



# MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

**Fourth Federal Reserve District**

**Federal Reserve Bank of Cleveland**

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No. 7

Trade and industrial activity in the Fourth District declined slightly in May and the early part of June. This recession reflects in part a slackening that is customary in a number of industries during the summer months, although it has occurred somewhat earlier than in some recent years. There have been further marked declines in commodity prices.

The iron and steel industry has followed an irregular course. Pipe mills at Youngstown and Pittsburgh are producing at good rates, several being booked for the rest of the year. Other mills, particularly those at Cleveland, have been curtailing operations chiefly because of the slightly greater than seasonal drop in automobile orders. Cleveland mills are only producing at 50 per cent of capacity.

Employment and payrolls declined in May more than the usual seasonal amount. May bank debits, however, were off only six per cent in contrast with the ten per cent shown in the first five months of this year. Savings deposits increased from April, but were still 1.7 per cent smaller than last year. Postal receipts and life insurance sales were both smaller than one year ago. Electric power production was lower than the same month last year for the first time in over two years.

Building activity increased from April to May and also showed a very favorable improvement in June, but the total so far this year is still the lowest since 1924. Coal production increased slightly, chiefly because of the larger loadings at Lake ports which established an all-time record in May. Iron ore receipts have been 50 per cent smaller than last year, although they exceeded the same period of 1928.

Smaller payrolls and declining commodity prices continued to affect retail, and in turn, wholesale buying, but some improvement has been reported. Department store sales in May were three per cent smaller than one year ago, the drop being about half as great as the six per cent decline shown for the first five months. Crop conditions in the District have suffered somewhat from unfavorable weather.

## FINANCIAL

In recent weeks the few changes in condition of reporting member banks and this Reserve bank reflected the further easing of credit conditions. Rates charged by commercial banks in this District declined slightly

and the rediscount rate of the Federal Reserve Bank of Cleveland was reduced from four to three and one-half per cent on June 7. This was as low a rate as has ever been established by this bank and was the lowest since early 1928. Boston and Chicago were discounting at the same rate, but the New York rate was reduced on June 20 from three to 2½ per cent, the lowest ever shown by any Reserve bank. Acceptance rates (90-day asked) were reduced to 1½ per cent on June 24, the lowest quotation on record, and call money has renewed at 2½ per cent or lower since the 13th of June.

**Member Bank Credit.** Total credit extended by Fourth District reporting member banks increased \$34,000,000 in the four weeks ended June 18 and was \$39,000,000 larger than one year ago. This was more than accounted for by an increase in investments of \$38,000,000 in the past month. Amounting to \$693,000,000 on June 18, they were \$30,000,000 higher than at this time last year. With little commercial demand developing, collateral loans showing little change and deposits increasing, banks have turned to investments as a means of keeping funds employed. Loans secured by stocks and bonds were at comparatively the same level as a month ago. "All other" loans continued to sag and were \$37,000,000 below last year and at the same level as this time in 1928. No seasonal expansion has occurred in these commercial loans as yet this year, neither has the decrease since the first of the year been so sharp as in some other Reserve districts.

Demand deposits reached a new high record on June 11, declined slightly the following week, but increased \$28,000,000 from May. Amounting to \$1,098,000 on June 18, they were \$96,000,000 higher than in 1929 at this time.

**Reserve Bank Credit.** Increased holdings of government securities more than offset the declines shown in acceptances, and with bills discounted for member banks at substantially the low level of last month, credit extended by this bank was only \$85,000,000, about the same as in May. The drop in acceptance holdings has been seasonal, but total bills and securities of this bank for more than a month have been lower than at any time since 1924.

Reflecting the increase in deposits at member banks, reserve deposits since the first of the year have increased quite rapidly and on June 18 were the highest in over two years. Federal reserve note circulation of this bank

has increased slightly since January in contrast with the declines shown in the entire system.

### BANKING OPERATIONS

	Federal Reserve Banks			Federal Reserve System		
	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	June 18, 1930	June 19, 1929	May 21, 1930	June 18, 1930	June 19, 1929	May 21, 1930
Gold Reserves .....	316	282	314	3,067	2,380	3,076
Discounts .....	20	82	18	207	959	210
Acceptances .....	10	7	13	133	87	187
U. S. Securities .....	55	28	50	598	139	528
Total bills and securities .....	85	117	81	948	1,199	932
Federal reserve notes in circulation .....	182	199	179	1,419	1,649	1,453
Total deposits .....	201	188	199	2,465	2,369	2,439

### Reporting Member Banks

	Fourth District (In Millions)			United States (In Millions)		
	June 18, 1930	June 19, 1929	May 21, 1930	June 18, 1930	June 19, 1929	May 21, 1930
Loans on securities .....	742	696	744	8,615	7,382	8,322
All other .....	783	820	786	8,513	9,161	8,484
Total loans .....	1,525	1,516	1,529	17,128	16,543	16,806
Investments .....	693	663	655	5,989	5,755	5,855
Demand deposits .....	1,098	1,002	1,070	13,638	12,938	13,382
Time deposits .....	969	954	968	7,228	6,727	7,132

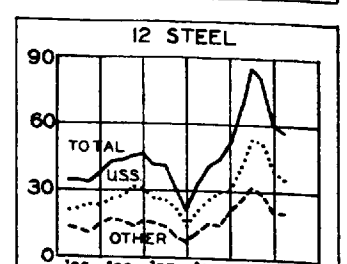
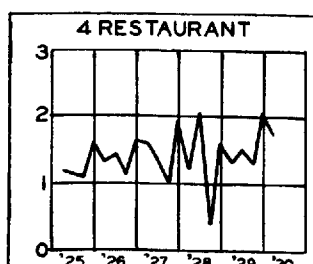
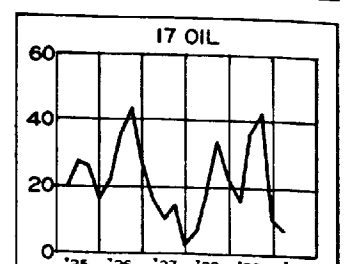
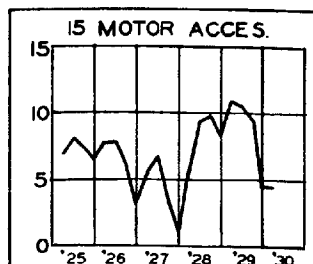
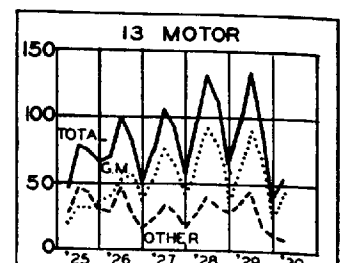
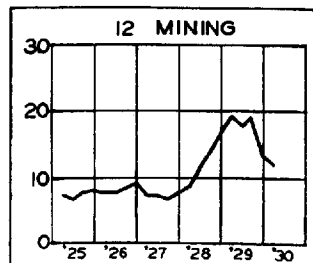
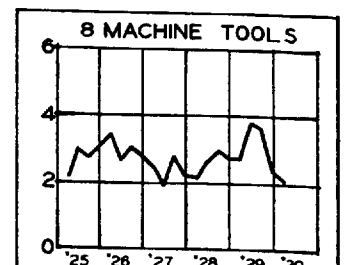
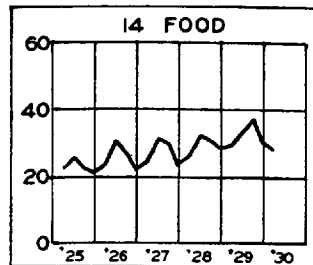
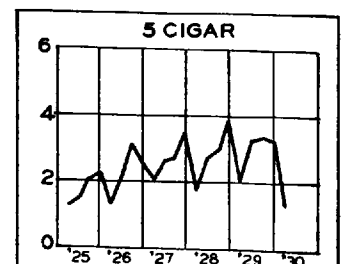
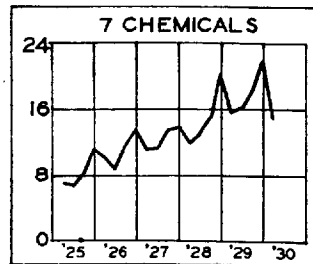
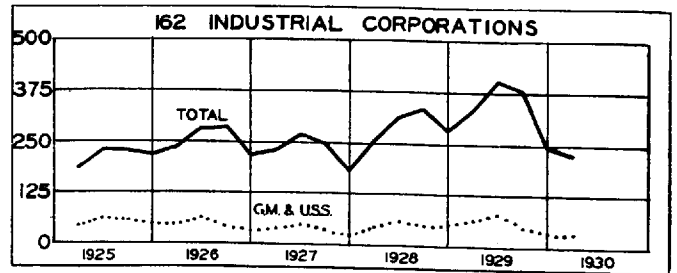
### CORPORATION EARNINGS

The accompanying chart presents this bank's revised index of quarterly net earnings of industrial corporations in the United States. The number of concerns used in the index has been reduced from 170 to 162 as a result of mergers and consolidations which have occurred in the past year. In some instances, two or more concerns whose figures were used in the index merged; in others, a company included joined with one whose earnings were not included. In case of such a consolidation, back quarterly earnings for the merging firm not included were obtained or estimated from the yearly earnings, where available. Because of these additions the total earnings of the 162 concerns are slightly larger than of the 170 corporations previously published.

The course of industrial profits during the past year, has, in a general way, followed the curve of industrial production. This is to be expected, but might not necessarily follow, particularly for the various groups or the individual concerns in the groups. An industry could be operating at a relatively high level and yet show only a small profit or even a loss. Earnings and production do not always parallel each other. Nevertheless in the first quarter of 1930 the entire group of concerns showed 3.7 per cent smaller earnings than in the closing period of 1929 and the volume of production in the first quarter of this year taken as a whole was in smaller volume than in the last quarter of 1929. The drop in profits was caused by, among other things, declining prices of finished goods and raw materials.

As noticed on the chart, corporation earnings reached their peak in the second quarter of 1929 when industrial activity was also at record levels. A slight decline occurred in the third quarter, again paralleling the production curve, and although the drop in the fourth quarter was greatly accelerated, as was the drop in production, part of it was seasonal. In spite of the fact that profits in the first quarter of past years have been larger than in the closing period of the preceding year, net earnings of the 162 industrial corporations in the opening period of 1930 were the smallest for any quarter since 1927 and the smallest first quarter since 1925. If the figures of the two largest companies, General Motors and United

REVISED CORPORATION EARNINGS  
(Quarterly net earnings of 162 identical industrials in the United States)  
All scales in millions of dollars.



States Steel, are excluded, 1930 first quarter earnings have only been exceeded by corresponding periods of 1928 and 1929.

The course of earnings in the individual groups is quite interesting and throws a little light on the trend of corporation profits in a period of business recession. Compared with the first quarter of 1929, only four groups, coal, leather (a smaller deficit), restaurant and railroad equipment, reported larger earnings in the opening period of this year. Chemical, food and amusement concerns held up very well, showing only small decreases from 1929. The mining, motor, motor accessory, oil and miscellaneous groups all showed large declines, in some cases more than 50 per cent.

The fourth quarter is usually the period of smallest earnings, although this year only two groups, motor and railroad equipment elicited an improvement in the first quarter of this year. The largest drop for the period was shown by the chemical group, but this is largely seasonal. Steel companies reported a decline of 6.5 per cent from the closing period of 1929, all of which was accounted for by the drop in earnings of the United States Steel Corporation; all other steel companies showed little change.

**Corporation Earnings**

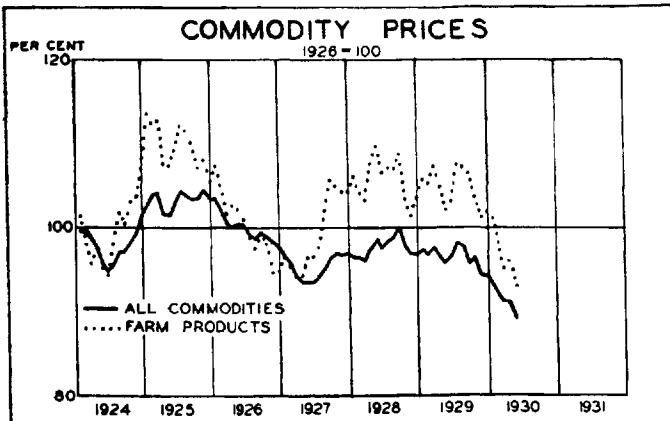
(162 identical industrials)  
(In Thousands of Dollars)

	1930		1929		1928		1927		1926	
	1st	4th	1st	4th	1st	4th	1st	4th	1st	4th
	Quar.	Quar.	Quar.	Quar.	Quar.	Quar.	Quar.	Quar.	Quar.	Quar.
5 Building & Supply	1,713	3,339	2,100	2,901	3,283	3,681				
7 Chemicals	14,910	21,876	15,638	11,902	11,112	10,011				
5 Cigars	1,416	3,260	2,037	1,709	2,100	1,461				
5 Coal	1,763	2,281	1,130	1,980	1,375	2,008				
5 Equipment—R.R.	6,442	6,334	5,290	3,953	3,983	4,735				
14 Foods	28,325	30,709	29,372	26,593	24,945	23,522				
8 Machinery, Tools	2,139	2,431	2,807	2,177	1,961	2,667				
12 Mining	11,976	13,367	19,091	8,692	7,308	7,778				
13 Motor	54,329	38,954	97,807	97,560	75,832	69,577				
15 Motor Accessory	4,519	4,622	10,964	5,704	5,662	7,842				
17 Oil	7,085	10,672	16,475	6,804	16,530	21,947				
12 Steel	57,204	61,154	68,166	33,420	41,591	43,113				
4 Restaurant	1,750	2,128	1,305	1,224	1,598	1,344				
40 Miscellaneous	40,962	42,509	54,387	49,474	38,142	39,338				
162 Total	234,533	243,636	326,569	254,093	235,422	239,024				
160 Total	203,747	208,933	264,692	213,914	196,877	193,045				

(Less G. M. & U. S. S.)

**COMMODITY PRICES**

The general course of wholesale prices continued downward in May and early June and was one of the most disconcerting factors in the entire business situation. The Bureau of Labor's index on a 1926 base, standing at 89 in May was 13 per cent below the same month last year and the lowest for any month since 1916.



Bureau of Labor Statistics Index. Latest figures, May Agricultural prices, 93.0. All commodities, 89.1.

Wholesale prices have followed a downward course since 1925 with only a slight temporary reversal in the last part of 1927 and the first nine months of 1928. Although prices tended only moderately downward in late 1928 and early 1929, beginning with August, 1929, the drop became quite abrupt, partly because of overproduction and partly in sympathy with the fall in security prices and the lessened consumer demand which followed. This was caused by, among other things, the decrease in employment and payrolls and the low level of general business.

The declines shown in the past nine months have been world-wide in scope, being more pronounced in some of the foreign countries than in the United States and have not been confined to any particular classes of goods. Raw materials, including grains, cotton, wool, silk, sugar, copper, silver, coffee and rubber have fallen to the lowest levels in years, in some cases to the lowest point on record, but prices of iron and steel products, glass, leather and many other manufactured goods have also declined.

Retail prices have also fallen slightly, particularly since the first of the year, but the reduction has not been in proportion to the drop in wholesale prices.

**MANUFACTURING, MINING**

**Iron and Steel**

Demand for iron and steel in the Fourth District declined sharply in the month ended June 20. Except for

line pipe and tin plate, consumers' requirements contracted markedly and as a result, production in late June was off more than seasonally and was approximating the low point of last December. The summer lull which did not occur to any extent last year seems to be at hand.

Automotive specifications were curtailed early in June, due to both a slower retail market and to an overspecification of material in May. Many important automobile interests planned their June shipments with the intention of showing a minimum inventory on July 1, just prior to the usual shut-downs preparatory to model changes.

Bar, sheet, strip and, to a lesser extent, wire mills reduced their operations accordingly. Structural steel awards continued in only moderate volume, with no outstanding inquiry. Tin plate shipments in May and early June equaled the rate of last year, but were made at the expense of backlogs.

The one bright spot in the entire industry was caused by the large orders for pipe to be used in the construction of pipe lines for the transmission of natural gas, petroleum and gasoline. Awards in early June attained record proportion and by the middle of the month the more important makers in the Pittsburgh district were booked well into the fall, with several interests committed for the remainder of the year. As a result, plate and skelp mills entered the summer with better prospects than other departments of the industry.

Pig iron, like finished steel, felt keenly the retrenchment in the automotive industry and shipments of Pittsburgh, Youngstown and Lake furnaces declined materially in June. Late in the month, however, inquiry for third quarter iron developed in moderate volume.

In common with commodity prices generally, most finished steel quotations declined considerably in early June. Semi-finished steel fell \$2 in the month and was quoted

at \$31 a ton at all centers. Producers were quoting at unchanged prices for the third quarter, but there was an evident reluctance to commit too far into the period. The Iron Trade Review composite of 14 leading iron and steel products declined to \$33.52 in mid-June. This compared with an average of \$33.73 for May, \$36.96 in June, 1929, and was the lowest since 1916 with the exception of three months in early 1922. Although the decline has been less precipitate in the past week or so, no improvement has yet been shown.

Steel ingot production in May continued the decline which started in March. The daily rate of output for the month was 149,066 gross tons, against 159,764 tons in April, 195,790 tons in May, 1929, and 155,700 tons in May, 1928. Total production in the first five months of this year amounted to 20,352,960 tons, compared with 24,133,741 tons in the corresponding period of 1929 and 21,050,000 tons in 1928. Steelmaking operations averaged 78.2 per cent of capacity in the five months ended with May; one year ago they were 94.6 per cent. By mid-June the rate for the entire industry had declined to 68 per cent of capacity. Two years ago it was operating at 73 per cent. Cleveland mills were only producing at 50 per cent of capacity with Youngstown and Pittsburgh at 60 and 70 per cent respectively.

Pig iron production showed an increase in the daily rate from January to April, inclusive, but reversed itself seasonally in May. The daily output was 104,509 gross tons, compared with 106,371 tons in April and 123,753 tons last May. Production in the first five months was 15,368,401 tons, compared with 17,922,433 tons in the same period of 1929 and 15,428,123 tons in 1928.

**Coal** A slight increase in bituminous coal production occurred in the Fourth District in May mostly because of the expansion in shipments from Lake Erie ports which totaled 6,102,000 tons in the month. This was the largest tonnage ever loaded in a single period and reduced the discrepancy shown in April, loadings to June 1 being only 36,000 tons behind the same period of 1929 which was a year of record lake shipments.

Coal output for the month totaled 15,604,000 tons, compared with 16,850,000 tons in May, 1929, a decline of seven per cent. The increase from April was less than seasonal and production so far this year has been 5.5 per cent below one year ago. Production in the entire country was estimated at 35,884,000 tons in May, a drop of about 5,000,000 tons from last year.

The reason for the decline of course has been the drop in industrial activity and railroad operations. A few companies reported a slight increase in sales in the first part of June, however. Buying for stock piles in preparation for fall and winter demand has not been very general, notwithstanding the low level to which stocks above ground have fallen. Collections are poor, unpaid accounts, according to the Bureau of Coal Statistics, being about five per cent larger than last year despite the smaller sales. Prices have declined slightly.

**Automobiles** May production of automobiles in the United States totaled 417,154 cars (including trucks and taxicabs) compared with 442,835 in April, 604,691 in May, 1929, and 425,783

in May, 1928. The decline from April, 5.8 per cent, was larger than the 2.8 per cent shown last year at that time and was contrary to the trend of production in the past several years. On the average there is relatively little change shown in output in these two months. According to the Department of Commerce figures, production in the first five months amounted to 1,883,616 units, which still exceeded output in the same period of 1928 by a good margin, but was 30 per cent below last year.

There was a decided slump in truck production, the May output being only 54,370 units as against 67,560 in April and 88,510 in May, 1929. Manufacturers report the trend downward, part of which is seasonal.

The decline shown from April to May continued into June only at a more rapid pace. In past years the seasonal contraction from May to June has been about 14 per cent, but it is too early to state whether the general curtailment in preparation for the new mid-summer model introduction has been greater or less than usual.

This falling-off has affected parts and accessory, steel and rubber plants in this District with a consequent reduction in employment.

The reason for the drop in automobile production is found in the new passenger car registration figures which are much below last year. In the ten principal counties of this District, May registrations were 24 per cent less than one year ago. This smaller decline as compared with other months of this year, due chiefly to sales at Pittsburgh, reduced the five-month discrepancy to 27 per cent.

### New Passenger Car Registrations

	Ten Principal Counties					
	May, 1930	May, 1929	% change from 1929	Jan.-May 1930	Jan.-May 1929	% change from 1929
Akron (Summit).....	1,287	2,349	-45.2	4,764	8,243	-42.2
Canton (Stark).....	797	1,294	-38.4	3,003	4,917	-38.9
Cincinnati (Hamilton)...	1,885	2,557	-26.3	7,684	9,915	-22.5
Cleveland (Cuyahoga)...	4,863	6,097	-20.2	18,616	25,082	-25.8
Columbus (Franklin)....	1,235	1,883	-34.4	5,052	7,675	-34.2
Dayton (Montgomery)...	763	1,229	-37.9	3,679	5,517	-33.3
Pittsburgh, Pa. (Alleghy.)	5,003	4,683	+ 6.8	16,480	17,557	- 6.1
Toledo (Lucas).....	996	1,891	-47.3	3,882	7,547	-48.6
Youngstown (Mahoning)	727	1,125	-35.4	2,632	4,286	-38.6
Wheeling, W. Va. (Ohio).	240	310	-22.6	856	1,068	-19.9
Total.....	17,796	23,418	-24.0	66,648	91,807	-27.4

**Rubber, Tires** Output of tires in the Akron district, which annually produces more than 60 per cent of all tires manufactured in the country, in May was about 25 per cent below the peak reached last year in June. Employment increased one per cent from April, but was 22 per cent below one year ago when the rubber industry was operating at record levels.

Imports of crude rubber to the United States in May totaled 40,745 tons as against 49,927 tons in April and 49,180 tons in May, 1929. So far this year imports have totaled 227,192 tons, compared with 274,018 tons in the first five months of 1929. Consumption of crude rubber in May was estimated to be 39,902 tons, still slightly under the import figures. This fact that imports have exceeded consumption for some time past has been the chief reason for the decline in crude rubber prices, which in early June fell below 12 cents a pound, the lowest point on record, compared with 22 cents last year and

about 40 cents in 1927. The extent of the success of the tapping cessation in an endeavor to reduce stocks and bring production closer to consumption has not definitely been ascertained, but shipments in early June continued near the 9,000-ton-per-week level.

Preliminary production of tires in the United States in May was estimated at 4,580,000 casings (including solids), an increase from April, but 25 per cent below May, 1929.

**Other Manufacturing** Few changes of any consequence have occurred in the last month, the only development being of a seasonal nature. Continued unsettled prices have had a generally deterring effect on orders. Industrial employment declined about one per cent in May and was 14 per cent below May, 1929. In past years little change has been shown in the employment figures from April to May.

**Brick and Ceramics.** Demand for clay products increased seasonally in the second quarter of this year, although operations are still considerably below 1929. China and pottery plants reported a greater than seasonal drop in employment.

**Clothing.** The clothing and textile industry has been confronted by several adverse factors so far this year—labor troubles, declining prices of raw materials and a reluctance on the part of merchandising concerns to commit themselves because of the decline in retail sales and the uncertainty of the general situation. This is the period of low activity for the industry as a whole, the spring season having closed and the fall season not yet having started.

Prices of wool, silk and cotton reached the lowest levels in years and while declining were a retarding factor on sales. Finished goods are available at lower prices than for some time, much of the raw material price decline having been passed on to the consumer. Advance orders for fall delivery have been very conservative, despite the fact that stocks in most cases are low.

**Electrical Equipment.** Sales have been retarded by the decline in copper, which reached 11¼ cents a pound in mid-June. So far this month there has been a downward tendency reported in factory operations. Employment in May was down one per cent in contrast with a normal increase of about four per cent from April to May.

**Glass.** Glass companies reported second quarter operations about on a par with those of the opening period of this year, but the demand in general continues subnormal with no prospects of immediate improvement. Operations in the Pittsburgh district are from 35 to 40 per cent below last year. Employment in Ohio concerns showed the usual seasonal increase of one per cent. Prices of raw materials entering into the manufacture of glass and glass products have dropped slightly, but finished goods have been at relatively lower levels for some time because of lessened demand and increased competition.

**Machinery, Supplies.** Demand for agricultural implements has slowed down, sales during the second quarter being smaller than in the first quarter of this year. General machinery sales since the first of June have slackened. Automobile parts concerns have reduced operations after only a very temporary improvement shown a month ago. Hardware and tool demand has been irregular. May employment was less than April.

**Paint.** Second quarter paint sales, in general, increased seasonally from the first quarter of this year. Companies which depend on the automobile and furniture industry for the bulk of their orders state that sales have declined. Prices of raw materials entering into paint and varnish manufacture, except linseed oil which increased about 35 per cent, have fallen. The reduced volume as compared with last year has increased manufacturing and selling costs so that no general price reduction has occurred.

**Paper.** The general trend of the paper business since the first of June has been downward and second quarter business has been materially below the first quarter and the corresponding period of 1929.

**Shoes.** Footwear manufacturers, located for the most part near Cincinnati, curtailed operations again in May, despite the fact that April production was at an unusually low level. Output of 26 factories in May was 38 per cent below May, 1929, and production in the first five months of this year was 22 per cent under the like period of last year, according to the census figures. Salesmen report considerable opposition to fall buying, most dealers preferring to wait until later in the season. Sales of wholesale shoe firms in May were 19 per cent below the corresponding month of 1929.

**Stoves and Equipment.** Second quarter business has not shown the seasonal increase experienced in other years. Employment decreased in May more than usual.

## BUILDING

Construction activity in the Fourth District, as reflected in figures of the F. W. Dodge Corporation, failed to maintain its seasonal level in May and amounting to \$51,214,000 was 21 per cent below the level of May, 1929. Building in the first five months of this year was ten per cent under the same period last year.

Local residential construction showed a very slight improvement in May, the decline from last year being only nine per cent, compared with the 31 per cent decrease in the first five months. Total building, including industrial, commercial and public works and utility construction, increased from April, but was 21 per cent below May, 1929, chiefly because awards last May were unusually large. So far this season total building has been lower than in any year since 1924.

Figures for the first half of June on a daily average basis show an improvement over both May, 1930, and last June.

Dealers in building materials report little change in demand except of a seasonable nature, in fact some report that second quarter sales were below those of the initial quarter of this year. Prices of lumber are down about five per cent from last year's level which was also low.

## TRADE

Sales of reporting department stores in May increased seasonally and showed a smaller decline, three per cent, as compared with the corresponding period of one year ago, than was reported for the first five months of this year when sales were 5.6 per cent smaller than in 1929.

May sales of 55 identical stores were the smallest for that month since 1927, however. Stocks continue to fall, part of which was accounted for by the decline in commodity prices. Accounts receivable were larger in May than one year ago, but collections have also improved and the ratio of collections to accounts outstanding increased slightly.

Retail furniture sales have been very bad, one city showing a decline of 40 per cent in the first five months of this year, while sales of all reporting stores were 24 per cent below 1929.

Wholesale trade in general continues in reduced volume, May sales being the smallest for that month in the past seven years.

### AGRICULTURE

Unseasonably dry weather prevailed in most sections of the District during May and early June. This was decidedly unfavorable to all growing crops and as a result, the June 1 condition was below average for this time of the year in most cases. Rains in the second week of the month have been very beneficial and should go far to correct the unfavorable existing condition, however.

#### Winter Wheat

	Condition June 1 (Per Cent)			Production (thous. of bushels) Harvested, subject to revision		1930 forecast from con- dition June 1
	1930	1929	10-year average 1919- 1928	1929	Average 1924-1928	
Ohio.....	64	90	76	33,696	27,219	24,302
Pennsylvania..	83	91	86	20,016	20,375	20,088
Kentucky.....	80	87	78	2,832	2,773	3,062
W. Virginia...	78	91	81	1,782	1,826	1,833
U. S.....	71.7	79.6	77.2	578,336	550,636	532,469

The condition of winter wheat declined several points in this District in May with a corresponding drop in the estimated production, based on the June 1 condition figure. The above table shows the June 1 condition of the crop, together with the estimated production in 1929, the five-year average production, 1924-1928, and the probable wheat crop for 1930 for states wholly or partly within this District and for the entire country. So far winter wheat has had a much less favorable season than one year ago. The stand is quite irregular throughout this territory and is heading short in the straw. It has been altogether too dry for wheat this spring. In all states except Kentucky the June 1 condition is below the ten-year average figure and estimated output is below last year's harvest.

Stocks of wheat carried over from last season are larger than usual because of the greater than average production in 1929 and the falling-off in exports. Although these two factors have had considerable effect on the recent course of wheat prices, attention is now being given to the present crop variations. Wheat declined in June to below 90 cents a bushel, a lower figure than was reached in any year since 1914.

Oat prospects in general are quite poor, being better in the northern part of the District than elsewhere. Condition in Ohio and Kentucky was considerably below average. Most of the planting had been completed by the first of June and came up well, but was growing slowly because of the dry weather. Other grains have also suffered from lack of moisture and were slightly below average condition.

The season so far has been very unfavorable for hay

and pasture growth. In Kentucky the condition is only 60 per cent of normal with only slightly better conditions reported in Ohio and Pennsylvania. Clover has headed rather short and fields in general are quite weedy. Unless a marked improvement is shown as a result of the recent rains, the yield of hay and clover will be much below average.

The condition of most fruits, which was already low, declined still further in May because of damaging frosts. Production of peaches in Ohio appeared to be about one-tenth of a full crop. Last year's harvest was likewise small, being only one-third of average. The Pennsylvania crop is stated to be about half as large as the average crop of 1924-28.

About one-half a normal crop of apples is expected in Pennsylvania and a one-fourth crop in Ohio. Prospects are somewhat better in the northern localities. Pear crop prospects are also very poor.

The United States Department of Agriculture's index of farm prices declined three points in May after a rise of one point in April. In May, standing at 124 per cent of the pre-war average 1909-14, it compared with 136 last year and was the lowest for any month since 1922. All groups of prices, except fruits and vegetables which have remained at high levels because of the relative scarcity, were lower in May than in April and considerably below last year. Further declines occurred in June, prices of several commodities falling to pre-war levels.

#### Tobacco

The 1930 tobacco crop has nearly all been transplanted to the open fields and although acreage figures are not yet available, it is estimated that the full intended acreage (15 per cent larger than that harvested last year) has been set. The work, though somewhat later than in 1929, has been completed in ample time.

One fact that is very apparent this year is the great variation in the condition of the plants. Many fields suffered from the dry weather, while others, those which were set earlier, seem to be in splendid condition, having taken hold before the dry weather began. The recent warm weather and rains have been of great benefit to the crop in general. Fields are comparatively free from weeds for this time of year, having been cultivated once or even twice in some cases.

Some trading continues in the old stock, gradually reducing the limited quantities that are available.

#### Canning

Early canning crops in this District suffered severely from the dry weather, and although the recent rains have corrected this condition in some instances, the pea crop was beyond saving. As a result, despite an acreage increase of about 20 per cent, the local pack is estimated to be about 40 per cent below last year. Other sections of the country have fared much better so that on the whole the supply is expected to be about the same as in 1929.

The corn crop started poorly and is in much below normal condition. There has been some shortage in the supply of tomato plants and the setting has been late. Stocks of all canned goods are not large, but future orders have not been very heavy.

Fourth District Business Statistics

	(000 omitted)		Jan.-	
	May 1930	% change from 1929	May 1930	% change from 1929
Fourth District Unless Otherwise Specified	3,245,000	- 5.6	15,910,000	-10.4
Bank Debits—24 cities.....\$				
Saving Deposits—end of month:				
Ohio—36 banks.....\$	769,953	- 1.7	768,812 <sup>1</sup>	- 2.2
Western Pa.—25 banks.....\$	278,843	- 1.4	275,461 <sup>1</sup>	- 0.5
Total—61 banks.....\$	1,048,796	- 1.7	1,044,273 <sup>1</sup>	- 1.8
Postal Receipts—9 cities.....\$	3,083	- 4.1	16,054	+ 1.4
Life Insurance Sales:				
Ohio and Pa.....\$	118,080	- 3.0	631,057	+ 6.1
Retail Sales:				
Department stores—57 firms...\$	26,307	- 3.4	115,664	- 5.6
Wearing Apparel stores—				
16 firms.....\$	1,722	+ 0.6	7,630	- 6.0
Furniture—48 firms.....\$	977	-28.3	4,178	-23.9
Wholesale Sales:				
Dry Goods—11 firms.....\$	1,748	-10.9	8,341	-12.8
Drugs—13 firms.....\$	1,617	- 8.0	8,250	- 9.1
Grocery—41 firms.....\$	6,003	- 4.7	21,918	-25.2
Hardware—17 Firms.....\$	2,100	- 4.3	9,157	-12.3
Building Permits—27 cities.....\$	16,042	-23.0	70,280	-17.5
Building Contracts—Residential...\$	13,998	-18.9	51,167	-31.2
" " Total, all classes...\$	51,214	-20.9	228,997	-10.0
Commercial Failures—Number.....	189	+27.7	859	- 0.3
" " —Liabilities...\$	3,023	- 6.3	19,983	+14.6
Production:				
Pig Iron U. S.....Tons	3,233	-17.1	15,327	-14.5
Steel Ingots, U. S.....Tons	4,025	-23.7	20,353	-15.6
Automobiles—Pass. Cars, U. S.	362,270 <sup>2</sup>	-29.6	1,605,306 <sup>2</sup>	-30.6
" " Trucks, U. S.....	54,370 <sup>2</sup>	-38.6	274,248 <sup>2</sup>	-23.5
Bituminous Coal—Tons	15,604	- 7.4	79,348	- 5.5
Cement—O., Wn. Pa., W. Va.....Bbls.	2,011	+26.1	6,163	+11.0
Electric Power—O., Pa., Ky.....k.w. hrs.	1,179 <sup>3</sup>	- 1.3	5,028 <sup>4</sup>	+ 2.3
Petroleum—O., Pa., Ky.....Bbls.	2,565 <sup>3</sup>	+23.2	9,588 <sup>4</sup>	+21.8
Shoes.....Pairs	37	- 37.8	8	-22.2
Tires, U. S.....Casings	4,580 <sup>6</sup>	-25.5	20,286	-27.5
Bituminous Coal Shipments—				
Lake Erie Ports.....Tons	6,102	+16.4	8,040	- 0.4
Iron Ore Receipts—				
Lake Erie Ports.....Tons	3,987	-41.0	3,997	-49.7

Fourth District Business Indexes

	(1923-1925 = 100)				
	May, 1930	May, 1929	May, 1928	May, 1927	May, 1926
Bank Debits (24 cities).....	120	129	121	115	106
Commercial Failures (Number).....	130	101	108	102	106
" " (Liabilities).....	69	73	54	73	101
Postal Receipts (9 cities).....	119	124	120	113	113
Sales—Life Insurance (Ohio and Pa.).....	141	145	144	125	119
" " —Department Stores (55 firms).....	105	108	106	105	106
" " —Wholesale Drugs (13 firms).....	103	112	113	102	104
" " —Dry Goods (11 firms).....	76	85	82	75	81
" " —Groceries (41 firms).....	91	94	96	90	90
" " —Hardware (15 firms).....	90	94	98	98	101
" " —All (83 firms)*.....	89	95	96	90	93
" " —Chain Drugs (3 firms)**.....	91	88	93	95	106
Building Contracts (Total).....	107	136	134	149	119
" " (Residential).....	81	100	162	129	106
Production—Coal (O., Wn. Pa., E. Ky.).....	86	93	82	79	87
" " —Cement (O., Wn. Pa., W. Va.).....	167	133	150	130	152
" " —Petroleum (O., Pa., Ky.)*.....	139	113	108	107	101
" " —Elec. Power (O., Pa., Ky.)*.....	140	142	126	129	122
" " —Shoes.....	61	99	72	92	80

\*April  
\*\*Per individual unit operated  
†Includes 3 shoe firms

Debts to Individual Accounts

	(Thousands of Dollars)				
	4 weeks ending June 18, 1930	% change from 1929	Year to Date 1930 (Dec. 31- June 18)	Year to Date 1929 (Jan. 2- June 19)	% change from 1929
Akron.....	96,263	-13.3	579,444	673,365	-13.9
Butler.....	11,860	- 5.4	69,091	68,511	+ 0.8
Canton.....	42,676	-18.6	279,167	314,666	-11.3
Cincinnati.....	347,400	-14.8	2,193,320	2,568,968	-14.6
Cleveland.....	753,109	- 8.7	4,761,967	5,111,701	- 6.8
Columbus.....	173,141	- 1.3	1,047,694	1,060,850	- 1.2
Connellsville.....	3,229	-13.0	19,397	20,824	- 6.9
Dayton.....	85,089	- 8.0	540,701	600,092	- 9.9
Eric.....	36,369	- 8.1	227,126	221,443	+ 2.6
Franklin.....	4,886	-13.4	30,230	32,164	- 6.0
Greensburg.....	17,289	-13.1	106,425	113,807	- 6.5
Hamilton.....	13,035	-16.3	87,379	95,950	- 8.9
Homestead.....	4,238	-15.3	25,257	27,155	- 7.0
Lexington.....	18,693	-11.8	160,668	178,405	- 9.9
Lima.....	12,596	- 5.0	73,636	87,557	-13.9
Lorain.....	5,729	- 6.3	32,648	34,891	- 5.6
Middletown.....	9,783	-24.7	65,573	75,008	-10.2
Oil City.....	15,489	-16.0	93,298	104,413	-10.6
Pittsburgh.....	1,035,442	+ 7.5	5,554,753	6,116,851	- 9.2
Springfield.....	20,330	- 1.0	133,391	138,209	- 3.5
Stuebenville.....	10,053	-19.9	59,651	70,424	-15.3
Toledo.....	162,542	-18.8	1,051,219	1,307,644	-19.6
Warren.....	10,027	-28.7	69,836	83,570	-16.4
Wheeling.....	41,841	-10.9	254,292	290,882	-12.6
Youngstown.....	67,837	-10.2	403,407	436,034	- 7.5
Zanesville.....	9,140	-24.1	57,608	74,059	-21.2
Total.....	3,008,136	- 5.5	17,979,178	19,905,443	- 9.7

Building Operations

	(Value of Permits)			
	May, 1930	% change from 1929	Jan.-May, 1930	Jan.-May, 1929
Akron.....	1,728,366	-37.7	4,270,599	9,219,867
Ashtabula.....	33,155	-71.1	179,526	149,297
Barberton.....	29,720	-80.7	119,950	423,767
Canton.....	92,052	-79.2	946,437	1,371,840
Cincinnati.....	4,262,320	+43.9	21,891,447	13,018,590
Cleveland.....	2,211,550	-25.5	11,916,300	14,880,250
Cleve. Suburbs:				
Cleve. Hghts.....	816,440	+427.6	1,658,660	972,730
East Cleve.....	21,400	-91.4	297,926	1,483,594
Euclid.....	129,571	-33.8	788,796	1,058,080
Garfield Hghts.....	72,200	-52.8	328,800	542,100
Lakewood.....	144,790	-34.9	807,116	752,996
Parma.....	155,159	-32.6	701,476	919,399
Rocky River.....	277,128	+88.0	593,133	768,415
Shaker Hghts.....	548,925	+32.0	2,009,150	2,747,325
Columbus.....	295,550	-76.5	2,018,350	5,179,400
Covington, Ky.....	36,650	-39.5	356,350	570,125
Dayton.....	412,342	+47.8	3,141,650	2,996,404
Eric, Pa.....	1,009,322	+194.8	2,316,057	4,120,502
Hamilton.....	362,236	+121.8	817,796	796,156
Lexington, Ky.....	73,711	-48.4	480,604	1,030,628
Lima.....	70,485	-25.1	433,475	290,065
Newark.....	25,875	-59.4	106,950	172,745
Pittsburgh, Pa.....	2,366,462	-51.5	7,574,128	13,138,726
Springfield.....	121,780	- 3.3	409,820	577,225
Toledo.....	382,065	-61.8	4,572,773	5,039,846
Wheeling, W. Va.....	182,736	+55.7	452,088	636,570
Youngstown.....	179,925	-74.8	1,090,209	2,348,260
Total.....	16,041,916	-23.0	70,279,566	85,204,902

\*Sales per individual unit operated.

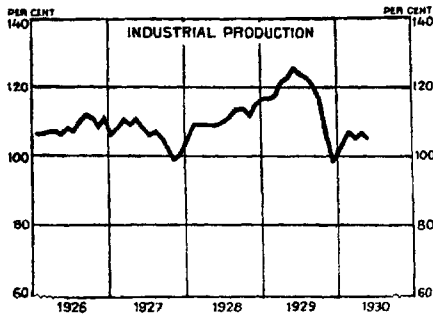
Retail and Wholesale Trade

(1930 compared with 1929)

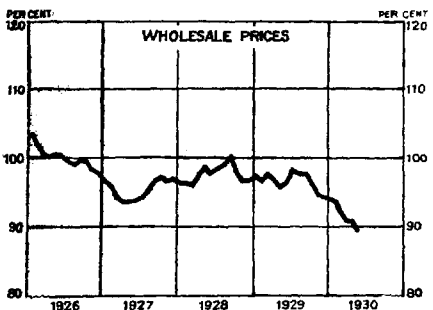
	Percentage Increase or Decrease		STOCKS
	SALES	SALES	
	May	First 5 mos.	May
DEPARTMENT STORES (57)			
Akron.....	-12.1	-14.8	-29.2
Cincinnati.....	- 2.0	- 2.3	- 5.7
Cleveland.....	- 7.1	- 5.9	- 2.4
Columbus.....	+ 6.0	- 0.7	- 8.8
Dayton.....	- 0.1	- 6.3	-12.4
Pittsburgh.....	- 0.9	- 3.6	- 5.2
Toledo.....	- 7.2	-12.9	+ 0.6
Wheeling.....	+ 0.3	- 8.2	- 9.3
Other Cities.....	- 5.8	-10.5	- 5.7
District.....	- 3.4	- 5.6	- 6.5
WEARING APPAREL (16)			
Cincinnati.....	+ 6.2	- 4.5	+ 2.7
Cleveland.....	- 3.2	- 8.8	- 8.3
Other Cities.....	- 0.2	- 4.8	+ 4.1
District.....	+ 0.6	- 6.0	- 1.3
FURNITURE (48)			
Cincinnati.....	-21.9	-21.4	.....
Cleveland.....	-22.4	-17.3	.....
Columbus.....	-23.5	-21.2	.....
Dayton.....	-18.7	-18.4	.....
Toledo.....	-49.6	-40.7	.....
Other Cities.....	-31.0	-28.1	.....
District.....	-28.2	-23.9	.....
CHAIN STORE*			
Drugs—District (3).....	+ 2.6	+ 2.0	.....
Groceries—District (6).....	+ 1.7	- 0.7	.....
WHOLESALE GROCERIES (41)			
Akron.....	-16.7	-14.7	.....
Cincinnati.....	- 6.2	+ 1.1	.....
Cleveland.....	- 7.4	- 4.3	.....
Eric.....	- 3.9	- 4.0	.....
Pittsburgh.....	- 3.2	- 3.7	.....
Toledo.....	- 5.4	- 2.3	.....
Other Cities.....	+ 0.4	+ 4.5	.....
District.....	- 4.7	- 1.3	- 2.3
WHOLESALE DRY GOODS (11).....	-10.9	-12.8	- 6.6
WHOLESALE DRUGS (13).....	- 8.0	- 9.1	.....
WHOLESALE HARDWARE (17).....	- 4.3	-12.3	- 6.5
WHOLESALE SHOES (5).....	-18.7	-24.5	-25.2

## Summary of National Business Conditions

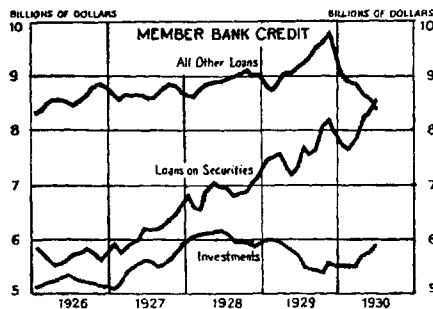
By the Federal Reserve Board



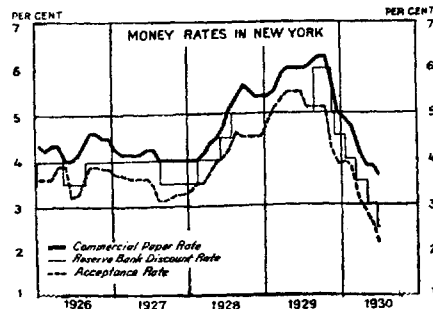
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure—May, 104.



Index of Bureau of Labor Statistics (1926=100 base adopted by Bureau). Latest figure—May, 89.1.



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



Monthly rates in the open market in New York: commercial paper rate on 4-6 month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 20 days in June.

The volume of industrial production declined in May by about the same amount as it increased in April. Factory employment decreased more than is usual at this season and the downward movement of prices continued. Money rates eased further, to the lowest level in more than five years.

### Industrial Production and Employment

The Board's index of industrial production, adjusted for usual seasonal variations, declined about two per cent in May. In 1930, industrial production has fluctuated between four and seven per cent above the 1923-1925 average and the preliminary estimate for May is four per cent above the average for those years. Production at steel and automobile plants declined, cotton mills curtailed output and activity at woolen and silk mills continued at low levels. Cement production increased sharply, while output of petroleum and of copper showed little change. In the first half of June, output at steel plants declined further.

The decrease in factory employment in May was larger than usual and there was also a decline in factory payrolls. The number employed in the cotton and silk goods industries decreased further, while in the woolen goods industry there was an increase from the extreme low point of April. Employment in the agricultural implement and electrical machinery industries decreased from April, but remained large relative to earlier years. Employment in the cement industry increased, but in the lumber industry continued at an unusually low level.

Building contract awards in May, as reported by the F. W. Dodge Corporation, continued to be in substantially smaller volume than in any other year since 1924.

### Distribution

Freight car loadings increased by less than the usual seasonal amount during May and continued to be in somewhat smaller volume than in the corresponding period of 1928 and substantially below the unusually active period of 1929. Department store sales in May were approximately the same as those of a year ago.

### Wholesale Prices

A further decline in the wholesale prices of commodities occurred in May and the first half of June. The downward movement was interrupted in the last half of May by substantial increases in the prices of grains, meats and livestock, but became pronounced about the middle of June when the prices of cotton, silk, rubber, copper and silver reached exceptionally low levels. Wheat, meats, livestock and cotton textiles also declined in price at that time, while prices of wool and woolen goods, pig iron and steel showed little change.

### Bank Credit

Loans and investments of reporting member banks increased further by \$265,000,000 in the four weeks ending June 11 to a level considerably higher than a year ago. The increase was entirely in investments and in loans on securities, of which a large part represented loans made by New York City banks to brokers and dealers in securities in replacement of loans withdrawn by other lenders. "All other" loans continued to decline and at \$8,400,000,000 on June 11, were the smallest since 1926.

Expansion of member bank credit during this period was reflected in larger demand deposits and an increase of \$30,000,000 in member bank reserves at the reserve banks. The volume of money in circulation showed a net increase of \$13,000,000. Funds for these uses were obtained largely from further additions of \$24,000,000 to the stock of monetary gold and from an increase of \$22,000,000 in the volume of reserve bank credit outstanding. Reserve bank holdings of U. S. securities increased by about \$50,000,000 and their holdings of acceptances declined by about half this amount. For the week ending June 18, the total volume of reserve bank credit declined somewhat and there was a decline in the volume of money in circulation.

Money rates in the open market continued to decline during the latter half of May and the first half of June and at the middle of the month commercial paper at 3½-3¾ per cent and acceptances at 2 1/8 per cent were at the lowest levels since 1924 and early 1925. Bonds yields moved slightly lower in June. In the first week of June the rediscount rate at Cleveland was reduced from 4 to 3½ per cent, in the third week the rate at New York was reduced from 3 to 2½ per cent and the rate at Chicago from 4 to 3½ per cent.