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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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Based on reports from many parts of the Fourth District, an improvement in business sentiment developed after the beginning of the new year which was accompanied or prompted by expanding operations in several sections. This increased industrial activity was mostly the result of a resumption of operations at many plants which closed prior to the holidays or the stepping-up of production rates at others which had curtailed output. The experience of past years in the major industries of this District has been for January to exceed December in production. Nevertheless the expansion in activity is encouraging, for it affords more employment with a consequent enlargement of buying power.

Whether this upward movement in the first three weeks of January has been more or less than seasonal or whether it will prove to have been a real upswing cannot be determined at this time. It is unfortunate that statistical evidences of improvement (when they do come) are not available until several weeks after they have actually occurred.

The employment indexes pertaining to the Fourth District moved upward in December, in contrast to the usual reduction reported at that season of past years and to the experience of the entire country. The increase was only slight and probably a result of more general use of "stagger" systems, which enabled firms to give more work to an additional number of men; but based on current information, a further increase in the number employed occurred in January.

Steel companies in the first three weeks of January recouped more than all the December loss, operations increasing from 25 per cent of capacity in the holiday week to 47 per cent in the third week of 1931. Last year they advanced from about 50 to 67 per cent in the same period. Building operations continued in very limited volume, but in the first half of January slightly bettered the December rate. Automobile parts, rubber and clothing plants increased operations seasonally. Sales at the automobile shows have been reported better than a year ago, but the production of new cars is still on a very conservative scale and much below early 1930.

Consumption of merchandise, as indicated by total department store sales at 55 stores in this District, was not curtailed in 1930 to the extent that production was reduced. Dollar sales in December increased much more than seasonally from November and during the year 1930 were only 10 per cent below the preceding year. Prices of most goods fell during the period.

FINANCIAL

Banking and credit conditions in the Fourth District and elsewhere became easier in the first three weeks of January as the seasonal retirement of currency enabled member banks to reduce their indebtedness at the Reserve bank. Fourth District Federal Reserve notes in circulation reached their 1930 peak on December 24 at $203,650,000, an increase of nearly $25,000,000 from the fall low point on November 5. This compared with an increase of $31,000,000 in the same period of 1929, $30,000,000 in 1928 and $21,000,000 in 1927.

In view of the fact that note circulation in this District showed a slight upward tendency last year in contrast to the sharp falling-off in the entire country as business declined, the year-end increase was somewhat larger than might have been expected. As seasonal year-end demands were met and the anxiety over the banking situation somewhat subsided, currency was retired rapidly from circulation, a contraction of $23,000,000 occurring in the four weeks ended January 21. This was about the usual shrinkage in circulation in past years.

As a result of this lessened need for currency and reflecting a reduction in loans at reporting member banks (whose total loans and investments are two-thirds of those of all member banks) which was not accompanied by a reduction in demand deposits, bill discounted for member banks declined from $47,556,000 on December 24 to $28,589,000 on January 21. At the lower level they compared with $65,590,000 in January, 1930 and were smaller than for any corresponding period since 1925.

Although this bank's holdings of bankers' acceptances, a result of its participation in the purchases of the Open Market Committee, did not increase in the fall of 1930 in an amount equal to preceding years, the seasonal contraction began in early January, a reduction of $10,000,000 occurring from January 7 to 21. This less-than-seasonal expansion in acceptances last fall was counterbalanced in part by increased holdings of government securities, which have remained above $57,000,000 since August, higher than any time since 1927. Although there was an increase in government securities owned in late December, a reduction in early January brought the total to last fall's level. Total bills and securities amounted to $103,887,000 on January 14 as compared with $119,912,000 last year and $157,881,000 in 1929.

Both collateral and non-collateral loans at reporting member banks in leading cities declined over the year end. The former, at $696,000,000 on January 21, were lower than at any time since June, 1929 and about $40,000,000 below last year. The reduction since December 17 was $39,000,000, most of which resulted from a drop in loans to brokers, although some contraction in other security loans also was shown. "All other" loans dropped to $752,000,000 on January 21, the lowest since 1926 and a reduction of $140,000,000 in the past year. Investments continued to decline in December, but increased in the first three weeks of January through purchases of government securities. Total investments are still $150,000,000 higher than in January, 1930 and because of this, loans and investments are nearly $60,000,000 higher than a year ago.

Demand deposits increased $28,000,000 during the four weeks ended January 21, but time deposits fell off slightly. While the loans of reporting member banks declined $83,000,000 in the past year, demand deposits have increased $87,000,000 although they were $80,000,000 higher in the middle of last year than at present. Time deposits exhibited a generally upward course during 1930 and despite the falling-off in the past three months they are $62,000,000 higher than a year ago. Expanding savings deposits accounted for a small part of the gain, but a large part of the increase has been in certificates of deposit representing temporarily idle funds. Savings deposits at 28 selected banks in the District were 2.6 per cent higher on December 31 than at the end of 1929.

BANKING OPERATIONS

Federal Reserve Banks

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	Jan. 21 1931	Jan. 22 1930	Dec. 24 1930	Jan. 21 1931	Jan. 22 1930	Dec. 24 1930
Gold Reserves	293	254	294	3,074	2,975	2,922
Discounts	29	66	48	230	433	448
Acceptances	17	23	20	152	298	260
U. S. Securities	58	30	59	625	477	642
Total Bills and Securities	104	120	128	1,007	1,223	1,356
Federal Reserve Notes in Circulation	181	175	204	1,518	1,739	1,722
Total Deposits	199	185	194	2,488	2,415	2,437

Reporting Member Banks

	Fourth District (In Millions)			United States (In Millions)		
	Jan. 21 1931	Jan. 22 1930	Dec. 24 1930	Jan. 21 1931	Jan. 22 1930	Dec. 24 1930
Loans on Securities	696	739	720	7,425	7,714	7,779
All Other Loans	752	792	762	8,414	8,974	8,421
Total Loans	1,448	1,531	1,482	15,839	16,688	16,200
Investments	752	602	746	6,764	5,549	6,785
Demand Deposits	1,090	1,003	1,062	13,689	13,135	13,603
Time Deposits	987	942	992	7,090	6,915	7,126

MANUFACTURING, MINING

Iron and Steel

Iron and steel production recovered rapidly after the holiday let down and by the third week of January was at 46-47 per cent of capacity, recouping not only the holiday loss, but also all the ground surrendered since mid-November. With Youngstown mills at 48 per cent of capacity, Pittsburgh at 45 and Cleveland at 50, the Fourth District was in a slightly more advanced position than other sections of the country. The present level, however, compares with about 65 per cent of capacity in January, 1930.

With steel production in December reduced to 77,222 tons a day or at 38.57 per cent of total capacity, it was felt that the low point of the current recession had been reached. Although this was the lowest point touched in recent years, it was considerably above the bottom reached in the depression of 1921. The December total of 2,007,774 tons gave 1930 a total production of 39,653,000 tons which was about 64 per cent of the annual capacity of all mills in the country. This compared with 54,312,000 tons or 89 per cent of capacity in 1929, and was the lowest for any year since 1924. Pig iron production showed a corresponding decline, output being only 31,441,000 tons as against 42,270,183 tons in 1929. The number of furnaces in blast declined to 96 out of 310 available in December, compared with 69 of a possible 436 in operation in the low point of 1921.

In the past decade, January production of iron and steel has never failed to better that of the preceding December. In a large measure this is due to the automatic release of considerable rail business for first quarter rolling. This only moderately affects mills in the Fourth District because the incidence of railroad business is generally lighter locally than automobile, pipe or structural steel orders.

In the first three weeks of 1931 structural orders have figured large in the total volume of business booked. Amounting to 114,741 tons for the period, they compared with 89,267 tons awarded in the first three weeks of 1930. Several large domestic pipe contracts (one aggregating 80,000 tons) have been awarded recently and a good volume of rail orders, in view of the drop in railroad earnings, have continued to bolster backlogs. The comeback in the automobile industry appears slow and expected support and orders from this source have been limited.

January shipments of pig iron in most districts showed an increase over December, but market activity was not very brisk. Prices remained unchanged. Scrap prices were irregular. Steel prices, which advanced $1 a ton for the first quarter, were yet untested. On most new business 1.65c, Pittsburgh, or equivalent, applied on plates, shapes and bars. Thus the market composite of STEEL advanced 7 cents to $31.73, the first rise since June, 1930, but the stability of this higher level had not been thoroughly determined.

Coal

Production of bituminous coal in this District and in other parts of the country increased in December as compared with the preceding month. In four of the past seven years production has decreased from November to December and increased in the other three years. The month's output was 15,121,000 tons, (12.6 per cent below December, 1929) and brought the year's production in the Fourth District to 186,805,000 tons, a drop of 10.3 per cent from the previous year. In the entire country December production was off 15.6 per cent from the preceding year while the 12 months' output was down 13.7 per cent.

Rather moderate weather for this season of the year has been reflected in bituminous domestic markets, lack of demand resulting in curtailment of output in some cases. Some dealers in this section reported an increase in buying of industrial grades in January as compared with December. Demand is far below normal, however.

The Coal Age average price declined ¾ cents in December.

Automobiles Production of automobiles expanded in December and continued to show improvement in the first three weeks of January. Makers have been quite conservative, about increasing schedules, however, and output in the third week of 1931 was only about 48,000 cars, according to Cram's Automotive Reports. This compared with 65,000 in the same week of 1930 and 107,000 in the corresponding period of 1929. The increase from the extremely low level of November when only 129,437 units were made in the entire month has benefited parts and accessory manufacturers and steel companies of the Fourth District, but orders are still for limited quantities and operations at these concerns are below the level of recent past years.

Production of passenger cars and trucks in December, according to the Department of Commerce, was 155,601 units, an increase of 15 per cent from November and 30 per cent from a year ago. This was the first time since 1918 that the December output exceeded November, the unusual increase being caused by the change in the time of introducing new models. This year in several cases they came out well in advance of the annual shows. The larger December output brought the year's total to about 3,335,000 cars and trucks, a decrease of 37 per cent from 1929. Passenger car production declined 39 per cent from the high level of 1929 and truck production was off 30 per cent.

December new passenger car sales in principal counties of this District were larger than in the preceding month, but were still much below the corresponding period of 1929. In the counties in which Cleveland and Cincinnati are located, registrations were much better than in the other sections. For the entire year new registrations in the ten counties were off 34.5 per cent.

No information on the number of sales made at local auto shows is available, but it has been reported that sales at the New York show exceeded those made one year ago.

New Passenger Car Registrations

Ten Principal Counties

	Dec. 1930	% change from 1929	Year, 1930	Year, 1929	% change from 1929
Akron (Summit)	474	—60.7	8,487	16,641	—49.0
Canton (Stark)	284	—37.0	5,156	9,989	—48.4
Cincinnati (Hamilton)	1,152	—15.0	15,330	21,230	—27.8
Cleveland (Cuyahoga)	1,669	—14.2	34,566	51,554	—33.0
Columbus (Franklin)	617	—34.0	9,503	15,840	—40.0
Dayton (Montgomery)	383	—37.9	6,439	11,613	—44.6
Pittsburgh, Pa. (Allghy)	1,184	—32.7	33,120	40,633	—18.5
Toledo (Lucas)	441	—34.3	7,066	14,284	—50.5
Youngstown (Mahoning)	248	—53.8	4,885	9,276	—47.3
Wheeling, W. Va. (Ohio)	81	—22.1	2,330	2,546	— 8.5
Total	6,533	—31.8	126,882	193,606	—34.5

Clothing Considerable irregularity seems to exist at clothing factories in this District, based on reports received during the past month. Some concerns, particularly in the southern section, state that the unit volume of orders for spring delivery compared quite favorably with similar periods of past years, some even reporting an increase from early 1930. Other manufacturers report declines in orders up to 25 per cent from one year ago. The dollar volume is smaller in all cases because of the reduction in clothing prices.

Mark-down sales are now in progress in most sections, manufacturers disposing of remaining winter stocks for special selling. According to current reports these sales seem to be meeting with a fairly good response, but such sales are not very profitable to producers. They do reduce stocks, however, which eventually will have to be replaced. It is quite generally agreed that retail clothing stocks are much smaller than is customary at this season of the year, but it is felt in some sections of the trade that even further reductions might occur in some cases in view of general conditions.

Orders for knitted outerwear and underwear were reported in much smaller volume than in past years at this season.

Shoes The shoe industry, both in the Fourth District and the country in general, is in quite a depressed condition. December production at 26 factories (mostly in the southern part of this District) increased 18 per cent from November, but even at the higher level output was 46 per cent below the closing month of 1929. The November-to-December increase compared with 0.5 per cent shown at 708 establishments in the United States.

Output of local factories in 1930 was the smallest for any year since the compilation of these figures began in 1923, and was 27 per cent below 1929. In the United States production in the first 11 months of 1930 was 16 per cent below the same period of the preceding year.

Manufacturers report that current orders are very small and only for immediate needs, but that retail stocks, although lower than a year ago, seem to be ample for the volume of business that is being done.

Employment is far below normal and some wage reductions have been reported. Most plants are only on part-time schedules.

Other Manufacturing While there has been at least an improvement in sentiment since the first of the year and an expansion in the number of inquiries for material, the actual upturn has been slight in most cases at manufacturing concerns throughout the District. Whether it has exceeded the upward movement experiencd at this time in most past years cannot be ascertained as yet. In any event operations are still at comparatively low levels in most industries.

Auto Parts and Accessories. Seasonal expansion in auto part orders was reported in the past month, but the unit volume is still very small, being much less than it was a year ago. December employment was two per cent greater than November, but three per cent lower than in 1929 at 41 Ohio concerns. The number employed has been maintained by "stagger" systems, the total man-hours worked being much below one year ago.

Brick and Tile. Employment in December showed a sharp reduction and the entire year averaged 23 per cent below 1929. A slight increase in orders was reported in early January, but the unit volume is still about 30 per cent below past years. It was reported that manufacturers' yards were quite heavily stocked.

Ceramics. It was stated that conditions in the pottery industry have been slightly better than average with employment for the year 1930 being about 15 per cent less than for 1929. This is usually the dull season of the year and operations now are about 60 per cent of normal, with the number employed somewhat higher.

Electrical Equipment. Buying of electrical equipment and supplies has expanded since January 1 and orders have prompted an increase in operations. Employment in December at 16 concerns increased three per cent as compared with the five-year average decline of ten per cent for that period. The unit volume of orders, however, is small as compared with past periods. The inventory situation is reported favorable.

Glass. The December reduction in employment was slightly less than the average decline for that month in the past five years. This is the dull season of the year for all types of glass production except that used for automobiles, but even in this branch the demand is very light. Prices of rolled and molded glass have been reduced.

Machinery, Tools. Employment at 87 concerns in December showed the first increase since April and was one per cent greater than in November in contrast with a five-year average decline of two per cent at that time. The December level was 22 per cent below the previous year. Some inquiries for tools and machinery have been received, but the volume of orders is still small, though it has increased in the past month.

Paint and Varnish. The dullest season of the year for the paint industry is now being experienced with December one of the poorest months on record. In early January orders from manufacturers were reported which might indicate an expansion in general production, but dealer buying has been quite limited. The demand for raw paint materials was reported better in January and prices are lower than at any time since 1922.

Paper. Orders received in the first half of January showed a decided improvement and some tendency to order ahead was noticed. The employment index was four per cent greater in December than in November, and mills have maintained practically full rosters as is the general custom because of the nature of the work. The number of hours has been curtailed about 25 per cent. Demand for boxboard has changed but little in the past few weeks. Inventories of all paper products other than newsprint are reported to be "not excessive."

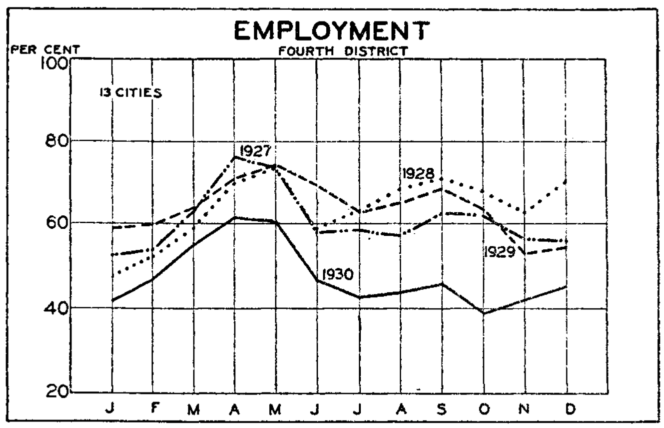
Rubber, Tires. There was a decided upturn in January operations at tire factories of this District after a slight improvement in December. Several reports of an increase in the number of hours worked and in the number of men employed were encouraging to the Akron district. This, however, is mostly, if not all, a seasonal change, the tire production year beginning in December for deliveries in the following spring on orders placed in the preceding fall. Spring-dated orders were reported considerably heavier than a year ago. Price reductions have been quite general, ranging from 7 to 12 per cent, bringing tire prices over 20 per cent below early 1929, and about 10 per cent under last year.

Imports of crude rubber increased in December, but were much below a year ago. Total imports in 1930 were 488,000 tons as against 561,000 tons in 1929 and 446,421 in 1928.

Stoves, Sheet Metal, Etc. A greater-than-seasonal decline was reported in December employment at stove, furnace and sheet metal plants and little change was noticed in early January. Inventories are low, but the volume of orders indicates little stocking-up on the part of dealers.

Employment While employment and payrolls throughout the entire country continued to decline in December, an improvement was experienced in the Fourth District. Based on reports from 760 Ohio manufacturing concerns reporting to the Bureau of Business Research an increase of one per cent was shown from November, the first upward movement in seventeen months. This was in contrast to an average decline of one per cent reported in December in the past five years. At the same time conditions at thirteen industrial cities of the District were apparently slightly better, for the ratio of demand for workers to applications for employment at State-City employment offices increased in December after showing a contrary to seasonal improvement in November. This index in December was about ten points below December, 1929 and about 25 per cent below the December average of the past three years.

Although the increase in December was small and no doubt partly a result of more plants using the "stagger" system of employment so that the little work that was available could be shared by a larger group, eight of the eleven major industries showed increases or less-than-seasonal decreases. Definite information is not available at present as to the trend in January, but based on reports of expanding operations received, some further improvement might be expected.



Ratio of Demand for Workers to Applications for Employment at 13 Public Employment Bureaus in the Fourth District.

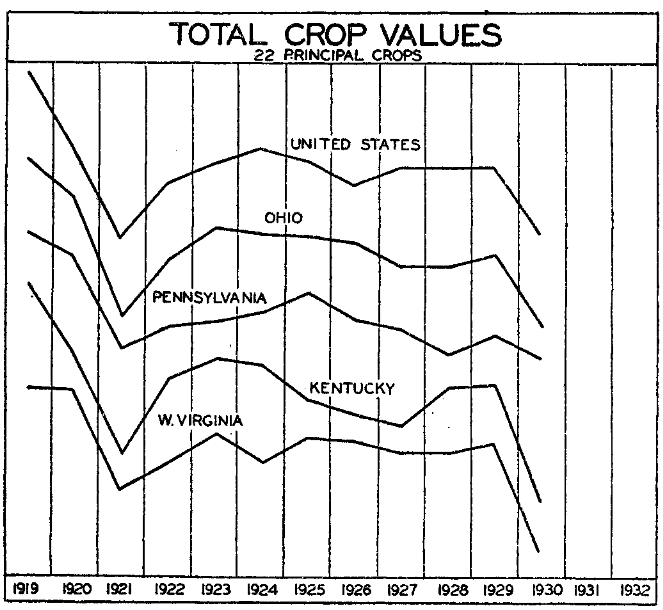
AGRICULTURE

The United States Department of Agriculture estimates that the farm value of all 1930 crops aggregated $6,274,000,000, based upon December 1 prices, the usual method followed. This compares with a total farm value of $8,675,000,000 in 1929, a decrease of approximately $2,400,000,000 showing the combined effects of drought damage and lower prices. The 5.5 per cent smaller crops of 1930 had a December value 28 per cent less than the previous year, and the smallest since 1921. A somewhat similar condition existed in connection with livestock and dairy products, although complete figures are not yet available. Based on value of cattle slaughtered under Federal inspection in the first ten months of 1930, four per cent less slaughtering brought approximately eight per cent less money than in the same period of 1929.

Although the per capita production of principal crops was over seven per cent below 1929 and 13.4 per cent less than the average per capita production during the previous ten years, a world-wide depression curtailed the market for many farm products, and stocks, particularly of the country's two major cash crops, cotton and wheat, remain menacingly large, a factor contributing to the distressed market conditions.

Farm prices on the average declined in December to 97 per cent of the five-year pre-war average as compared with 135 per cent one year ago, and the lowest level for any month since 1915. In the price deflation of 1921 this index declined to 110 per cent of the pre-war average in June of that year. Although there has been a slackening in other than agricultural prices, the index of prices paid by farmers on the same pre-war base was 147 in December as against 155 a year ago, and the ratio of prices received to prices paid fell to 66 per cent in December.

Although declines in crop values occurred in all states of the country, the falling-off in some sections was much greater than in others. The accompanying chart shows the yearly changes in the estimated farm value of 22 principal crops of the United States (representing about 87 per cent of all crops) and the four states partly or wholly included in the Fourth District. The curves are plotted on logarithmic scales so that the year-to-year variations are proportionate and therefore changes in the various state figures and those of the entire country are comparable. In all four states the value of these 22 crops was smaller in 1930 than in any of the past twelve



years, but in the United States the 1930 crop had a larger value than the 1921 crop. The fluctuations in the value of the Kentucky crops is probably due to lack of diversification, tobacco accounting for the greater part of the state's agricultural output.

The decrease in the farm value of Ohio crops from 1929 was 30 per cent, only slightly more than was shown for the entire country. The drop in value of Pennsylvania crops was only 9.5 per cent while Kentucky and West Virginia showed declines of 44 and 42 per cent respectively from one year ago.

Excluding 1930 and year-to-year changes, a generally downward trend has been shown in the value of principal crops of these states of the Fourth District in contrast to a horizontal movement in the entire country. Part of this is due to the falling-off in acreage under cultivation which declined about ten per cent in the states of the District from 1920 to 1929 (1930 figures not yet available) while in the country acreage under cultivation during this same period increased slightly. The decline in this locality was offset in part by increased efficiency resulting in greater acreage yields, but the total value of crops, nevertheless, has tended downward.

Cash income figures from 1930 farm production are not yet available, but they no doubt will be much smaller than in any of the previous ten years with a consequent reduction in buying power. In 1929 the estimated cash income from crops in the Fourth District was 14.3 per cent smaller than in 1924 although it was larger than in 1928. This falling-off, however, has been more than offset by increases in the value of animal products. In 1929 these products were valued at $320,024,000 in the Fourth District, nearly $50,000,000 more than in 1924, bringing the cash income to farmers in this District from both crops and animals to a higher level than the average of 1924-1929.

Despite the large surplus stock of wheat which has had a depressing effect on prices this past year, farmers in the United States have planted 42,042,000 acres of winter wheat for 1931 harvest, a decrease of only one per cent from the revised estimate of the area planted a year ago. The condition of this wheat was reported as 86.3 per cent of normal as compared with 86.0 per cent last year and 83.2 per cent, the ten-year average. Acreage in Ohio, Kentucky and West Virginia exceeded that planted in the fall of 1929 for 1930 harvest, but in Pennsylvania the acreage was six per cent below one year ago. In Ohio the December 1 condition was 87 as against a ten-year average of 84, but in Pennsylvania it was only 67 per cent of average as against 89 in the ten years, 1919-28. West Virginia showed a condition of 60 and Kentucky 81 compared respectively to the ten-year averages of 91 and 89 per cent of normal.

Tobacco Offerings of tobacco have been large in the past few weeks, and burley markets were very heavily supplied in mid-January. At Lexington, all the floors were full with sales on the average reaching a million and a half pounds a day with total sales to January 22 being about 47½ million pounds. Prices remained quite steady during the early part of the selling season, but about January 15 a reduction averaging 3 cents a pound occurred. This break was in part a result of poorer quality tobacco, rather than to lessened demand. The averages vary slightly on the different markets because of the quality variations, etc., but the general average on all markets has been approximately $18 to $19 a hundred pounds with the central blue grass markets higher than others.

This appears to be a satisfactory average price, as shown by the heavy-stocked condition of the markets, in view of the fact that this year's crop is only of mediocre quality. Very few farmers have rejected offers and rumors of the formation of a marketing pool have about disappeared.

Total 1930 tobacco production was estimated at 1,510,308,000 pounds, a decrease of 0.9 per cent from a year ago, produced on an acreage which exceeded 1929 by 3.4 per cent. The farm value of the 1930 crop at December prices was $216,895,000, a drop of 23 per cent from 1929. Thus a smaller 1930 crop produced on a larger acreage was worth only slightly more than three-fourths as much as in 1929, chiefly due to the poorer quality of the leaf. In Kentucky the 1930 crop was 15 per cent smaller than in 1929 from a three per cent larger acreage.

TRADE

Retail Trade The dollar volume of sales at reporting department stores in the Fourth District increased more than seasonally from November, but was smaller than for any year since 1922. The index of daily average sales at 55 stores, after being adjusted for seasonal variations, increased from 86 per cent of the 1923-25 average in November to 93 per cent in December. This compared with 109 in December, 1929, a decline of approximately 11 per cent. For the entire year sales were ten per cent below 1929 and the smallest for any similar period since 1922. While this is rather a sizeable decline it is well to remember that a part of it may be accounted for by the drop in prices. No reliable index of retail prices is available, but the Bureau of Labor Statistics reported declines in clothing prices in the past six months ranging from 0.5 to 10.6 per cent, depending on the section of the country, and decreases in house furnishing goods ranging from 1.3 to 6.5 per cent. Food prices declined a greater amount.

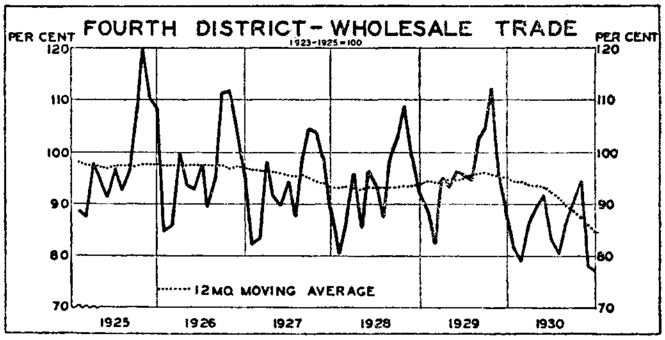
Department store stocks have been reduced 10.7 per cent from a year ago so that the stock turnover rate has remained practically unchanged. A table showing changes in sales and stocks at the individual cities may be found on page 7.

Accounts receivable and collections have declined along with total sales, the volume of accounts outstanding on December 31 being 7.6 per cent below December, 1929. Collections during the month were off 7.3 per cent from a year ago, but the ratio of collections in December to accounts outstanding on November 30 increased fractionally from the preceding month in contrast to the downward trend of past years. Proportionally more merchandise was bought for cash this past December than a year ago.

Wearing apparel stores experienced similar declines, the year's volume being 10.4 per cent below 1929. Chain store sales made a much better showing; grocery sales per store were only 1.5 per cent below 1929 and chain drug sales were off only 2.1 per cent. Furniture sales at 52 stores declined 34 per cent.

Wholesale Trade Wholesale grocery and drug sales increased seasonally from November, but dry goods, hardware and shoe sales declined. Fourth District wholesale trade experienced the sharpest falling-off in dollar sales in 1930 in the past ten years. Wholesale sales in 1926 and 1927 were declining generally, but in 1928 a reversal occurred and the trend continued upward until the fourth quarter of 1929. Since that time the 12-month's moving average of the wholesale trade index has declined sharply.

In 1930 grocery sales were 8.1 per cent below the preceding year; dry goods were off 20 per cent, hardware 18.3, drugs 10.7 and shoes 31.8 per cent from 1929. Stocks have been materially reduced and accounts receivable and collections in December were much below one year ago, though the ratio of collections to accounts outstanding has declined.



BUILDING

Construction activity in the Fourth District which had been receding generally for over a year, barring more or less seasonal movements, declined in December to the lowest point since February, 1921. Total contracts awarded amounted to only $16,469,000, as compared with $24,287,000 in the closing month of 1929, a drop of 32 per cent, and $31,755,000 in December, 1928. Residential contracts awarded fell to $4,487,000 as against $5,604,000 in 1929 and $10,006,000 in the same month of 1928.

Contracts Awarded—Fourth District
(000 omitted)

Year	Total	Residential	Non-Residential
1930	$489,716	$105,460	$384,256
1929	616,066	157,188	458,878
1928	654,483	213,155	442,328
1927	673,355	232,463	440,892
1926	651,376	222,950	428,426
1925	709,827	248,289	461,538
1924	503,923	188,685	315,238
1923	503,027	182,546	320,481
1922	473,109	155,257	317,852
1921	353,334	103,681	249,653

The accompanying table shows the yearly volume of total, residential and all other contracts awarded in this District in the past ten years. The building peak was reached in 1925 when both residential and non-residential construction exceeded previous years by good margins. Since that time residential construction has receded until the 1930 total was only 42.5 per cent of the 1925 volume. Non-residential building, although never quite reaching the heights of 1925, has not been far from that peak except in 1930 when it was down 16.7 per cent from the level of five years ago.

January usually experiences a smaller volume of building than December and while such is the case in the first half of the month so far as the country was concerned, the daily average of contracts awarded in this District to January 16 was slightly larger than the daily average of the entire month of December.

Retail lumber dealers reported an increase in the number of estimates supplied in January and some architects state that the number of prospects has increased. Actual material buying continues in very reduced volume, however.

Wholesale and Retail Trade

(1930 compared with 1929)

	Percentage Increase or Decrease		
	SALES Dec., Dec.	SALES Year	STOCKS Dec., Dec.
DEPARTMENT STORES (57)			
Akron	—10.7	—17.9	—12.1
Cincinnati	— 6.6	— 3.6	— 8.6
Cleveland	—13.5	—13.0	— 9.8
Columbus	— 6.7	— 4.0	— 8.1
Pittsburgh	—11.6	— 6.9	—11.1
Toledo	— 3.1	—16.0	—11.8
Wheeling	—17.8	—11.9	—14.3
Other Cities	—16.8	—15.2	—14.0
District	—11.3	—10.0	—10.7
WEARING APPAREL (16)			
Cincinnati	—12.3	— 9.0	+ 5.0
Cleveland	— 7.8	—12.8	—16.3
Other Cities	— 8.3	— 9.2	—12.5
District	— 9.3	—10.4	— 9.3
FURNITURE (52)			
Cincinnati	—18.2	—24.8	....
Cleveland	—32.8	—33.7	....
Columbus	—32.5	—30.8	....
Dayton	—36.3	—28.1	....
Toledo	—44.3	—48.4	....
Other Cities	—30.6	—33.7	....
District	—33.0	—33.9	....
CHAIN STORES*			
Drugs—District (4)	— 2.5	— 2.1	....
Groceries—District (6)	— 2.1	— 1.5	....
WHOLESALE GROCERIES (41)			
Akron	—27.2	—22.0	....
Cincinnati	— 5.0	— 2.3	....
Cleveland	—18.9	—13.4	....
Erie	—12.1	— 7.9	....
Pittsburgh	— 7.1	— 6.7	....
Toledo	+ 1.6	— 5.2	....
Other Cities	—11.3	— 3.1	....
District	—12.3	— 8.1	— 4.1
WHOLESALE DRY GOODS (10)	—18.9	—20.0	—16.2
WHOLESALE DRUGS (13)	— 8.7	—10.7	....
WHOLESALE HARDWARE (17)	—20.0	—18.3	—17.9
WHOLESALE SHOES (5)	—36.0	—31.8	—53.6

*Sales per individual unit operated.

Fourth District Business Indexes

(1923-1925 = 100)

	Dec., 1930	Dec., 1929	Dec., 1928	Dec., 1927	Dec., 1926
Bank Debits (24 cities)	124	134	149	132	120
Commercial Failures (Number)	143	96	92	138	90
" " (Liabilities)	102	185	32	78	74
Sales—Life Insurance (Ohio and Pa.)	126	150	142	136	147
" —Department Stores (55 firms)	152	171	174	176	173
" —Wholesale Drugs (13 firms)	101	111	138	106	112
" — " Dry Goods (10 firms)	67	82	88	83	86
" — " Groceries (41 firms)	79	90	89	91	96
" — " Hardware (15 firms)	61	77	78	80	92
" — " All (82)†	77	90	95	92	98
" —Chain Drugs (3 firms)**	97	98	104	104	126
Building Contracts (Total)	35	51	67	74	89
" " (Residential)	29	33	58	75	77
Production—Coal (O., Wn. Pa., E. Ky.)	84	96	89	78	122
" —Cement (O., W. Pa., W. Va.)	64	78	86	81	71
" —Elec. Power (O., Pa., Ky.)*	144	156	149	138	133
" —Petroleum (O., Pa., Ky.)*	102	125	106	107	101
" —Shoes	44	82	76	81	98

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

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Dec., 1930	% change from 1929	Year, 1930	Year, 1929	% change from 1929
Bank Debits—24 cities..$	3,369,000	— 6.9	37,328,000	43,350,000	—13.9
Savings Deposits: end of month:					
Ohio—35 banks.....$	784,985	+ 3.4	774,950[1]	770,780[1]	+ 0.5
W. Pa.—23 banks...$	286,924	+ 3.5	278,524[1]	276,809[1]	+ 0.6
Total—58 banks.....$	1,071,909	+ 3.4	1,053,474[1]	1,047,589[1]	+ 0.6
Life Insurance Sales:					
Ohio and Pa........$	105,322	—15.9	1,332,499	1,377,639	— 3.3
Retail Sales:					
Department Stores—57 firms..........$	38,030	—11.3	284,633	316,171	—10.0
Wearing Apparel—16 firms..........$	1,989	— 9.3	17,948	20,023	—10.4
Furniture—52 firms..$	936	—33.0	10,433	15,795	—33.9
Wholesale Sales:					
Drugs—13 firms.....$	1,586	— 8.7	19,008	21,275	—10.7
Dry Goods—10 firms.$	1,465	—18.9	18,385	22,992	—20.0
Groceries—41 firms..$	5,221	—12.3	69,687	75,791	— 8.1
Hardware—17 firms..$	1,490	—20.0	21,185	25,920	—18.3
Building Contracts—Residential..........$	4,926	—12.1	105,460	157,188	—32.9
Building Contracts—Total—All Classes...$	16,469	—32.2	489,716	616,066	—20.5
Commercial Failures—Liabilities...........$	4,487	—45.1	44,171	41,628	+ 6.1
Commercial Failures—........... Number	209[2]	+49.3	2,046[2]	1,823[2]	+12.2
Production:					
Pig Iron, U. S.....tons	1,665	—41.3	31,398	42,277	—25.7
Steel Ingots, U. S. tons	2,008	—30.9	39,653	54,312	—27.0
Automobiles-Pass., U. S.	122,645[2]	+34.8	2,805,413[2]	4,569,811[2]	—38.6
Automobiles-Trucks, U.S.	31,531[2]	+14.6	546,521[2]	771,020[2]	—29.9
Bituminous Coal..tons	15,121	—12.6	186,805	208,190	—10.3
Cement—O., W. Pa., W. Va.........bbls.	769	—18.2	17,497	16,685	+ 4.9
Elec. Power-O., Pa., Ky..........k.w.h.	1,205[3]	— 7.8	13,288[4]	13,909[4]	— 4.5
Petroleum—O., Pa., Ky. .... bbls.	1,876[3]	—18.8	24,730[4]	23,926[4]	+ 3.4
Shoes.......... pairs	[5]	—46.0	[5]	[5]	—26.7
Tires, U. S.....casings	2,136[3]	—21.8	38,692[4]	52,913[4]	—26.9
Bituminous Coal Shipments:					
Lake Erie Ports..tons	86	..	38,161	39,384	— 3.1
Iron Ore Receipts:					
Lake Erie Ports..tons	0	..	31,780	45,772	—30.6

[1]Monthly Average
[2]Actual Number
[3]November.
[4]Jan.-Nov.
[5]Confidential

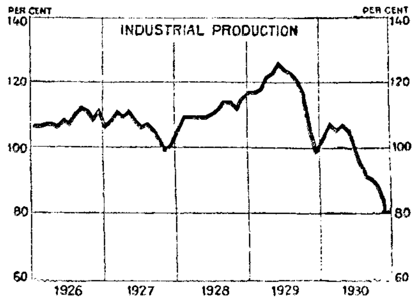
Debits to Individual Accounts

(Thousands of Dollars)

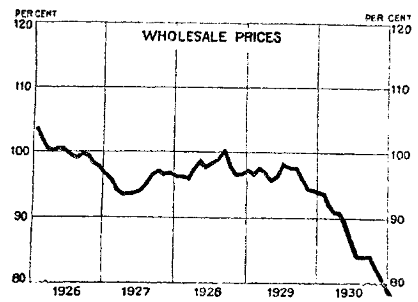
	5 weeks ending Jan. 21, 1931	% change from 1930	Year, 1930 (Jan. 1, 1930- Dec. 31, 1930)	Year, 1929 (Jan. 2, 1929- Jan. 1, 1930)	% change from 1929
Akron	109,112	—20.8	1,169,929	1,434,532	—18.4
Butler	12,829	—14.7	154,134	158,613	— 2.8
Canton	52,532	—18.6	538,397	660,678	—18.5
Cincinnati	524,095	— 6.3	4,545,800	5,439,303	—16.4
Cleveland	1,259,762	+ 7.7	9,882,169	11,362,271	—13.0
Columbus	241,736	+ 1.2	2,204,738	2,307,333	— 4.4
Dayton	113,803	—14.9	1,065,603	1,291,564	—17.5
Erie	36,974	—17.4	467,065	495,514	— 5.7
Franklin	5,837	—19.4	60,668	74,183	—18.2
Greensburg	22,298	— 2.0	235,504	254,313	— 7.4
Hamilton	14,074	—23.3	171,232	210,230	—18.6
Homestead	4,633	— 6.2	54,685	61,169	—10.6
Lexington	39,743	—18.6	297,995	337,993	—11.8
Lima	17,740	— 6.9	150,189	188,673	—20.4
Lorain	6,449	—12.7	69,608	78,309	—11.1
Middletown	14,197	—11.0	131,215	158,421	—17.2
Oil City	16,206	—18.7	196,024	234,433	—16.4
Pittsburgh	1,069,078	— 8.3	11,936,524	13,460,579	—11.3
Springfield	28,397	—12.1	271,287	297,171	— 8.7
Steubenville	10,852	—14.5	123,329	151,891	—18.8
Toledo	248,503	—10.2	2,190,288	2,751,052	—20.4
Warren	13,421	—17.1	138,752	182,541	—24.0
Wheeling	51,323	—11.9	527,817	624,630	—15.5
Youngstown	77,264	—21.4	812,745	981,722	—17.2
Zanesville	12,812	— 2.5	121,525	156,284	—22.2
Total	4,003,670	— 4.7	37,517,222	43,353,402	—13.5

Summary of National Business Conditions

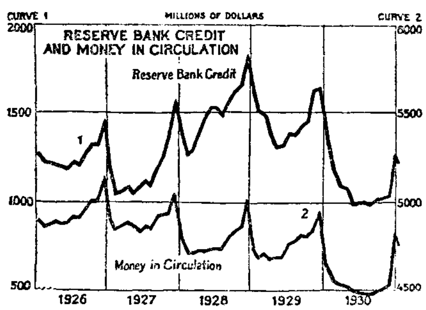
By the Federal Reserve Board



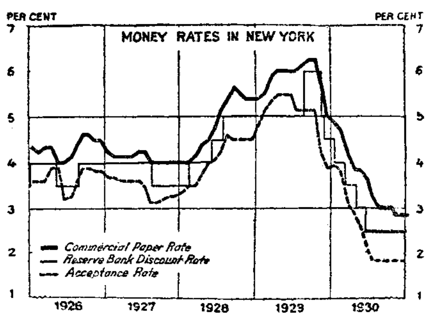
Index number of manufactures and minerals combined, adjusted for seasonal variations, (1923-1925 average = 100). Latest figure, December, 82.



Index of United States Bureau of Labor Statistics (1926 = 100, base adopted by Bureau.) Latest figure, December, 78.4.



Monthly averages of daily figures. Latest figures are averages of first 19 days in January.



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 19 days in January.

Production and factory employment declined further in December. Wholesale prices decreased during the first half of the month, but thereafter were generally steadier. Conditions in the money market remained easy and in January money rates reached new low levels.

Production and Employment

Industrial production was further reduced during December and the Federal Reserve Board's index, which makes allowance for usual seasonal changes, showed a decline of over two per cent. Output of steel and iron, textiles, petroleum, cement and copper was substantially curtailed. Activity in meat packing plants and at anthracite mines increased in December, and in the automobile industry there was an increase in output reflecting the introduction of new models. After the turn of the year, automobile output increased further, and steel plants were more active.

Construction contracts awarded during December were in about the same volume as in November, according to reports of the F. W. Dodge Corporation. There were slight declines, partly seasonal in nature, in contracts for residential and commercial construction, while public works and utility awards increased somewhat.

Employment in manufacturing industries was reduced further by 2.5 per cent between the middle of November and the middle of December, and factory payrolls also declined. The largest reductions in working forces were in the canning, lumber, steel and wearing apparel industries. There was little change in employment in railroad car shops, and in cotton and silk mills, while in the automobile, meat-packing, and paper and printing industries working forces were increased slightly.

In early January, following year-end inventory periods, reports indicate increased employment in certain industries, particularly automobiles, steel and railroads.

Distribution

Sales of department stores increased in December by slightly less than the amount which is usual for the holiday season, according to preliminary reports to the Federal Reserve Banks. In December, as in earlier months of the year, the volume of sales probably reflected the influence of declining retail prices. Distribution of commodities by freight showed a further decline for the month of December as a whole.

Value of American exports to foreign countries was smaller in December than in November, and approximately 35 per cent below that of December, 1929, the decrease in part reflecting the decline in wholesale prices.

Wholesale Prices

Wholesale prices of commodities declined sharply in the first half of December, while in the following four weeks average fluctuations were relatively small. For the month of December as a whole, there were large decreases in prices of corn, hogs, cotton, hides and lumber, while prices of wheat, beef and silk averaged somewhat higher than in November.

During the first two weeks in January, prices of corn, sugar and silk increased, and the price of wheat in American markets remained stable. Silver prices reached new low levels.

Bank Credit

Loans and investments of reporting member banks declined in the four-week period ending January 14, reflecting further liquidation of security loans, as well as a reduction in "all other" loans and investments.

Changes in the position of Reserve banks in recent weeks reflected largely changes in the demand for currency. In December this demand increased more than is usual for the season, owing to the withdrawal of cash by banks and by the public in districts where there were important bank failures. In the two weeks after Christmas the return flow of currency from circulation was smaller than the usual seasonal amount and the result was that money in circulation, which during the larger part of 1930 had been in considerably smaller volume than in 1929, in January 1931 was above the level of a year ago. In the following two weeks the return flow of currency was somewhat larger than usual, indicating a return of part of the extra currency which had been called into use in December.

Money rates in the open market continued at low levels during December, and declined further in the first half of January.

The discount rate at the Federal Reserve Bank of New York was reduced to two per cent on December 24, and in the following three weeks the rate at the Federal Reserve Bank of Boston was reduced to 2½ per cent and rates at the Federal Reserve Banks of Cleveland, St. Louis, Chicago, Atlanta and San Francisco to three per cent.