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Fourth Federal Reserve District

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The level of general business in the Fourth District as a whole declined sharply in July, partly as a result of the shut-down in the automobile industry, and the unfavorable drought situation which developed in agricultural localities, particularly in the central and southern parts of the District. The drop, although partly seasonal in character, was much more pronounced than in other recent years.

Some improvement in several lines was recorded in the first part of August as compared with the July rates, but it is too early to state whether this change was more than seasonal.

The worst drought in this section in 30 years was relieved by light rains in early August, although the situation in many counties is still very unfavorable. While the effect of this condition so far on business has been mostly psychological and probably somewhat over-exaggerated, it no doubt has affected buying power of some farm communities.

Employment in July declined about four per cent from June and compared with an average drop of one per cent in the past five years. Payrolls showed a greater decline, indicating that many shops reduced the number of hours worked rather than the number of men employed. An improvement occurred in August, however, with the resumption of operations at many plants.

According to the Bureau of Labor, wholesale prices fell 2.8 per cent in July, with food prices down 4.5 per cent from one month ago. These declines continued in early August, but were somewhat modified by the increase in prices of some farm products.

Department stores, feeling both the effect of reduced employment, payrolls and commodity prices, reported dollar sales 12.7 per cent below July, 1929, and sales for the first seven months 7.7 per cent under the same period last year. Installment sales at these stores have shown proportionately larger declines. The declines from 1929 are a result of a combination of both factors, but the amount each has contributed to the falling-off can only be roughly estimated.

Although money rates are generally low, real estate operations continue in small volume and building, particularly residential, still shows a downward trend. The large amount of public construction work has maintained

total building operations at a level eleven per cent below last year.

Credit conditions, both at member banks and the reserve bank, continue easy. Demand for funds for commercial purposes has not increased and collateral loans at reporting member banks have shown little change. Investments and deposits, on the other hand, have increased. Demand for funds at the reserve bank declined, discounts on August 20 being the lowest since 1917.

There was a greater than seasonal increase reported in July shoe factory operations in this District, and an improvement in tire sales. A greater number of inquiries for machines and machine tools was also reported.

FINANCIAL

Other than a further reduction in money rates, continuing the downward trend which characterized the first seven months of this year, and an increase in deposits, little change in financial conditions in the Fourth District has occurred in the past month. Rates on prime commercial paper now range from 3½ to 6 per cent in the larger banking centers as against 5½ to 6 per cent last year. Collateral loan rates are 4½ to 6 per cent. An advance in the New York call money rate was reported in mid-August, but it has since declined to two per cent, the rate prevailing generally since June.

These lower rates have had no particular effect on trade and industry as yet, there being little demand for funds for any purpose. Collateral loans of reporting member banks in leading cities showed no change from last month and are in about the same volume as at the beginning of the year and in August, 1929. "All other" loans declined further and on August 20, at \$757,000,000, compared with \$798,000,000 in January and \$831,000,000 in August, 1929. In most past years these loans have increased in the spring, slackened in the summer months, and again increased in early fall, thus following to some extent the course of industrial activity, but so far this year only a downward trend has been shown. As has been pointed out before, banks have partly off-set this decrease in demand for funds by increasing their investment holdings, which, on August 20 were \$175,000,000 higher than in January and at record levels for all time.

Deposits at reporting member banks showed some rather large fluctuations in the month ended August 20, but in the main continued the upward trend noticed since January. Demand deposits, after increasing sharply in

the last week of July declined in the following week and on August 20 were slightly lower than on July 23. They are \$78,000,000 higher than one year ago and about \$140,000,000 higher than at the beginning of 1930. Time deposits continued the almost uninterrupted rise which started in January, part of which has been due to an expansion in savings deposits, but other forms of time deposits have accounted for most of the growth. Since January there has been an increase in this item of \$90,000,000.

This large increase in total deposits (about \$225,000,000) coupled with the decreased demand for loans of all types, besides providing surplus funds for investment by member banks, has enabled them to improve further their reserve position and reduce their indebtedness at the Federal Reserve Bank of Cleveland to the lowest level since 1917. Reporting member banks in leading cities were borrowing only \$4,223,000 on August 20 while loans to all member banks in the District on the same date were \$13,796,000. One year ago bills discounted for all member banks totaled \$73,090,000. The drop in discounts in the past few weeks has been seasonal since the demand for funds from member banks in July and August in past years has usually lessened. In the latter part of August or early September an increase has been shown in this item in other years.

BANKING OPERATIONS

Federal Reserve Banks

	Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Aug. 20, 1930	Aug. 21, 1929	July 23, 1930	Aug. 20, 1930	Aug. 21, 1929	July 23, 1930
Gold Reserves	330	300	322	2,939	2,954	3,024
Discounts	14	73	17	196	986	191
Acceptances	15	3	14	159	132	151
U. S. Securities	58	29	55	602	149	576
Total Bills and securities	37	105	37	965	1,283	925
Federal Reserve notes in circulation	186	193	186	1,324	1,823	1,856
Total Deposits	210	190	203	2,469	2,337	2,485

REPORTING MEMBER BANKS

	Fourth District (In Millions)			United States (In Millions)		
	Aug. 20, 1930	Aug. 21, 1929	July 23, 1930	Aug. 20, 1930	Aug. 21, 1929	July 23, 1930
Loans on securities	738	733	738	8,315	7,513	8,398
All other	757	831	772	8,480	9,432	8,454
Total loans	1,495	1,563	1,510	16,795	16,946	16,852
Investments	777	637	774	6,340	5,438	6,248
Demand deposits	1,144	1,066	1,147	13,626	13,068	13,692
Time deposits	1,015	950	998	7,405	6,730	7,400

The volume of reserve bank credit outstanding has been maintained in the past few months by increased holdings of government securities and, in the past few weeks, of acceptances, but the total is nevertheless \$18,000,000 under last year at this time.

Federal reserve notes in circulation have shown very little change (other than seasonal) in the past three months and at \$185,629,000 on August 20 compared with \$192,943,000 last year. Reserve deposits have necessarily expanded because of the increase in deposits at member banks.

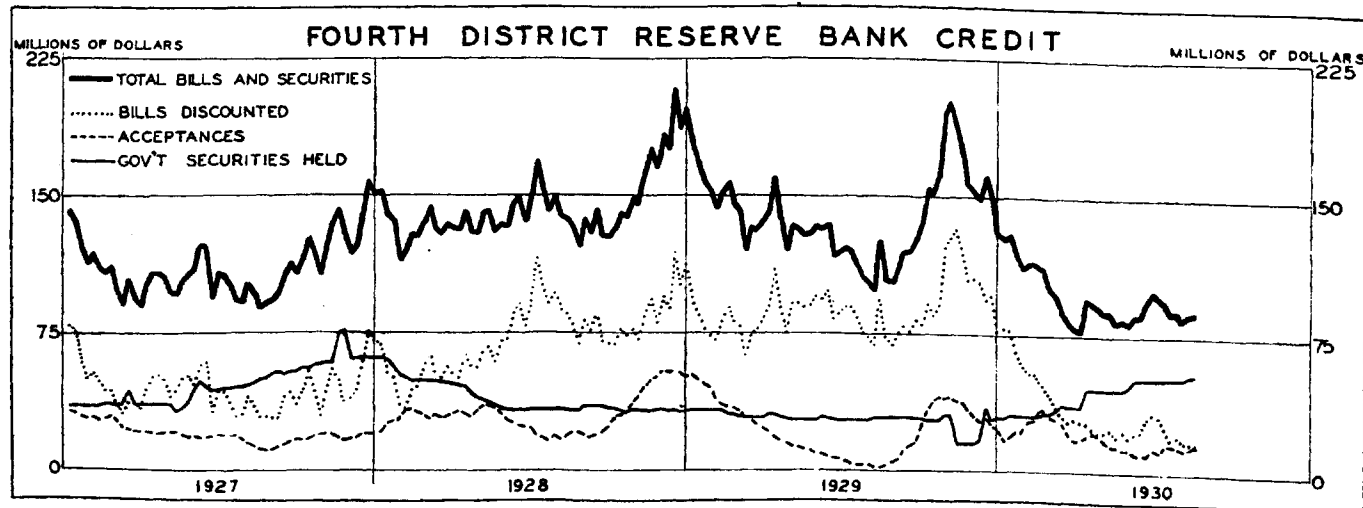
Commercial failures showed an increase of 18 per cent in July compared with the same month last year, but in the first seven months of this year there have been only two per cent more failures than in the corresponding months of 1929. Liabilities of defaulting concerns have been somewhat larger than a year ago.

MANUFACTURING

Iron, Steel Complete dullness in both demand and production continued in the iron and steel industry in the Fourth District in the month ended August 15. The following week, however, seemed to show an improvement in sentiment and a gain was reported in steel operations, the first since the mid-year contractions. Rolling schedules in some plants, particularly at sheet mills have gained more than raw steel production.

Unusual activity in pipe line construction for natural gas, gasoline and crude oil transportation from Oklahoma and Texas to Ohio, Pennsylvania and Illinois brought heavy tonnages to pipe makers and this resulted in large orders for steel plates. Structural steel orders in August continued at a high rate, exceeding the average for the first seven months of this year, and gave the structural mills good backlogs.

Expected recovery of the automotive industry, relied upon to provide a tonnage in bars, sheets and strip, has been progressively delayed and, while some small lots have been booked, the main tonnage for new models is still in the future. Inasmuch as products made in the Fourth District consist largely of these lines, mills here have felt the deprivation severely. General consumers, including small manufacturers, have taken less tonnage



in the past month and local ingot production has shrunk steadily from about 60 per cent of capacity to slightly above 50 per cent.

Prices fell some in the past month, but the rate of decline moderated as compared with preceding months of this year. Steel's composite price of 14 leading iron and steel products was \$33 in mid-August compared with \$33.17 in July and \$36.54 in August, 1929.

Steel scrap, prices of which are among the first to show a change, has developed considerable scarcity, especially in steel making grades, and dealers find it impossible to obtain tonnages at prices affording a profit on their contracts. An advance of 50 cents a ton on heavy melting steel resulted from a sale of 10,000 tons to a large Pittsburgh consumer. Prices are still sufficiently low, however, to cause some accumulation in anticipation of higher prices when the market starts fall activity.

Comparison of current production statistics with those of one year ago places the iron and steel industry in a very unfavorable position because operations at this time last year were at record levels. There was not even the seasonal decline in 1929 which usually occurs in early summer. Pig iron production did not exhibit any marked decline until September and steel ingot output reached its peak in August after correcting for seasonal variations.

This year, however, the July slump was more pronounced than usual, partly because of the almost complete shut-down in the automobile industry. July pig iron output was at a daily rate of 85,110 tons, a drop of 13 per cent from June and compared with 122,016 tons a day in July last year. Total output was the lowest for that month since 1924. Production in the first seven months of this year, at 20,902,000 tons, was only 680,000 tons below the same period of 1928.

Steel ingot production fell 18 per cent in July to the lowest rate in six years. The daily rate was 112,823 tons, compared with 137,610 tons in June and 186,561 tons in July, 1929. Total output in the first seven months of 1930, 26,726,000 tons, compared with 28,605,000 tons in the same period of 1928 and 27,011,000 in 1927.

Automobiles The situation in the automobile industry in the first part of August was still unsatisfactory, although production schedules showed decided improvement from the low levels which were reported in July. The rate of operations in mid-August however, was slightly below the level prevailing prior to the July shut-downs.

United States production in July totaled only 262,363 cars and trucks, and was smaller than in any previous month this year. It showed a drop of 48 per cent from July last year when production amounted to 500,840 units.

In all but two of the past nine years there has been a falling-off in automobile production from June to July, but the average decline for this period in the years 1921-29 was only 6.6 per cent. This year the drop from June, when 335,447 cars were produced, was 22 per cent and probably was the most important reason for the sharp curtailment reported in manufacturing activity in this District in July.

Although the industry as a whole so far this year has shown a drop in production of 33 per cent from the

corresponding first seven months of 1929, the declines have not been distributed equally among the individual producers. Notwithstanding this fact earnings for ten companies, excluding Ford, for the first six months of 1930 totaled \$122,113,000. While this was 44 per cent below the record figures reported by the same companies in the first half of 1929, only one of the ten showed a net loss in the first six months of this recession year, particularly for the automobile producers.

New passenger car sales as reflected in registration figures for the ten largest counties in the District showed a decided falling-off in July, but a similar condition was reported in other parts of the country. Drought conditions in Agricultural sections, and the drop in operations at manufacturing centers seems to have affected sales. Recent price reductions initiated by several manufacturers have not stimulated buying to any great extent.

New Passenger Car Registrations

	Ten Principal Counties					
	July, 1930	July, 1929	% change from 1929	Jan.-July, 1930	Jan.-July, 1929	% change from 1929
Akron (Summit)....	674	1,680	-59.9	6,368	11,798	-46.0
Canton (Stark)....	365	977	-62.6	3,899	7,084	-45.0
Cincinnati (Ham.)..	1,371	2,134	-35.8	10,610	14,278	-25.7
Cleveland (Cuy.)...	3,118	5,458	-42.9	25,345	36,258	-30.1
Columbus (Franklin)	791	1,540	-48.6	6,837	10,830	-36.9
Dayton (Mont.)....	497	1,218	-59.2	4,773	8,096	-41.0
Pgh., Pa. (Alleghy)...	3,229	4,311	-25.1	24,259	26,468	-8.3
Toledo (Lucas)....	538	1,295	-58.5	5,106	10,342	-50.6
Youngstown (Mah.)..	412	949	-56.6	3,589	6,252	-42.6
Wheeling, W. V.(O.)	180	277	-35.0	1,240	1,606	-22.8
Total.....	11,175	19,839	-43.7	92,026	133,012	-30.8

Rubber, Tires

A greater than seasonal improvement in tire sales in July as compared with June was reported by tire manufacturers in this District. This upward trend continued in early August, but manufacturers are not yet certain whether this is a permanent change for the better or only a temporary improvement due to previously withheld replacement purchases.

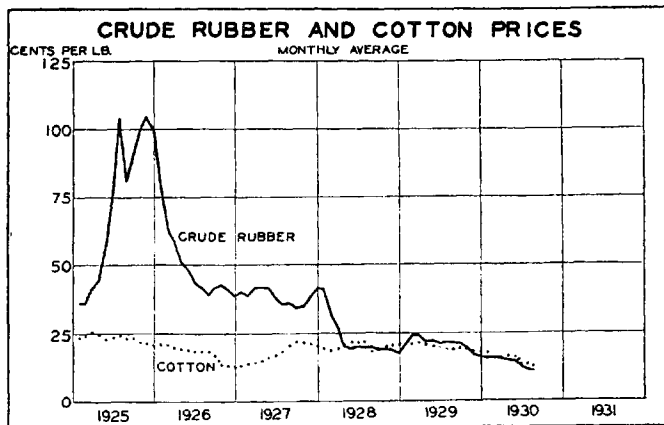
The larger July sales are quite significant when it is remembered that automobile production was very low in that month which reduced the demand for original equipment tires perceptibly. Despite the fact that gasoline consumption figures indicate an increased use of motor vehicles, up until July of this year the replacement demand for tires had been much below expectations. According to Tire Review, consumer sales totaled only 18,500,000 tires in the first six months as against 23,500,000 tires in the same period of 1929.

Activity at tire plants in July reached the lowest level since 1924, with employment at 26 factories five per cent lower than in June and 26 per cent below July, 1929. Shut-downs at tire factories for inventory and at automobile plants materially affected operations. Preliminary production figures of the United States Department of Commerce show that there were 2,360,000 casings (including solids) made in the month. This compared with 4,895,000 units produced in July last year. The decline for the first seven months of this year from the same period of 1929 was 30 per cent.

The tire industry is in a much improved condition from one year ago. Inventories of finished goods have been reduced about 3,000,000 units and stocks in hands of

dealers are reported to be smaller than in a period of normal business. Raw material prices have also fallen. Crude rubber has been showing a downward trend since 1925 and, at about 10 cents a pound in August, was at the lowest point on record. Raw cotton has declined, being quoted between 11 and 12 cents a pound in August, the lowest since 1921. As a result, manufacturers have increased their holdings of raw materials.

The situation on plantations, however, is anything but favorable. Restriction plans have not been particularly effective and stocks are still large. Imports of crude rubber to the United States in July totaled 34,084 tons as against 44,252 tons in the same month last year. In the first seven months imports have amounted to 303,929 tons a decrease from the same period last year of 16 per cent.



Clothing

Employment in the clothing industry in July was at the lowest level since 1925, and in addition several plants were only operating part time, a fact not brought out by the employment figures. Manufacturers in all parts of the District were unable to report any definite improvement in the first half of August in either orders or inquiries, but on the whole seem to think that better conditions would prevail in the near future despite the unfavorable situation in most agricultural communities which will no doubt affect clothing sales to some extent. This feeling is a result of the stock situation. Finished goods, both in the hands of manufacturers and retailers are reported smaller than average. Stocks have been allowed to decline in many cases to a point where, as soon as there is an increase in demand, they will have to be replenished.

Buying so far has been only for immediate and definite demand and more particularly of goods in the lower price classifications. The unusually low cotton, wool and silk prices have not stimulated buying as might be expected. In fact, purchases have been retarded by the declines. Buyers defer ordering until absolutely necessary when prices are falling.

July sales of clothing and furnishings in over 70 retail stores were decidedly below the same month of last year so far as dollar volume is concerned. The declines are somewhat exaggerated, however, because of the different price level prevailing in the two periods.

A slight increase in activity at knitting mills was reported in early August, but this was entirely seasonal and did not equal the expansion at that time in former years.

General showing of spring fabrics does not take place until early September.

Shoes

Based on reports from 26 establishments in the Fourth District, the shoe industry in July was in a better position than at any time so far this year. Production showed an increase from June of 27 per cent, most of which is seasonal. At the same time, however, output of all factories in the United States showed a slight decline of 0.2 per cent.

Compared with 1929, July shoe production was down 14 per cent, which is smaller than the decline reported for the earlier months of this year. Output in the first seven months of 1930 was 21 per cent below the same period one year ago.

Lower finished goods prices, resulting from the decline in raw material costs, have not caused forward buying to any extent, dealers report. Orders continue to be small and only for present demands. Stocks are stated to be smaller than in a period of normal business activity.

The hide and leather markets are still weak with little business reported. Hide prices averaged 13.88 cents a pound in July as against 15.20 cents in June and were the lowest reported for any month since 1926. Further weakness was reported in early August.

Other Manufacturing

Production schedules of most manufacturing plants in the Fourth District have shown a downward trend for nearly a year, after allowing for seasonal fluctuations. The falling-off in July, however, was somewhat sharper than in previous months, based on employment figures of the Ohio State Bureau of Business Research. This index dropped four per cent in July in contrast with declines of three per cent in June and of one per cent or less in previous months of this year. The drop in July is more significant when compared with the average July decline of only one per cent in the past five years.

The contraction in July can be attributed almost entirely to the automobile industry in which the shut-downs were longer and more complete than in other recent years. Parts and accessory, tool, glass, rubber, steel and many other manufacturing plants in this District were forced to cease operations or greatly reduce schedules because of this fact. It is the feeling in several branches of industry, however, that the low point was reached in July, and that August should show some improvement. So far, however, little evidence to substantiate this is yet available.

Many plants resumed operations in August, but in most cases were only producing at very moderate rates, in several instances at no higher levels than before the July shut-downs. The unfavorable agricultural situation, while not yet actually affecting business, has further complicated matters because of its uncertainty.

The stone, clay and glass industry showed a decided falling-off in July with little improvement in August. These two months in past years have been the periods of lowest activity. Employment so far this year has averaged about 15 per cent below the first seven months

of 1929. Stocks are reported high. The paint industry is also down more than seasonally. Few advance orders have been received and stocks are quite large.

Machinery manufacturers have noticed an increase in the number of inquiries which might indicate an improvement in the offing. Hardware and automobile parts makers increased operations in August after the curtailment in July, but little real improvement has been shown. There is little indication of forward buying, and stocks of finished goods are reported to be low in most cases. Unusually low copper prices have not stimulated sales of electrical equipment and supplies to any extent. Tin plate mills and metal container concerns have been affected by the unfavorable condition in the canning industry. Makers of stoves and furnaces showed an increase in employment in July, but operations were still 16 per cent below last year. July employment in the paper and printing industry was only two per cent under July, 1929, but there was a greater drop in the number of hours worked.

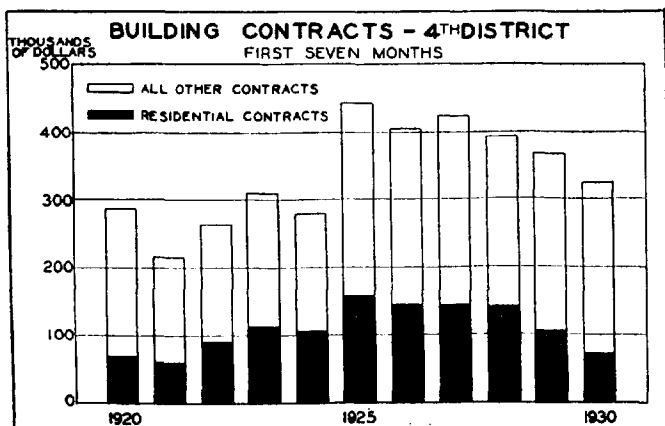
BUILDING

Reports from lumber dealers in this District confirm the figures of the F. W. Dodge Corporation which showed that the construction industry experienced no improvement in July or the first half of August. Stocks of building supplies are stated to be lower than in a period of normal business and are smaller than they have been in a number of years. Lower prices in general have not stimulated forward buying to any extent.

Building contracts awarded in the Fourth District in July totaled \$48,128,000, a slight decline from June, but a drop of 20 per cent from July, 1929. Residential building again was the cause of the discrepancy, for, amounting to only \$9,506,000 in July, these contracts were at the lowest level for that month since 1921. They were 35 per cent below last year.

Non-residential building has held up rather well so far this year, being only \$7,000,000 smaller in the first seven months of this year than in 1929 which period exceeded 1928 in volume.

The entire industry, however, has shown a downward trend since 1925, while residential building so far this year has been less than in any comparable period since 1921.



TRADE

Retail Trade

The volume of retail trade, as reflected by sales of reporting stores in the Fourth District, exhibited little change in July after allowance for seasonal variations was made. However, it continued to be affected by, among other things, the fall in commodity prices, the decline in employment and payrolls, and more recently the drought in certain sections. While the effect of the latter has not been so great as yet, the extent to which each factor has contributed to the decline from last year can only be estimated.

Total sales of the three reporting lines all show large decreases from last year. Department store sales were down 12.7 per cent in July and 7.7 per cent in the first seven months of this year when compared with like periods of 1929. There was no change from June after allowing for seasonal variations. Furniture store sales have been very unfavorable, July sales were 43 per cent below the July, 1929, and in the seven months were down 28 per cent. Sales of furniture departments of department stores were only off 24 per cent in July. Wearing apparel sales, both at apparel stores and in the department stores, have shown large declines.

Stocks are generally down, both as compared with a month ago and last year. Despite the smaller sales, accounts receivable are larger than one year ago and complaints regarding collections are being received. In July they were nine per cent smaller than in the same month of 1929 at the department stores. Installment sales have shown a downward tendency in the past few months and are smaller proportionately than total sales.

In the individual departments some rather wide variations were shown in July, the only increases being in the glove, sports wear and men's furnishing departments.

Wholesale Trade

Little change from the unfavorable conditions existing in the first half of 1929 was shown in the July reports from co-operating wholesale concerns. Reduced sales were reported generally, retailers showing no disposition to increase their stocks. As compared with the same month last year, July sales in the five reporting lines showed the following declines: groceries, 11.1; drugs, 11.2; hardware, 26.3; dry goods, 27.0; and shoes 49 per cent. Wholesale grocery firms reported larger stocks than last year. Accounts receivable were smaller in all lines, but drugs, and collections were down from 8 to 38 per cent from July, 1929.

AGRICULTURE

Almost unprecedented drought conditions existing throughout this District, particularly the southern part, were relieved by light general rains in several localities about the middle of August, but in some sections they were of little benefit because the crops were beyond saving. The whole District has suffered, with much damage being done to corn, tobacco, pasture, and lesser crops, including canning products. The wide-spread drying of pastures has reduced milk production, resulting in an advance in the price of dairy products, and made necessary the feeding of crops stored for winter use. At the same time, according to the U. S. Department of Agriculture, "Market conditions and prices have remained very dis-

couraging to growers of wheat and cotton, in particular, and to many vegetable and livestock producers."

The extent of the drought damage is partly shown by the fact that special freight rate reductions of 50 per cent on shipments of livestock out of the county and grain shipments into distressed areas have so far been granted to 88 of the 169 counties included in the Fourth District.

The following table shows the effect of weather conditions in July on principal crops of the Fourth District and the United States as compiled from estimates of the United States Department of Agriculture, based on condition reports of July 1 and August 1.

Principal Crops—1930

	(000 omitted)			
	Fourth District		United States	
	Aug. 1	July 1	Aug. 1	July 1
Corn, bu.	121,828	177,381	2,211,823	2,802,442
Total wheat, bu.....	35,868	31,074	820,613	807,265
Oats, bu.	71,329	70,925	1,316,369	1,329,407
Tame Hay, tons	4,594	4,415	83,460	85,431
Tobacco, lbs.	130,100	152,230	1,474,758	1,597,670
White Potatoes, bu.	15,556	18,448	372,557	398,419

Marked declines occurred in estimates of all growing crops of the District, corn falling 31 per cent, tobacco 15 per cent and potatoes 16 per cent in July. Estimated wheat production increased about 4,800,000 bushels during the month, but was still seven per cent below the harvest of 1929. The hay and oat estimates were revised upward also, but the former crop was only about half as large as in 1929, while the latter showed 11 per cent increase from one year ago. These latter three, being early-maturing crops, had completed their growth before the drought did much damage.

Corn. The corn crop in this territory was quite a bit under average in 1929 and did not make a very promising start this season, although the acreage planted was larger than one year ago. On July 1, however, the crop was estimated to be only two per cent below average. The extremely dry, hot weather during that month and the first part of August caused almost unprecedented damage and, although the latest figures available are only as of August 1, up to that time the crop prospects had been reduced 31 per cent and were the lowest in 30 years in Ohio and 20 years in Pennsylvania.

In Ohio, the crop averaged only 53 per cent of normal on August 1 with total production estimated at about 94,000,000 bushels. This is 27 per cent less than last year and 29 per cent smaller than the five-year average 1924-28. In the past 30 years the corn crop of this state has averaged 135,000,000 with only four years showing less than 100,000,000 bushels. The sections hardest hit are in the central, eastern and southern parts of the state, where, in many cases, the crop has already been cut for silage on account of its poor stand and dryness.

The crop is even worse in Kentucky and West Virginia where it averaged only 46 and 40 per cent of normal on August 1. In Pennsylvania a somewhat better condition prevailed with the crop averaging 67 per cent of normal, which however, was about 17 per cent below the average of the ten years 1919-28.

Potatoes. The potato crop is much poorer than one month ago and the situation throughout Fourth District

is very unfavorable. Recent rains have not been heavy enough to help materially; many fields are badly burned, some blight has appeared and insects are quite plentiful. Where proper spraying has been done, potatoes have withstood the drought quite well. There was a fairly good yield of early potatoes, but what the late crop will do is dependent upon the weather. Prospects, at best, are for only a short crop of small potatoes.

Wheat and Oats. Both wheat and oats have turned out to be better than was expected earlier in the season. The wheat crop, while smaller than in 1929 in this District, is of exceptionally high quality. Oats had largely matured before the drought reached a serious stage and were harvested under very favorable conditions. The southern part of the District which is not the heavy producing section was most affected.

Fruit. While the entire country shows better fruit prospects than in 1929, although about ten per cent below the average of the past ten years, conditions in the Fourth District declined still further in July, and on August 1 a far below average fruit crop was forecast. Apples, peaches and pears are extremely poor, although grapes may produce an average crop.

Pasture, Livestock. Pastures were in a deplorable condition, in some cases entirely gone, and water for stock was short in many localities. In Ohio pastures averaged only 30 per cent of normal on August 1 compared with an average of 83 per cent for that date in past years. The hay crop was unusually small this year, and coupled with the fact that it has already been necessary to feed stock on food stored for winter use, makes the livestock food outlook none too favorable.

The number of cattle on feed for market as of August 1 was about the same as in 1929, but reflecting poorer feed conditions, cattle weighed less than they did last year. Dairying has also been affected; the milk supply has been reduced, resulting in an advance in milk prices.

Tobacco. Early this year the outlook for the burley tobacco crop was quite discouraging. In the face of already burdensome stocks of old leaf in hands of dealers, acreage was increased seven per cent and it was then expected that the crop would exceed 350,000,000 pounds. But the most prolonged drought in the history of tobacco raising occurred in June, July and early August, with the result that, based on the August 1 condition report of the Department of Agriculture, the burley crop was estimated at 293,000,000 as against 334,619,000 pounds produced in 1929, with prospects that it would be further reduced because of the dry weather in the first half of August. This reduction has, in part at least, corrected the condition of overproduction that appeared likely a few months ago. Although stocks of dealers are larger than in 1929 it is unlikely that this year's total supply (production and stocks) will exceed that of last year.

Agronomists of the University of Kentucky estimated the condition of the burley crop at 45 per cent of normal on August 10, indicating about half an average crop after allowing for the increased acreage. Favorable weather may raise this figure, but up to August 15, only light showers had occurred.

Heavy deterioration also was reported in Ohio and West Virginia fields in July and early August.

Fourth District Business Statistics

	July, 1930	% change from 1929	Jan.-July, 1930	% change from 1929
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities	\$ 3,294,000	-14.8	22,620,000	-10.0
Savings Deposits—end of month:				
Ohio—36 banks	\$ 770,034	+ 0.7	770,215 ¹	- 0.3
Western Pa.—25 banks	\$ 279,063	+ 1.0	276,534 ¹	- 0.3
Total—61 banks	\$ 1,049,097	+ 0.8	1,046,749 ¹	- 0.3
Postal Receipts—9 cities	\$ 2,684	- 8.4	21,542	- 0.4
Life Insurance Sales:				
Ohio and Pa.	\$ 112,080	+ 0.1	865,570	+ 4.8
Retail Sales:				
Department Stores—57 firms	\$ 17,694	-12.7	155,799	- 7.7
Wearing Apparel Stores—16 firms	\$ 976	-16.9	10,019	- 8.7
Furniture—50 firms	\$ 560	-42.9	5,688	-28.4
Wholesale Sales:				
Drugs—13 firms	\$ 1,511	-11.2	11,293	- 9.4
Dry Goods—11 firms	\$ 1,142	-27.0	10,885	-16.2
Grocery—41 firms	\$ 5,783	-11.1	40,367	- 3.8
Hardware—17 firms	\$ 1,665	-26.3	12,615	-16.2
Building Permits—27 cities	\$ 9,890	-49.8	95,517	-24.9
Building Contracts—Residential	\$ 9,506	-35.3	71,667	-32.0
Building Contracts—Total,				
All Classes	\$ 48,128	-19.7	326,365	-11.1
Commercial Failures—Liabilities	\$ 2,426	+21.5	26,237	+14.5
Commercial Failures—Number	168 ²	+17.5	1,190 ²	+ 2.2
Production:				
Pig Iron, U. S.	Tons 2,640	-30.2	20,902	-17.8
Steel Ingots, U. S.	Tons 2,933	-39.4	26,726	-20.9
Automobiles—Pass. Cars, U. S.	222,459 ³	-47.6	2,117,465 ³	-33.6
Automobiles—Trucks, U. S.	39,663 ³	-47.0	359,684 ³	-31.7
Bituminous Coal—Tons	14,928	-14.2	108,927	- 7.5
Cement—O., Wn. Pa., W. Va. Bbls.	1,973	- 7.8	10,060	+17.3
Elec. Power—O., Pa., Ky. k.w.h.	1,125 ⁴	- 6.9	7,373 ⁴	+ 0.8
Petroleum—O., Pa., Ky. Bbls.	2,290 ⁵	+10.5	14,433 ⁴	+18.5
Shoes	5	-13.9	5	-20.8
Tires, U. S. Casings	2,360 ⁶	-51.8	26,772	-30.4
Bituminous Coal Shipments:				
Lake Erie Ports—Tons	5,762	+ 3.6	19,753	+ 3.1
Iron Ore Receipts:				
Lake Erie Ports—Tons	6,346	-15.5	16,098	-28.3

¹Monthly Average
²Actual Number
³June
⁴Jan.-June
⁵Confidential
⁶Preliminary

Wholesale and Retail Trade

(1930 compared with 1929)

	Percentage Increase or Decrease		
	SALES July-July	SALES First 7 Mos.	COLLECTIONS July-July
DEPARTMENT STORES (57)			
Akron	-26.1	-17.9	-19.5
Cincinnati	- 3.3	- 3.6	- 0.9
Cleveland	-17.4	- 8.8	- 4.8
Columbus	- 1.6	- 1.5	- 2.6
Dayton	-18.0	- 9.0	- 9.0
Pittsburgh	- 6.5	- 5.0	- 9.8
Toledo	-28.5	-15.6	- 9.0
Wheeling	-12.5	- 9.7	- 3.7
Other Cities	-16.7	-12.4	-10.0
District	-12.7	- 7.7	- 8.7
WEARING APPAREL (16)			
Cincinnati	-14.4	- 7.0	- 9.6
Cleveland	-26.5	-12.2	- 0.7
Other Cities	- 9.2	- 6.8	- 4.5
District	-16.9	- 8.7	- 4.5
FURNITURE (50)			
Cincinnati	-34.1	-23.9	-27.5
Cleveland	-41.8	-23.7	-26.7
Columbus	-29.6	-23.7	-21.3
Dayton	-39.4	-22.0	-22.4
Toledo	-63.3	-46.8	-43.9
Other Cities	-43.0	-31.1	-33.1
District	-42.8	-28.4	-28.7
CHAIN STORE*			
Drugs—District (4)	- 3.7	+ 0.6	
Groceries—District (6)	- 8.4	- 2.0	
WHOLESALE GROCERIES (41)			
Akron	-24.0	-17.1	
Cincinnati	- 2.8	- 0.2	
Cleveland	-18.9	- 8.2	
Erie	- 7.7	- 4.7	
Pittsburgh	- 6.6	- 4.3	
Toledo	- 5.7	- 3.6	
Other Cities	- 7.0	+ 1.8	
District	-11.1	- 3.8	-10.9
WHOLESALE DRY GOODS (11)	-27.0	-16.2	-19.8
WHOLESALE DRUGS (13)	-11.2	- 9.4	- 7.6
WHOLESALE HARDWARE (17)	-26.3	-16.2	-20.8
WHOLESALE SHOES (5)	-49.1	-27.2	-38.3

*Sales per individual unit operated.

Fourth District Business Indexes

(1923-1925=100)

	July, 1930	July, 1929	July, 1928	July, 1927	July, 1926
Bank Debits (24 cities)	122	143	121	124	118
Commercial Failures (Number)	115	98	90	96	94
Commercial Failures (Liabilities)	55	45	74	165	73
Postal Receipts (9 cities)	103	113	102	105	104
Sales—Life Insurance (Ohio and Pa.)	134	134	116	116	117
—Department Stores (55 firms)	70	80	78	78	77
—Wholesale Drugs (13 firms)	96	109	103	103	107
—Dry Goods (11 firms)	49	68	68	64	61
—Groceries (41 firms)	88	97	89	90	93
—Hardware (15 firms)	71	97	97	96	98
—All (83 firms)†	78	93	88	88	90
—Chain Drugs (3 firms)**	87	91	91	98	106
Building Contracts (Total)	101	126	118	121	142
—(Residential)	55	85	109	102	113
Production—Coal (O., Wn. Pa., E. Ky.)	83	96	80	74	95
—Cement (O., Wn. Pa., W. Va.)	164	178	153	159	154
—Elec. Power (O., Pa., Ky.)*	134	144	121	126	118
—Petroleum (O., Pa., Ky.)*	124	122	109	111	106
—Shoes	89	103	100	97	104

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

Debts to Individual Accounts

(Thousands of Dollars)

	4 weeks ending Aug. 20, 1930		% change from 1929		Year to Date, 1930 (Dec. 31-Aug. 20)		Year to Date, 1929 (Jan. 2-Aug. 21)		% change from 1929
	4 weeks ending Aug. 20, 1930	% change from 1929	Year to Date, 1930 (Dec. 31-Aug. 20)	% change from 1929	Year to Date, 1929 (Jan. 2-Aug. 21)	% change from 1929			
Akron	82,662	-23.2	778,236		930,319	-16.3			
Butler	12,011	- 0.7	96,919		96,704	+ 0.2			
Canton	33,900	-34.8	368,724		431,494	-14.5			
Cincinnati	297,790	-19.0	2,973,266		3,454,820	-13.9			
Cleveland	660,949	-24.7	6,424,295		7,084,234	- 9.3			
Columbus	151,766	-11.8	1,421,032		1,457,480	- 2.5			
Dayton	71,187	-23.4	727,856		832,897	-12.6			
Erie	35,022	-13.3	302,779		310,551	- 0.2			
Franklin	4,148	-30.9	40,598		46,292	-12.3			
Greensburg	17,139	-15.4	145,027		162,989	-11.0			
Hamilton	11,463	-32.9	115,438		133,171	-13.3			
Homestead	4,122	-10.9	35,002		37,558	- 6.8			
Lima	16,531	-16.0	202,731		230,521	-12.1			
Lexington	10,201	-27.6	99,085		121,503	-18.5			
Lorain	5,239	-14.4	44,477		48,785	- 8.8			
Middletown	8,674	-28.0	72,637		100,328	-13.1			
Oil City	14,283	-22.5	129,637		147,915	-12.4			
Pittsburgh	855,122	-23.5	7,804,689		8,508,105	- 8.3			
Springfield	19,596	-10.2	182,156		191,467	- 4.9			
Steubenville	8,953	-17.5	81,255		96,633	-15.9			
Toledo	154,665	-25.3	1,435,247		1,796,324	-20.1			
Warren	9,905	-27.4	94,983		115,466	-17.7			
Wheeling	38,330	- 8.4	347,146		392,646	-11.6			
Youngstown	58,705	-25.6	543,606		615,196	-11.6			
Zanesville	8,281	-30.4	77,811		100,701	-22.7			
Total	2,590,642	-22.5	24,566,134		27,444,119	-10.5			

Building Operations

(Value of Permits)

	% change from 1929		Jan. 1- July, 1930		Jan. 1- July, 1929		% change from 1929
	July, 1930	% change from 1929	July, 1930	% change from 1929	July, 1929	% change from 1929	
Akron	1,024,501	-36.6	7,456,919		12,891,934	-42.2	
Ashtabula	22,445	-25.8	218,376		456,607	-52.2	
Barberton	36,165	-76.9	170,717		753,753	-77.4	
Canton	55,050	-92.5	1,131,627		2,630,575	-57.0	
Cincinnati	3,318,615	+44.2	27,598,157		18,738,150	+47.3	
Cleveland	1,120,425	-81.1	15,072,650		24,455,750	-38.4	
Cleve. Suburbs:							
Cleve. Hghts.	163,925	-73.7	2,091,645		1,758,370	+19.0	
East Cleve.	3,840	-88.6	766,406		1,579,731	-51.5	
Euclid	190,405	+24.5	1,100,894		1,602,065	-31.3	
Garfield Hghts.	37,500	-69.1	404,300		807,150	-49.9	
Lakewood	100,126	-70.6	1,102,647		1,178,424	- 6.4	
Parma	76,970	-81.0	915,521		1,532,181	-40.2	
Rocky River	101,830	-13.2	788,913		1,070,950	-26.3	
Shaker Hghts.	418,850	- 2.5	2,941,175		3,822,450	-23.1	
Columbus	443,285	-42.5	3,497,200		6,796,450	-48.5	
Covington, Ky.	42,100	-79.3	454,550		854,375	-46.8	
Dayton	443,248	+31.5	3,776,345		3,780,365	- 0.1	
Eric, Pa.	385,030	+42.0	3,040,397		4,610,010	-34.1	
Hamilton	81,575	-64.7	959,026		1,197,145	-19.9	
Lexington, Ky.	43,885	-71.2	611,021		1,582,671	-61.4	
Lima	14,997	-58.3	458,212		544,415	+33.0	
Newark	87,050	+93.3	206,925		426,285	-51.5	
Pittsburgh, Pa.	1,080,497	-48.9	11,051,951		20,305,325	-45.6	
Springfield	28,985	-94.1	512,965		1,386,806	-63.0	
Toledo	373,402	-67.5	6,556,060		8,049,989	-18.6	
Wheeling, W. Va.	66,156	-75.7	590,433		1,138,445	-48.1	
Youngstown	128,285	-79.9	2,042,436		3,378,792	-39.6	
Total	9,889,707	-49.8	95,517,468		127,131,163	-24.9	

Summary of National Business Conditions

By the Federal Reserve Board

Business activity declined further during July and industrial production and factory employment reached the lowest levels in recent years.

Crops were damaged by prolonged drought. Wholesale prices declined further until early in August when agricultural prices increased. Money rates continued easy.

Industrial Production and Employment

Output of factories and mines decreased by about six per cent during July according to the Board's index of production, which makes allowance for seasonal fluctuations. A number of automobile factories were closed during part of the month and there was a substantial reduction in output of iron and steel and cotton textiles. Daily average production of bituminous coal, lumber and shoes continued small. In the first half of August, the output of steel showed a further slight decrease. Some automobile plants resumed operations on a limited scale.

Factory employment and wage payments decreased further, and at the middle of July were at the lowest levels since 1922. The reduction in number of workers employed was largest at steel and automobile plants, car shops and foundries, hosiery and cotton mills, and clothing factories. There was a seasonal increase in employment in the canning, flour, and shoe industries. Working forces at bituminous coal mines were further reduced, and the Department of Agriculture reported an unusually small demand for farm labor.

Building contracts awarded during July and the first half of August were in exceptionally small volume, according to reports by the F. W. Dodge Corporation. The reduction from June was primarily on account of smaller awards for public works and utility construction. Building in other lines continued relatively inactive.

Feed crops and pasturage have been severely damaged by drought, which was not broken until the middle of August. The August 1 crop report of the Department of Agriculture indicated a corn crop of 2,212,000 bushels, the smallest since 1901, and the smallest hay crop in ten years. Food crops were less severely affected, with wheat production estimated at 821,000,000 bushels—15,000,000 bushels larger than last year. The cotton crop was estimated at 14,362,000 bales, or slightly less than a year ago.

Distribution

Freight-car loadings have been in smaller volume than at the same season of any other recent year. Department store sales declined in July to the lowest level since the summer of 1924.

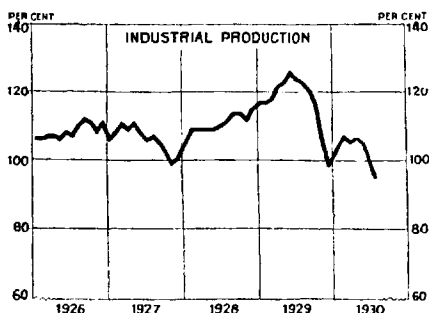
Prices

The sharp downward movement of wholesale prices continued through July, and the Bureau of Labor Statistics index fell to a level 14 per cent below that of a year ago. The most pronounced decreases from June to July were in the prices of cattle, beef, wheat, cotton, silk and rubber, and nearly all commodities showed some decline. During the first half of August, prices of grains moved upward, reflecting the influence of the drought. There have also been recent increases in the prices of cattle, hogs, silver, and silk, while the prices of cotton, copper, iron and steel, and rubber have declined further to the lowest levels in recent years.

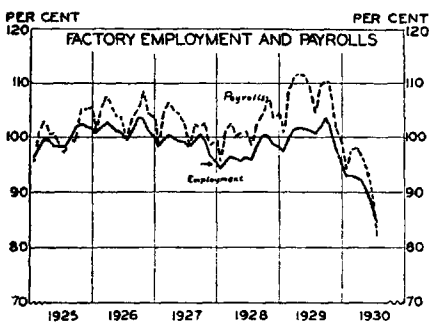
Bank Credit

Loans and investments of reporting member banks in leading cities decreased slightly between July 16 and August 13, largely as a result of a decline of \$48,000,000 in security loans. All other loans showed little change, while investments increased further.

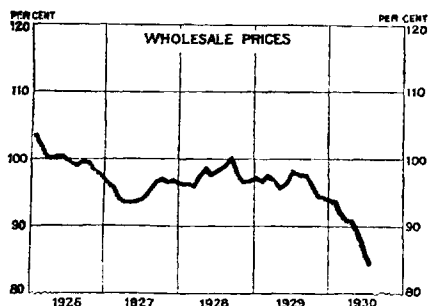
Reserve bank credit outstanding increased by about \$60,000,000 during the first three weeks of August, reflecting seasonal increase in the demand for currency and a decrease of about \$25,000,000 in the country's gold stock, chiefly on account of gold exports to France. The increase in reserve bank credit was in the form of bankers' acceptances and U. S. Government securities. Member bank borrowings showed little change. Money rates continued easy. The prevailing rate on commercial paper was reduced to three per cent around the first of August and remained at that level during the first three weeks of the month. Bond yields continued to decline. Discount rates at the Federal Reserve Banks of St. Louis, San Francisco, and Kansas City were lowered from 4 to 3½ per cent during August.



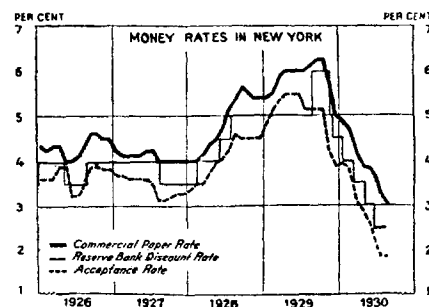
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure—July (preliminary), 92.



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-25 average = 100). Latest figures July, employment, 84.6, payrolls, 82.0.



Index of the United States Bureau of Labor Statistics (1926 = 100, base adopted by Bureau). Latest figure July, 84.8.



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