proportionately greater increase than did employment, for not only have wage rates been increased, but also a greater number of hours per week is being worked.

**Brick and Tile.** While operations in the brick and tile industry continue at very depressed levels, there being only a very moderate increase in employment and production compared with the early part of 1933, there has been a slight improvement in orders in recent weeks, no doubt a result of the sharp increase in construction contracts awarded in recent months.

**China and Pottery.** Orders and shipments of china and pottery in January and the first part of February were considerably ahead of the corresponding period of 1933. Employment at eight concerns was up 40 per cent in Janu-



ary, compared with a year ago, and there also was a contraseasonal increase from December. Unfilled orders have expanded recently and stocks of manufactured goods have been reduced despite the fact that prices were increased about 15 per cent at the beginning of the year.

**Electrical Supplies.** A slightly greater than seasonal increase in employment at electrical manufacturing plants occurred in January and the index covering 30 factories was 55 per cent above a year ago. January sales were up sharply from the first month of 1933. Stocks of finished goods were smaller than a year ago, but raw material supplies were considerably larger.

**Glass.** All branches of the glass industry reported a gain in operations in January and sales showed a corresponding increase. The brightest spot in this field was the container industry which has been operating at capacity levels for some time. The window glass industry was operating at a higher rate than for the past three years and manufacturers' stocks of glass on hand are still about 25 per cent lower than a year ago. Plate glass production increased quite sharply in January, chiefly as a result of greater automotive demand, but operations did not increase in proportion because of rather abnormal stocks which were on hand at the close of the year. These accumulated when automobile production was at low levels.

**Hardware and Machine Tools.** Hardware and engineering appliances were in considerably greater demand in January than a year ago, new orders in many cases being more than twice as large as those placed in early 1933. Corresponding increases in both employment and pay rolls were generally recorded. Machine tool manufacturers recently reported the largest gain in orders in several years. The accompanying chart showing the index of new machine tool orders, as compiled by the National Machine Tool Builders Association, indicates that a sharp upward movement, which started in the middle of 1933, continued almost unabated to the year end. In January these orders declined somewhat, but the January index was higher than since 1930. Most plants in this district reported further increases in operations in the first part of February. New business has been received from both foreign and domestic sources.

**Paint.** January paint sales were up generally from December, but in early February there was a slackening in the rate of increase. Compared with a year ago sales

were up about 30 per cent. Raw material inventories are up sharply, having been built up in anticipation of price increases as well as an expanding volume of business.

**Paper, Boxboard.** A slowing-down in production of paper and boxboard was reported in January, but in early February an increase in the volume of sales was evident. The increase, however, was reflected in unfilled orders, for operating rates have not expanded to any extent recently.

## TRADE

### Retail

As a result of the improved industrial conditions in this district, in addition to the distribution of purchasing power through Civil Works Administration channels, retail buying, as reflected in sales at department stores throughout the district, did not show the usual falling-off in January from the December level. The seasonally adjusted index of sales was up from 63.9 to 66.5 per cent of the 1923-1925 monthly average. Compared with the first month of 1933, dollar sales were up 27 per cent and weekly reports for the first three weeks of February indicated a further gain from that month a year ago. In early 1933, however, retail trade was in very limited volume and prices also were somewhat lower than at present. *Fairchild's* retail price index on February 1 was 24 per cent higher than a year ago and the gain in January was 0.6 per cent. In the past year the gains were most pronounced in the piece goods, women's apparel and home furnishing departments. In the fiscal year ended January 31, dollar sales of reporting stores were up 3.2 per cent, the first gain in four years.

Although the retail value of stocks on January 31 was 16 per cent higher than a year previous, after allowing for seasonal variations, the 2.9 per cent reduction in January lowered the adjusted index to 62.6 per cent of the 1923-1925 monthly average. With sales showing a greater increase than stocks in the period, the stock turnover rate for the year ended January 31 was 3.67, compared with 3.26 in the previous twelve months.

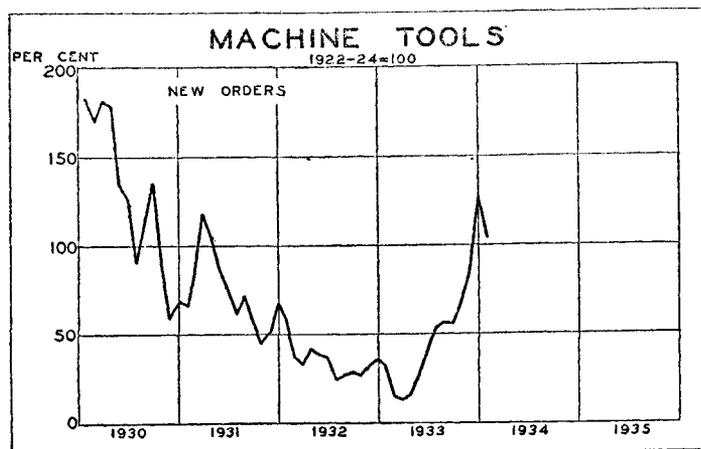
There was an increase in credit sales in January, the ratio of all credit to total sales being 55.0 compared with 51.4 in December and 53.0 a year ago. The gain was entirely in installment sales which represented 6.7 per cent of total sales in January, as against 3.9 in December and 4.6 per cent in January 1933.

Collections improved in January; they amounted to 35.3 per cent of the accounts receivable at the beginning of the month, in contrast with 33.7 in December and 32.8 a year previous.

Chain store sales in this district were up sharply from a year ago, chain grocery sales (dollar volume per unit operated) being up 18 per cent and chain drug sales 12 per cent.

### Wholesale

Contrary to the trend of past years, the dollar volume of wholesale sales in the four reporting lines in the fourth district (69 firms) was greater in January than in December. The increase was due to an expansion in sales of groceries and dry goods; sales of drugs were practically unchanged, but hardware sales were down 10.6 per cent in the period.



In comparison with a year previous, all reporting lines showed large increases in dollar sales. Hardware sales were up 66 per cent; dry goods 51 per cent; drugs 33 per cent and grocery 27 per cent. Collections have improved and stocks of goods are up more than 25 per cent in dollar value. This, however, as well as the gain in sales, was partly a result of the increase in wholesale prices in the period. In some cases it has been substantial.

### BUILDING

Although there was a reduction in the volume of contracts awarded in the entire country between December and January, awards in the fourth district showed an increase in the period. At \$32,645,000, they had a higher value for any month since May 1931, and the January figure was larger than for any corresponding period since 1930.

Awards in January in this district were over eight times as large as in January 1933, but the gain, as for several months, was in the public works' category, which showed signs of letting up in the first half of February as the allotments made by the various federal agencies were being used up. From February 1 to the 15th total contracts awarded were valued at \$8,063,400 in the *F. W. Dodge Corporation's* Pittsburgh territory, compared with \$47,000,000 in the entire month of January, of which \$37,000,000 represented public works and utilities.

Despite the fact that the allotment of federal funds to the construction industry has been substantial, (amounting to \$93,000,000 so far in Ohio, \$81,000,000 in Pennsylvania, and \$16,000,000 in Kentucky, as yet little of this work has actually been started. The effect, therefore, of the awarding of these contracts has been only partially felt locally and building supply and lumber dealers report conditions quite depressed, though recently new lumber orders have expanded. Lumber stocks are smaller than a year ago, but prices are considerably higher.

Contemplated construction reported in this section in January was valued at \$80,000,000 against \$55,000,000 in December and \$15,000,000 in January 1933. Newly-planned construction in all four major classes was higher in January than a year ago and the gains were well distributed throughout the territory.

Only public works' contracts awarded in January were larger than in December, all other major classes show-

ing a reduction. Compared with a year ago, residential building was the only major group to show a drop and it was purely nominal, amounting to 2.7 per cent. The major part of the public works' contracts was for highway construction, though a sizable amount represented Civil Works' operations, which are not classified as to types of work.

### AGRICULTURE

The most important development in the agricultural situation in the past month was the continued rise in farm prices. The United States Department of Labor's weekly index of farm prices was 62.1 per cent of the 1926 monthly average on February 17. This compared with 41.9 a year ago, which was only fractionally above the low point of March 4, 1933. The gain in the year has been over 50 per cent, whereas the Bureau's composite index showed a gain of only 22 per cent. While the advance has been substantial in the past year, the index of farm prices is nearly 40 points from the 1926 level and the ratio of prices received by farmers to prices they pay for goods is still below the level of last year, though it has advanced about 18 per cent in the past twelve months.

The chart on page I shows the weekly changes in the indexes of farm prices and all commodities in the past year as compiled by the Department of Labor.

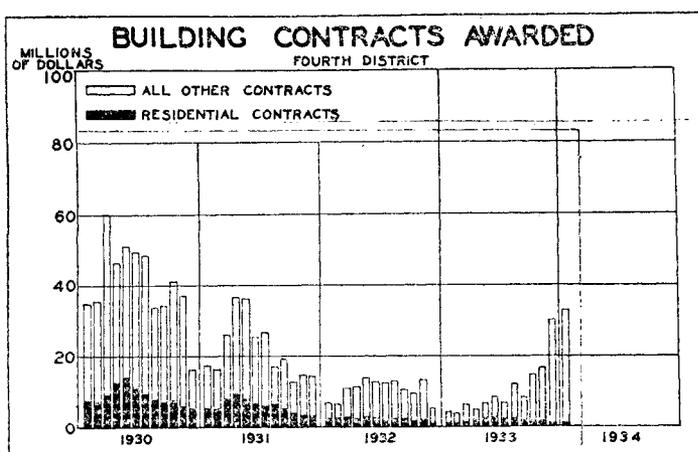
According to the Ohio State Department of Rural Economics, estimated gross cash income from Ohio's principal agricultural crops was 20.5 per cent larger in January 1934, than in the first month of 1933. The selling of grains at the sharply advanced prices resulted in a cash income from that source 94 per cent larger than a year ago. This accounted for most of the increase, though five of the six principal products showed gains.

The annual inventory of livestock on farms as of January 1, recently completed, shows a decline in the number of horses and swine on farms in states of the fourth district, but an increase in the number of cattle and sheep on local farms in 1933.

In the case of horses, the reduction in 1933 was about two per cent, somewhat less than the average rate of decline in recent years. For the first time in many years the number of colts less than one year old considerably exceeded the number of such colts of the previous year. Increased demand for good work horses has caused prices to advance quite sharply, there being a reported increase of about 13 per cent in the value per head in the past year.

The number of cattle on local farms was about two per cent greater on January 1, 1934, than a year previous, but the gain in number was insufficient to make up for the drop in value per head to the lowest level in recent years so that total farm value of all cattle on fourth district farms was less at the beginning of 1934 than a year earlier.

An increase of about two per cent in the number of sheep on farms in the district contrasted with a slight decline in the entire country. Prices of sheep and lambs advanced sharply in 1933, and the value per head and total farm value at the beginning of 1934 was higher than a year earlier and only slightly lower than at the beginning of 1932.



With the value per head lower than since 1897, and the number reduced about eight per cent, the total value of hogs on local farms as of January 1, 1934, was down sharply from a year earlier. The pronounced decline in the number of hogs was partly a result of governmental buying last fall, when an attempt was made to raise prices by removing some of the potential supply.

**Tobacco** Selling of the 1933 burley tobacco crop was resumed on January 8, after a holiday of about three weeks. Following the opening, prices received were close to 12 cents a pound, but in early February prices advanced despite an unusually heavy volume of sales. Generally speaking, prices have averaged close to 12 cents a pound since the market reopening in January, approximately the same as in December prior to the market closing. The cessation of selling merely afforded time for growers to sign acreage reduction contracts to apply to the 1934 and 1935 crops. According to reports, most growers in the important producing areas have signed contracts to reduce acreage up to 50 per cent, but in some of the outlying areas the cooperation has not been so good. Another development of the holiday, which has helped maintain the price, was the agreement of leading consumers to buy 260,000,000 pounds of the 1933 burley crop at not less than 12 cents a pound.

**Wholesale and Retail Trade**

(1934 compared with 1933)

	Percentage Increase or Decrease		
	SALES	STOCKS	COLLECTIONS
	Jan., 1934	Jan., 1934	Jan., 1934
<b>DEPARTMENT STORES (49)</b>			
Akron.....	+65.4	+15.4	+38.5
Cincinnati.....	+12.7	+10.3	+ 8.6
Cleveland.....	+38.4	+22.2	+15.9
Columbus.....	+21.8	+11.4	+10.6
Pittsburgh.....	+18.9	+21.4	+12.3
Toledo.....	+22.5	+ 1.0	.....
Wheeling.....	+23.0	+22.4	+12.6
Other Cities.....	+37.8	- 2.2	+26.4
District.....	+26.7	+15.8	+14.8
<b>WEARING APPAREL (11)</b>			
Cincinnati.....	+33.3	+ 9.8	+18.8
Other Cities.....	+13.7	- 6.3	+10.6
District.....	+19.9	- 1.1	+12.8
<b>FURNITURE (44)</b>			
Cincinnati.....	+61.6	.....	+12.6
Cleveland.....	+64.3	.....	+21.6
Columbus.....	+53.7	.....	+26.6
Dayton.....	+32.2	.....	+ 1.1
Toledo.....	+80.2	.....	+38.2
Other Cities.....	+44.1	.....	+74.1
District.....	+57.2	.....	+25.7
<b>CHAIN STORES*</b>			
Drugs—District (4).....	+11.6	.....	.....
Groceries—District (5).....	+18.2	.....	.....
<b>WHOLESALE GROCERIES (33)</b>			
Akron.....	+62.8	.....	.....
Cleveland.....	+31.9	.....	.....
Erie.....	- 1.5	.....	.....
Pittsburgh.....	+35.7	.....	.....
Toledo.....	+13.8	.....	.....
Other Cities.....	+26.7	.....	.....
District.....	+27.4	+20.1	+22.1
<b>WHOLESALE DRY GOODS (10)</b> .....	+51.3	+31.1	+27.6
<b>WHOLESALE DRUGS (13)</b> .....	+33.0	.....	+30.0
<b>WHOLESALE HARDWARE (14)</b> .....	+66.2	.....	+39.7

\*Per individual unit operated.

**Fourth District Business Statistics**

(000 omitted)

	Jan., 1934	Jan., 1933	% change from 1933
Fourth District Unless Otherwise Specified			
Bank Debits—24 cities.....	1,543,000	1,484,000	+ 4.0
Savings Deposits—end of month:			
41 Banks, O. and Pa.....	632,593	659,352	- 4.1
Life Insurance Sales:			
Ohio and Pa.....	73,221	74,801	- 2.1
Retail Sales:			
Department Stores—49 firms.....	11,860	9,358	+26.7
Wearing Apparel—11 firms.....	578	482	+19.9
Furniture—44 firms.....	470	299	+57.2
Wholesale Sales:			
Drugs—13 firms.....	1,499	1,127	+33.0
Dry Goods—10 firms.....	904	597	+51.3
Groceries—33 firms.....	3,502	2,749	+27.4
Hardware—14 firms.....	971	584	+66.2
Building Contracts—Residential.....	944	970	- 2.7
—Total.....	32,645	4,074	+701.3
Commercial Failures—Liabilities.....	1,998	5,951	-66.4
Number	104 <sup>2</sup>	251 <sup>2</sup>	-58.6
Production:			
Pig Iron, U. S..... Tons	1,222	567	+115.5
Steel Ingot, U. S..... Tons	1,997	1,030	+93.9
Automobiles—Passenger Car... U. S.	116,277 <sup>2</sup>	108,326 <sup>2</sup>	+ 7.3
—Trucks..... U. S.	44,729 <sup>2</sup>	21,718 <sup>2</sup>	+106.0
Bituminous Coal..... Tons	12,325	10,335	+22.8
Cement—O., W. Pa., W. Va..... Bbls.	66	214	-69.2
Elec. Power—O., Pa., Ky..... k.w.h.	1,165,000 <sup>1</sup>	1,083,000 <sup>1</sup>	+ 7.6
Petroleum—O., Pa., Ky..... bbls.	1,796 <sup>1</sup>	1,792 <sup>1</sup>	+ 0.2
Tires, U. S..... Casings	2,466 <sup>1</sup>	1,586 <sup>1</sup>	+55.5

<sup>1</sup> December

<sup>2</sup> Actual number

**Debits to Individual Accounts**

(Thousands of Dollars)

	4 weeks ended Feb. 21, 1934	% change from 1933	Year to date		% change from 1933
			Jan. 3, 1934 to Feb. 21, 1934	Jan. 4, 1933 to Feb. 22, 1933	
Akron.....	37,115	+10.3	71,945	76,196	- 5.6
Butler.....	5,479	+18.8	11,518	10,406	+10.7
Canton.....	23,144	+44.8	46,804	31,857	+46.9
Cincinnati.....	213,330	+ 7.5	436,675	425,104	+ 2.7
Cleveland.....	313,551	- 6.4	649,407	720,934	- 9.9
Columbus.....	80,767	+ 7.7	172,201	159,844	+ 7.7
Dayton.....	31,580	-10.7	63,823	77,391	-17.5
Erie.....	15,428	+ 5.4	31,285	31,550	- 0.8
Franklin.....	2,140	+18.8	4,395	3,729	+17.9
Greensburg.....	3,645	-13.7	7,569	8,352	- 9.4
Hamilton.....	6,227	+20.4	12,692	11,195	+13.4
Homestead.....	1,348	+ 0.4	2,851	2,858	- 0.2
Lexington.....	29,056	+83.1	47,900	38,235	+25.3
Lima.....	6,434	+ 0.1	13,528	13,216	+ 2.4
Lorain.....	2,121	+ 1.3	4,088	4,771	-14.3
Middletown.....	5,209	+29.3	10,528	8,837	+19.1
Oil City.....	5,498	-13.4	11,336	13,908	-18.5
Pittsburgh.....	518,529	+23.8	1,003,238	889,818	+12.7
Springfield.....	10,024	+23.2	20,659	18,888	+ 9.4
Steubenville.....	4,822	+30.0	9,530	8,099	+17.7
Toledo.....	77,012	+22.6	145,256	131,094	+10.8
Warren.....	5,071	+43.1	9,621	7,099	+35.5
Wheeling.....	23,008	+12.0	48,346	46,260	+ 4.5
Youngstown.....	26,394	+44.4	48,156	38,059	+26.5
Zanesville.....	4,480	+11.2	9,618	8,739	+10.1
Total.....	1,451,412	+11.7	2,892,969	2,786,439	+ 3.8

**Fourth District Business Indexes**

(1923-1925 = 100)

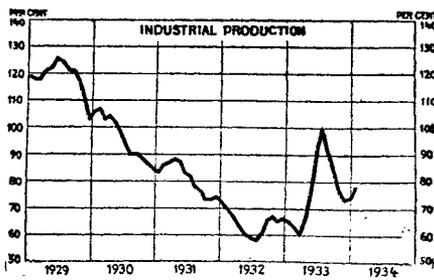
	Jan., 1934	Jan., 1933	Jan., 1932	Jan., 1931	Jan., 1930
Bank Debits—(24 cities).....	57	55	77	122	127
Commercial Failures (Number).....	71	172	221	174	121
—(Liabilities).....	45	135	218	271	138
Sales—Life Insurance (Ohio & Pa.).....	88	89	116	109	137
—Department Stores (47 firms).....	53	43	54	70	77
—Wholesale Drugs (12 firms).....	100	75	84	101	106
—Dry Goods (10 firms).....	37	24	29	49	65
—Groceries (33 firms).....	61	48	57	76	92
—Hardware (14 firms).....	50	30	37	49	66
—All (69).....	59	43	52	70	84
—Chain Drugs (3 firms)**.....	73	65	77	86	82
Building Contracts—(Total).....	69	9	15	38	73
—(Residential).....	6	6	11	29	46
Production—Coal (O., W. Pa., E. Ky.).....	68	55	51	83	101
—Cement (O., W. Pa., W. Va.).....	6	18	20	42	60
—Elec. Power (O., Pa., Ky.)*.....	139	130	141	152	161
—Petroleum (O., Pa., Ky.)*.....	97	97	112	106	128
—Shoes.....	..	70	67	61	49

\*December.

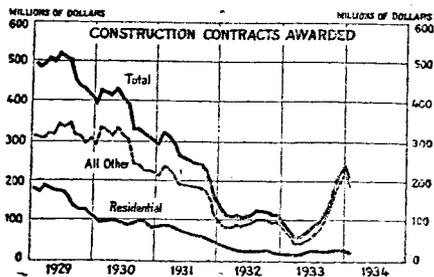
\*\*Per individual unit operated.

## Summary of National Business Conditions

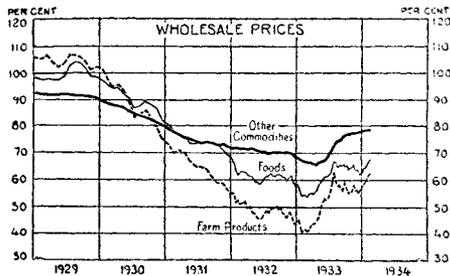
By the Federal Reserve Board



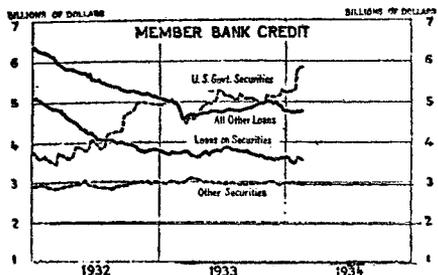
Index number of industrial production, adjusted for seasonal variation (1923-1925 = 100). Latest figure, January, preliminary, 78.



Three month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation (1923-1925 = 100). Latest figures, based on data for December, January and estimate for February; total 207.6; residential 22.0.



Indexes of United States Bureau of Labor Statistics, by months 1929-1931, by weeks, 1932 to date (1926 = 100). Latest figures, January farm products 62.1; foods 67.4; other commodities 78.7.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for February 14.

Volume of industrial production increased by more than the usual seasonal amount in January and the early part of February. The general level of wholesale commodity prices, after showing relatively little change during the last five months of 1933, advanced considerably after the turn of the year.

### Production and Employment

Output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, advanced from 75 per cent of the 1923-1925 average in December to 78 per cent in January. This compares with a recent low level of 72 per cent in November and a level of 65 per cent in January 1933. The January advance reflected chiefly increases of more than the usual seasonal amount in the textile, meat packing, automobile and anthracite coal industries. Activity at cotton mills, which had reached an unusually high level in the summer of 1933 and had declined sharply in the latter part of the year, showed a substantial increase in January. Output of automobiles also increased by more than the usual seasonal amount, while activity in the steel industry showed little change, following a nonseasonal increase in December. In the first half of February there was a further growth in output at automobile factories and activity at steel mills showed a substantial increase.

Factory pay rolls, which usually decline considerably at this season, showed little change between the middle of December and the middle of January, while factory employment declined by about the usual seasonal amount. There were substantial increases in employment and pay rolls in the automobile, hardware, shoe and women's clothing industries, while decreases, partly of a seasonal character, were reported for the hosiery, tobacco, furniture and lumber industries.

Value of construction contracts, as reported by the F. W. Dodge Corporation, showed a decline in January and the first half of February, following a substantial increase in the latter part of 1933. As in other recent months, public works made up a large part of the total.

### Distribution

Freight traffic increased in January by more than the usual seasonal amount, reflecting larger shipments of coal and merchandise. Sale by department stores showed the usual seasonal decline after the holiday trade.

### Dollar Exchange

The foreign exchange value of the dollar relation to gold currencies, which in January had fluctuated around 63 per cent of par, declined after January 31 to slightly above its new parity of 59.06 per cent.

### Prices

Wholesale commodity prices showed a general increase between the third week of December and the third week of February and the weekly index of the Bureau of Labor Statistics advanced from 70.4 per cent of the 1926 average to 73.7 per cent. There were substantial increases in livestock prices; wool continued to advance and cotton reached a level higher than at any other time since 1930. Scrap steel advanced to about the level prevailing in the summer of 1933.

### Bank Credit

As a consequence of the reduction on January 31 of the weight of the gold dollar, together with subsequent imports of gold from abroad, the dollar amount of the country's stock of monetary gold increased from \$4,035,000,000 on January 17 to \$7,089,000,000 on February 14. About \$3,000,000,000 of this increase was reflected in a growth of the cash held by the Treasury which includes gold bullion.

Notwithstanding a further reduction in discounts for member banks and in acceptance holdings of the reserve banks, member bank reserve balances increased moderately during this period, reflecting gold imports, a return of currency from circulation, and a reduction in United States Government deposits with the reserve banks. In the middle of February these balances were more than \$900,000,000 above legal reserve requirements.

At reporting member banks there was a growth between January 17 and February 14 of more than \$600,000,000 in holdings of United States Government securities and of more than \$500,000,000 in United States Government deposits, reflecting Treasury financing. Loans on securities and all other loans increased slightly and bankers' balances showed a substantial growth.

Short-term money rates in the open market remained at low levels. On February 2 the Federal Reserve Bank of New York reduced its discount rate from 2 per cent to 1½ per cent and during the succeeding two weeks reduction of ½ per cent were made at the Federal Reserve banks of Cleveland, Boston, St. Louis, Dallas, Richmond, Kansas City, Atlanta and San Francisco.