



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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No. 1

General activity in the Fourth District was irregular in November and early December. Operations at industrial plants showed a more rapid decline than is usually noted at this time of year and are now below the level of a year ago. The largest reductions were shown in the iron and steel, automobile, tire and related industries, which have been declining since mid-summer at a restricted rate. Prior to November, operations were greater than in the corresponding months of 1928, in spite of the declines noted.

Factory employment receded sharply in November, compared with the previous month and was less than in the corresponding month of 1928 for the first time this year. The situation in December was aggravated by the custom of many plants to curtail operations at the holiday season in order to take inventory, make repairs and changes before the beginning of the year.

Though the decline in payrolls has been slightly greater than that shown in employment, because some plants are operating only part-time, the effect on retail distribution has not been very great, as yet. Sales of department stores in the District, while declining from October, were only 0.9 per cent less in November than they were in November, 1928. Holiday buying is reported to have been in good volume and seems to have been about on the level of preceding years.

While business might be termed quiet, at present, some signs of an encouraging nature have appeared, particularly in the iron and steel industry, during the past two weeks. Increased inquiries have been received for material for first quarter delivery and schedules at Youngstown plants have been advanced slightly, because of a few automotive orders. Manufacturers' stocks of tires have been materially reduced by curtailed production and are now only slightly larger than they were a year ago. A general spirit of optimism seems to prevail throughout the District, judging from reports received from correspondents during the past month.

REVIEW OF 1929

Business conditions in the Fourth District for the year 1929 as a whole, were unusually good. Operations at industrial plants attained peak levels and most concerns experienced the best year in history. Not only was the output of goods in unprecedented volume, but the earnings

reported by many corporations have never before been equaled.

In the first half of 1929, general business improved with each succeeding month, continuing the uptrend which started early in 1928. The turning point was reached in early summer, however, and industrial activity began to recede gradually in August in this District, a month later than for the country as a whole. The peak, however, was so far above the general level of preceding years that even with the gradual falling-off which was noticed in autumn and the more drastic declines of November and December, operations in the District at the present time are only slightly less than the average of the past three years.

Employment and payrolls have been good. The high point of the year occurred in August, with mild declines being felt in September and October. In November the decline accelerated and employment was about five per cent less than in October and was two per cent below November, 1928. In spite of these declines, employment for the first eleven months of 1929 averaged eight per cent greater than in the same period of last year.

Iron and steel, the District's basic industry, fared unusually well during the first half of the year, but operations declined in the fall until output in December was at a lower rate than in other parts of the country. In the early part of the year, heavy automotive requirements, coupled with large orders from other sources, kept steel mills working at capacity for months. In the latter part of the year, however, local mills have borne the brunt of the decline in steel requirements, due to the large proportion of automotive steel produced locally. Rail orders which have been unusually large recently, counterbalanced the decline in some centers, but have benefited few of the Fourth District steel mills. The increased volume of business in the first part of the year was contracted for at relatively high prices, so that earnings showed a decided gain over former years.

The rubber and tire industry, after staging a recovery in late 1928, operated at record levels for the first few months of 1929, but was soon confronted with abnormal inventories of finished goods. This situation was partly remedied by a sharp decline in production which occurred in the third quarter. In spite of this recent decline, output for the first eleven months was only 3.7 per cent less than in the same period of 1928. In the latter

months of 1929, prices of crude rubber, which had been around twenty cents for some time, declined in November and December to around sixteen cents, due partly to larger imports.

Coal production in the District showed improvement throughout the year, due principally to operations at Ohio mines which have been producing on a more satisfactory scale than for the past several years. Production for the first eleven months of 1929 was 12.5 per cent greater than in the same period of last year. Shipments of coal at Lake Erie ports were the largest ever reported, being 14 per cent larger than 1928, the best previous year. Prices, however, are still low and wages of workers and net earnings were unsatisfactory, but were better than they have been for some time.

Clothing manufacturers reported operations for the year about on a par with 1928. Unseasonable weather somewhat retarded sales. Shoe production was at a higher rate than last year.

Department store sales were in better volume than in 1928. Holiday buying has been about average, according to reports received. Chain stores continued to expand their operations and reported larger sales on a unit basis than last year.

Building was the only major industry which has not made a favorable showing. Over-built conditions in some sections and high financing costs have resulted in relatively little building in the residential field. Other types, however, have not been affected to such a degree and were about on a par with 1928.

Most other types of industrial activity were satisfactory. Consumption of electric power exceeded 1928 by about ten per cent. Motor accessory, machinery, tool and equipment concerns enjoyed a very prosperous year, which was reflected in earnings figures. Paint production was in record volume and plate glass manufacturers were busy supplying the automobile demand which, however, declined sharply in the fourth quarter.

Agricultural production was about the same as in 1928. Declines in some crops were counterbalanced by increases in others. The tobacco crop was slightly larger than it was in 1928, but was of poorer quality.

FINANCIAL

The month ending December 18 was featured by large gold exports, an excess over imports being shown for the first time since July, 1928, seasonal increases in the demand for currency, and a decline in both reserve bank and member bank credit in this District but an increase in the former in other parts of the country.

Money Rates. The tightening of money rates, which usually occurs in December at the time of Treasury financing and in anticipation of year-end settlements, had not developed up to the 23rd of December and indicates that the supply of credit has been ample during the past four weeks. Open market rates on prime commercial paper were 5 per cent in November and compared with 6¼ per cent in October. Bankers' acceptances remained steady at 3¾ per cent (90-day asked), compared with 4½ per cent in December, 1928, but there was a slight

firming in rates on shorter maturities. Call money (renewal rate) was quoted at 4½ per cent until late in December, which compared with 8.60, the average for December, 1928.

In the larger commercial banks, rates remained at about the same level as a month ago. Quotations on all classes of loans range from 5½ to 6 per cent in Cleveland and Pittsburgh and 6-7 per cent at Cincinnati.

Reserve Bank Credit. As in the entire country, direct borrowings of member banks declined in the Fourth District in the month ending December 18. On that date, bills discounted amounted to \$94,450,000, compared with \$131,615,000 on November 13, the high point of the year, and \$102,000,000 on December 19, 1928. While the Federal Reserve System showed rather large losses in gold, due to exports, there was an increase of \$39,000,000 in reserves of this bank. Increases in the holdings of Government Securities at the time Treasury financing, more than offset the decline of \$10,000,000 in acceptances, which are now about half as large as they were a year ago. Note circulation increased \$16,000,000 in preparation for holiday demand. The net result of these changes, was a decline of \$14,000,000 in credit extended and an increase in the reserve ratio from 58.8 to 65.0 per cent.

Member Bank Credit. Loans and investments of reporting member banks in the Fourth District continued to decline during late November and the first three weeks of December from the high point reached on November 13. On December 18, they were at a lower level than they were in October, prior to the rise caused by the liquidation of non-bank loans in New York. Collateral loans declined gradually, but were still at a relatively high level. "All other" loans, chiefly commercial in character, declined seasonally but were still larger than they were in 1928. Investments, after showing an increase in October, again declined and are now \$100,000,000 less than they were a year ago. Demand and time deposits have declined seasonally.

Debits. Savings. Failures. Debits to individual accounts at banks in 13 large cities in the Fourth District totaled \$2,984,988,000 in November, a rather large decline from the \$3,346,238,000 in October, due to a smaller number of security transactions, but larger than the \$2,758,040,000 in November, 1928.

Savings deposits at 61 large banks in Ohio and Pennsylvania (the decline in number from last month due to consolidations in Cleveland) on December 1 were \$1,041,282,137, 0.3 per cent lower than on November 1 and 1.1 per cent lower than a year ago. This declining tendency has been shown for several months, a rather unusual thing for savings deposits.

Commercial failures in the Fourth District, according to R. G. Dun & Company numbered 120 in November, a decline from the 132 in October and 134 in November, 1928. Liabilities were larger, however, the total being \$3,450,292 in November, \$1,605,830 in October and \$2,613,625 in November, 1928. In the United States there were 1,796 failures in November, compared with 1,838 in November last year.

The following table shows the changes in the main

items of the balance sheets of the Federal Reserve and reporting member banks:

BANKING OPERATIONS

	Federal Reserve Banks			Federal Reserve System		
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	Bank of Cleveland			(In Millions)		
	Dec. 18, 1929	Dec. 19, 1928	Nov. 20, 1929	Dec. 18, 1929	Dec. 19, 1928	Nov. 20, 1929
Gold Reserves	239	223	201	2,883	2,615	3,042
Discounts	94	112	118	737	947	909
Acceptances	29	53	39	309	453	284
U. S. Securities	36	23	16	533	291	327
Total bills and securities..	161	188	174	1,589	1,701	1,530
Federal Reserve notes in circulation	192	223	175	1,926	1,869	1,925
Total deposits	186	174	178	2,439	2,356	2,563

REPORTING MEMBER BANKS

	Fourth district			United States		
	(In Millions)			(In Millions)		
	Dec. 18, 1929	Dec. 19, 1928	Nov. 20, 1929	Dec. 18, 1929	Dec. 19, 1928	Nov. 20, 1929
	1929	1928	1929	1929	1928	1929
Loans on securities	741	673	748	7,896	7,129	7,391
All other	826	815	843	9,451	9,119	9,871
Total loans	1,567	1,488	1,592	17,347	16,248	17,262
Investments	610	711	608	5,587	5,985	5,650
Demand Deposits	1,009	1,020	1,027	13,676	13,322	14,227
Time deposits	929	949	927	6,702	6,845	6,722

MANUFACTURING, MINING

Producers of iron and steel in the period November 15-December 15 were operating at the lowest level since late in 1927. In November, there was a net reduction of 28 in active blast furnace stacks, the most drastic retrenchment in over five years. The pig iron daily rate, not yet fully reflecting the dropping of so many stacks, declined 8.5 per cent in November, and steel ingots 20 per cent.

By mid-December the iron and steel industry was experiencing mild improvement in isolated cases, but expecting no marked betterment until the turn of the year. A few automotive interests released material, chiefly sheets and strip, which was ordered held up in October, and a little forward buying was done by some of the producers of lower priced cars.

Continued heavy placing of railroad equipment and track material, chiefly for first quarter production, lengthened mill order books slightly, of which the 1 per cent increase in the unfilled tonnage of the United States Steel Corporation, as of November 30, was an indication. Tin plate specifications for January shipment enabled producers to slightly expand their schedules at the middle of December. Some steel producers maintained operations at a higher rate than was warranted early in December in order to provide workmen an extra pay day before Christmas; one result of this was a more complete shutdown than usual over the holidays.

Pittsburgh-Cleveland-Youngstown producers suffered a sharper reduction than other districts on account of the preponderance of automotive steel produced in these cities. Steel prices, nevertheless, remained steady. Extension of current prices into the first quarter and an unusually large carry-over, discouraged contracting. More interest, however, was displayed in mid-December in forward pig iron requirements and inquiry broadened considerably. Iron and steel scrap prices became steadier and largely ceased their sharp decline.

Pig iron production in November was at a daily rate of 106,289 gross tons, compared with 115,747 tons in October and 110,155 tons in November, 1928. November's total of 3,188,668 tons brought the 1929 11-month total

to 39,439,514 tons, exceeding the 37,831,741 tons of all 1928. The November daily ingot rate was 135,116 tons, compared with 167,098 tons in October and 164,109 tons last November. The 11-month total was 51,268,079 tons, topping the 1929 yearly record of 49,865,185 tons.

The Iron Trade Review composite of 14 leading iron and steel products, receded from an average of \$36.23 in October to \$36.03 in November. By mid-December the index was at \$35.95, the lowest point since November, 1928.

Coal

The soft coal industry has experienced a slackening in demand during the past month and operations of mines have consequently declined, contrary to showing a seasonal increase as in former years. At this season, the increase in household demand usually acts as a stimulus to producers. The cold weather of late November and early December created a demand for coal for heating purposes, but simultaneously, the demand for coal by large manufacturers declined sharply, with a net result that less coal was needed than is usually the case at this time of year.

Operators in the District state that demand is much less than it was in 1928, with prices abnormally low, as they have been for several years. The Coal Age average for November was \$1.87, as compared with \$1.90 in October. In spite of the decline from last month, the price is still slightly above November, 1928, however. The hand-to-mouth policy is still very noticeable, some consumers being inclined to further reduce their stocks even though they are generally lower than they have been since 1922.

The Great Lake shipping season was the most successful one ever experienced from the standpoint of coal shipments from Lake Erie ports. For the 1929 season, April to November inclusive, loadings of coal at lake ports totaled 39,105,913 tons, exceeding the best previous year, 1928, by 13.6 per cent.

Fourth District bituminous coal production in November totaled 17,350,000 tons, a decline from October of 14.4 per cent and from November, 1928 of 0.9 per cent. For the first 11 months of 1929, however, output has exceeded the same period of 1928 by 12.5 per cent.

Auto-mobiles

Production of automobiles in the United States in November totaled 217,441 cars which compared with 380,011 in October and 257,140 in November, 1928. The industry as a whole is operating at the lowest level since the end of 1927, when it was waiting for Ford to begin quantity production.

The decline in November was larger than seasonal. Production for the first 11 months of this year has amounted to 5,235,316 cars and trucks, compared with 4,124,643 cars in the same period of 1928, an increase of over 1,100,000 units or 25 per cent. This increase was more than enough to satisfy the pent-up demand which developed in 1927 and 1928 and manufacturers have had to curtail output.

This decline in production has particularly affected many concerns in the Fourth District. Steel plants at Cleveland and Youngstown, which depend on the automobile industry for the bulk of their orders, are now

operating at only slightly more than 50 per cent of capacity. Improvement was noticed in orders of steel in early December, but this was slight and was only for model production. Accessory and rubber factories, as well as paint and glass manufacturers, have been likewise affected.

Truck production showed only a seasonal decline in November. Conditions which affect the passenger car field have no bearing on the truck situation and operations are higher than they were a year ago.

The following table compiled from data gathered by the Ohio State University Bureau of Business Research shows the extent to which the demand for cars declined in some of the larger cities in this District in November. Registrations of new passenger cars declined 23.8 per cent as compared with November, 1928. In October, the decline was only 3.7 per cent and all preceding months of the year showed sizable increases. The large decline in November reduced the 11 month total so that it now exceeds the same period of 1928 by 28 per cent.

NEW PASSENGER CAR REGISTRATION

	Nov. 1929	Per cent change from 1928	Jan.-Nov. 1929	Jan.-Nov. 1928	Per cent change from 1928
Akron	503	-34.2	15,435	11,639	+32.6
Canton	312	-34.9	9,538	7,274	+31.1
Cincinnati	860	-32.4	19,875	16,669	+19.2
Cleveland	2,084	-5.7	49,608	36,670	+35.3
Columbus	589	-36.0	14,905	11,943	+24.8
Dayton	472	-25.9	10,996	8,613	+27.7
Toledo	497	-33.4	13,613	11,907	+14.3
Youngstown	373	-14.4	8,739	6,788	+28.7
Total	5,690	-23.8	142,709	111,503	+28.0

Rubber and Tires

The low rate of factory operations in the Akron territory and elsewhere in the country during the past three months has had a very favorable effect on the large tire stocks with which the industry has been confronted since early in the year. Stocks of tires have declined 3,800,000 casings since the high point in June and on November 1 were 9,633,404 casings. The supply, however, is still ample and is nearly 1,000,000 casings larger than it was last year. Shipments of tires have exceeded production for the past five months, and while demand for original equipment has receded, the replacement demand seems to be well maintained.

The volume of spring-dated orders has not been so large as has been received in former years, possibly because the stocks in hands of dealers are larger than they were a year ago. The larger manufacturers, however, state that the volume has been satisfactory in view of the general situation, feeling that the 1930 ordering has only been postponed.

It has been little more than a year since the Stevenson Restriction Act was withdrawn by the British Government. In that time, there has been a large increase in the shipments of rubber, which was almost inevitable because of the artificial nature of the Act. Imports of crude rubber to the United States in the first 11 months of 1929 totaled 517,912 tons, as compared with 399,581 tons in the same period of 1928, an increase of 30 per cent. World stocks of crude rubber increased 15 per cent in the first 10 months of 1929. This increase in supply of crude rubber has affected the price level. For the first ten months of 1929 the price fluctuated around 20 cents a pound, showing only seasonal changes. In November,

however, the average price declined to between 16 and 17 cents and is at that level at present. This is the lowest price for many years and compares with \$1.00, the price in 1925.

Clothing

Interest in the clothing industry in this District during the past month has centered on orders for spring delivery, which began to be received in late November. Immediate delivery orders, very dependent upon weather conditions, in early December were about the same as in 1928, due to the advent of cold weather. Spring delivery orders, on the other hand, have been unsatisfactory, as compared with former years. Some manufacturers have felt that distributors are delaying their orders until after the turn of the year. The orders that have been received to date, have been for reduced quantities, a feeling of hesitancy concerning future commitments being outstanding in the clothing field.

Makers of knit goods report sales in a very satisfactory volume during the past month. Cold weather early in December has had a most wholesome effect on dealers' stocks of this type of goods, which means reorders from the manufacturer.

Retail sales of clothing at department stores throughout the District were irregular during November, as compared with a year ago. The changes in the principal departments were as follows: millinery, -6.7; hosiery, +4.0; women's coats, -18.5; women's dresses, +9.2; misses' ready-to-wear, +9.0; furs, -28.1; men's clothing, -6.1; men's furnishings, +4.0; boys' wear, -2.7 and aprons and house dresses, -2.8 per cent.

Other

Manufacturing

Declines in activity which usually develop at the holiday season, partly in anticipation of inventory taking, have been sharper in many manufacturing plants than in 1928. The decrease in demand for labor in November was larger than in 1928, particularly in automotive and accessory plants. Payrolls declined more sharply than employment, which indicates that many concerns are operating on reduced schedules, some producers desiring to keep men employed part-time rather than shut down entirely. Reports concerning early December operations are little varied from those of November.

Agricultural Implements. Makers of farm machinery and garden tools are contracting for steel in about equal volume with a year ago. Employment and payrolls have shown little change. Orders, while good, are for smaller quantities.

Clay Products. Demand for fire brick is good, steel mills taking advantage of shut-downs to make much needed repairs. Building brick and tile makers are operating on greatly reduced schedules.

Cork. Employment slightly less than a year ago. Demand for new linoleum products is quite satisfactory. Insulating materials are in slightly smaller demand.

Electrical Supply. Demand for electrical supplies is less than it was a year ago, as has been the case for several months. Production of radios has been larger than demand, so that activity at plants is somewhat less than it has been in earlier months.

Glass. Plate glass production and sales are up to the December average, but makers of all types of flat glass products are seasonally quiet. Molded glass makers are operating at low levels.

Hardware, Machinery. Following the declines in other branches of the iron and steel industry, orders for hardware, tools and machinery have declined. Shipments to the east are better than those for local or western points. Employment is slightly less than a year ago, but payrolls have shown a rather large decline.

Paint. Operations are seasonally slow, but are about the same as a year ago. Accumulation of stock for spring orders is now taking place. Present orders are for limited quantities.

Paper. Employment and payrolls are practically the same as a year ago. Buying continues in small quantities but total volume is satisfactory.

Stoves. Conditions in general are quiet but are about on a par with last year. New orders are not being placed in expected volume.

AGRICULTURE

Tobacco Supply and demand conditions for burley tobacco, according to the Kentucky Department of Agriculture, are probably more favorable than since 1916. In the years from 1916 to 1926, with but two exceptions, production of burley tobacco was greater than consumption. Since 1926, however, consumption has been greater than production so that storage stocks are now lower than they have been since 1922 and carry-over is only slightly larger than average. The 1929 crop is estimated at 300 million pounds, only slightly larger than consumption during the past year which totaled 288 million pounds. The effect of heavy storage stocks on market prices was offset in 1927 and 1928 by short crops. Since both production and carry-over are about average, the quality of the crop has more bearing on prices than in former years.

The variation in the quality of the tobacco is unusually large this year. Some of the early-set crops, which grew without interruption until maturity, have produced a fine quality of leaf, but the late-set, slow-growing tobacco, which predominates this year, has made a poor quality leaf. Demand for the lower grades of tobacco has been strong with prices relatively high. On the other hand, the best quality tobacco has been selling at very much lower prices than the high prices of last year.

The opening of the Lexington tobacco market, the largest in the country, on December 2 was somewhat disappointing. Sales for the first week totaled only 1,196,615 pounds at an average price of \$22.19 a hundred, compared with sales of 3,535,720 pounds at an average of \$31.36 in the corresponding week of 1928. Many growers, dissatisfied with prices, are keeping tobacco that is ready for sale off the market with the hope that prices will improve.

BUILDING

Construction activity, in the Fourth District, based on figures of the F. W. Dodge Corporation, showed a very

decided falling-off in November. Total contracts awarded amounted to \$23,950,000, the lowest for any month since January, 1921, and were 57.7 per cent lower than in November, 1928. Residential contracts awarded in November were only \$7,110,000, 46.7 per cent less than November, 1928, and the lowest for any month since February, 1922.

Building Materials

Production of portland cement in the Fourth District in November amounted to 1,537,000 barrels, a decline from last year of 3.2 per cent. For the first 11 months of 1929, output was 8.8 per cent lower than in the same period of 1928. Lessened demand on the part of builders and increased imports, chiefly from Belgium, have had a depressing effect on the industry for some time. The advance of 20 to 30 cents a barrel in the price of cement, recently announced, restored it to the level prior to the reduction of last August. This has caused considerable comment, because the reductions were made at that time in order to compete with the increased imports which have been finding their way to this country. Ever since 1920, when prices were 30 per cent higher than they now are, the price cutting has been because of foreign production.

Wholesale dealers state that demand for building supplies has declined sharply during the past month, the extent being more than seasonal. Some dealers report a decline from 1928 amounting to 20 per cent. Hesitancy in regard to orders is very noticeable, even though stocks in hands of both retailers and wholesalers are low.

Building Operations

(Value of Permits)

	Nov. 1929	% change	Jan.-Nov. 1929	Jan.-Nov. 1928	% change
Akron.....	3,163,854	+214.4	19,385,642	18,343,271	+5.7
Ashtabula.....	20,645	-63.9	592,322	441,457	+34.2
Barberton.....	56,622	-58.6	989,724	937,506	+5.6
Canton.....	158,647	-13.6	3,425,627	3,499,275	-2.1
Cincinnati.....	1,509,495	-28.1	34,450,440	32,989,995	+4.4
Cleveland.....	1,805,300	-41.2	36,850,900	47,785,675	-22.9
Cleve. Suburbs:					
Cleve. Hights.	103,590	-66.9	2,370,730	4,013,190	-40.9
East Cleve....	216,335	+297.8	2,020,235	745,653	+170.9
Euclid.....	85,980	-86.9	2,271,327	2,614,706	-13.1
Garfield Hights.	63,700	+149.8	1,172,550	1,479,650	-20.8
Lakewood.....	507,330	+237.8	1,886,837	4,668,321	-59.6
Parma.....	138,270	-23.6	2,334,432	2,402,648	-2.8
Rocky River.	36,275	-59.8	1,417,653	1,105,423	+28.2
Shaker Hights.	573,100	+37.7	6,221,950	7,107,965	-12.5
Columbus.....	562,700	-22.2	10,429,250	15,466,950	-32.6
Covington, Ky.	105,200	-26.8	1,352,425	1,542,050	-12.3
Dayton.....	210,517	-34.7	6,079,737	1,016,991	+40.2
Eric, Pa.....	207,385	+2.2	6,056,046	4,614,644	+31.2
Hamilton.....	57,360	-55.9	2,006,230	2,002,098	+0.2
Lexington, Ky.	70,635	+31.5	2,033,517	1,448,123	+40.4
Lima.....	9,250	-50.8	399,915	449,434	-11.0
Newark.....	28,485	+85.4	655,965	1,332,644	-50.8
Pittsburgh, Pa.	2,746,697	+142.3	29,100,976	36,135,943	-19.5
Springfield.....	36,830	-69.9	1,730,021	1,452,992	+19.1
Toledo.....	520,120	-48.8	13,285,243	15,992,942	-16.9
Wheeling, W. Va.	353,258	+413.9	1,735,244	1,811,392	-4.2
Youngstown.....	1,490,895	+47.2	5,896,578	8,063,355	-26.9
Totals.....	14,838,475	+10.7	196,151,516	228,617,293	-14.2

TRADE

Wholesale Trade

November sales of all reporting lines of wholesale trade, except groceries, were smaller than a year ago. Shoe sales which have been showing a downward trend for some time were 32 per cent less than in 1928. Dry goods declined 10.9 per cent, drugs 2.8 per cent and hardware 7.5 per cent. Groceries showed a gain of 2.0 per cent. For the first eleven months, all lines

except shoes showed gains. Collections are only fair, here again all groups showing a decline but groceries.

Retail Trade Department store sales in the Fourth District in November were 0.9 per cent lower than in the corresponding month of 1928. With the exception of February, which showed a decline of 1 per cent, sales in all other months of 1929 have been larger than in the same month of the preceding year. Cleveland was the only city to report sales in larger volume than a year ago, the increase being 2.3 per cent. The declines varied from 0.004 per cent in Pittsburgh to 13.3 per cent in Wheeling, which in addition, is the only city to show a decline for the first 11 months of this year.

Declines were reported in 28 of the 52 various departments, the largest being in jewelry, furs, radios and women's wear. Sales of yard goods were lower than in 1929, but this condition is not of recent development. Departments selling the more necessary articles showed slight gains from last year, which nearly counterbalanced the declines.

Advance reports in regard to holiday buying indicate that it has been about the same as in preceding years. Though payrolls have declined during the past two months, department store sales have not been affected to any appreciable extent, the only noticeable change being that sales in some lines were not so large as is usually the case, while other goods were in greater demand.

Credit Sales The importance of the credit or charge sale in the total volume of department store business seem to be increasing at a fairly steady rate in the stores in the Fourth District. Evidence of such growth is found in the figures of 44 identical department stores which have been reporting their credit and total sales, to this bank since April, 1926. The accompanying chart shows the proportion of credit to total sales by months from April, 1926, to November, 1929, inclusive.

It is evident from the chart that the ratio of credit to total sales is increasing at a slight but persistent rate. Each month shows a larger proportion of such sales than in the corresponding month of preceding years. While the yearly increase is slight, the regularity of

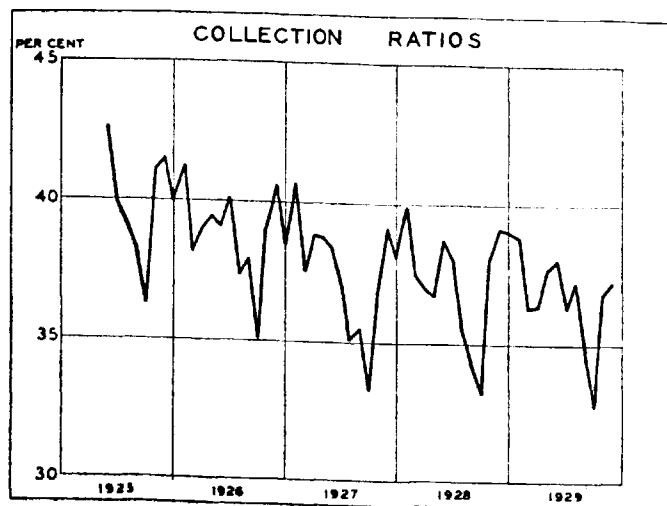
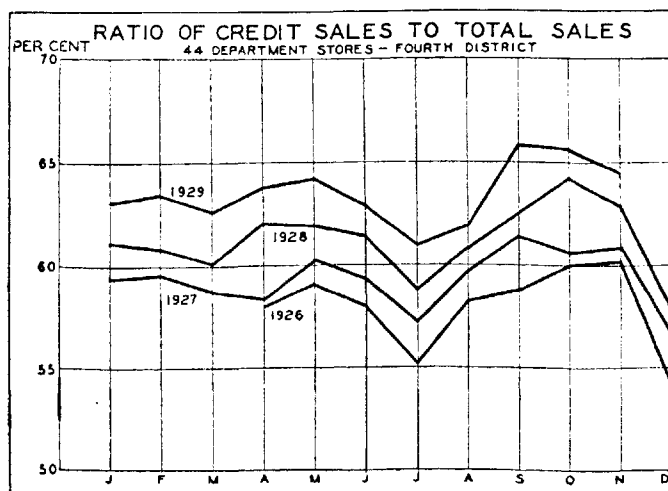
its growth is significant. The spread between the 1928 and 1929 curves is wider than in the preceding years which shows that the increase has been more rapid during the past year.

That there is a definite seasonal swing is also evident, each year bearing a striking resemblance to the other years. December seems to be the month in which the proportion of credit to total sales is lowest, due possibly to the relatively larger number of cash sales of low-priced articles in that month. The abnormal rise in the ratio in October, 1928, was due to a special campaign in the Pittsburgh stores for new charge accounts. This may possibly be one of the reasons for the growth in percentage of credit sales. Many department stores have encouraged the opening and the use of new charge accounts during the past few years.

Collections In this connection, the trend of collections during the past five years in interesting. Since May, 1925, about 45 department stores in the Fourth District have reported their accounts receivable and collection figures. The second chart shows the ratio of total collections during any month to the total accounts receivable at the end of the preceding month for comparable stores from May, 1925, to November, 1929, inclusive. As an illustration, the latest figure on the chart is 37.3 and shows that 37.3 per cent of the accounts due on October 30 were paid during the month of November.

The trend of collections over the entire period has been decidedly downward. The average for the year 1926 was 38.8; in 1927 it was 37.4; in 1928, 37.3, and in the first 11 months of 1929 it was 36.6 per cent. Here again, there is a seasonal swing, the ratio being high in January following the month in which charge sales are lowest, and low September in the five years for which comparable figures are available.

On what were once commonly considered 30-day accounts only slightly more than a third of the amount outstanding at the end of a month is now paid during the ensuing month. Part of this decline may be due to the increase in instalment selling, but the decline in the past five years in collections is not to be accounted for in this manner, because the percentage of collections on instal-



ment accounts has declined at the same rate as that shown on regular accounts.

While the decline in the ratio of collections to accounts receivable has only been about 2 per cent a year, the

fact that this ratio has been showing a downward trend, while the percentage of credit to total sales has been showing a steady increase over the four year period for which figures are available, is quite significant.

Fourth District Business Statistics

(All figures for Fourth District unless otherwise Specified)

	Nov. 1929	Nov. 1928	% change from 1928	Jan.-Nov. 1929	Jan.-Nov. 1928	% change from 1928
Bank Debits (24 cities)	3,598	3,317	+ 8.5	39,732	36,399	+ 9.2
Savings Deposits (end of month)						
Ohio (36 banks)	767,988	778,160	- 1.3	774,318 ¹	752,293 ¹	+ 2.9
Western Pennsylvania (25 banks)	273,294	274,403	- 0.4	276,523 ¹	273,292 ¹	+ 1.2
Total (61 banks)	1,041,282	1,052,563	- 1.1	1,050,841 ¹	1,026,585 ¹	+ 2.4
Commercial Failures—Number	120	134	-10.4	1,766	1,799	-1.8
Liabilities	3,450	2,614	+32.0	33,460	47,607	-29.7
Postal Receipts—9 cities	3,163	3,067	+3.1	34,408	33,502	+2.7
Sales—Life Insurance, Ohio and Pa.	114,503	102,261	+12.0	1,252,453	1,138,487	+10.0
—Department Stores (60 firms)	27,189	27,450	-0.9	273,303	265,349	+3.0
—Wearing Apparel (15 firms)	1,722	1,833	-6.1	17,550	17,836	-1.6
—Furniture (45 firms)	925	1,104	-16.2	11,616	11,853	-2.0
—Wholesale Grocery (41 firms)	6,514	6,415	+1.5	69,838	68,013	+2.7
—Dry Goods (12 firms)	2,126	2,386	-10.9	23,312	23,136	+0.8
—Hardware (17 firms)	2,159	2,334	-7.5	24,059	23,859	+0.8
—Drugs (13 firms)	1,665	1,713	-2.8	19,538	18,724	+4.3
Building Permits, Valuation—27 cities	14,838	13,407	+10.7	196,152	228,617	-14.2
Contracts—Total, 4th District	23,950	56,684	-57.7	591,779	622,728	-4.9
—Residential, 4th Dist.	7,110	13,331	-46.7	151,584	203,149	-25.4
Production—Pig Iron, U. S.	3,189	3,304	-3.5	39,440	34,461	+14.4
—Steel Ingots, U. S.	3,513	4,259	-17.5	51,265	45,838	+11.8
—Automobiles, U. S.						
—Passenger Cars	169,309	216,754	-21.9	4,494,813	3,616,179	+24.3
—Trucks	46,513	39,686	+17.2	724,424	502,787	+44.1
—Bituminous Coal, 4th Dist.	17,350	17,515	-0.9	190,872	169,657	+12.5
—Cement: Ohio, W. Va., Wn. Pa.	1,537	1,587	-3.2	15,745	17,265	-8.8
—Electric Power: Ohio, Pa., Ky.	1,381 ²	1,259 ²	+9.7	12,602 ²	11,449 ²	+10.1
—Petroleum: Ohio, Pa., Ky.	2,527 ³	2,138 ³	+18.2	21,616 ³	20,291 ³	+6.5
—Shoes, 4th District	2,675 ⁴	4,593	-41.8	52,787	54,841	-3.7
—Tires	4,392	4,270	+2.9	39,105	34,422	+13.6
Bituminous Coal Shipments (from Lake Erie Ports)	3,119	3,598	-13.3	45,747	36,956	+23.8
Iron Ore Receipts (at Lake Erie Ports)						

¹—11 month average
²—October
³—January-October
⁴—Figures Confidential
⁵—Preliminary

Fourth District Business Indexes

(1923-1925 = 100)

	Nov. 1929	Nov. 1928	Nov. 1927	Nov. 1926	Nov. 1925
Bank Debits (24 cities)	133	122	110	108	107
Commercial Failures (Number)	82	92	101	92	113
(Liabilities)	78	59	78	63	78
Postal Receipts (9 cities)	122	118	120	117	107
Sales—Life Insurance (Ohio and Pa.)	137	122	106	115	105
—Department Stores (59 firms)	109	110	112	113	104
—Wholesale Drugs (13 firms)	106	109	106	109	98
—Dry Goods (12 firms)	87	98	97	103	92
—Groceries (41 firms)	98	98	99	103	104
—Hardware (15 firms)	101	96	98	106	96
—All (84 firms) [†]	97	99	99	104	100
—Chain Drugs (3 firms) ^{**}	88	83	90	99	96
Building Contracts (Total)	50	119	82	75	84
(Residential)	41	78	96	82	98
Production—Coal (O. Wn. Pa., E. Ky.)	96	97	77	127	108
—Cement (O. Wn. Pa., W. Va.)	128	132	128	96	103
—Elec. Power (O. Pa., Ky.)	164	150	134	136	124
—Petroleum (O. Pa., Ky.)	137	116	110	105	102
—Shoes	86	79	96	91	76

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

Retail And Wholesale Trade

(1929 compared with 1928)

	Percentage Increase or Decrease	SALES Nov.- Nov.	SALES First 11 mos.	STOCKS Nov.- Nov.
DEPARTMENT STORES (60)				
Akron	-1.3	+5.5	-7.8	
Cincinnati	-2.3	+1.8	-0.01	
Cleveland	+2.3	+4.2	+0.9	
Columbus	-1.5	+0.02	-6.4	
Dayton	-2.8	+0.4	-11.4	
Pittsburgh	-0.004	+2.6	-5.1	
Toledo	9.3	+6.5	-3.3	
Wheeling	-13.3	-4.9	-7.1	
Other Cities	-2.1	+4.0	-2.9	
District	-0.9	+3.0	-3.4	
WEARING APPAREL (18)				
Cincinnati	-12.2	-5.7	+1.2	
Cleveland	+11.6	+3.6	-8.5	
Other Cities	-3.1	-2.8	-4.6	
District	-6.1	-1.6	-4.7	
FURNITURE (45)				
Cincinnati	-4.8	+0.4		
Cleveland	-16.4	+0.2		
Columbus	-22.4	+0.6		
Dayton	-12.9	-10.3		
Toledo	-21.9	-2.5		
Other Cities	-13.6	+2.1		
District	-16.2	-2.0		
CHAIN STORES*				
Drugs—District (3)	+6.0	-2.4		
Groceries—District (3)	+5.0	+4.4		
WHOLESALE GROCERIES (41)				
Akron	-11.3	+1.4		
Cincinnati	-3.8	+4.3		
Cleveland	+6.4	+0.7		
Erie	-8.0	-6.5		
Pittsburgh	+11.4	+6.5		
Toledo	-7.2	+1.3		
Other Cities	+5.5	+5.5		
District	+2.0	+2.7	+3.1	
WHOLESALE DRY GOODS (12)	+10.9	+0.8	-1.7	
WHOLESALE DRUGS (13)	-2.8	+4.3		
WHOLESALE HARDWARE (17)	-7.5	+0.8	-0.2	
WHOLESALE SHOES (5)	-32.6	-18.8	-10.8	

*Sales per individual unit operated.

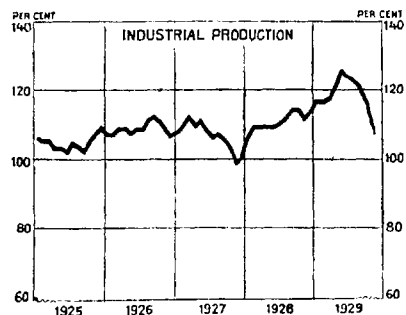
Debts To Individual Accounts

(Thousands of dollars)

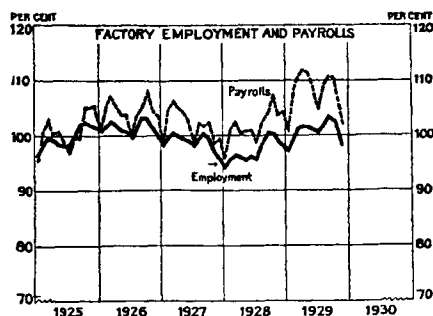
	4 weeks ending Dec. 18, 1929	% change from 1928	1929 to date (Dec. 28- Dec. 18)	1928 to date (Dec. 26- Dec. 19)	% change from 1928
Akron	96,010	-12.6	1,437,479	1,335,157	+7.7
Butler	12,453	+2.4	159,344	139,602	+14.1
Canton	45,011	-3.9	664,742	593,617	+12.0
Cincinnati	364,960	-14.8	5,468,881	5,329,608	+2.6
Cleveland	789,319	-2.3	11,442,739	10,096,353	+13.3
Columbus	166,945	-4.4	2,315,705	2,038,265	+13.6
Connellsville	3,533	-16.3	46,746	51,703	-9.6
Dayton	86,775	-0.3	1,300,074	1,155,141	+12.5
Erie	35,102	-5.0	495,563	450,580	+10.0
Franklin	5,703	+0.7	74,030	65,612	+12.8
Greensburg	17,272	-15.1	255,510	249,947	+2.2
Homestead	4,427	+8.0	61,113	53,014	+15.3
Lexington	23,912	-12.0	341,882	293,087	+16.6
Lima	12,252	-3.7	192,173	187,420	+2.5
Lorain	5,737	+0.8	78,254	76,296	+2.6
Middletown	11,320	-11.7	158,214	156,035	+1.4
Oil City	15,081	-15.2	234,893	209,589	+12.1
Pittsburgh	975,121	-6.3	13,534,788	12,067,822	+12.2
Springfield	21,564	-3.2	300,237	276,771	+8.5
Steubenville	10,823	-8.3	152,464	142,163	+7.2
Toledo	165,566	-36.6	2,781,098	3,329,368	-16.5
Warren	11,291	-12.4	183,388	167,411	+9.5
Wheeling	44,591	-27.3	628,268	621,602	+1.1
Youngstown	73,046	+7.3	993,439	881,282	+12.7
Zanesville	10,481	+18.5	157,675	161,063	-2.1
Total	3,008,295	-8.8	43,458,699	40,122,847	+8.3

Summary of National Business Conditions

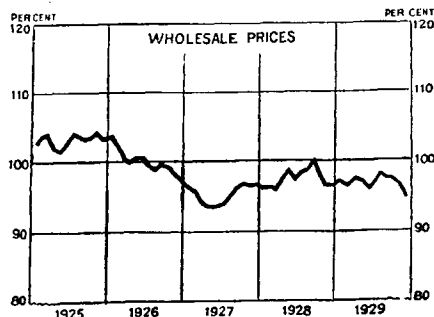
By the Federal Reserve Board



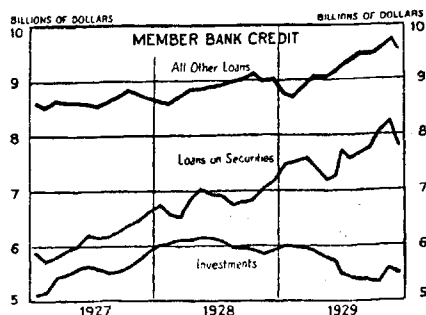
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure—November, 107.



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-25 average = 100). Latest figures—November, employment 98.2, payrolls 102.0.



Index of United States Bureau of Labor statistics (1926 = 100, base adopted by the Bureau). Latest figure, November, 94.4.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first two weeks in December.

Industrial production declined in November for the fifth consecutive month and was below the level of last year. Retail sales at department stores continued in larger volume than a year ago. Wholesale commodity prices moved downward in November and the first half of December.

Production and Employment

Production in basic industries decreased by 9 per cent in November, according to the Board's index, and was 5 per cent lower than a year ago. The decline in production, which began in mid-summer, was restricted prior to November largely to industries in which the expansion during the earlier part of the year had been exceptionally rapid, particularly iron and steel, automobiles and related industries. The same industries showed the largest reductions in November, but there were declines also in the copper, cotton and wool textiles and shoe industries and, in smaller degree, in silk textiles and coal. Production of crude petroleum was also curtailed. Volume of building contracts awarded during the month continued to be considerably smaller than in the corresponding period of 1928.

Employment in factories was also reduced during November to a level slightly below a year ago and there was a somewhat larger decrease in factory payrolls. The decline in employment since mid-summer, however, has been relatively smaller than that in the physical volume of production. Employment was in smaller volume than in November a year ago in the automobile, iron and steel, lumber and rubber products industries and larger in the machinery, textiles, paper and printing, leather and chemicals industries.

Distribution

Distribution of commodities, as measured by freight car loadings, was in smaller volume in November than in October, reflecting larger than seasonal decreases in most classes of freight. Miscellaneous freight in less than carload lots, however, which includes chiefly commodities for retail trade, showed the usual seasonal change.

According to preliminary reports, department store sales in leading cities during the month were about 1 per cent larger than last year. Increased sales were reported in four agricultural districts, Richmond, Kansas City, Dallas and San Francisco. In certain of the larger industrial districts, Boston, New York and Cleveland, sales were approximately the same as in November, 1928.

Wholesale Prices

Wholesale prices were at a lower level in November than in October and continued to decline during the first half of December. The downward movement, which had previously involved principally commodities with organized exchanges, became general during the latter part of the period.

Bank Credit

Liquidation of bank credit, which had begun early in November, continued throughout that month and the first two weeks of December, and on December 11, total loans and investments of reporting member banks were at about the same level as on October 23, prior to the increase caused by the withdrawal of funds by non-banking lenders. At member banks in New York City, loans were somewhat larger and investments considerably larger on December 11 than on October 23, while at reporting banks outside New York, loans on securities, all other loans and investments were smaller than on that date.

Reserve bank credit outstanding was also reduced during November and the first two weeks of December, largely in consequence of reduction in balances of member banks at the reserve banks, which accompanied the liquidation of member bank credit. The decrease in reserve balances released reserve funds in more than sufficient volume to meet the export demand for gold, amounting to \$65,000,000 during the period, as well as the seasonal currency requirements. Between November 6 and December 18, United States security holdings of the reserve banks increased considerably, while their holdings of acceptances declined somewhat and there was a reduction of \$250,000,000 in the indebtedness of member banks.

Money rates in the open market continued to decline and the discount rate, which had previously been reduced at five reserve banks, was lowered at the Kansas City bank from 5 to 4½ per cent on December 20.