

MONTHLY BUSINESS REVIEW

Covering financial, industrial and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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THE trend of general business in the fourth district in the latter part of June and the first three weeks of July was slightly upward following a period (most of the second quarter) in which operations, in the major lines at least, were receding. The recent increase was favorable in at least two respects; it occurred at a season of the year when little change is expected and it was not confined to any particular line. Whereas a major share of iron and steel production in the first half of 1935 was taken by the automobile industry, the spurt in mill operations at the start of the third quarter was reported to be the result of a general demand for steel products of nearly all sorts, with the automobile industry not the dominant factor in the situation.

Steel mill operations in the third week of July were at 43 per cent of capacity, approximately the level reported for May, and further increases in some sections were being scheduled for the closing week of the month. Demand for tinplate and steel for agricultural products has been unusually good for this season and inquiries for automobile steels for new models are now beginning to appear.

Plants in this district engaged in supplying materials to the automobile assembly factories reduced operations in June and the first half of July, although in some cases the drop was less than seasonal. Retail demand for automobiles has held up better than expected, according to reports, and re-orders of materials have been necessary in several instances. Retooling programs in preparation for the new models have stimulated operations at local machine tool factories considerably. New orders in June were reported to be larger than in five years.

Tire production was down seasonally and inventories of finished tires are large. Glass production in June held up quite well, partly so that inventories reduced in the second quarter could be replenished, but operations at china and pottery plants were down. Coal production, which increased sharply in June, was drastically curtailed in early July. Most clothing factories were operating at or near capacity levels turning out fall clothing, and activity at shoe plants increased.

Employment and payrolls declined in this section in June by slightly more than the usual amount.

Residential building activity continued to show improvement in June and early July and there was more non-resi-

dential construction, excluding public works, reported in the period than in May or at this time last year.

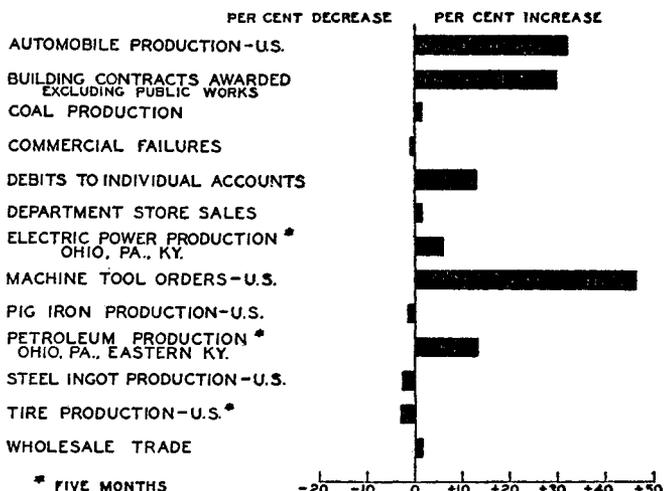
Retail trade in this section increased contrary to seasonal tendency in June after being in limited volume in May, and preliminary reports indicate that the improvement continued in the first half of July. Dollar sales of reporting department stores in this district in June were 2.8 per cent larger than in the corresponding month of 1934 and the adjusted index rose eight points from May. Sales in the first half-year were 1.3 per cent larger than in the same period of the previous year. Wholesale trade lagged in June.

Agricultural conditions in this district in early July were quite favorable and wheat crop prospects were much better than average. Total indicated yields of other crops were affected by the AAA program, but they were much larger than a year ago.

There were eight per cent fewer commercial failures in this district in June than a year ago and liabilities of the defaulting concerns were down 55 per cent. Life insurance sales in Ohio and Pennsylvania were 8.4 per cent smaller in June than in 1934 but a slight gain occurred in the first

Fourth District Business Indicators

First half of 1935 compared with same period of 1934.
(Fourth District unless specified)



six months from the corresponding period of preceding year.

So far as the first half of 1935 is concerned it seems that a slight gain in general business from the same period of 1934 has occurred in this district, the sharp increase in the automobile and allied industries more than offsetting the declines in other lines. The accompanying chart shows the percentage increase or decrease in important lines of fourth district activity in the first half of 1935 compared with the same period of the preceding year.

FINANCIAL

Changes in the condition figures of the Federal Reserve Bank of Cleveland and of weekly reporting member banks in leading cities of the fourth district were of minor importance in the five weeks ended July 24. There was a slight increase in the total volume of credit extended by member banks in the period, but it was entirely in investments in Government securities. Total loans made by these banks were slightly smaller on the latest report date than in the third week of June, but commercial loans of these banks remained at approximately the peak level of the year to date and were about 16 per cent higher than in January. Member banks' holdings of Government securities and those fully guaranteed by the Government rose from \$645,000,000 on June 19 to \$657,000,000 on July 24, while holdings of other than Government securities remained unchanged in the period.

Demand deposits of these reporting banks increased \$8,000,000 in the five latest weeks, and at \$776,000,000 they were 20 per cent larger than a year ago. Time deposits showed rather a sharp increase in the five latest weeks, but on July 24 at \$468,000,000, they were substantially the same as a year ago.

Total bills and securities (including discounts for member banks and direct advances to commerce and industry in the fourth district) of the Federal Reserve Bank of Cleveland were practically unchanged in the five latest weeks. On July 24 they amounted to \$220,131,000, slightly larger than a year ago and also a little higher than at the beginning of 1935. The rise was due primarily to increased holdings of United States Government securities, which represented only a redistribution of Government security holdings within the System and not additional purchases.

Member bank reserve deposits declined slightly in late June and early July, but in the two weeks ended July 24 a net increase amounting to \$19,000,000 occurred. On the latest report date they were back to the level of May, and were over \$50,000,000 higher than a year ago. In June, the latest month for which complete information is available, daily average excess reserves of all member banks in this district were \$23,000,000 smaller than in May, but were still \$139,000,000 in the latest month. Circulation of Federal reserve notes increased in this district prior to the July holiday, but showed only a slight contraction following it. Note liability in late July was \$8,000,000 greater than a year ago.

Debits to individual accounts at banks in leading cities of the fourth district in the five weeks ended July 24 were 6.7 per cent larger than in the same period of the preceding year. For the year to date the increase in these debits was 13.8 per cent. Savings deposits at selected banks throughout the district were 5.6 per cent larger on July 1 than a year ago.

MANUFACTURING, MINING

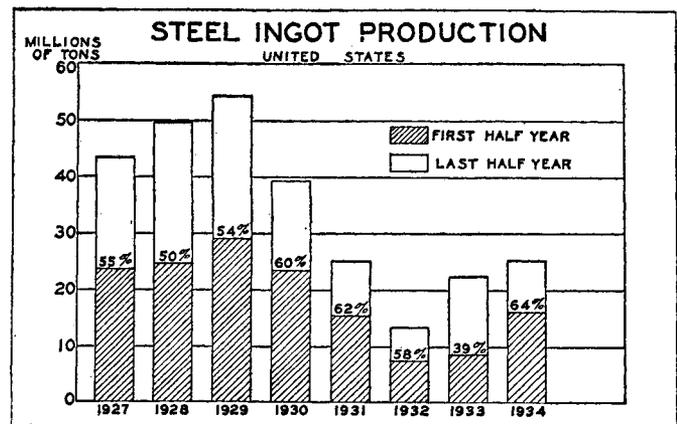
Iron and Steel

The iron and steel industry, after declining all through the second quarter and ending up the first half of 1935 with output for the period slightly below the same interval of 1934, increased operations quite sharply following the early July holiday. Steel works' operations for the country as a whole for the week ended July 20, averaged 43 per cent of capacity, 7½ points higher than in the week ended June 22, and about 12 points higher than in the first week of July. Compared with the third week of June, operating rates in all principal steel centers of the fourth district except the Cleveland-Lorain district were up sharply. Production at Youngstown advanced from 41 to 46 per cent, at Wheeling from 48 to 73 per cent, at Pittsburgh from 30 to 38 per cent, but at Cleveland the rate was 41 per cent, seven points lower than a month ago. A rather sharp increase in the Cleveland rate was scheduled for the last week of July.

The gain in recent weeks was contrary to the trend exhibited at this season of past years and it is reported that the recent increase was chiefly a result of order from miscellaneous industries. Automobile steel buying, while still important, is not at present the dominant factor in the steel industry; this was evident in the fact that Cleveland-Lorain operations were below the national average in the third week of July almost for the first time this year.

Structural steel orders have not improved and railroads have been comparatively light buyers; except for one freight car order requiring about 60,000 tons of steel received during the month, there has been little car buying. Automobile specifications for completing current models have been tapering off, but some fairly substantial orders have been placed in preparation for new fall models. Supplementing this, the farm tractor, implement, and fence markets have shown surprising activity for this season of the year. Tin plate consumption has been unusually good and makers of household utilities have had a very active season. In addition more iron and steel is being shipped to machine tool builders than at any previous time this year.

Steel ingot production in June was 2,231,000 tons, a decline of 15.3 per cent from May, about equal to the seasonal falling-off of past years. Compared with June 1934, output was down 27 per cent, but a year ago at that time mills were unusually active supplying manufacturers with steel prior to the date the price increase became effective. The accompanying chart shows total steel ingot production by six-months' periods for the past eight years. In 1934, 64 per cent of the year's output occurred in first half of the year,



while the average for the eight-year period was 55.5 per cent. Operating rates so far in July indicate that production will compare favorably with last year's output for that month and leading steel makers feel that the summer period should be passed without any important decline in operating rates.

Daily average pig iron production in June was 51,949 gross tons, a drop of 7.2 per cent from May, and total production, at 1,558,463 tons, was down 19.6 per cent from June 1934. In the first six months of the year 9,830,000 tons of pig iron were produced, 0.2 per cent less than in the same period of 1934. There were 91 blast furnaces operating on June 30, a reduction of five in the month, but a year ago 25 furnaces ceased production in June.

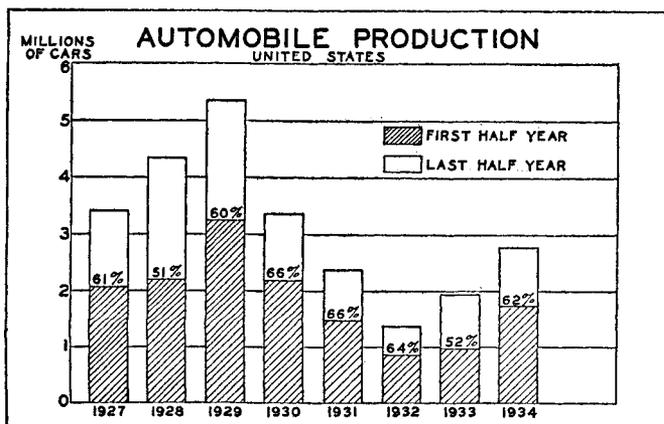
Iron and steel prices remained steady, *Steel's* composite index on July 20 being \$32.42, the same as month ago. Scrap steel prices have firmed materially in most centers in recent weeks and the composite price was \$10.63 on July 20, in contrast with \$10.34 in early July.

Coal Fluctuations in coal production so far this year have reflected chiefly the effects of strike threats and their postponements.

On three different occasions this year a strike has been expected; consumers increased their coal inventories prior to the announced strike dates; but when the postponements occurred coal buying stopped and mine operations were reduced sharply.

Bituminous coal production at mines in this district in the first half of 1935 was 1.4 per cent greater than in the first six months of the preceding year, but the amount of coal above ground on June 30 was estimated to be much larger than on that date in any recent year and somewhat in excess of current trade requirements. Output in June in the fourth district was 12,488,000 tons, an increase of 10 per cent from June 1934, and of 12 per cent from May. The latter gain was somewhat more than seasonal, but resulted chiefly from the fact that a coal strike was expected on July 1. Mining activities in early July were very sharply reduced, the daily average rate being less than half what it was in closing week of June. Some recovery occurred in the second and third weeks of July, although mine operations were lower than in either 1934 or 1933.

The large supplies of coal at mines and inventories in the hands of industrial consumers have depressed coal prices in several regions. Coal shipments from Lake Erie ports in June were 5.6 per cent smaller than in the comparable month of 1934, but in the first half of the year an increase in such shipments of nine per cent was reported.



Automobiles Retail demand for automobiles held up somewhat better than expected in June and July, in view of the fact that new models are scheduled to be introduced earlier than usual this year and that summer sales generally are down quite sharply from the late spring peak. As a result automobile plant operations in June were at higher levels than was anticipated earlier in the year, and many assembly plants found it necessary to order additional supplies of materials. In the third week of July, however, operations at some plants were curtailed and one of the major small-car producers was closed entirely in the last week of the month.

June production, according to the Department of Commerce, was 361,320 cars and trucks, a decrease of only 0.9 per cent from May, considerably less than seasonal. The Federal Reserve Board's daily average adjusted index rose from 86 in May to 101 per cent of the 1923-25 monthly average in June; and total output in the latest month was 18 per cent greater than in June 1934. In the first six months of the year 2,262,145 cars and trucks were produced. Excluding 1929, this exceeded the number of cars made in any other six-month period on record, the gain from 1934 being 32 per cent. The accompanying chart shows automobile production in the first and last half of the preceding eight years, together with the first half of 1935. In the eight-year period production in the first half of the year averaged 60 per cent of the total annual output, the percentages ranging from 50.5 per cent in 1928 and 51.6 per cent in 1933, to 66 per cent in 1930 and 1931. If output in the last half of 1934 were to equal only 40 per cent of the total year's production (the eight-year average) total annual automobile production in 1935 would approximate 3,800,000 units.

Passenger car production in June was 296,609 units, a gain of 13.5 per cent from the same month of 1934. In the first six months of the year 1,872,000 passenger cars were produced which was 33.5 per cent greater than in the first half of the preceding year. Truck production in June numbered 64,711 units, a gain of 43 per cent from June 1934. In the six-month period 389,714 trucks were manufactured, 24.9 per cent more than in the similar period of the preceding year.

According to *Cram's* weekly estimates, output in the week ended July 20 was 83,000 units, almost the same as in the preceding week, compared with approximately 66,000 in the corresponding week of 1934.

Retail automobile sales in June in most sections of the country were large for that month. In the first 27 states to report new car registrations, an increase of 20 per cent from June 1934 was indicated. In principal counties of this district new passenger car registrations in June were 10 per cent ahead of the same period of 1934, and for the year to date a gain of 49 per cent was shown.

Tires, Rubber Judging by rubber consumption figures and the Ohio State University employment reports, operations at local rubber factories declined in June from May and in the latest month were at lower levels than in the corresponding period of 1934. Crude rubber consumption in June, according to the *Rubber Manufacturers' Association*, was 36,623 tons, a decline of 8.8 per cent from the corresponding month of 1934 and nearly 12 per cent from May.

In the first half of the year, however, crude rubber consumption in the United States was slightly larger than in

the same period of 1934 and exceeded by a good margin any other six-month period, except 1929. Consumption was at an unusually high rate in the first two months of this year, but the total amount of rubber used in the second quarter was less than in the first three months, which is contrary to the trend of other recent years.

Approximately 75 per cent of the total rubber consumed in the United States is used for tires, and with such a large number of automobiles in use whose age exceeds three years, it was expected in the industry that replacement tires sales this year would be in good volume compared with other recent periods. So far, however, replacement sales have not been up to expectations; in fact they have been somewhat smaller than in the first half of 1934. Original equipment tire sales in the first half of the year showed a gain almost identical with the increase in automobile production, but the increase was not sufficient to offset the lag in replacement tires sales.

Production figures for the entire industry are available only for the first five months of this year and output in that period was 2.7 per cent less than in the same interval of 1934. This decline occurred despite the fact that total production in the spring months of this year was in unusually good volume, prior to the time a strike was expected. The tire inventories built up at that time have not been worked down to any extent and on June 1 they were approximately ten per cent larger than a year ago. This large supply of finished tires was in part responsible for the sharp retail price reductions reported in early July, which assumed all the characteristics of another tire price war.

Tire production in May was 4,050,000 units, a decline of 6.3 per cent from May 1934 and of slightly more than that from the preceding month. Output exceeded manufacturers' shipments by a moderate amount, whereas generally in this period of the year inventories are declining. Imports of crude rubber to the United States were 38,340 long tons, an increase of 42 per cent from the unusually small amount imported in May, but they were 22.8 per cent below June 1934. With consumption being only slightly less than the amount of crude rubber imported in the month, stocks of crude rubber on hand on June 30 were little changed from the preceding month, but were 10.6 per cent smaller than at the end of June 1934.

Clothing Operations at local clothing factories in June and the first half of July continued above the corresponding periods of last year and in some cases production was at capacity levels. Most of the work now being done is on orders for fall delivery which continue to be received by most plants in a larger volume than a year ago. Not only does the number of orders received compare favorably with last year, but there also has been an increase in the size of the individual order.

The employment index for this industry indicated that there were more working at local plants in June than at that time in 1934 and the gain reported continued to be shown in the first half of July.

Prices of wool products strengthened in June, due to sharp increases in prices of raw wool, but a slight reaction was reported in the first half of July. This generally firm price situation was thought to have been partly responsible for the large orders of clothing which have been received to date.

Sales of women's ready-to-wear at department stores in this district in June were 8.3 per cent larger than in the

corresponding month of 1934. Men's clothing sales were down 2.2 per cent in the same period, while sales of boys' wear increased 6.6 per cent. Apparel prices, according to *Fairchild's* index, were slightly lower in June than a year ago, but the decline was largely in women's ready-to-wear.

Other Manufacturing While activity at many of the smaller manufacturing plants in the fourth district declined in June, largely a seasonal falling-off, in mid-July a reversal of this movement had developed in several lines, which was distinctly contrary to the trend exhibited at this period of most past years. Generally, operations at plants in the smaller communities and in the less important industries were at higher levels than in the major lines, such as iron and steel.

Auto Parts and Accessories. The May-to-June decline in employment at auto parts' plants was slightly more than seasonal in this section, but the index constructed by the Ohio State University Bureau of Business Research was still 123 per cent of the 1926 average. While little work has yet been done on parts and materials to be used in the 1936 models, inquiries are being released by the automobile assembly plants and considerable activity in the way of retooling parts' plants has been evident recently. In addition reorders of parts for 1935 models have been in larger volume than was anticipated earlier in the year. In the first half of July, according to reports, plant operations were about on a par with a year ago. For the year to date the gain from the similar period of 1934 was considerable.

Brick and Tile. The brick and tile industry continued to show a contrary to seasonal improvement in May and June, according to reports, and in May, the latest month for which complete information is available, total brick production was over three times what it was in the corresponding month of 1934; the gain in output in the first five months of the year was 182 per cent. Despite this marked percentage improvement, only 14 per cent of the industry's machine capacity was being utilized in the latest month.

China and Pottery. This is usually the dull season of the year for the china and pottery plants and operations in early July were about 60 per cent of capacity. Recent sales were reported to be about on a par with last year, but in the first six months a gain of better than five per cent was reported. The china and glassware show, which was held in mid-July, was being watched closely for indications of fall business.

Electrical Supplies. A falling-off in sales of electrical equipment and supplies was reported in June, but this was largely seasonal and new orders and the rate of plant operations in the first half of July continued above the corresponding period of 1934. Sales of electric refrigerators have held up better than usual this season. Local plants reported a considerably larger volume of sales in the first half of the year than in the corresponding period of 1934. Employment at local plants in June was below a year ago, but in the six-month period averaged approximately four per cent better than in the first half of the preceding year.

Glass. Little change was evident in glass production recently, but demand for plate glass was reduced slightly. So far as plant activity is concerned, output continues near capacity to replenish stocks which were reduced to below normal levels during the earlier months of this year. Operations

in other branches of the industry were not so favorable, although they compared very well with a year ago at this time.

Hardware. Summer dullness pervaded the hardware industry, but sales and operations in the first half of July were slightly above a year ago. Employment at 19 local plants was 5.8 per cent lower in June than in the same month of 1934.

Machine Tools. Buying of machine tools in June and the first part of July was in unusually large volume. New orders in June, as reported by the *National Machine Tool Builders' Association*, were 91 per cent of the 1926 average compared with about 70 per cent in May. The gain in the latest month was due entirely to domestic buying and was attributed largely to the automobile industry which has recently ordered new equipment in an amount somewhat reminiscent of the early 1920's. While higher prices for machine tools were responsible for part of the gain, the net increase has only been slight in most cases. Foundry equipment sales also were much larger in June than in the same month of 1934 and unfilled orders were more than double what they were a year ago.

Metal Containers. Sales of metal containers in the first six months of this year were approximately 20 per cent above the corresponding period of 1934. Improved farm conditions and better prospects for this year's canning season were factors contributing to the gain, but increased industrial consumption also was responsible for a good share of the rise.

Paint. Manufacturers of paints and supplies so far this year have enjoyed a very good season, although sales in July, particularly of industrial paints, declined; the drop, however, was largely seasonal. Household paint sales have been in large volume compared with other recent years. Prices of raw materials entering into paint production have increased recently.

Paper. Few changes other than seasonal were reported by the paper industry in June and output for the first six months was considerably ahead of the same period of 1934. In early July some hesitancy was reported in the finer grades of paper, but demand for boxboard held up quite well.

Shoes. Local shoe factories have increased operations recently and in most cases were more active than a year ago. Fall orders have been received in good volume and it is reported that advance orders are larger than at this time in 1934. Recent warm weather has stimulated sales of summer footwear materially.

TRADE

Retail A decided improvement in department store sales in leading cities of the fourth district occurred in the last half of June and a gain for the entire month of 2.8 per cent was shown from June 1934. In most past years a decline has occurred in June compared with May, but this year daily average sales in June were slightly larger than in the preceding month and the seasonally adjusted index rose from 69.7 to 77.6 per cent of the 1923-25 monthly average. In the latest month it was higher than since January.

Larger dollar sales in June than a year ago were re-

ported for all cities of the district except Youngstown. In the first six months of 1935 dollar sales of all reporting stores were 1.3 per cent larger than in the same period of the preceding year. Retail prices, according to *Fairchild's* index, continued downward in June and the index on July 1 was lower than since September 1933. This index was 2.7 per cent below the corresponding date of 1934, but despite receding tendencies, current quotations are still 25 per cent above the 1933 low point.

Credit sales in June represented about the same proportion of total sales as in May, although a slight decline in the ratio of installment to total sales was shown in the month. Sales in basement departments of reporting stores in June were two per cent smaller than in June 1934.

Dollar value of stocks at reporting stores declined 7.7 per cent in June from May, a greater-than-seasonal falling-off, and the adjusted index dropped over two points to 59.6 per cent of the 1923-25 average. Dollar value of these stocks on June 30 was two per cent less than a year ago. Little change in collections was reported in June from May, although the collection ratio continues to be better than in 1934.

Sales of reporting wearing apparel stores in this district in June were ten per cent larger than a year ago, but in the first half of 1935 a slight decline in dollar volume was reported. Furniture store sales in June were up 4.2 per cent from the preceding year, although they were down 3.4 per cent in the first six months.

Wholesale All reporting lines of wholesale trade in this district showed a smaller volume of sales in June than in May and declines from last year were experienced by all lines except hardware. In the first six months of the year wholesale grocery sales were up 4.4 per cent, but increasing food costs were an important factor in this connection. Dry goods sales were up slightly and hardware sales increased three per cent in the period, while wholesale drug sales were down four per cent from the first six months of 1934.

BUILDING

Contracts awarded for residential building in the fourth district in June were larger than in any month since May 1931, and, valued at \$6,820,000, were four times as large as awards in June 1934. For the first half of 1935 residential contracts awarded in this district were nearly twice as large as in the first half of the preceding year and while figures for the first part of July were somewhat smaller than in the comparable period of June, sizable gains continued to be shown from a year ago. Total contracts awarded in June also were larger than in May and a gain of 35 per cent was shown from last year.

In the first six months total construction of all types in this district was 25 per cent less than in 1934, but the decline was due entirely to the smaller volume of public works' construction. Excluding this work, an increase of approximately 29 per cent was shown in this territory in the first six months. In the first half of July contracts for public works and utilities had a larger value than for the entire month of June and nearly equaled such awards in the entire month of July 1934.

Contemplated construction, as reported for this district by the *F. W. Dodge Corporation*, was about 50 per cent larger in June than in May, but was only slightly in excess of that reported a year ago.

Sales of building supplies and lumber in the fourth district, according to reports, were considerably larger in June than in May, and a gain from 1934, both for the month and for the first half of the year was reported generally. Inventories are low, shipments having exceeded production for several months.

AGRICULTURE

Continued improvement in local crop conditions was evident in this district in June and the first half of July. The season was retarded by the cool weather earlier in the year, but growing conditions have been favorable recently and in this section crops are maturing a little later than in other recent years.

For the country as a whole it is evident, according to the Department of Agriculture, that the effects of the 1934 drought are gradually disappearing. The total acreage of crops to be harvested is expected to be within six per cent of the average of recent years compared with a 20 per cent below average acreage harvested in 1934. Subsoil moisture has been at least partially restored over considerable areas and in some sections cloudbursts have caused extensive damage. Hay crops have had excellent weather for growth, but harvesting conditions have been poor. The total tonnage cut is expected to be larger than since 1929, but below the ten-year average.

Present prospects, while subject to wide changes, dependent on weather conditions in the remainder of the crop year, now point to a total yield of feed grains about nine per cent below the ten-year average, excluding 1934. The increases in oats and barley will not be large enough in all probability to offset the reduction in the corn crop, and with feed stocks on hand abnormally low the total supply is expected to be about 15 per cent below normal, but this is counteracted by the fact that livestock and poultry to be fed this next winter is expected to be about 15 per cent under the ten-year average.

In the fourth district the July 1 condition of all principal crops except potatoes was better than in other recent years and indicated production on that date was larger than in 1934. In the following table comparison of this estimate is made with the 1934 crop and the ten-year average harvest:

Fourth District Principal Crops

	July 1, 1935 Estimate	1934 Harvest	% Change 1935 from 1934	10-year average harvest 1925-1934	% Change 1935 from ten year average
Corn, Bu.	143,487	128,893	+11.3	165,470	-13.3
Wheat, Bu.	46,508	37,479	+24.1	36,304	+28.1
Oats, Bu.	57,811	36,450	+58.6	72,637	-20.4
Tame Hay, Tons.	4,737	3,365	+40.8	5,154	-8.1
Tobacco, Pounds.	95,155	94,419	+0.8	131,540	-27.7
Potatoes, Bu.	20,294	22,086	-8.1	19,512	+4.0

Wheat. Harvesting of what promises to be one of the best wheat crops raised in the fourth district in recent years has about been completed and while the total yield is not expected to be a record one, it is now estimated to be 28 per cent above the ten-year average. Unusually large per acre yields are reported in several sections and the quality of grain is above average. Some rust damage was

reported, but it developed too late to reduce yields materially and it was not general in this district. Ohio farmers had 87,000 more acres of wheat this year than in 1934 and other states of the district also showed increases, while the country as a whole reported a decline.

So far as the entire country is concerned total wheat crop prospects are nearly 50 per cent better than a year ago, but still below the five-year average 1928-32. The spring wheat crop in early July was reported to be larger than the average of recent years, but the winter wheat crop is poor in some of the heavy-producing sections and considerable rust damage has been reported in the spring wheat states.

Corn. Growth of the corn crop was retarded in June by the cool weather, and irregular stands were reported in many sections, but the warm weather of mid-July has been very helpful. In some parts of this district the crop was late, but in the northern counties it has made excellent progress. Estimated production for the fourth district was 11 per cent greater than in 1934, but 13 per cent below the ten-year average. For the entire country the crop is estimated to be 20 per cent below the average of preceding years.

Oats. The July 1 crop report indicated that the oat crop in the fourth district would be the largest since 1931, the increase from last year's unusually small crop being 58 per cent. Compared with average production of the past ten years this year's crop is still short 20 per cent, but crop failures in recent years have caused farmers to reduce oat acreage in this district. Acreage planted this year was approximately the same as in 1934, and current indications point to a crop of rather good quality.

Hay. Although hay acreage in this district in 1935 was smaller than in the preceding year, a marked increase in estimated production is shown. Frequent rains and favorable growing weather have resulted in an estimated crop 40 per cent larger than was harvested in 1934.

Potatoes. A slight increase in the potato acreage compared with 1934 was reported for this district, but crop prospects were estimated to be eight per cent less than a year ago although four per cent larger than the ten-year average. Dry weather at planting time retarded growth of the late crop and recent rains did considerable damage.

Fruit. While fruit prospects declined materially in this section in June due to an unusually heavy drop and the worst apple scab epidemic in years, a better-than-average crop of all fruits was still indicated on July 1. Grape crop prospects were unusually promising in early July, although some insect damage and mildew was reported.

Tobacco. The tobacco crop of this district, largely Burley, was estimated on July 1 to be about one per cent larger than that harvested in 1934, but 28 per cent smaller than the average of the preceding ten years due chiefly to the acreage reduction program. Crop conditions in Kentucky, however, have improved materially in the past three weeks according to reports, and prospects apparently are more promising than they were at the beginning of the month. A slight increase in acreage planted occurred this year, but the unusually wet weather in May and June in the tobacco section retarded crop growth.

Wholesale and Retail Trade

(1935 compared with 1934)

	SALES June 1935	Percentage Increase or Decrease SALES STOCKS	
		First 6 Months	June 1935
DEPARTMENT STORES (49)			
Akron.....	+ 1.0	- 2.5	+ 3.4
Cincinnati.....	+ 4.1	+ 4.6	- 5.2
Cleveland.....	+ 1.0	+ 0.7	- 0.7
Columbus.....	+ 1.1	+ 1.2	- 7.8
Pittsburgh.....	+ 3.8	+ 1.7	- 4.0
Toledo.....	+10.7	+ 2.7	+ 5.3
Wheeling.....	+ 3.6	+ 1.6	- 5.6
Youngstown.....	- 6.3	+ 0.8	+10.2
Other Cities.....	+ 2.6	+ 3.7	+ 5.9
District.....	+ 2.8	+ 1.3	- 1.9
WEARING APPAREL (12)			
Cincinnati.....	+10.2	- 5.8	- 1.4
Pittsburgh.....	+11.1	+ 5.1	+ 8.5
Other Cities.....	+ 9.9	+ 0.04	+ 0.8
District.....	+10.2	- 0.9	+ 1.1
FURNITURE (42)			
Cincinnati.....	- 2.3	+ 6.6	.....
Cleveland.....	-10.2	-17.0	.....
Columbus.....	- 5.3	+ 6.5	.....
Dayton.....	+36.1	+ 9.7	.....
Toledo.....	+38.8	+11.6	.....
Other Cities.....	+26.2	+ 9.9	.....
District.....	+ 4.2	- 3.4	.....
CHAIN STORES*			
Drugs—District (4).....	+ 6.8	+ 1.1	.....
Groceries—District (5).....	- 1.2	+ 5.2	.....
WHOLESALE GROCERIES (31)			
Akron.....	+26.8	+31.4	.....
Cleveland.....	- 8.2	- 8.6	.....
Erie.....	- 6.8	+ 8.5	.....
Pittsburgh.....	-11.2	+ 2.4	.....
Toledo.....	+ 8.8	+10.9	.....
Other Cities.....	- 1.4	+ 7.1	.....
District.....	- 1.1	+ 4.0	+ 6.2
WHOLESALE DRY GOODS (10)	- 5.7	+ 0.2	- 0.4
WHOLESALE DRUGS (13)	- 0.4	- 4.2	.....
WHOLESALE HARDWARE (14)	+ 3.5	+ 3.1	.....

*Per individual unit operated.

Fourth District Business Statistics

(000 Omitted)

FOURTH DISTRICT UNLESS OTHERWISE SPECIFIED	June 1935	% Change	Jan.-June 1935	% Change
Bank Debits—24 Cities.....	\$2,015,000	+ 7.8	\$11,192,000	+13.1
Savings Deposits—End of month: 41 Banks, O. and Pa.....	\$ 687,821	+ 5.6	1	.....
Life Insurance Sales: Ohio and Pa.....	\$ 76,413	- 8.4	499,776	+ 2.1
Retail Sales: Department Stores—49 firms...\$	16,500	+ 2.8	92,376	+ 1.3
Wearing Apparel—12 firms...\$	816	+10.2	4,502	- 0.9
Furniture—42 firms...\$	745	+ 4.2	4,051	- 3.4
Wholesale Sales: Drugs—13 firms...\$	1,210	- 0.4	7,912	- 4.2
Dry Goods—10 firms...\$	996	- 5.7	6,364	+ 0.2
Groceries—31 firms...\$	3,787	- 1.1	22,289	+ 4.0
Hardware—14 firms...\$	1,333	+ 3.5	7,157	+ 3.1
Building Contracts—Total...\$	15,452	+35.0	63,427	-25.7
—Residential...\$	6,820	+304.7	18,649	+96.3
Commercial Failures—Liabilities \$	1,364	-35.1	7,674	-49.1
—Number...\$	68 ²	- 8.1	484 ²	- 0.8
Production: Pig Iron, U. S.....Tons	1,558	-19.6	9,830	- 1.2
Steel Ingot, U. S.....Tons	2,231	-27.1	16,025	- 2.3
Auto-Passenger Car, U. S.....	296,609 ²	+13.5	1,872,431 ²	+33.5
Auto Trucks, U. S.....	64,711 ²	+43.2	389,714 ²	+24.9
Bituminous Coal.....Tons	12,488	+10.0	75,528	+ 1.4
Cement—O., W. Pa., W. Va. Bbls.	995	+ 2.4	2,683	-18.0
Elec. Power—O., Pa., Ky. k.w.h.	1,238 ³	+ 4.2	6,241 ⁴	+ 6.0
Petroleum—O., Pa., Ky. Bbls.	2,241 ³	+ 9.6	10,563 ⁴	+13.5
Tires, U. S.....Casings	4,050 ³	- 6.3	21,380 ⁴	- 2.7
Bituminous Coal Shipments: L. E. Ports.....Tons	5,397	- 5.6	13,460	+ 9.3
Iron Ore Receipts: L. E. Ports.....Tons	3,002	- 3.7	5,329	+16.2

¹ Not available
² Actual Number
³ May
⁴ Jan.-May

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ended	% Change	Year to date	Year to date	% Change
	July 24, 1935	from 1934	Jan. 2, 1935 to July 24, 1935	Jan. 3, 1934 to July 25, 1934	from 1934
Akron.....	\$58,479	+ 3.9	\$346,549	\$309,471	+12.0
Butler.....	7,696	- 4.5	46,242	45,823	+ 0.9
Canton.....	34,571	+14.2	194,305	182,024	+ 6.7
Cincinnati.....	328,541	+13.4	1,918,331	1,693,932	+13.2
Cleveland.....	560,276	+10.4	3,082,615	2,708,237	+13.8
Columbus.....	174,290	+26.1	1,063,964	757,222	+40.5
Dayton.....	57,585	+15.2	343,278	271,499	+26.4
Erie.....	24,513	+13.3	144,137	123,054	+17.1
Franklin.....	3,376	+ 9.8	19,214	17,521	+ 9.7
Greensburg.....	7,366	+ 7.5	37,371	33,189	+12.6
Hamilton.....	10,037	+13.9	58,164	52,181	+11.5
Homestead.....	2,787	+14.0	14,646	12,265	+19.4
Lexington.....	21,738	+ 5.5	144,147	128,827	+11.9
Lima.....	10,408	+14.6	60,224	52,063	+15.7
Lorain.....	3,762	+22.5	21,687	16,947	+28.0
Middletown.....	8,838	+19.3	49,166	43,442	+13.2
Oil City.....	10,230	+14.7	59,597	46,766	+27.4
Pittsburgh.....	683,006	- 1.9	4,281,300	3,864,786	+10.8
Springfield.....	16,336	+11.4	95,371	81,492	+17.0
Steubenville.....	7,710	+ 7.8	45,681	41,308	+10.6
Toledo.....	102,849	- 3.5	616,213	595,606	+ 3.5
Warren.....	7,208	- 0.9	45,405	42,578	+ 6.6
Wheeling.....	34,418	+ 0.5	192,491	195,670	- 1.6
Youngstown.....	45,580	+ 4.2	253,920	225,575	+12.6
Zanesville.....	7,789	+13.5	44,196	38,318	+15.3
Total.....	\$2,229,389	+ 6.7	\$13,178,214	\$11,579,796	+13.8

Fourth District Business Indexes

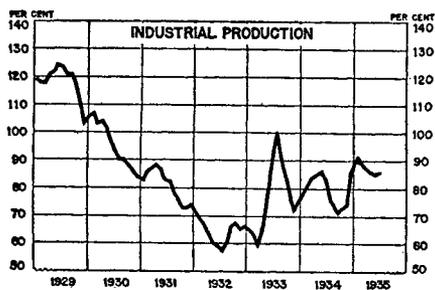
(1923-1925 = 100)

	June 1935	June 1934	June 1933	June 1932	June 1931
Bank Debits (24 cities).....	74	69	58	59	94
Commercial Failures (Number).....	47	51	93	203	95
(Liabilities).....	31	69	82	179	249
Sales—Life Insurance (O. & Pa.).....	91	100	89	97	124
—Department Stores (47 firms).....	75	70	59	58	83
—Wholesale Drugs (12 firms).....	80	81	70	80	89
—Dry Goods (10 firms).....	41	43	41	30	53
—Groceries (31 firms).....	69	68	62	64	77
—Hardware (14 firms).....	68	66	58	53	66
—All (67 firms).....	64	64	58	57	72
Chain Drugs (4 firms)**.....	78	73	67	71	84
Building Contracts (total).....	32	24	17	27	53
(residential).....	40	10	15	12	35
Production—Coal (O., W. Pa., E. Ky.).....	69	63	63	40	67
Cement (O., W. Pa., W. Va.).....	83	81	70	54	128
Elec. Power (O., Pa., Ky.)*.....	147	141	120	111	125
Petroleum (O., Pa., Ky.)*.....	121	111	95	112	101
Shoes.....	.....	87	101	69	71

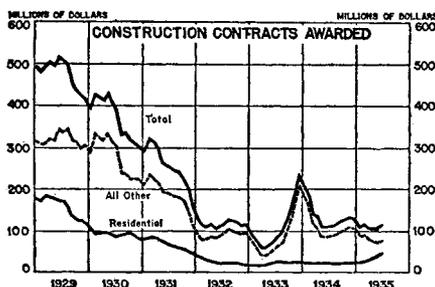
*May.
**Per individual unit operated.

Summary of National Business Conditions

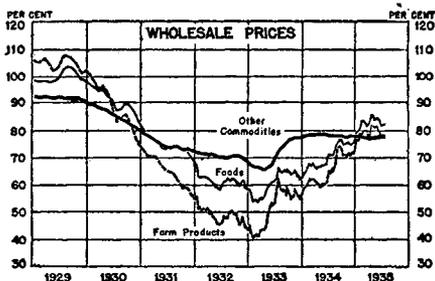
By the Federal Reserve Board



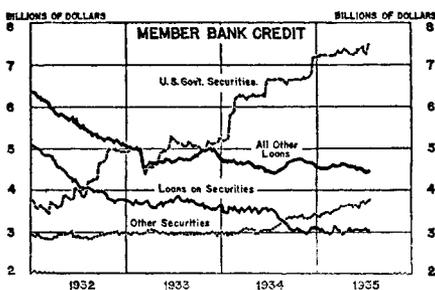
Index of industrial production, adjusted for seasonal variation (1923-25=100). Latest figure, June preliminary 86.



Three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variation. Latest figures based on data for May, June and estimate for July. Latest figures total 117.8; residential 42.9; all other 74.9.



Indexes of the U. S. Bureau of Labor Statistics (1926=100). By months 1929 to 1931; by weeks 1932 to date. Latest figures, July 13, farm products 77.2; foods, 82.0; other commodities, 77.9.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for July 17.

Factory production declined seasonally in June, while output of mines increased. Employment and payrolls at factories showed more than seasonal declines. There was little change in the average level of wholesale prices, and a decrease in retail food prices.

Production and Employment

Daily average output at factories, according to the Federal Reserve Board's production index, declined by about the usual seasonal amount during June. Output of mines increased, and the Board's combined index of industrial production, which is adjusted for usual seasonal changes, advanced from 85 per cent of the 1923-1925 average in May to 86 per cent in June. Daily average output of automobiles and lumber increased in June, while activity at cotton mills, shoe factories, and meatpacking establishments declined. Activity at steel mills declined seasonally during June, but, according to trade reports, increased after the first week of July. There were sharp increases in the production of anthracite and bituminous coal during June and output of crude petroleum was also larger than in May.

Factory employment and payrolls decreased between the middle of May and the middle of June. More than seasonal declines in employment were reported by producers of automobiles, clothing, shoes, and cotton fabrics, and employment at lumber mills also decreased, while the number of workers at woolen mills increased. In most other manufacturing industries changes in employment from May to June were largely seasonal in character. Employment and payrolls at mines increased considerably.

Daily average construction contracts awarded, according to reports of the F. W. Dodge Corporation, were larger in value in June and the first half of July than in May. Awards of residential building contracts were twice as large as a year ago, while contracts for public projects continued smaller than last year.

The Department of Agriculture July 1 estimates forecast corn and wheat crops larger than a year ago, but smaller than the five-year average for 1928-1932. Acreage of cotton in cultivation on July 1 was reported as about 5 per cent larger than at the same time last year.

Distribution

Daily average loadings of freight on railroads increased during June, reflecting larger shipments of coal. Daily average value of department store sales showed little change from May to June, when a decline is usual, and the Board's seasonally adjusted index advanced from 76 per cent of the 1923-1925 average to 80 per cent.

Commodity Prices

Wholesale prices of farm products and foods declined during June, while the prices of other commodities as a group showed little change. Retail prices of food, which had increased sharply in the two years ending last April, according to the index of the Bureau of Labor Statistics, declined somewhat in May and June.

Bank Credit

Member bank reserve balances with the Federal reserve banks and excess reserves showed declines for the four weeks ending July 17, reflecting in large measure an increase in the balance of the Treasury with the Federal reserve banks following a sale of Treasury notes.

Total loans and investments of reporting banks in leading cities increased by \$260,000,000 during the five-week period ended July 17. Subscriptions by reporting banks to new security offerings by the Treasury exceeded retirement of bonds held by these banks, and consequently their holdings of direct obligations of the United States increased by \$200,000,000. Holdings of other securities increased by \$125,000,000, while loans declined by \$60,000,000. Government deposits with these banks were reduced by over \$200,000,000, while other deposits, exclusive of interbank balances, showed an increase of a similar amount.

Yields on Government securities declined slightly during this period, while other short-term open-market money rates remained at low levels.