



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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Industrial activity in the fourth district continued to increase in April at a greater-than-seasonal rate and the upward movement evident since the beginning of the year was further extended in that month to approximately the high level of last summer, after allowing for seasonal changes. There were indications, however, that in some fields the rate of expansion recently was greater than was warranted by current consumption; stocks of finished goods were increased sharply in early spring and now must be worked off. This was particularly true of the steel, tire, glass and automobile industries—all of major importance to the fourth district.

Some lines showed a falling-off in the first part of May, but steel ingot production continued upward until the third week of the month, judging by weekly figures. While some slowing-down is usually expected as the summer approaches after so active a spring period, the contraction in most cases was somewhat more than seasonal.

The automobile industry increased assemblies in April to the highest figure since May 1930, the gain in total output for the month from a year ago being over 100 per cent. Retail sales, however, according to preliminary figures, showed a much smaller increase and large stocks of cars in hands of dealers and producers resulted in a sharp contraction in assemblies and in the buying of parts and accessories in the first three weeks of May. In most past years motor car production showed little change from April to May, but usually the rate of increase in the

first four months is more moderate than it was this year. The falling-off in retail sales was attributed in the trade to a number of factors, including higher prices, unfavorable conditions in agricultural sections of the country, uncertainty regarding employment, etc.

Tire production also exceeded requirements in the first part of this year and stocks of finished goods on hand were higher than for several seasons. Advancing raw material prices and manufacturing costs pointed to higher tire prices, and dealers, partly in anticipation of a busy summer season, and also as a hedge against increased costs, bought heavily for stock purposes.

The construction industry, despite efforts to stimulate it, showed a contrary-to-seasonal falling-off in April and the situation was little changed in the first half of May. Public works and utility construction in early May was up from April and last year, but other types of building were even below 1933 at this season.

The dollar value of department store sales, after allowing for seasonal variation and changes in the Easter date, was down in April from the high level of March, and scattered reports indicate that sales in May showed a much smaller increase from 1933 than in earlier periods of this year. Recent gains were little greater than the rise in prices in the past twelve months.

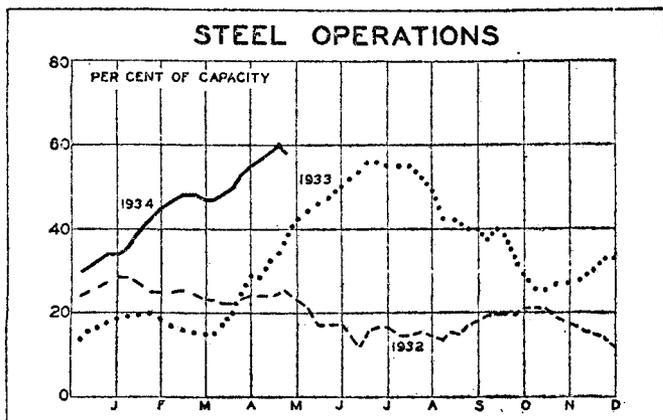
The number of commercial failures and the liabilities of the defaulting concerns continue much below recent years. In April there were only 92 failures in this district, just about half as many as in 1933. For the year to date there were 68 per cent fewer failures than in the corresponding period of last year.

Sales of life insurance in this district and the entire country have improved recently, the gain in April in Ohio and Pennsylvania being 33.6 per cent; for the year to date sales were up 12.5 per cent.

Agricultural conditions were below the average for this season in past years, but they were comparatively better in this district in mid-May than in many sections of the country. Slight rains late in the month were helpful to some areas, but moisture deficiency is still very marked.

FINANCIAL

Changes in condition of weekly reporting member banks and of the Federal Reserve Bank of Cleveland in the five weeks ended May 23 were of minor importance.



Deposits at member banks increased quite sharply in the period, but loans made by banks declined and investments increased only slightly.

Total bills and securities held by the reserve bank showed a moderate reduction in the five-week period as bills discounted and holdings of acceptances dropped to record low levels. On the latest date only 25 banks in this district were borrowing from the reserve bank and the aggregate of loans and discounts was \$1,442,000. Last year at this time 204 member banks in the district were borrowing \$61,539,000. While part of these loans has been paid off with funds obtained from the Reconstruction Finance Corporation through loans or sales of stock, there has been a marked improvement in banking conditions from last year at this time. Holdings of Government securities by this bank remained at the level reported for earlier weeks of this year.

Note circulation of this bank increased about \$9,000,000 in the five weeks ended May 23. This was somewhat greater than the gain at this season of past years, but the total volume of notes and bank notes outstanding is approximately the same as at the beginning of the year, despite the sharp increase in business activity, larger pay rolls, higher prices, etc., which ordinarily would cause a gain in money in circulation. Banks reduced their reserves in the five-week period to obtain Federal reserve notes and daily average excess reserves of all banks were down about \$9,000,000 in April. Judging by the trend of deposits at the reporting member banks and the reserve deposit figures, a further slight reduction occurred in May. Excess reserves of member banks still closely approximate \$100,000,000 in this district alone and in the entire country exceed \$1.6 billions.

At the reporting member banks the slight increase in loans in early April was only a temporary advance, for in the latter part of the month and the first three weeks of May a contraction occurred which reduced the total to a new low level. The decline was most pronounced in loans secured by stocks and bonds, but "all other" loans also were down; still they were slightly above the low point touched in late February.

Holdings of Government securities continued to increase in the five latest weeks and on May 23 they were 28 per cent above a year ago. Investments in other securities increased slightly in the latest week, but were about eight per cent below last year at this time.

As was pointed out last month, deposits at member banks continue to increase despite the fact that loans show a decline. In the five weeks ended May 23 demand deposits rose \$16,000,000 and on the latest date they were nearly \$70,000,000 higher than at the beginning of the year. The gain from a year ago was not so great, but in the last half of 1933 demand deposits were quite sharply reduced, partly because interest payments were discontinued on these accounts following the passage of the Banking Act of 1933. Time deposits also increased in the five latest weeks, and in the third week of May they were about seven per cent higher than at the beginning of 1934 and were up 25 per cent from last year at this time.

MANUFACTURING MINING

Iron and Steel

The contracting for steel in latter half of April in amounts considerably greater than was justified by current consumption in most lines of industry, caused steel operations to increase sharply in this period and early May. Consumers placed large orders for steel for second quarter delivery at the price prevailing prior to the date increases became effective, and operations in most centers were stepped up rapidly as a result. The national average rose from 51 per cent of capacity in the week ended April 14 to a high of 62 per cent in the week ended May 12, but a slackening of steel specifications in the third week of May, with some cancelations on material recently released, resulted in a three-point reduction in steel operations in the third week of the month. Activity continues much above a year ago, but the season when a falling-off usually develops is at hand. The increased demand from railroads and some of the smaller miscellaneous manufacturing lines was not sufficient to offset the decline in automobile specifications or the lack of large-scale structural steel purchases.

In the individual steel centers operating rates fluctuated somewhat in the five most recent weeks. In the Cleveland-Lorain district production rose from 69 to 78 per cent; in Youngstown activity rose from 57 to 67 per cent of capacity in the first four weeks, but dropped to 61 per cent in the third week of May, due chiefly to an accumulation of ingots produced under forced open-hearth activity in the four preceding weeks. Operations of finishing mills in Youngstown vicinity were affected only slightly and employment held up reasonably well. In the Pittsburgh territory operations rose sharply from 30 to 51 per cent of capacity, orders for rail materials, etc., being chiefly responsible for the upturn.

Tin plate production fluctuated somewhat, activity at Wheeling being at 74 per cent of capacity in the third week of May and in western Pennsylvania at 75 per cent, up five points in the latest week.

Daily average steel ingot production in April was 117,425 gross tons, the highest since July 1933, when 128,152 tons per day were reported. Total output for the month was 2,935,631 tons, compared with 2,797,194 tons in March. For the year to date 9,941,252 tons of steel were produced, more than twice as much as was made in the same period of 1933 and nearly equal to the amount produced in the first four months of 1932 and 1933 combined.

Railway requirements have constituted an important factor in recent steel production. Equipment builders have been releasing material orders for many of the 20,707 freight cars awarded in the first four months of this year, the highest for any comparable period since 1930. Of the 700,000 tons of rails and 300,000 tons of track fastenings awarded in conjunction with the Government's cooperative plan, entered into last year and already financed, less than ten per cent actually has been produced. In this connection deliveries are mandatory before August 31, and the national annual rail mill capacity is only 3,520,000 tons.

Orders for structural steel have lagged so far this year, but in the first week of May contracts were placed for 41,-

882 tons of this material, the largest amount ordered in any similar period in twelve months.

Pig iron production was stepped up more than seasonally in April and the daily average output of 57,873 tons was 10.3 per cent ahead of March and the highest since last August. Total output for the month, 1,736,217 tons, brought output for the year to date to 5,858,240 tons, over 3,500,000 tons more than was produced in the same period of 1933. There were twelve more blast furnaces operating at the close of April than at the end of March and ten of these were in the non-merchant, steel works' class. The total number active on April 30 was 109, the highest since the corresponding month of 1931. In some sections blast furnaces were operating at capacity; this was particularly true of Cleveland.

Price adjustments apparently have been practically completed and *Steel's* composite price index was up \$2.37 to \$34.77 in the month ended May 21. Finished steel prices were up \$3.80 to \$54.80 on the average, but the latter index was still \$5 below the average of 1926. Following heavy buying of scrap in April, the composite price for steel scrap dropped \$1 a ton from mid-April to the third week of May.

Coal Coal production in April in the fourth district as well as in the United States declined sharply from the high level of March. Output of local mines in the month was 31.5 per cent less than in March, the falling-off being considerably greater than the average decline for this period of preceding years. Nevertheless, at 10,910,000 tons, local mines produced 38 per cent more coal than in April 1933, and output was higher for this month than since 1931. The monthly increase was identical with that shown in the first four months in this district and the figure was somewhat greater than the increase shown for these periods in the entire country. The April slump was a natural reaction to the heavy stocking of coal by consumers prior to the expiration of coal contracts as of April 1. It was generally expected that these contracts would be renewed at higher prices than were specified in the old agreements and coal buying in March, therefore, exceeded requirements by a good margin.

Although commercial stocks of coal as of April 1 were down about 13 per cent from the figure at the beginning of the year, they were 19 per cent larger than on April 1, 1933, at which time coal stocks above ground were unusually small. In terms of days' supply at the current rate of consumption, however, total coal above ground is about seven per cent below a year ago and represented 25 average days' supply. Compared with a year ago industrial stocks were up sharply, while coal in hands of retail dealers on April 1 was ten per cent less than in 1933, the unusually cold winter weather causing a severe drain on dealers' stocks.

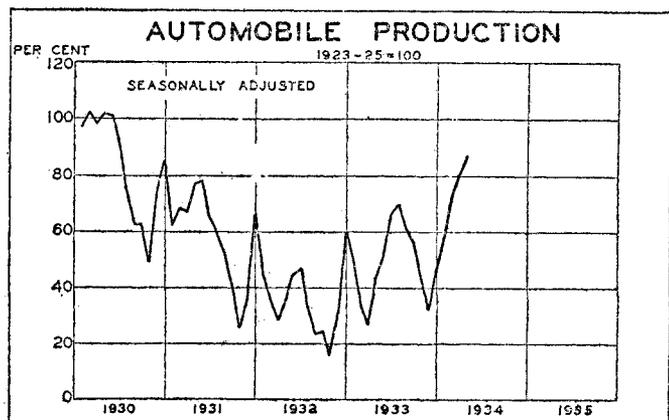
The opening of the lake coal shipping season was considerably later than usual this year and demand for coal from local mines for shipment to upper lake ports in April was less than was previously expected, although April shipments from Lake Erie ports were up 21 per cent from the corresponding period of 1933. Because of the limited coal stocks at upper lake ports, shipments of coal this year are expected to exceed 1933 by a good margin.

Automobiles The upward trend in automobile production evident in the first quarter of this year was continued in April, the seasonally adjusted index of the Federal Reserve Board advancing six points to 86 per cent of the 1923-1925 monthly average. One year ago this index was 44, the gain in output in the period being approximately 100 per cent. There are indications, however, that production was maintained at a higher rate than was justified by current consumption and a rather sharp decline in production occurred in the first two weeks of May. The *New York Times* weekly adjusted index dropped 17 points in the first two weeks of the month, with the majority of producers contributing to the decline. According to reports, retail sales in early May were off more than seasonally. With inventories of some makes of cars unusually large, even for this season of the year, it appears as if the peak of production for the spring season occurred in April, whereas last year and in 1932, June and May, respectively, were the months of greatest output. A preliminary estimate places total production in May at 320,000 cars and trucks, compared with 218,347 in May 1933.

According to the Department of Commerce, 360,620 cars and trucks were turned out in April compared with 180,713 in the same month of 1933. For the first four months production slightly exceeded a million cars and the gain from the same period of 1933 was 104 per cent. As in earlier months of this year truck production continued to exceed last year by a greater margin than did passenger car output. The former in April was up 108 per cent from a year ago and for the first four months, at 215,493 trucks, exceeded the same period of 1933 by 161 per cent. Passenger car production was up 91 per cent in April and 94 per cent in the four-month period from corresponding intervals of 1933.

New passenger car registrations in principal counties of Ohio and western Pennsylvania in April numbered 19,249 units. This compared with 9,260 units in April 1933, and a gain of 84.4 per cent was shown in the first four months of the year. Truck registrations in April were up 158 per cent from 1933 in this district.

Rubber Tires Judging by figures now available, operations in the rubber and tire industry were maintained in April at approximately the high level of March when output was higher for this season than since 1929. Consumption of crude



rubber in the month was 44,947 long tons, a decrease of 4.6 per cent from the preceding month, but on a daily average basis the decline was somewhat smaller. Employment at 16 Ohio rubber factories in April was up 1.7 per cent from March, slightly more than the average increase of the preceding five years and 53 per cent above a year ago.

So far this year, however, the tire industry has been producing at a rate considerably above current requirements and inventories rose rapidly in the period. A private estimate places total tire stocks in hands of manufacturers, dealers and mass distributors, as of April 1, at over 18,000,000 casings. This was higher than for the past two years and represented approximately six months' supply at the current rate of consumption.

The April 1 report of the Department of Commerce on distributors' tire stocks in the United States indicated that the average supply was 23 per cent above a year ago and the highest for this time of year since 1930. Dealers have been increasing stocks recently, not only in anticipation of a seasonal increase in sales, but also because it was generally felt that a price increase was imminent. Manufacturers built up inventories sharply to provide a hedge against any possible labor disturbances which might interrupt the regular manufacturing process. The accompanying chart shows these stocks at the end of each month together with production in the period for 97 per cent of the entire industry.

In early May there were indications that tire production was being curtailed coincident with the contraction in motor car production and the reduction in orders from overstocked dealers. With tire production up sharply in May and June a year ago, the comparison of operating rates with those periods no doubt will be less favorable than in earlier months of this year.

The recent adoption of a rubber restriction program by countries controlling 90 per cent of the world's crude rubber output was disturbing to American manufacturers, for the principal objective of the proposal is to raise the price of rubber. In the past year, partly in anticipation of the adoption of a restriction program, rubber prices rose over 200 per cent and it recently sold above 15 cents a pound, but the price declined rather sharply to 13 cents a pound in the latter part of May following formal announcement of the restriction program.

Imports of crude rubber in April amounted to 45,662 tons, slightly higher than in March and up 135 per cent

from April 1933. Domestic stocks of crude rubber on May 1 amounted to 351,981 tons and represented approximately 53 per cent of the world's crude rubber supply. The domestic tire industry has been forewarned against the possible restriction of rubber production by considerable propaganda on the subject and crude rubber stocks have been maintained at unusually high levels for over a year.

Clothing

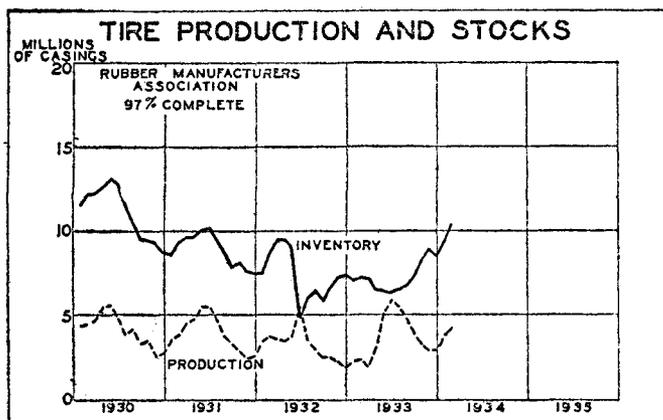
Production of men's clothing continued at a high rate in April and early May at local factories, employment at 13 plants reporting to the Ohio State University Bureau of Business Research in the former period being up about one per cent from March, a contra-seasonal improvement. Compared with a year ago, a gain of 17.6 per cent was shown in the number employed. Retail demand, however, fell off sharply and April sales of men's wear at department stores were down three per cent from last year and boys' wear sales were off 35 per cent, despite the higher price level. These declines, in contrast with the large increases reported for March, were partly a result of the late Easter a year ago which stimulated buying in April of that year. On the other hand there were widespread reports of a falling-off in retail clothing sales not accounted for by seasonal factors. This has caused a slowing-down in buying from wholesalers and manufacturers for current needs, but orders for fall delivery, on samples which are now being shown, compare very favorably with last year.

Employment at women's clothing factories was down somewhat more than seasonally in April, and buying, both wholesale and retail, has shown a falling-off of more than seasonal proportions since early in that month. Showing of samples of women's fall wear did not occur until late May so little information on buying for fall delivery is available. Inventories are not abnormally large and there was little evidence of the stocking-up reported in some other fields of activity.

Other

Manufacturing According to reports, operations in most of the smaller manufacturing lines in this district continued upward at a greater than seasonal rate in April. In the first part of May, however, there were indications of a falling-off. In some lines this was seasonal, but in others it was contrary to the trend for this time of year. While the number of employed was being maintained generally, the number of man-hours worked, and consequently pay rolls, were curtailed.

Automobile Parts, Accessories. Operations in the automobile parts and accessory plants in April continued upward at a greater-than-seasonal rate despite interruptions in some branches of the industry. Employment at 32 Ohio factories was up 4.3 per cent from March, somewhat more than the average increase in the past five years and was 111 per cent higher than a year ago. For the first four months of this year employment at local factories averaged 83 per cent better than in the corresponding period of 1933. In the first half of May a rather sharp curtailment in orders received from the assembly plants caused operations to contract. This reduction was considerably more than seasonal, and apparently was a result of the slowing-down in retail sales and also a reac-



tion resulting from the fact that several manufacturers have large inventories of finished cars and also parts on hand.

Brick and Tile. On a percentage basis, operations at local brick and tile plants increased quite sharply in April, both compared with the preceding month and a year ago, but production continued at low levels. Increased highway construction resulting from the distribution of Federal funds, in this section and in other parts of the country, was partly responsible for the larger sales of brick and tile products. Building activity is quite limited.

China, Pottery. A decided falling off in sales of china and pottery developed in the first part of May, according to reports from local manufacturers. This was largely seasonal, although in some cases it was reported as being greater than usual. Operations in April continued to increase and unfilled orders on hand were larger than for several years. The number of employees declined slightly in early May, but pay rolls were reduced quite sharply.

Electrical Supplies. The electrical machinery and equipment manufacturers have enjoyed a very satisfactory year so far and there were no indications in early May of a slackening in the upward movement. Sales of household equipment, particularly electric refrigerators, continue much above a year ago. In April, at reporting department stores in this district, sales of electrical appliances were up 136 per cent from April 1933, and for the first four months sales are considerably more than double the same period of last year. Employment in April at 25 Ohio concerns was up 62 per cent from last year and was about the same as in March. Pay rolls showed an even greater increase.

Glass. Operations at plate and window glass factories were reduced in April and declined further in the first part of May. Substantial inventories built up earlier this year remain to be sold and these accumulated stocks and the reduction in demand caused prices to weaken. The average decline was close to 20 per cent. Plate glass prices were reduced 15 per cent in early May and shipments were curtailed in keeping with the falling-off in automobile production. Makers of glass containers continued to operate at near capacity levels in April, but the increase in orders which oftentimes occurs just prior to the summer season was not evident in early May. Stocks of finished goods, according to the *Glass Container Association*, were unusually large, but production and shipments recently were at the highest levels since records were started in 1925.

Hardware, Machine Tools. Although local machine tool factories showed an increase in employment in April and sales in this period were up seasonally, there was a falling-off in May, according to reports. Buyers seem hesitant to make commitments and the drop in automobile operations was quite noticeable in orders received by hardware makers. Demand for small tools declined in May and excessive inventories were a depressing factor.

Paint. The paint and varnish industry in April and early May was operating at seasonally high levels. Sales of some types of paint, however, show considerably larger increases from a year ago than others. Paint sales for maintenance purposes and home use continue in very satisfactory volume, but industrial paint sales have

shown a falling-off recently, even greater than can be explained by seasonal movements.

Paper. Operations in the paper and boxboard industry ranged from 60 to 70 per cent of capacity in the first part of May. April employment at 11 local factories was up 4.3 per cent, but a falling-off, particularly in the number of hours worked, was reported in the first part of May. Large inventories in the hands of consumers, built up partly in anticipation of higher prices, are being worked off at present, and buying consequently is reduced.

Shoes. Shoe production at local factories in the first quarter of the year was 8.8 per cent under the similar period of 1933, according to the Bureau of Census reports. April production figures are not available, but preliminary reports from local manufacturers indicate that sales in the period were in quite satisfactory volume compared with a year ago, and this condition carried over to the first part of May. Due to seasonal conditions, operations in May were down from the high levels earlier this year, but production on fall orders is soon to be started.

TRADE

Retail There was a contraction in retail trade at department stores in this district in April from the unusually high level of March and dollar sales in the latest month were up only 9.8 per cent from the corresponding period a year ago. The comparison with last year is distorted by the fact that Easter occurred in mid-April and this permitted a large share of pre-Easter buying in that month, whereas this year all of it occurred in March. Making allowance for seasonal variations and changes in the Easter date, the index of dollar sales dropped from 76.4 per cent of the 1923-1925 monthly average in March to 72.5 per cent in April.

Dollar sales this year in April and March combined were 34.7 per cent larger than in the corresponding period of 1933 and the gain was slightly greater than the increase in sales reported for the year to date, which was 31 per cent. Reports from a few stores for the first three weeks in May indicated a further falling-off, both in dollar volume and the number of transactions. Allowing for changes in retail prices, which were slight in the latest month, but which, according to *Fairchild's* index, were up 29 per cent from a year ago, volume sales at reporting stores were only slightly above last year at this time.

Dollar value of stocks at department stores increased 2.9 per cent from March to April, slightly more than seasonal, but the gain from a year ago was 27 per cent, about equal to the average increase in prices. The index of dollar value of department store stocks, adjusted for seasonal variations, was 62.5 per cent of the 1923-1925 monthly average, a trifle higher than in March.

The ratio of credit to total sales increased in April, due entirely to a greater proportion of installment buying. Installment sales in the latest month represented 11.1 per cent of all sales, whereas regular charge sales amounted to 48 per cent of the total. Collections in April on accounts receivable at the beginning of the month held up fairly well, the average amounting to 34.7 per cent. Installment collections represented 19 per cent of

these accounts outstanding at the beginning of the month.

Wholesale All reporting lines of wholesale trade, except hardware, showed a falling-off in sales from March to April, and the increase in sales in the latest month from a year ago was smaller in all cases than the gains shown in the first quarter of the year. Wholesale grocery sales were up 15 per cent in April and for the first four months an increase of 28.7 per cent was shown from corresponding periods of 1933. Dry goods sales were up 39 per cent in April, but the four-month gain was 51 per cent. A 48 per cent increase was reported by wholesale hardware companies in April and a gain of 56 per cent was shown for the four-month period. Drug sales, which have been augmented by the distribution of liquor recently, were up 31 per cent in April and 43 per cent in the first four months of this year from similar periods of 1933.

BUILDING

Despite all efforts which have been made to stimulate activity in the building industry, construction contracts awarded in April in the fourth district as well as in the United States were down quite sharply from March. Sizeable gains from a year ago are evident, but dollar value of contracts awarded is still limited and the building industry as a whole continues in a depressed condition.

In the fourth district total contracts awarded in April were valued at \$10,810,000. This was 24 per cent below March, whereas in past years an increase in building activity was generally shown in this period. Reductions from March to April were shown in all classes of building except public utility construction, but the dollar value of awards in this latter class was only slightly over a million dollars. Commercial and factory building, which for the first four months showed a rather sizable increase from the corresponding period of 1933, declined in April from March. Residential building also was reduced 33 per cent in the period, although compared with a year ago, an increase of 13 per cent was shown. For the first four months of 1934 residential construction was up 22 per cent from the corresponding period of 1933.

Because of the sharp increase in the value of contracts awarded for public works, most of which resulted from the allocation of Federal funds to local projects, total contracts awarded in this district in the first four months of 1934 were over 250 per cent ahead of the same period of 1933. In April as well as for the year to date public works contracts were chiefly for highway construction and for unspecified civil works projects. Much of the highway work is just getting under way and increased activity is evident at cement and brick factories located in this district. Cement production in April was 212 per cent above a year ago and in the first four months was up 93 per cent from the similar period of 1933. The dollar value of contemplated construction reported in April in this section was down sharply from March, although an increase of more than 100 per cent from a year ago was shown. Lumber dealers reported a slight increase in demand for materials in April and, while there has been a decided increase in dollar volume as a result of higher

prices, actual sales are still very limited compared with previous years. Building costs have shown little change recently, but are up quite sharply from a year ago.

AGRICULTURE

The agricultural situation in this district so far this spring has been exactly opposite to what it was a year ago. In early 1933 unusually wet rainy weather retarded spring work and delayed the planting of oats several weeks. This year the unusually late spring delayed work somewhat, but lack of rainfall and below average subsoil moisture resulting from less-than-average precipitation for the past year or more, has created a drought condition which, if continued, will be very harmful to all major crops, not only in this district, but in the entire country.

Well-distributed rains and seasonable weather would correct this condition to a degree, but a great deal of damage already has been done to hay and small grain crops which occupy approximately half the total crop area of the country. According to the Department of Agriculture, "crop prospects on the whole seem less promising than at this early date in any recent year."

Wheat. Winter wheat in the fourth district in late May began to head and at this critical point was very much in need of rain. The May 1 condition of Ohio wheat was 78 per cent of normal, the same as a year ago and slightly above the ten-year average May 1 condition. In other states of the district and in the entire country the May 1 condition was somewhat below the average of the past ten years. This year's estimated fourth district crop, on the basis of the May 1 condition and the acreage remaining for harvest, is somewhat larger than the average harvest of the five years 1927-1931, but is slightly under the large harvest of 1933. With the exception of Pennsylvania, acreage abandonment on local farms because of winter killing, etc., was considerably less than the ten-year average, but in the entire country acreage abandonment was above average, although only half as great as in 1933.

In the entire country the estimated acreage of wheat remaining for harvest as of May 1 was considerably less than the five-year average 1927-1931, partly as a result of the crop-reduction program. This acreage was somewhat larger than was harvested in 1933, but the unfavorable weather conditions prevailing generally through May probably reduced the estimated forecast of 461,471,000 bushels for the winter wheat crop by several million bushels. This estimate was 27 per cent below the five-year average production of 632,661,000 bushels, but was somewhat larger than the unusually small crop of 1933. No estimate is available at present on the condition of spring wheat, but the season so far has been very unfavorable for the planting of this crop in northwestern United States.

Hay and Pastures. Cool, dry weather in late April and early May retarded growth of hay and pastures locally. The May 1 condition of tame hay was considerably below average in this district and the entire country, although in Ohio, at 75 per cent of estimated normal, it was the same as a year ago and at 78 per cent in Pennsylvania, was slightly higher than on May 1, 1933. Condition of pastures generally was below average on

May 1. Lack of early pastures made it necessary to feed stock longer than usual this year and stocks of hay and grain on farms were considerably below average on May 1.

No official estimates on the corn and oat crop are available, but spring planting of the former was completed in most sections somewhat earlier than usual. Oat planting was delayed slightly in some sections by the late spring, although seeding progressed quite rapidly in early May.

Fruit. For the country as a whole fruit prospects are only slightly below average for this time of year. No serious injury to the apple crop was reported and the apparent failure of the peach crop in northeastern United States was offset to some extent by better-than-average prospects in southern states. Cherry crop prospects are irregular, with a fair crop of sour cherries indicated, but practically no sweet cherries in this section of the country.

Tobacco. No estimate is available of the tobacco acreage which is expected to be planted in this district this year, but reports indicate that a sharp reduction in acreage, possibly 30 to 40 per cent, will be made from the high figure of last year. Seed beds were started later than usual, but despite the dry weather it appears that the plant supply will be adequate.

Official figures received recently indicate that 396,201-530 pounds of the 1933 burley tobacco crop were sold in the season recently ended. With the exception of 1931, when sales exceeded 450,000,000 pounds, this year's figure is the highest on record in 17 years. The average price received, \$10.46 a hundred pounds, compared with \$12.39 for the 1932 crop. Sales at Lexington, amounting to over 81,000,000 pounds, averaged 12.31 cents a pound, the highest average figure in the entire burley tobacco belt.

Wholesale and Retail Trade

(1934 compared with 1933)

	Percentage Increase or Decrease		
	SALES April 1934	SALES First 4 months 1934	STOCKS April 1934
DEPARTMENT STORES (49)			
Akron.....	+45.2	+79.5	+35.2
Cincinnati.....	+3.3	+17.0	+19.4
Cleveland.....	+9.9	+37.8	+47.9
Columbus.....	+4.1	+26.7	+28.4
Pittsburgh.....	+4.8	+22.7	+22.6
Toledo.....	+15.8	+30.8	+19.4
Wheeling.....	+5.0	+35.7	+25.2
Other Cities.....	+31.5	+41.3	+18.5
District.....	+9.8	+31.1	+27.1
WEARING APPAREL (11)			
Cincinnati.....	-15.0	+14.9	+11.9
Other Cities.....	+5.0	+35.4	+15.1
District.....	-2.2	+27.9	+14.0
FURNITURE (42)			
Cincinnati.....	+38.5	+51.7	....
Cleveland.....	+92.7	+86.7	....
Columbus.....	+27.5	+37.1	....
Dayton.....	+32.5	+23.2	....
Toledo.....	+89.7	+78.6	....
Other Cities.....	+84.9	+98.3	....
District.....	+68.6	+68.6	....
CHAIN STORES*			
Drugs—District (4).....	+19.3	+20.9	....
Groceries—District (5).....	+11.6	+18.1	....
WHOLESALE GROCERIES (33)			
Akron.....	+34.5	+43.4	....
Cleveland.....	+12.7	+37.8	....
Erie.....	+25.9	+13.9	....
Pittsburgh.....	+7.3	+25.5	....
Toledo.....	+21.4	+22.5	....
Other Cities.....	+12.3	+24.5	....
District.....	+14.8	+28.7	+22.1
WHOLESALE DRY GOODS (10)	+38.9	+51.2	+43.0
WHOLESALE DRUGS (13)	+30.6	+43.0	....
WHOLESALE HARDWARE (14)	+48.3	+56.3	....

*per individual unit operated.

Fourth District Business Statistics

(000 omitted)

	April, 1934	% change from 1933	Jan., April, 1934	% change from 1933
Fourth District Unless Otherwise Specified				
Bank Debts—24 cities.....	\$1,682,000	+34.7	6,282,000	+18.0
Savings Deposits—end of Month: 41 Banks, O. and Pa.....	\$ 645,569	+ 6.0	1	....
Life Insurance Sales: Ohio and Pa.....	\$ 89,306	+33.6	316,425	+12.5
Retail Sales: Dept. Stores—49 firms.....	\$ 16,168	+ 9.8	56,873	+31.1
Wearing Apparel—11 firms.....	\$ 768	- 2.3	2,812	+27.9
Furniture—42 firms.....	\$ 858	+68.6	2,541	+68.6
Wholesale Sales: Drugs—13 firms.....	\$ 1,228	+30.6	5,737	+43.0
Dry Goods—10 firms.....	\$ 1,081	+38.9	4,116	+51.2
Groceries—33 firms.....	\$ 3,307	+14.8	14,207	+28.7
Hardware—14 firms.....	\$ 1,339	+48.3	4,223	+56.3
Building Contracts—Total.....	\$ 10,810	+118.6	66,173	+251.2
—Residential.....	\$ 1,950	+13.4	5,970	+21.8
Commercial Failures—Liabilities.....	\$ 3,328	-44.6	8,515	-64.2
—Number.....	92 ²	-49.5	257 ²	-67.6
Production: Pig Iron, U. S..... tons	1,736	+178.2	5,858	+156.1
Steel Ingots, U. S..... tons	2,936	+115.4	9,941	+126.4
Automobiles—Pass. Car..... U. S.	292,812 ²	+90.9	877,610 ²	+93.7
—Trucks..... U. S.	67,808 ²	+147.8	215,493 ²	+160.8
Bituminous Coal..... tons	10,910	+38.3	51,309	+38.3
Cement—O., W. Pa., W. Va. bbls.	681	+212.4	1,336	+93.3
Electric Power—O., Pa., Ky..... k.w.h.	1,236 ³	+25.7	3,578	+22.2
Petroleum—O., Pa., Ky..... bbls.	1,965 ³	+12.1	5,400	+ 6.3
Shoes..... Pairs	(³) (³)	- 7.6	(⁴) (³)	- 8.8
Tires, U. S..... Casings	5,025 ³	+154.3	13,034 ⁴	+102.5
Bituminous Coal Shipments: Lake Erie Ports..... tons	1,620	+21.1	1,780	+15.2

¹ not available
² actual number
³ March
⁴ first three months
⁵ confidential
⁶ new series—March

Debts to Individual Accounts

(Thousands of Dollars)

	5 weeks ended May 23, 1934	% change from 1933	Year to Date Jan. 3, 1934 to May 23, 1934	Year to Date Jan. 4, 1933 to May 24, 1933	% change from 1933
Akron.....	54,893	+77.7	210,121	146,565	+43.4
Butler.....	7,879	+24.9	30,934	26,531	+16.6
Canton.....	32,750	+77.8	127,435	76,998	+65.5
Cincinnati.....	282,028	+22.4	1,170,018	1,029,429	+13.7
Cleveland.....	472,198	+34.8	1,815,919	1,581,787	+14.8
Columbus.....	142,176	+45.4	511,421	406,341	+25.9
Dayton.....	47,798	+20.1	183,559	171,567	+7.0
Erie.....	21,365	+25.0	84,365	71,943	+17.3
Franklin.....	3,108	+31.7	12,006	9,472	+26.8
Greensburg.....	5,573	+33.8	21,880	18,460	+18.5
Hamilton.....	2,400	+31.6	35,912	28,694	+25.2
Homestead.....	2,174	+20.1	7,955	7,132	+11.5
Lexington.....	15,518	+ 6.5	95,299	73,627	+29.4
Lima.....	9,097	+56.2	36,183	27,008	+34.0
Lorain.....	2,842	+32.2	11,447	10,391	+10.2
Middletown.....	7,402	+11.5	29,357	24,337	+21.0
Oil City.....	8,512	+54.9	30,382	27,344	+12.9
Pittsburgh.....	705,420	+30.9	2,654,125	2,257,067	+17.6
Springfield.....	13,308	+25.0	56,142	45,813	+22.5
Steubenville.....	7,042	+59.6	27,875	19,342	+44.1
Toledo.....	105,675	+47.5	413,366	308,994	+33.8
Warren.....	7,205	+38.7	29,288	19,827	+47.7
Wheeling.....	36,372	+24.8	136,642	114,519	+19.3
Youngstown.....	40,517	+48.4	148,128	101,345	+46.2
Zanesville.....	7,142	+19.8	26,269	23,034	+14.0
Total.....	2,047,394	+33.4	7,907,096	6,627,567	+19.3

Fourth District Business Indexes

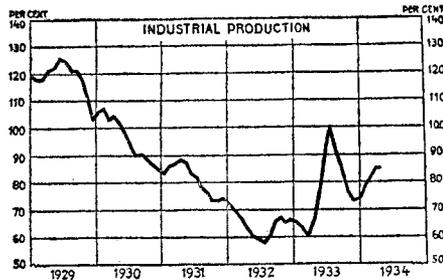
(1923-1925 = 100)

	April 1934	April 1933	April 1932	April 1931	April 1930
Bank Debts (24 cities).....	62	46	64	100	122
Commercial Failures (Number).....	63	125	145	114	93
—(Liabilities).....	75	136	182	105	58
Sales—Life Insurance (Ohio & Pa.).....	107	80	93	129	155
—Department Stores (47 firms).....	74	67	68	97	109
—Wholesale Drugs (12 firms).....	82	63	81	99	106
— " Dry Goods (10 firms).....	44	32	36	61	80
— " Groceries (33 firms).....	57	50	58	76	90
— " Hardware (14 firms).....	69	46	51	73	84
— " All (69 firms).....	60	47	56	76	90
—Chain Drugs (4 firms)**.....	73	61	74	87	86
Building Contracts—(Total).....	23	10	23	77	98
—(Residential).....	11	10	11	56	74
Production—Coal (O., W. Pa., E. Ky.).....	60	44	49	65	85
—Cement (O., W. Pa., W. Va.).....	57	18	26	69	121
—Elec. Power (O., Pa., Ky.)*.....	147	117	129	144	147
—Petroleum (O., Pa., Ky.)*.....	106	95	105	109	129
—Shoes*.....	96	105	85	86	79

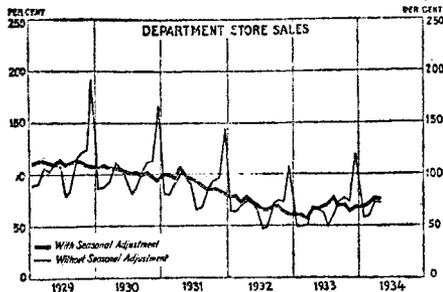
*March
**Per individual unit operated

Summary of National Business Conditions

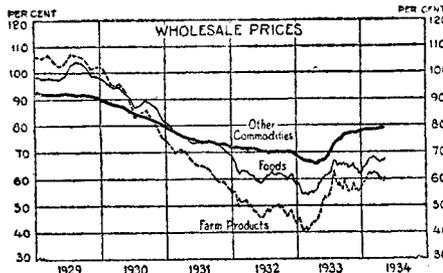
By the Federal Reserve Board



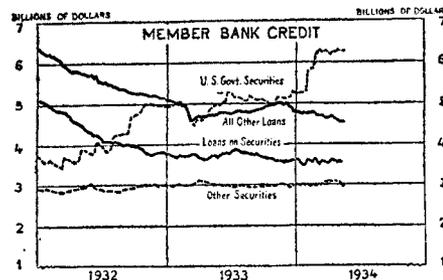
Index number of industrial production adjusted for seasonal variation (1923-1925 = 100). Latest figure, April (preliminary) 85.



Indexes of daily average value of sales (1923-1925 = 100). Latest figures April (preliminary) unadjusted 72, adjusted 76.



Indexes of United States Bureau of Labor Statistics, by months 1929-1931, by weeks, 1932 to date (1926 = 100). Latest figures for week ending May 16.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for May 16.

Volume of manufacturing production increased during April, while the output of mines declined. Employment and pay rolls continued to increase. The general level of commodity prices remained substantially unchanged during April and the first three weeks in May, although prices of individual commodities showed considerable changes.

Production and Employment

Production of manufactures, which had increased continuously since last November, showed a further advance in April, according to the Board's seasonally adjusted index, while output of mines was smaller in April than in March. The Board's combined index of industrial production remained practically unchanged at 85 per cent of the 1923-1925 average. The growth in manufacturing reflected increases in iron and steel, automobiles, and meat packing. Lumber production declined in April, and activity at wool and silk mills was considerably reduced, while cotton consumption by mills showed little change. Crude petroleum output continued to increase, but there was a more than seasonal decline at the beginning of April in the mining of both anthracite and bituminous coal. During the first two weeks of May steel operations increased further, but declined somewhat in the third week. Output of automobiles decreased considerably in May.

Volume of employment and wage payments continued to increase in April and employment in factories, according to the new index of the Bureau of Labor Statistics, was larger than at any time since the end of 1930. There was a substantial seasonal increase in the number of workers employed in private construction as well as in those engaged in projects financed by the Public Works Administration. Employment on railroads, in metal mining and quarrying and in various service activities also increased further, while in coal mining there was a considerable decrease.

Construction contracts awarded during April, as reported by the F. W. Dodge Corporation, were smaller in value than during March. There was a substantial decline in public works contracts, while contracts for privately financed projects showed a slight increase in April.

Following extended drought in important grain areas, the Department of Agriculture forecast of the winter wheat crop was reduced from 492,000,000 bushels on April 1 to 461,000,000 bushels on May 1. This compares with a five-year average for 1927-1931 of 632,000,000 bushels. The condition of rye, hay and pastures has also been adversely affected by the drought.

Distribution

Railroad freight car loadings declined in April as compared with March, and in the first half of May there was a smaller than seasonal increase in total loadings. The April decline was largely the result of a substantial decrease in coal shipments from the relatively large volume of March. Department store sales showed little change from March to April, after allowance is made for differences in the number of business days, for usual seasonal changes, and for changes in the date of Easter. Sales continued larger than a year ago.

Commodity Prices

The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics index, has shown little change during the past three months. Prices of grains, cotton, silk and silver, which declined sharply in April, rose during the first three weeks of May. Rubber prices advanced sharply until early in May, but subsequently declined somewhat, and prices of textile products declined during recent weeks. Steel scrap has declined since March, while finished steel products, automobiles, non-ferrous metals, and building materials advanced. Cattle and beef prices rose during April and the early part of May, while prices of hogs declined.

Bank Credit

Excess reserves of member banks remained at a level of about \$1,600,000,000 between the middle of April and the middle of May. There were no considerable changes in monetary gold stock or in money in circulation. The total volume of reserve bank credit also showed little change.

At reporting member banks in leading cities in the five weeks ending May 16 there were decreases of about \$240,000,000 in loans and of \$80,000,000 investments, the latter reflecting a decrease in holdings of securities other than those of the United States Government. Net demand and time deposits increased by nearly \$200,000,000, while United States Government deposits were reduced by about \$300,000,000.

Short-term money rates in the open market continued at low levels during May and yields on United States Treasury bonds declined further to the lowest levels of the post-war period.