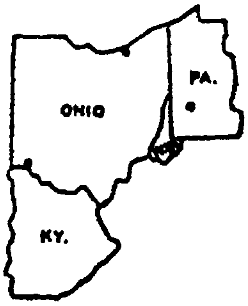
Frank Zurlinden, Deputy Governor



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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The present situation has not as yet exhibited any absolute indications of improvement, the general level of operations and employment in June and July being seasonally lower than May. Production and consumption statistics in many cases in the first half of this year compare quite favorably with all years except 1929.

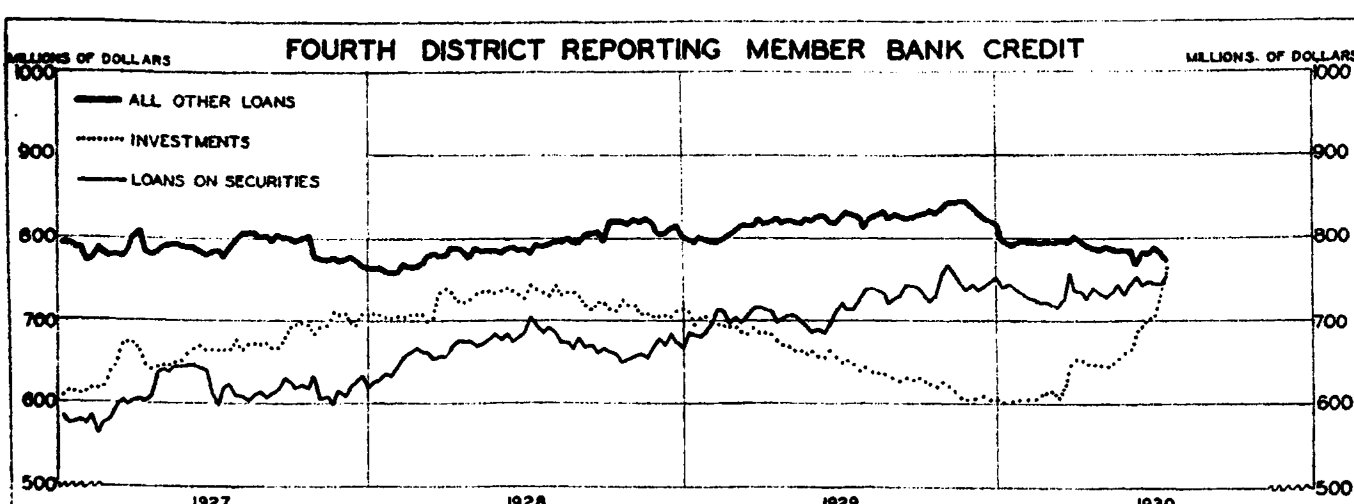
Money rates remain easy and the bond market has shown a slight upward tendency, despite the large flotations, which eventually mean expenditures in material and labor markets.

The iron and steel industry was characterized by declines in demand, price and production. Pipe mills have been operating at a good rate and structural steel orders have been received in fair volume; otherwise, requirements were at the lowest level since February. Construction activity in June in the Fourth District did not show the improvement reported in the entire country and the demand for building materials, including glass, remains low.

The shoe industry increased its operations in June, contrary to seasonal trend, the upturn usually coming in July. Output for the first six months was below the average of preceding years. Many small general manufacturing concerns not dependent on the automobile industry for their orders have been operating at very satisfactory levels. Other small concerns whose chief products are automobile parts, tools and accessories have reduced operations proportionate to the decline in the automobile industry which dropped more than seasonally in June and curtailed operations still further in July. The situation, however, is much improved from a year ago, the large stocks having been appreciably reduced.

The agricultural situation is not particularly favorable. Crops have been badly damaged by the long drought. The quite general rain on July 22 was slight and only afforded temporary relief. Tobacco acreage was smaller than reported early this year and the crop prospects have been materially reduced. The situation in the canning industry has been irregular. Tomato prospects are about equal to the average of the past five years, but other crop prospects have been reduced.

Department store sales declined rather sharply in June as compared with the corresponding month of last year. The drop was 13 per cent and increased the six months' discrepancy to seven per cent. Stocks are still contracting. Accounts receivable showed a slight increase, but collections were also larger than one year ago. The ratio of credit to total sales decreased from May, but showed about the same increase over last June as has been shown in former years. Installment sales were only 5.1 per cent of total sales, compared with 4.8 per cent last year.



FINANCIAL

The easing of money rates which began last November and which continued in the first half of this year was still evident in July, both in this District and the entire country. A slack demand for commercial credit, a reduction in collateral and brokers' loans in July, both by all reporting member banks and others, and a continuance of depressed conditions throughout the world have all tended to keep interest rates exceptionally low. Bankers' acceptances (90-day, asked) were quoted at 1⅞ per cent in July, the lowest rate on record, as against 5⅛ per cent one year ago. Call money is again quoted at two per cent after having increased to 2½ per cent following the mid-year settlements and compared with seven to fifteen per cent in July, 1929. Time money and commercial paper rates are also low, the former being from 2¾-3 per cent and the latter 3-3¾ per cent. Last year these rates were 7½-8 and six per cent respectively.

Reflecting this changed situation in the demand for funds, banks in the larger cities of this District have also reduced their rates, prime loans being quoted as low as 3¾ per cent. This easy tone of the money market is shown in the position of Fourth District reporting member banks, and is noticed in the relation between the demand for and the supply of loanable funds. From the first week in January to the middle of July, total deposits of these banks increased $223,000,000. In the same time total loans and discounts declined $13,000,000. Demand deposits increased $164,000,000 in this period and on July 16, at $1,170,000,000, reached a new high record. Time deposits increased $63,000,000 from the low point in January to $988,000,000 and were higher in July than at any previous time. One year ago they totaled $947,000,000.

The fact that Fourth District reporting member banks have been experiencing difficulty in placing their funds in regular commercial channels and seem reluctant to increase their real estate loans is clearly shown on the accompanying chart. The volume of "all other" (usually considered commercial) loans has declined quite steadily and on July 16 was $27,000,000 lower than in January and the lowest for any week since early 1928. Collateral loans have increased slightly, but there has been little change in this item in the past month. In order to keep funds employed, these banks have increased their investment holdings $163,000,000 since the first of this year and at $764,000,000 on July 16, were the highest on record. At the same time they have reduced their indebtedness to the reserve bank to $9,000,000, while one year ago this group of banks was borrowing $63,000,000. The position of all other member banks, most of which are located in agricultural communities, does not show a proportionate decline. With harvesting and marketing just beginning, these smaller institutions are making many seasonal loans; on July 16 they were borrowing $15,000,000 as against $20,000,000 one year ago.

Changes in the reserve bank position in the past month have been relatively few. Total discounts increased in the last week of June, but have since declined. Holdings of acceptances seem to have reached their seasonally low point on June 25; there has been an increase since that time. Government securities have shown no change; at $55,342,000 in July, however, they were higher than any week since January, 1928. Contrary to the trend shown in the entire country and partly on account of abnormal conditions resulting from the issuance of the new currency, note circulation in this District has increased from the low point in February.

MANUFACTURING, MINING

Iron and Steel

Continued declines in demand, production and prices characterized the iron and steel industry of the Fourth District in the month ended July 15.

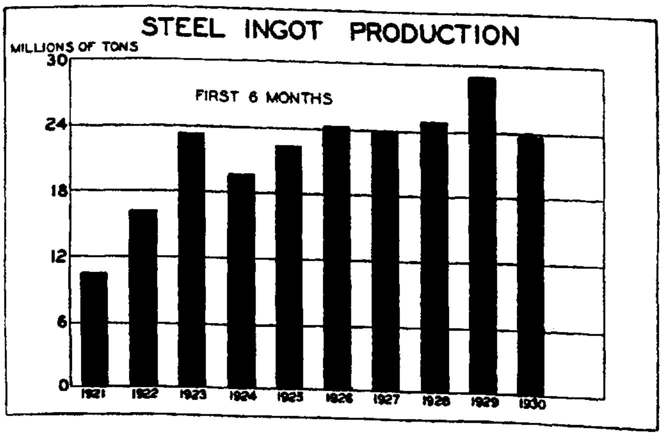
Pipe mills operated at a good rate on the strength of substantial backlogs and a moderately good situation obtained in building steel; otherwise, consumer requirements, steadily shrinking, were scaled down to the lowest levels since February.

Particularly did the automobile industry withdraw from the market. Late June and early July specifications were determined with the idea of attaining minimum inventories by July 15. From the middle of July to the first week of August, manufacturers representing half of the industry's capacity were scheduled to close for a two-week period.

Sheet, strip and bar mills, comprising the largest steel producing lines in the Fourth District, were especially affected by the slack automotive market. Pig iron moving to foundries fell early in July to the lowest tonnage of the year, with coke production depressed proportionately. Operations at Pittsburgh and Youngstown have been buoyed by pipe contracts and in mid-July were at 60 per cent of capacity, slightly above the average for the entire country. At Cleveland, however, they were at only 50 per cent of capacity.

Although demand was regulated primarily by the consuming situation and not by prices, the inevitable competition for business weakened prices markedly. Steel bars, shapes and plates declined $1 per ton in the past month, to a basis of 1.65 cents per pound, Pittsburgh, for many consumers. Foundry iron receded 50 cents, to $18, valley. Beehive furnace coke declined ten cents a ton, to $2.50. Scrap, while softer, reached a point where some large consumers, while uncertain that the bottom had been reached, were attracted to put in some stock.

The market composite of leading iron and steel prod-



ucts originated by Iron Trade Review, is continued by Steel. It declined July 15 to $33.18, the lowest since March, 1922. The average for this index in June was $33.53, for May $33.73 and for July, 1929, $36.71.

June's daily rate for pig iron production was 97,760 tons, compared with 104,564 tons in May and 123,887 tons last June. The 2,932,806 tons of iron made in June gave the first half of 1930 a total of 18,302,912 tons, which compares with 21,637,537 tons in 1929.

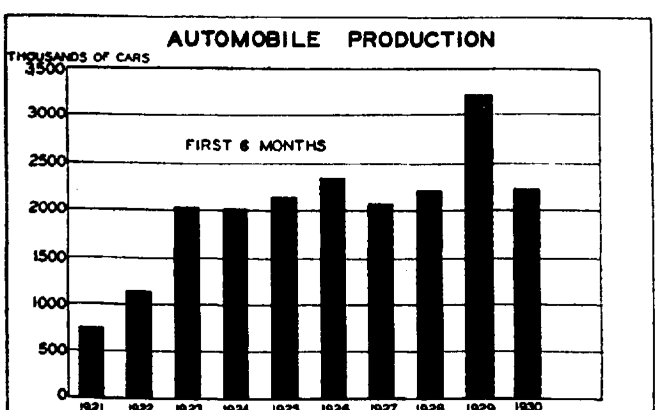
Steel ingot production in June continued the decline which developed in March, the daily rate being 137,610 tons compared with 149,066 tons in May and 196,146 tons last June, when an all-time record was set. June's output of 3,440,239 tons gave the first half a total of 23,793,119 tons, against the record 29,073,398 tons of 1929. Steelmaking operations averaged 76.6 per cent in the first half of 1930; 95.5 per cent in the first half of 1929.

Despite the fact that steel ingot production has been declining since March and has resulted in an output considerably below 1929, total steel produced in the first half of this year has been exceeded in only four years and then, excluding 1929, by very moderate amounts.

Coal The one bright spot in the coal industry in June was the amount of coal dumped in vessels at Lake Erie ports. Totaling 5,952,000 tons in the month, they exceeded last year's loadings by eight per cent. This larger taking of coal to upper Lake ports has not been enough to offset the drop in industrial and railroad taking and June production in the Fourth District was only 14,651,000 tons, a drop of 13 per cent from the same month last year. In the first six months of this year coal production was six per cent below the corresponding period of 1929.

Dealers in the Fourth District report business quiet, but a slight improvement was noticed in orders in the first part of July. Prices remain very low.

Automobiles In the past six years, 1924-29, automobile production on the average declined 11.3 per cent from May to June. The decrease in 1929 was 9.7 per cent. This year the drop was much greater than seasonal and amounted to 19.6 per cent. Output in June of passenger cars and trucks totaled 335,475 units, the smallest for any month since January and compared with 545,932 units last year.



Production was also smaller than in June, 1928, but exceeded that month in 1927. It appears that July production will recede further, for many manufacturers, particularly the quantity producers, closed factories for two weeks or more in July because of model changes, inventory taking and lack of general demand.

During the past year every effort has been made to improve the inventory position, both of used and new cars, and it would seem that considerable progress has been made along this line. The comparison of new passenger car registrations for the first five months of 1930 (the latest available) with the same period of last year shows a decline of only 21 per cent, in the entire country, while passenger car production was off 31 per cent in the same time. Exports of cars have declined nearly 50 per cent from last year, partly because so many American assembly plants have been established in foreign countries, but the total number thus distributed only amounted to 188,000 or eight per cent of total output in the first five months of 1929.

The present situation is much improved from one year ago when the entire industry was laboring under the burden of large stocks. With these out of the way any favorable change in the demand for cars would soon be felt, not only by the automobile industry, but by the many accessory, paint, tire and glass concerns located in this District.

Notwithstanding that production in the first six months has been 1,000,00 cars, or 31 per cent below the first half of 1929, it has compared very favorably with corresponding periods of other years, exceeding all but 1926 and last year.

Registrations in this District showed large declines from a year ago in all principal cities except Pittsburgh where only a slight falling off was recorded.

New Passenger Car Registrations

Ten Principal Counties

	June, 1930	June, 1929	% change from 1929	Jan.-June, 1930	Jan.-June, 1929	% change from 1929
Akron (Summit)........	930	1,875	—50.4	5,694	10,118	—43.7
Canton (Stark).........	531	1,190	—55.4	3,534	6,107	—42.1
Cincinnati (Hamilton)...	1,555	2,229	—30.2	9,239	12,144	—23.9
Cleveland (Cuyahoga)...	3,611	5,718	—36.8	22,227	30,800	—27.8
Columbus (Franklin)....	994	1,615	—38.5	6,046	9,290	—34.9
Dayton (Montgomery)..	597	1,361	—56.1	4,276	6,878	—37.8
Pittsburgh, Pa. (Allghy).	4,550	4,597	— 1.0	21,030	22,142	— 5.0
Toledo (Lucas).........	686	1,500	—54.3	4,568	9,047	—49.5
Youngstown (Mahoning)	545	1,017	—46.4	3,177	5,303	—40.1
Wheeling, W. Va. (Ohio).	204	261	—21.8	1,060	1,329	—20.2
Total................	14,203	21,363	—33.5	80,851	113,158	—28.6

Rubber Tires The tire industry has experienced a falling-off this year coincident with the decline in general business and the automobile industry, but the extent of the drop has not been so great as in some other lines. It is true that tire production in the first half of 1930 was only 28,296 units, a decrease of 15.3 per cent from the same period of one year ago, but sales have made a much better showing. Inventories, both of dealers and manufacturers, have been materially reduced, the latter being nearly 3,000,000 casings below one year ago and only about 1,000,000 above the level of 1926-28. Gasoline consumption figures indicate that automobile travel has not declined and the fact that proportionately more used cars have been sold than new cars, as compared with last year, is beginning to have a favorable effect on the replacement tire demand which is the bulk of the rubber industry.

With the exception of 1929, consumption of crude rubber for the first six months of 1930 was the highest on record. The figure, 216,182 long tons, was 19 per cent below 1929, but was four per cent above the same period of 1928. Consumption in June, while below the same month last year was nearly six per cent above the average June consumption of the past eight years.

Imports in June were 42,653 tons which brought the six months total to 269,845 tons, a drop of 15 per cent from the corresponding period of last year .

Despite the recent restriction projects, world stocks of crude rubber on June 1 were 404,407 tons, according to the Department of Commerce. There was a slight seasonal decline from the previous month, but the total compared with only 252,867 tons on hand one year ago. It is this fact, coupled with the smaller consumption, which has been reflected in the recent price decline. Crude rubber on July 22 was quoted at 11 cents a pound as against an average of 21 cents in July, 1929.

Clothing Conditions in the clothing industry have shown little change during the past few months and are still quite uncertain. Advance fall bookings range from ten to twenty per cent below the level of last year, part of the discrepancy being due to the lower price level. This weakness has also had a retarding effect on wholesale buying, dealers preferring to wait as long as possible before ordering when prices are declining as they have been for the past year and when the employment and payroll situation is as unfavorable as at present. Stocks are being kept at the minimum, in most cases; hand-to-mouth buying seems firmly established in the wearing apparel industry and no doubt will continue so long as dealers experience no difficulty with deliveries.

The sales that have been made have required additional effort on the part of the salesmen. Several complaints regarding credit extensions and slow collections have been reported.

The knitting industry, makers of both underwear and outerwear, has been operating at rather satisfactory rates. Operations are down seasonably at present, but have been nearly normal so far this year. Woolen textile concerns have reduced operations seasonally from last month. Uncertainty in the raw wool price situation has been a disturbing factor for some time.

Shoes Expanding production at Fourth District factories from May to June contrasted with the decline usually shown at that time and was contrary to the trend shown in the entire country.

Output in June and the first six months of this year was 17 and 21.5 per cent respectively below the same intervals of 1929, despite the improvement in the last month. Production in past years has been low in June, but has increased in July, continuing to improve at a good rate until November which usually shows a sharp drop. It seems as if the seasonal expansion has begun slightly earlier than usual.

The present situation is a big improvement from the conditions existing earlier this year. Several factories in early July were operating full time and the number of orders booked has been good. Some report that dealers are quite skeptical and are only ordering in small quantities despite the lower prices. Comparisons with last year are quite unfavorable. Some difficulty in obtaining particular grades of leather has been reported, this in some instances having a retarded effect on production.

A slight advance was shown in the price of hides in June which averaged only 15.20 cents a pound as against 16.62 cents last year and 22.50 cents in June, 1928. Sole leather declined slightly to 45.5 cents a pound compared with 52 cents last year and 69 cents two years ago.

Other Manufacturing Although general business continues to show midsummer dullness, favorable reports regarding operations have been received from a surprising number of small, general manufacturing plants located throughout the District, particularly the central part. Several report normal business, with overtime in some cases. Other concerns, chiefly those allied with the automobile industry, have shut down entirely for a two week or longer period, while some continue at only very reduced rates. The employment situation has not improved and in Ohio in June was 16 per cent below the same month last year and at the lowest point since early 1925. Of the 916 concerns reporting to the Bureau of Business Research of Ohio State University, 525 reported decreases, 321 increases and 70 reported no change in June.

Electrical Machinery. Employment declined in June instead of showing an increase as has been reported at that time in former years. Decreasing prices on raw materials, particularly copper which was quoted at 11¼ cents as against 18 cents last year, have had a retarding effect on orders.

Hardware, Machinery. Operations are well under last year and slightly below the average of the preceding several years. Activity is proportionate to automobile production in most cases and will not expand until that industry improves.

Glass. There has been no change in the glass industry other than a further curtailment which is seasonal. Operations are only about 60 per cent of 1929 levels and 75 per cent of the 1928 volume. The demand for glass products is low because of the unfavorable conditions existing in the automobile and building industries. A slight seasonal improvement is anticipated during the fall months.

Paint. Orders have been rather slow and for small quantities, the chief disconcerting factor being the price situation. Pig lead and shellac prices are much below one year ago, the price of the latter being lower than for 20 years. Linseed oil is slightly higher than in 1929 because of the small flax crop last year. Price-cutting has been rather widely reported.

Paper. Employment in June declined seasonably and was slightly below last year, but the average for the first half of 1930 has been three per cent above the same period of 1929. The number of hours worked, however, was below last season. There are indications that stocks have been reduced and prices have only been lowered in a few instances.

Stoves, Equipment. There is usually a slight decline in employment in June, but this year it was greater than seasonal. No general reduction in prices has been reported, although price concessions have been made in many cases.

TRADE

Retail Trade Retail distribution in June, based on sales of 57 department stores in the Fourth District, was at the lowest level for that month since 1922. Sales were 13 per cent below the corresponding month of 1929; all cities showed decreases ranging from six per cent in Columbus to 25 per cent in Akron. Sales for the first six months also were smaller than one year ago, the falling-off being seven per cent in the entire District, with the largest declines in Akron, Toledo and Wheeling. How much of this drop has been caused by the reduction in prices cannot definitely be determined, but an increasing number of reports of retail price reductions have been received, which, of course, would accentuate the discrepancy in sales comparisons with former years. Stocks are also considerably below last year, a drop of five per cent being reported in the past month. The declines have been quite general, both in sales and stocks.

Accounts receivable showed an increase of two per cent from last year, but collections have been holding up well, and were 0.1 per cent greater than in June, 1929.

Sales of retail furniture stores showed an average loss of 39 per cent in June and 27 per cent for the first six months. This is much greater than the decline reported for the furniture department of department stores.

Chain store sales on a unit basis have been holding up rather well in this District. Chain drug stores in the first six months were 1.4 per cent ahead of the same period of 1929. Chain grocery sales in this same interval were 0.9 per cent below last year; probably all of this drop is due to lower food prices.

Wholesale Trade Sales of all wholesale reporting lines exhibited a decided falling-off in June, both as compared with the previous month and with June, 1929. The changes in sales in the first half of this year were groceries—2.5 per cent; drugs—9.1; dry goods—14.7; hardware—14.4 and shoes 26.4 per cent. Considerable complaint about the slowness of collections is heard.

BUILDING

Construction activity in June in the United States, with two exceptions (April and July, 1929), was at the highest point in two years. Contracts awarded, according to the F. W. Dodge Corporation, amounted to $600,573,-400, 31 per cent increase from May and 13 per cent from June, 1929. This large improvement in June reduced the decreases shown in earlier months of this year so that in the first six months a drop of only 12.5 per cent was shown from the same period of last year.

The improvement was quite general throughout the country, but was not well distributed between the various types of building. Public works and utilities during June accounted for over 40 per cent of the value of all awards and was the only class to show an increase in the first six months of this year. Residential building was slightly more than half what it was in 1929 and non-residential building was eight per cent under last year.

A decrease of 3.8 per cent was reported in Fourth District building from May to June in contrast with the increase shown in the entire country. Part of this was accounted for by the fact that much of the new work has taken the form of gas and oil pipe lines located in the western and central part of the country, which however, has benefited the local steel mills.

Fourth District contracts awarded in June totaled $49,-240,000, a decrease from last year of seven per cent. The six months' total, $278,237,000, was only 9.5 per cent below the same period of 1929, a smaller decline than was reported for the entire country. Residential contracts again declined and in June were 32 per cent and in the first half of 1930, 31 per cent below the same periods of 1929. There have been reports of increasing inquiries regarding this type of construction, but it is evident that few have taken definite shape. It is upon this latter type of construction that many local building supply and lumber concerns depend, and it furnishes employment for many men during the warmer months of the year.

Little change is reported in the demand for building materials, particularly lumber and brick. Material prices are extremely low, but there has been little change in labor costs. Until the number of homes available for less than production costs is reduced and the employment situation improves, little change in the building industry is anticipated. Cement production both in June and the first half of this year has exceeded the same periods of 1929.

AGRICULTURE

Crops in the district are showing variations which usually develop as the season progresses. Rainfall has been irregular, being excessive in the northeastern counties and much below normal in the southern part of this territory. Crops in several localities have been severely damaged by drought. The accompanying table shows the estimated 1930 production of principal crops of the Fourth District and the entire country as compiled by the Department of Agriculture.

Production of Principal Crops
(000 omitted)

	Fourth District		United States	
	1930*	1929	1930*	1929
Corn, bu	177,381	170,082	2,802,442	2,614,307
Total Wheat, bu	31,074	38,539	807,265	805,790
Oats, bu	70,925	64,498	1,329,407	1,233,574
Tame Hay, tons	4,415	7,168	85,431	101,715
Tobacco, lbs	152,230	146,439	1,597,670	1,520,674
White Potatoes, bu	18,448	19,695	398,419	359,796

*Based on July 1 conditions.

Total acreage under cultivation was about the same as one year ago, but there has been some change in the acreage of individual crops. Winterkilling caused considerable abandonment of wheat fields, many of which were replanted with corn, oats and barley, greater acreage of all three of these crops being planted than in 1929. Potato and hay acreage was below last year.

Wheat. Because of warm, dry weather, wheat has matured somewhat earlier than usual and much harvesting has been done. The July 1 condition indicates a smaller yield than one year ago, the drop being greatest in Ohio. The crop in general is short in the straw, but seems to be well filled in most cases. In the entire country the condition of wheat increased in June and 1930 production was estimated to be 807,000,000 bushels, about the same as was harvested last year and three per cent below the 5-year average production. The acreage under cultivation was about four per cent below last year, but eight per cent greater than the average 1924-28.

Stocks of wheat on farms on July 1 were estimated at 46,834,000 bushels, as compared with 45,483,000 bushels one year ago and 26,454,000 bushels, the average carry-over on July 1 for the years 1924-28.

Corn. Most corn was planted early this year, but because of dry weather considerable replanting was necessary. Some corn is quite small and fields in some sections are thin, but the July 1 condition for the entire District was only two per cent below average. On account of the greater acreage planted there was an increase of 4.3 per cent indicated in the production figures, which was smaller than the 7.2 per cent increase shown for the entire country. Irregularity existed in the several parts of the District. Ohio fields were dry and free from weeds, while in the Pennsylvania fields just the opposite condition prevailed. In Kentucky the corn crop was slightly below last year and the ten-year average condition on July 1.

Oats. The ten per cent estimated increase from last year in the Fourth District oat crop is somewhat larger than that shown for the entire country. It is accounted for by a rather sizable increase in acreage, since the July 1 condition was well below average in all states but Pennsylvania, where it was just average. The crop was headed with short straw because of the limited precipitation. Better fields were reported in the northern and central parts of Ohio than elsewhere.

Potatoes. There was a larger planting of potatoes in the entire country and in all states of the District except Ohio, where acreage was five per cent below that harvested in 1929. The condition of the crop was above average in Pennsylvania, but quite a bit below in the other states with a result that estimated production is below 1929 and the average of the past five years. Blight has made its appearance and in some localities insects are more plentiful than usual.

Hay, Pasture. The weather has been good for haying, but bad for growth and both hay production and pasture conditions are below average. Estimated production of tame hay is only about 60 per cent of last year's output.

Fruits. It appears that the bulk of the fruit consumed in this District will come from other sections of the country, because for the second year in succession the fruit crop is pretty much of a failure. In Ohio and Kentucky the apple crop is about one-third average, while in Pennsylvania and West Virginia it is about half as large as the average of 1924-28. A rather heavy "June drop" was reported; the crop is one of the smallest in recent years. Peaches, pears and small fruits, except grapes, were much below average. Grapes, raised chiefly in the northern part of the District, is the only one of the fruit crops grown locally which shows a better condition than in 1929. Production estimated from the July 1 condition report was 22,750 tons in Ohio, and 18,900 tons in Pennsylvania compared with 17,150 and 16,200 tons respectively last year.

Tobacco. Up to the middle of July the worst drought on record in the tobacco sections of this District had not been relieved to any appreciable extent and most fields had been materially damaged. While the effect has been widespread, the early set fields have been most affected. The leaves are yellowing and in most cases the crop is beyond saving. Plants in the late set fields, however, are not very large as yet and may develop into a fairly good crop providing relief is not too long in coming. The irregularity in size, age and condition of plants which has been noticed all year has been accentuated so that at present some fields are total losses while others look quite well, with many between the two extremes.

The Department of Agriculture states that the acreage of all types of tobacco has been increased 5.1 per cent and the burley acreage 7.4 per cent from that harvested in 1929. This was somewhat less than the estimates reported earlier this year, considerable planting being prevented by dry weather. Based on the July 1 condition, which was below last year and the average of the previous ten years, production is estimated to be only five per cent greater than one year ago.

The condition of the large burley crop averaged 70 per cent, being only 55 per cent of normal in West Virginia, 62 per cent in Ohio and 70 per cent in Kentucky. Burley acreage in Ohio is 4,200 or 20 per cent less than in 1929, but Kentucky acreage has increased three per cent or 10,000 acres and Tennessee has increased its burley acreage 20,000 acres or 40 per cent.

While much may happen in the next few weeks to change the tobacco crop situation, it is now evident that the estimated increase in production has been materially reduced.

Prices. Prices of most commodities, both agricultural and non-agricultural, continued to decline in June, the Department of Agriculture's index of farm prices being 123 per cent of the pre-war average, a drop of one point from May as against a three point drop from April to May. The declines in general continued in July, a number of commodities such as wheat, oats, cattle and cotton reaching new low levels for the season in response to crop prospects and lower prices of other commodities.

The general level of farm prices in mid-July, according to the Bureau of Agricultural Economics, "was probably several points below the level of June" and, declining since 1928, was at the lowest point since 1922. These falling prices have been quite discouraging, but reductions in retail prices are now being reported which partly offset the effects of the lower wholesale prices.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	June, 1930	% change from 1929	Jan.-June, 1930	% change from 1929
Bank Debits—24 cities..............$	3,416	— 5.7	19,326	— 2.6
Savings Deposits—end of month:				
Ohio—36 banks..............$	777,414	— 2.1	770,245[1]	— 2.2
Western Pa.—25 banks..........$	279,264	— 0.6	276,095[1]	— 0.6
Total—61 banks..............$	1,056,678	— 1.7	1,046,340[1]	— 1.8
Postal Receipts—9 cities..........$	2,804	— 2.4	18,858	+ 0.8
Life Insurance Sales:				
Ohio and Pa..................$	122,433	+ 2.6	753,490	+ 5.5
Retail Sales:				
Department Stores—57 firms.....$	22,441	—13.3	138,105	— 7.0
Wearing Apparel stores—16 firms.$	1,414	—15.8	9,043	— 7.7
Furniture—50 firms..............$	734	—39.1	5,128	—26.6
Wholesale Sales:				
Drugs—13 firms..................$	1,531	— 6.1	9,781	— 9.1
Dry Goods—11 firms..............$	1,403	—24.5	9,743	—14.7
Grocery—41 firms................$	5,666	— 8.3	34,583	— 2.5
Hardware—17 firms...............$	1,793	—23.7	10,950	—14.4
Building Permits—27 cities.........$	15,323	—31.0	85,628	—20.3
Building Contracts—Residential.....$	10,994	—32.5	62,161	—31.4
Building Contracts—Total, All classes $	49,240	— 7.1	278,237	— 9.5
Commercial Failures—Number.......	163[2]	+ 2.5	1,022[2]	+ 0.1
Commercial Failures—Liabilities.....$	3,828	—10.0	23,811	+13.9
Production:				
Pig Iron, U. S...............Tons	2,935	—21.0	23,793	—17.9
Steel Ingots, U. S............Tons	3,440	—29.5	18,262	—15.6
Automobiles—Passenger Cars, U. S.	289,245[2]	—35.9	1,895,006[2]	—31.4
Automobiles—Trucks, U. S.........	45,771[2]	—50.9	320,019[2]	—29.1
Bituminous Coal...............Tons	14,651	—13.1	93,999	— 6.4
Cement—O., Wn. Pa., W. Va...Bbls.	1,924	+ 2.1	8,087	+25.7
Electric Power—O., Pa., Ky..k.w.h.	1,220[3]	+ 2.0	6,248[4]	+ 2.3
Petroleum—O., Pa., Ky.......Bbls.	2,556[3]	+14.5	12,144[4]	+20.2
Shoes ....Pairs	[5]	—17.3	[5]	—21.5
Tires, U. S.................Casings	7,999	+45.0	28,296	—15.3
Bituminous Coal Shipments:				
Lake Eire Ports..............Tons	5,952	+ 7.9	13,991	+ 2.9
Iron Ore Receipts:				
Lake Erie Ports..............Tons	5,755	—17.6	9,752	—34.7

[1] Monthly Average
[2] Actual Number
[3] May
[4] Jan.-May
[5] Confidential
[6] Preliminary

Retail and Wholesale Trade

(1930 compared with 1929)

Percentage Increase or Decrease

	SALES June-June	SALES First 6 Mos.	COLLECTIONS June-June
DEPARTMENT STORES (57)			
Akron	—24.5	—16.5	— 6.0
Cincinnati	—10.5	— 3.6	+ 5.9
Cleveland	—16.4	— 7.7	+ 5.3
Columbus	— 5.6	— 1.5	+ 2.8
Dayton	—14.5	— 7.8	......
Pittsburgh	— 9.9	— 4.8	— 1.0
Toledo	—16.7	—13.5	......
Wheeling	—14.7	— 9.3	— 2.7
Other Cities	—18.3	—11.8	— 7.1
District	—13.3	— 7.0	+ 0.1
WEARING APPAREL (16)			
Cincinnati	—14.2	— 6.2	— 3.0
Cleveland	—18.0	—10.4	— 2.1
Other Cities	—15.4	— 6.6	+ 2.5
District	—15.9	— 7.7	— 0.6
FURNITURE (50)			
Cincinnati	—30.8	—24.6	—16.6
Cleveland	—38.0	—21.2	—25.0
Columbus	—31.3	—22.0	—17.4
Dayton	—26.4	—19.8	—28.5
Toledo	—60.5	—44.5	—31.5
Other Cities	—36.8	—29.5	—32.2
District	—39.1	—26.6	—25.2
CHAIN STORE*			
Drugs—District (3)	— 1.5	+ 1.4	......
Groceries—District (6)	— 2.0	— 0.9	......
WHOLESALE GROCERIES (41)			
Akron	—21.8	—15.9	......
Cincinnati	— 4.0	+ 0.3	......
Cleveland	—15.3	— 6.2	......
Erie	— 5.0	— 4.1	......
Pittsburgh	— 4.9	— 3.9	......
Toledo	— 7.6	— 3.2	......
Other Cities	— 1.6	+ 3.4	......
District	— 8.3	— 2.5	— 8.5
WHOLESALE DRY GOODS (11)	—24.5	—14.7	—17.5
WHOLESALE DRUGS (13)	— 6.2	— 9.1	— 2.7
WHOLESALE HARDWARE (17)	—23.7	—14.4	—10.0
WHOLESALE SHOES (5)	—35.3	—26.4	—23.4

*Sales per individual unit operated.

Fourth District Business Indexes

(1923-1925 = 100)

	June, 1930	June, 1929	June, 1928	June, 1927	June 1926
Bank Debits (24 cities)	126	129	134	130	111
Commercial Failures (Number)	112	109	93	112	99
" " (Liabilities)	87	79	65	81	70
Postal Receipts (9 cities)	108	111	114	112	108
Sales—Life Insurance (Ohio and Pa.)	146	143	141	125	121
" —Department Stores (55 firms)	89	103	100	99	98
" —Wholesale Drugs (13 firms)	98	108	104	106	106
" — " Dry Goods (11 firms)	61	80	76	68	77
" — " Groceries (41 firms)	86	92	96	99	100
" — " Hardware (15 firms)	77	102	95	98	102
" — " All (83 firms)†	81	94	93	94	97
" —Chain Drugs (3 firms)**	85	86	89	94	103
Building Contracts (total)	103	112	146	134	181
" " (residential)	64	95	125	120	161
Production — Coal (O., Wn. Pa., E. Ky.)	81	91	80	80	92
" — Cement (O., Wn. Pa., W. Va.)	160	157	142	143	138
" — Elec. Power (O., Pa., Ky.)*	145	142	127	128	118
" — Petroleum (O., Pa., Ky.)*	138	121	117	111	101
" — Shoes	73	88	83	109	83

*May
**Per individual unit operated
†Includes 3 shoe firms

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ending July 23, 1930	% change from 1929	Year to Date, 1930 (Dec. 31-July 23.)	Year to Date, 1929 (Jan. 2-July 24.)	% change from 1929
Akron	116,130	—22.2	695,574	822,626	—15.4
Butler	15,817	— 1.8	84,908	84,611	+ 0.4
Canton	55,657	—14.1	334,824	379,467	—11.8
Cincinnati	482,156	— 7.0	2,675,476	3,087,253	—13.3
Cleveland	1,001,379	— 8.5	5,763,346	6,206,452	— 7.1
Columbus	221,572	— 1.3	1,269,266	1,285,391	— 1.3
Dayton	115,968	—17.1	656,669	740,020	—11.3
Erie	47,631	— 2.2	274,757	270,162	+ 1.7
Franklin	6,220	—23.5	36,450	40,290	— 9.5
Greensburg	21,463	—25.8	127,888	142,721	—10.4
Hamilton	16,596	—17.6	103,975	116,095	—10.4
Homestead	5,623	— 2.7	30,880	32,933	— 6.2
Lexington	25,532	—21.3	186,200	210,838	—11.7
Lima	15,248	—22.0	88,884	107,406	—17.2
Lorain	6,590	—18.4	39,238	42,666	— 8.0
Middletown	12,892	—15.6	78,465	88,289	—11.1
Oil City	22,056	—12.1	115,354	129,497	—10.9
Pittsburgh	1,394,814	+ 9.5	6,949,567	7,390,935	— 6.0
Springfield	29,169	— 7.2	162,560	169,652	— 4.2
Steubenville	12,651	—17.7	72,302	85,801	—15.7
Toledo	229,363	—18.5	1,280,582	1,589,218	—19.4
Warren	15,244	—16.5	85,080	101,834	—16.5
Wheeling	54,524	— 9.0	308,816	350,796	—12.0
Youngstown	81,494	—18.7	484,901	536,281	— 9.6
Zanesville	11,922	—19.2	69,530	88,810	—21.7
Total	4,017,711	— 4.7	21,975,492	24,100,044	— 8.8

Building Operations

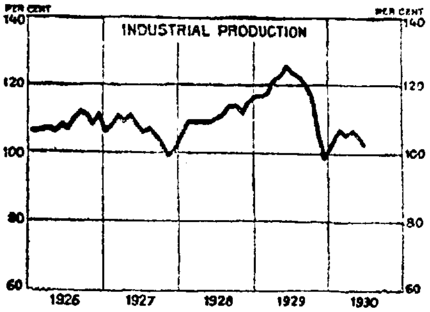
(Value of Permits)

	June, 1930	% change from 1929	Jan.-June 1930	Jan.-June, 1929	% change from 1929
Akron	2,161,819	— 5.1	6,432,418	11,275,938	—43.0
Ashtabula	16,405	—94.1	195,931	426,352	—54.0
Barberton	24,710	—84.7	134,552	597,039	—77.5
Canton	130,140	—75.1	1,076,577	1,893,555	—43.1
Cincinnati	2,388,095	—30.1	24,279,542	16,437,000	+47.7
Cleveland	2,035,925	—44.4	13,952,225	18,539,750	—24.7
Cleve. Suburbs:					
Cleve. Hghts.	231,430	+42.7	1,927,720	1,134,855	+69.9
East Cleve.	464,640	+644.8	762,566	1,545,977	—50.7
Euclid	121,693	—68.9	910,489	1,449,080	—37.2
Garfield Hghts.	38,000	—73.6	366,800	685,950	—46.5
Lakewood	195,405	+130.3	1,002,521	837,831	+19.7
Parma	137,075	—34.0	838,551	1,127,030	—25.6
Rocky River	93,950	—49.3	687,083	953,590	—27.9
Shaker Hghts.	513,175	—20.5	2,522,325	3,392,825	—25.7
Columbus	1,035,000	+22.5	3,053,350	6,024,100	—49.3
Covington, Ky.	56,100	—30.4	412,450	650,725	—36.6
Dayton	191,447	—57.1	3,333,097	3,443,175	— 3.2
Erie, Pa	339,310	+54.0	2,655,367	4,340,827	—38.8
Hamilton	59,655	—64.9	877,451	965,964	— 9.2
Lexington, Ky.	189,466	—52.6	567,136	1,430,528	—60.4
Lima	9,740	—47.0	443,215	308,455	+43.7
Newark	12,925	—93.8	119,875	381,245	—68.6
Pittsburgh, Pa.	2,397,326	—52.5	9,971,454	18,190,003	—45.2
Springfield	79,010	—74.9	483,980	892,171	—45.8
Toledo	1,609,885	—13.5	6,182,658	6,901,606	—10.4
Wheeling, W. Va.	72,189	—68.6	524,277	866,459	—39.5
Youngstown	718,435	+83.4	1,914,151	2,739,177	—30.1
Total	15,322,950	—31.0	85,627,761	107,431,207	—20.3

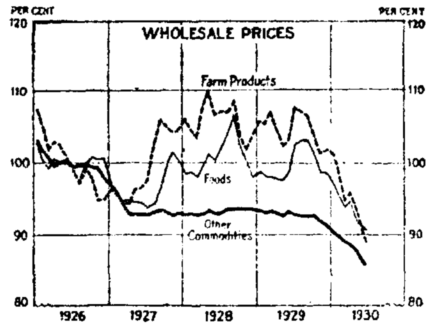
Summary of National Business Conditions

By the Federal Reserve Board

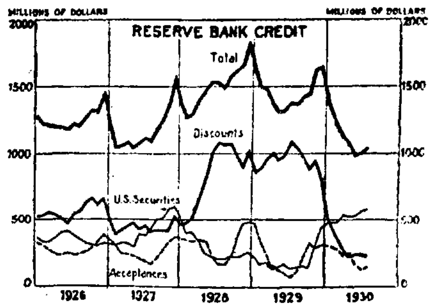
Industrial production decreased in June by more than the usual seasonal amount and factory employment and payrolls declined to new low levels. The volume of building contracts awarded was large. Prices declined sharply and money rates continued downward.



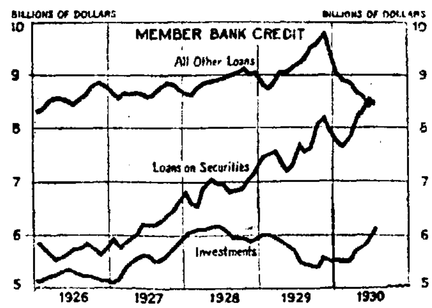
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure — June, 102.



Indexes of the United States Bureau of Labor Statistics (1926 = 100 base adopted by Bureau). Latest figures June, farm products, 88.9, foods, 90.5, other commodities. 85.7.



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 19 days in July.



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

Industrial Production and Employment

In June, industrial production showed a further substantial decrease and the Board's index, which is adjusted for ordinary seasonal variations, declined to the lowest level since last December. Output of steel ingots declined in June and early July more than is usual at this season, while automobile production was sharply curtailed to a level considerably below that of the same period of the past two years. Cotton consumption, already at a low level, declined further in June. Output of bituminous coal and copper continued in small volume. Wool consumption and shoe production increased slightly and cement output, as in the preceding month, was at a high level.

Factory employment and payrolls decreased further in June. The number employed at steel plants and in the automobile, agricultural implement and cotton goods industries declined more than is usual at this season and employment in the woolen goods and lumber industries continued at unusually low levels.

The value of building contracts awarded in June, $600,000,000 according to the F. W. Dodge Corporation, was about 30 per cent more than in May and the largest since last July. The increase reflected chiefly unusually large awards for natural gas pipe lines and power plants; the volume of contracts for residential buildings was somewhat smaller than in May. In early July the total volume of contracts was small.

Department of Agriculture estimates, based on July 1 conditions, indicate a decrease from last year of about 20,000,000 bushels in the winter wheat crop and a corresponding increase in spring wheat. The corn crop is expected to be about 2,800,000,000 bushels, seven per cent larger than last year and four per cent above the five-year average. Area planted to cotton is estimated at 45,815,000 acres, 2.7 per cent less than last year.

Distribution

The volume of freight car loadings in June and early July continued to be substantially below the corresponding periods of 1928 and 1929. Preliminary reports indicate that the decline in department store sales from a year ago was of larger proportions in June than in any previous month this year.

Wholesale Prices

Commodity prices declined more rapidly in June than in any other recent month and the index of the Bureau of Labor Statistics, at 86.8 per cent of the 1926 average, was about ten per cent below the level of a year ago. Prices of many important agricultural commodities and their manufactures declined further and those of certain leading imported raw products (silk, rubber and coffee) reached new low levels. There were also further declines in iron, steel and copper. Prices of raw wool, hides and raw sugar increased slightly during June. Early in July, prices of meats were stronger, but there were further declines in many other commodities.

Bank Credit

Loans of reporting member banks in leading cities declined somewhat between the middle of June and the middle of July and on July 16 were $60,000,000 smaller than five weeks earlier. Loans on securities decreased by $140,000,000 while "all other" loans increased by $80,000,000. The banks' investments increased further by about $280,000,000 during this period and were in larger volume than at any other time in the past two years.

Member bank balances at the reserve banks increased and in the week ending July 19 averaged $60,000,000 more than five weeks earlier, and at the same time their borrowings from the reserve banks declined by nearly $20,000,000, reflecting an increase in the reserve banks' holdings of acceptances and government securities, a further slight growth in gold stock and a continued decline in the volume of money in circulation.

Money rates in the open market continued to ease and in the middle of July rates on 90-day bankers' acceptances, at 1⅞ per cent, were at a new low level, while rates on commercial paper at 3—3¼ per cent were at the low point of 1924.

During July the reserve bank discount rate was reduced at Boston from 3½ to three per cent and at Philadelphia, Atlanta and Richmond from four to 3½ per cent.