



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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During April and the first half of May relatively little change occurred in the level of general activity from that which prevailed in this District during March. Weakness in some lines, chiefly seasonal, was offset by expansion in others so that on the whole, business appeared to be maintaining a slightly higher position, after allowing for seasonal changes, than at the beginning of the year.

Of the two industries, iron and steel and automobile, upon which directly or indirectly the greater part of those employed in this District depend, the former was able to maintain a higher level of operations in some centers of this District than in the entire country, chiefly because the latter industry continued to specify for rather sizeable quantities of steel until the third week of May. Steel production at Cleveland ranged from 56 to 59 per cent of capacity during the period and was at the higher level in the latter part of May. At Youngstown the lack of pipe orders kept operations at about 42 per cent of capacity, though sheet orders received in the latter half of May caused 16 mills to be lighted. Pittsburgh mills operated at 48 to 45 per cent.

Automobile production in April increased 21.5 per cent from March, considerably more than the usual seasonal amount. Though a slight contraction was reported in the third week of May, production schedules were maintained in the first half of the month at as high or higher levels than in April, in most cases. This benefited parts and accessory, plate glass, and tire and rubber companies operating in this District.

Most tire factories increased schedules in early May, which resulted in the recalling of some employees and an expansion in the number of hours worked. Part of this was a result of greater demand for replacement tires, a seasonal development.

Retail distribution increased more than seasonally in April. Shoe production in April was greater than a year ago and clothing factories have been operating at fair levels. Paint factories reported larger sales.

The lake shipping season opened in a rather moderate manner, with loadings of bituminous coal to May 1 about 28 per cent below the same period of last year. Ore receipts are also down.

Building activity in April and early May was relatively better in this District than in the entire country, chiefly because of an upturn in public works and utility contracts awarded. Compared with last year sizeable declines are still shown.

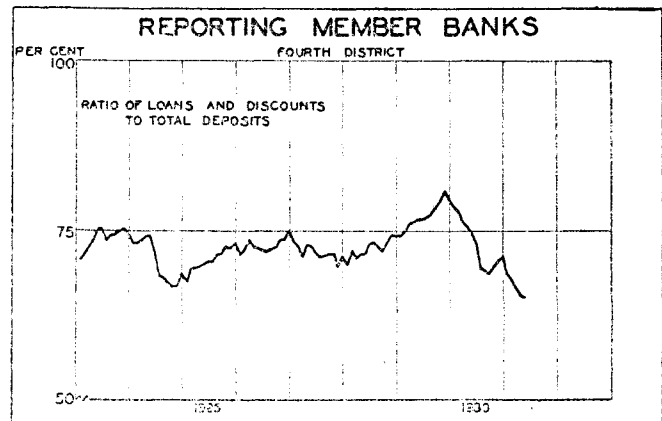
The employment situation remained practically unchanged in April from March, though weakness was apparent in some sections, particularly at Cleveland and Pittsburgh.

FINANCIAL

Recent banking developments include a reduction in interest rates, a further contraction in loans made by reporting member banks and a falling-off in investments, chiefly in holdings of Government securities. Conditions at the Reserve bank are practically unchanged from a month ago, except for an increase in note circulation.

The weekly changes in loans, investments and deposits at reporting member banks in leading cities since the beginning of the year have been quite marked. The decline in total loans, amounting to \$76,000,000 or 5.2 per cent, has been particularly sharp, with the greater proportion of the drop occurring in collateral loans. At \$651,000,000 on May 20, loans on securities were \$52,000,000 lower than in January and \$93,000,000 or 12.5 per cent below one year ago. "All other" loans were \$24,000,000 lower on May 20 than in January and \$51,000,900 or 6.5 per cent lower than on the corresponding date of 1930. Total loans were \$144,000,000 under last year at this time and were smaller than in any week since late 1927.

Despite the decline in loans, deposits at these same banks have been increasing since the beginning of the year, though a falling-off in demand deposits occurred in the past month. Even after dropping \$30,000,000 in the past five weeks, demand deposits on May 20 were still \$34,000,000 higher than in January and \$45,000,000 higher than a year ago. Time deposits were \$21,000,000 larger on



May 21 than at the beginning of the year and \$43,000,000 above May, 1930.

As a result, the ratio of loans and discounts to total deposits at reporting member banks in this District was only 65.0 in May, compared with 74.4 last year, and was the lowest for any month since the computation of this figure began in 1920. In October, 1924, it reached 66.8 per cent. In the entire country the ratio of loans to deposits on the latest report date was 70 per cent.

Part of this increase in deposits since the first of the year may be attributed indirectly to Treasury disbursements including loans to veterans, made possible by the sales of Treasury certificates, a large volume of which has been bought with surplus funds by the banks in this District and the entire country. The volume of Government securities held in the portfolios of reporting member banks on May 20 was \$117,000,000 higher than at the beginning of the year, despite a reduction of \$24,000,000 which occurred in the past month. The increase in holdings of Government securities has been greater than in total investments, the reporting banks having disposed of some of their holdings of other bonds and stocks. Some of the excess funds at these reporting banks have been used further to reduce indebtedness at the Reserve bank which for several weeks has fluctuated between one and seven million dollars. Two years ago they were borrowing about \$75,000,000.

The only changes of any significance at the Cleveland Reserve bank in the past month were an increase in note circulation and the reduction of the discount rate from 3 to 2½ per cent on May 9. Reductions at seven other Reserve banks occurred within a short period of time, the New York rate falling to 1½ per cent. These rates are the lowest ever established by the various banks, five reductions being made in a little over a year. The New York rate was the lowest ever established by a central bank.

The lower rates have not stimulated borrowing, banks in many instances having more funds than they can profitably use with so little commercial or other demand. Total bills discounted on May 13 were only \$13,537,000, about \$2,000,000 higher than a month ago, but since late February member bank borrowing has averaged less than \$15,000,000 and the greater proportion of these discounts has been to banks in the smaller communities.

Holdings of acceptances declined slightly in the past month, but at \$16,771,000 on May 20, they were about as large as a year ago. Government securities held, however, increased \$5,000,000 in early May, though holdings of Government securities at all Federal reserve banks were practically unchanged in the past month.

Cleveland Federal reserve notes in circulation increased from \$180,000,000 on April 22 to \$189,000,000 on May 20, an expansion contrary to the trend at this season of former years. Despite the smaller volume of business at present and the reduction in prices, note circulation of this bank is over \$10,000,000 higher than a year ago.

The number of commercial failures in this District decreased seasonally from 233 in March to 166 in April, but in the latter month they were still 22 per cent more numerous than in April, 1930. Liabilities were smaller than in March, but were 80 per cent greater than in the

same month last year. In the first four months of this year there were 877 defaults, 27 per cent more than in the corresponding period of 1930.

Savings deposits at selected banks of the District continued to increase slightly in April, though the rate of growth has been materially reduced in recent months. On May 1 they were only 1.6 per cent larger than a year ago. Reductions in interest rates paid on savings and time deposits effected at many banks since the first of the year may have caused some funds to be transferred to more lucrative channels. Also many, no doubt, have had to withdraw or curtail their savings because of unemployment.

BANKING OPERATIONS

	Federal Reserve Bank of Cleveland (In Millions)			Federal Reserve System (In Millions)		
	May 20, 1931	May 21, 1930	Apr. 22, 1931	May 20, 1931	May 21, 1930	Apr. 22, 1931
	Gold Reserves	310	314	309	3,223	3,076
Discounts	14	18	12	149	210	135
U. S. Securities	63	50	58	599	528	599
Total Bills & Securities	93	81	89	879	932	885
Federal Reserve Notes in Circulation	189	179	180	1,551	1,453	1,527
Total Deposits	199	199	203	2,453	2,439	2,436

Reporting Member Banks

	Fourth District (In Millions)			United States (In Millions)		
	May 20, 1931	May 21, 1930	Apr. 22, 1931	May 20, 1931	May 21, 1930	Apr. 22, 1931
	All Other	735	786	749	7,924	8,484
Loans on Securities ...	651	744	657	6,981	8,322	7,138
Total Loans	1,386	1,529	1,406	14,905	16,806	15,139
Investments	850	655	883	7,803	5,855	7,848
Demand Deposits	1,115	1,070	1,144	13,757	13,382	13,752
Time Deposits	1,011	968	1,016	7,409	7,132	7,358

MANUFACTURING, MINING

Iron and Steel During the month ended May 20 the steel production rate for the entire industry declined by easy stages from 50 to 45 per cent of capacity. In the same period Cleveland mills dropped from 58 to 56 per cent, but recovered to 59 and were operating at a higher level than most sections of the country. Youngstown operations eased off from 43 to 42 per cent and Pittsburgh from 48 to 45 per cent.

Automobile and structural steel demand have been the principal supports of the steel industry recently with the lack of railroad and pipe line requirements the most keenly felt. In this District automobile steel requirements dominate. The lack of pipe orders was a drag on operations, particularly at Youngstown, while the encouraging specifications for building steel and the dearth of railroad buying were of minor consequence locally.

It is apparent that the steel industry has been slowly sliding into a period of summer dullness, but the descent has been gradual, with the general expectation for a rather steady but dull summer. In the trade, it was expected that automobile requirements for steel, though contracting somewhat in late May, would be sizeable through June 1.

In regard to prices some further weakness was evident, but it was minimized by the absence of outstanding individual orders. Heavy finished steel and semifinished steel prices were steady, but variations in flat-rolled lines, especially sheets, were numerous. From the third week of April to the third week of May, STEEL'S market composite declined from \$31.59 to \$31.37, a new post-war low level.

Steel ingot and pig iron production developed contrary

trends in April, partly explainable by the fact that steel-making equipment is more flexible. Pig iron production, on a daily basis, rose from 65,448 gross tons in March to 67,017 tons in April, or 2.4 per cent, slightly more than the usual seasonal amount. The Board's adjusted index advanced from 64 to 65 per cent of the 1923-1925 average. At the close of April, however, there were two fewer stacks in blast than at the beginning of the month. Steel ingot production at the same time dropped from 115,138 tons a day in March to 104,711 tons in April, a decline of nine per cent. This was greater than seasonal, the adjusted index falling three points.

First quarter earning reports of leading steel companies reveal the extent to which profits have receded under the prevailing depressed business conditions. Not only have production rates declined sharply in the past year, but prices also have dropped, the decline from the average 1929 price, based on the STEEL composite, to the present time being about 14 per cent.

Quarterly net earnings of twelve large iron and steel companies have been tabulated by this bank since 1925 and the course of the totals is shown on the accompanying chart, together with the quarterly net earnings of the United States Steel Corporation shown separately and also included in the total curve. The second quarter of 1929, when earnings of \$85,793,000 were reported, was the most profitable for the entire group, but since that time net earnings have shown a steady decline.

In the first quarter of 1930, three of the smaller companies reported a net loss. In the second and fourth quarters, seven companies operated in the red and in the third quarter four companies showed a net loss.

In the first quarter of 1931 net earnings of these twelve companies were reported to be \$5,691,000 against \$55,562,000 in the initial quarter of 1930. In this same period the United States Steel Corporation reported earnings of \$6,765,000, against \$35,778,000 last year. Excluding these figures, the other eleven companies showed a net loss of \$1,074,000 in the first quarter of 1931, six accounting for the deficit, the other five still showing small profits.

Coal Production of bituminous coal, both in the Fourth District and the entire country, declined rather sharply from March to April, but the reduction in Fourth District out-

put, 11.8 per cent, was slightly less than in other sections, total production receding about 16 per cent.

Output in this section in April was 11,803,000 tons compared with 15,325,000 tons in the same month last year; and in the first four months it was only 52,916,000 tons against 63,744,000 tons in the corresponding period of 1930, a reduction of 17 per cent.

According to the Department of Commerce, consumers' stocks of coal have declined steadily and on April 1, at 29,500,000 tons, were lower than at any time in the past decade, being 3,600,000 tons below one year ago. While this is the period of reduced consumption, the fact that stocks are lower now than at any similar time in ten years seems favorable.

The Lake shipping season opened in rather an unfavorable manner with loadings of coal in April 31 per cent below the same month last year. Mild weather last winter and reduced industrial activity resulted in larger stocks being carried over than is normally the case.

The Coal Age weighted average price for spot bituminous coal was \$1.64 in April and \$1.68 1/4 in March.

Automobiles Motor car production in April showed a greater-than-seasonal increase from March and the production schedules prevailing at most factories late in that month were continued into the first half of May. According to the Department of Commerce, output of passenger cars, taxicabs and trucks reached 335,708 units compared with 276,405 in March, an increase of 21.5 per cent. As a result the Federal Reserve Board's adjusted index of automobile production advanced from 67 in March to 77 in April, the greater part of the increase occurring in passenger car production which reached 285,028 units in April, the highest for any month since June, 1930. Truck production, at 50,015 units was higher than since last May.

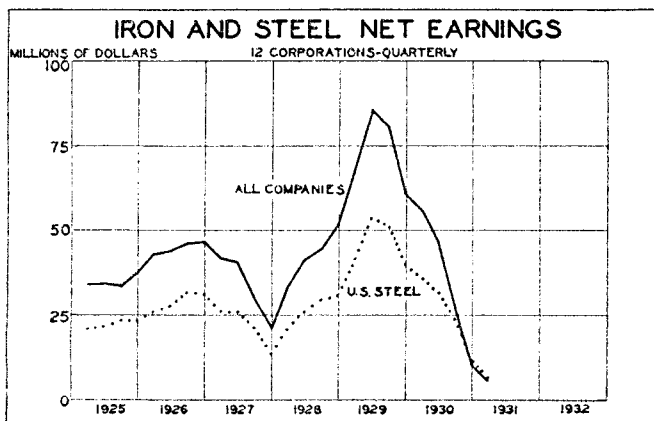
Compared with a year ago April automobile production was down 24 per cent and for the first four months of this year a loss of 30.5 per cent was shown from the same period of 1930.

Although it was hoped that schedules prevailing in late April could be maintained through May, it was apparent in the latter part of the month that some weakening, chiefly of a seasonal nature, was developing. Steel specifications were smaller and sales of new cars revealed a slight falling-off.

Final figures from manufacturers of automotive parts and accessories indicated that April continued the improvement apparent in the first quarter of the year. Shipments of parts in April were 124 per cent of the base, January, 1925, compared with 113, in March. Last year, however, this index was 163.

Estimated passenger car registrations for the country in April, on the basis of reports from 24 states, indicated that about 257,000 new cars were registered during that month, an increase of 29 per cent from March, but a drop from last year of 28 per cent.

Rubber, Tires The tire industry seems to have shown improvement in the past month with increased employment, longer hours and greater demand for replacement and original equipment



tires being reported. Employment at 24 concerns in this District showed no change from March to April, but was 27 per cent below one year ago. In the past five years there has been relatively little change in employment in these two months. A survey of the industry in the Fourth District in early May, however, showed that practically all companies had increased their production schedules since the first of the month. This improvement has not been spectacular, but was merely another step in the general upward movement which began in January. Much of this has been seasonal, although the recent upturn has been reported as being greater than is usually experienced at this time of year.

The automobile industry in April showed a greater-than-seasonal increase in production and continued at the higher level in early May, which resulted in larger orders for original equipment tires. Dealers reported a greater demand for replacement tires as warm weather stimulated automobile travel and, since dealer stocks have not been large, this resulted in more dealer orders to replenish stocks.

The Department of Commerce report on dealer stocks as of April 1 for 28,000 comparable dealers showed that the average number of casings carried in stock was 78.4 against 83 casings last year and 94.4 on April 1, 1929, the highest point in the past seven years. Present stocks are lower than since 1927. In the states comprising this District, dealer stocks were below the average of the entire country.

Imports of crude rubber in April amounted to 46,648 tons against 40,338 tons in March and 49,927 tons in April, 1930. Imports for the first four months, at 160,729 tons, were about 26,000 tons below last year. Domestic stocks of crude rubber amounted to 228,382 tons on April 30, an increase of five per cent over March and of 54 per cent over April, 1930. Crude rubber prices have improved slightly recently, being about 6.75 cents a pound in late May against a record low of 5.77 cents touched on May 1.

Output of pneumatic tires in March, the latest available, according to the Rubber Manufacturers Association, was 3,730,061 casings, only four per cent below output in the same month last year. This was greater than shipments, so inventories were increased seasonally.

Shoes Production of footwear at 26 establishments in the Fourth District in April was seasonally 12 per cent below that of the previous month, but for the second consecutive period the number of pairs of shoes made exceeded those produced in the corresponding month of last year. Output was 11.2 per cent greater than in April, 1930 and for the first four months of this year was only 5.8 per cent below the same period of the preceding year.

The fact that output in March and April was greater than in 1930 does not mean that the industry is operating at anywhere near capacity levels, for the entire year 1930 was one of the poorest, from the production standpoint, on record. Nevertheless, the improvement is encouraging, even though some factories are still operating at little better than 50 per cent of capacity.

The demand throughout the country is for cheaper shoes,

but as yet there has been practically no advance ordering by dealers. The spring and summer season has about closed and the fall season will not open for a couple weeks.

Other Manufacturing General manufacturing concerns in early May reported operations about the same as a month earlier. A few reported increases, chiefly seasonal, but the majority stated that business was unchanged. Employment in most industries continues below last year's level and there was some complaint concerning collections.

Automobile Parts. Operations at automobile parts and accessory factories increased more than seasonally in April, an expansion in employment of six per cent from March being reported for 48 factories. Output was still much below other recent years. Some seasonal slackening was reported in May.

Brick and Tile. Of 29 concerns reporting to the Ohio State Bureau of Business Research, 15 showed increases, 9 decreases and 5 no change in employment during April, the entire group declining one per cent. Continued depressed conditions in the construction industry is the predominant cause of weakness.

China, Pottery. Little change, other than a seasonal decline, was reported in April and early May.

Clothing. The fall selling season in wearing apparel recently was opened by manufacturers with rather favorable results. Orders in the first two weeks in some cases showed an increase over the spring season and also were greater than a year ago. Prices are so very much reduced from former years that dollar volume comparisons are not indicative of conditions. Reductions in raw wool, cotton and silk prices have been passed on to the dealers and are affecting retail prices.

Considering the fact that Easter occurred so early this year retail sales of clothing in April made a very favorable comparison with the same month of 1930 when Easter fell on April 20. Dollar sales of women's apparel were only about ten per cent below last year, while men's clothing sales were off 12 per cent. Much of this loss is due to lower prices now prevailing.

Employment in the clothing and textile industry, based on reports from 54 concerns, decreased four per cent in April in contrast to a five-year average seasonal decline of one per cent. Some improvement was reported as the fall season got under way in early May.

Electrical Supplies. Employment at 34 electrical machinery and supply concerns increased four per cent from March, just about the usual seasonal amount. The decline from a year ago was seven per cent.

Glass. The glass industry as a whole showed greater-than-seasonal improvement in April, employment at 11 concerns increasing four per cent from March and was eight per cent greater than in April, 1930. The greatest improvement occurred at plate glass factories, reflecting the increased activity at automobile concerns. Other sections of the flat glass industry remained relatively unchanged. Makers of moulded glass report seasonal improvement in operations.

Hardware, Machine Products. A slight drop in operations was observed in April and production was very much

below former years. Average employment at 22 concerns was 34 per cent less than in same period of 1930.

Machinery, Machine Tools. Demand for machine tools increased sharply in April, employment advancing five per cent from March. In past years there has been a slight decline from March to April. Orders for steam shovels and excavating equipment have increased.

Paint. Paint manufacturers and dealers in general have experienced an increase in the past month which was greater than seasonal. Demand for industrial paint supplies has not been as great as for household grades. Orders in general are for small volumes, but are quite numerous.

Paper and Boxboard. Operations were below 75 per cent of capacity in April, with a reduction of two per cent being reported in employment at 14 concerns. Prices are very depressed and competition, particularly in the cheaper grades, is very keen. Boxboard orders and shipments have been quite steady.

TRADE

Retail Trade After allowing for usual seasonal changes retail distribution, as reflected by sales of 57 large department stores in this District, advanced quite sharply in April, the adjusted index rising from 86.2 per cent of the 1923-1925 monthly average in March to 91.5 per cent in April. This was in line with the experience of most other sections of the country and was the second consecutive month to show a greater-than-seasonal improvement and the third month this year to reveal an increase.

Compared with a year ago, the dollar value of retail sales in April was off 11.2 per cent, but much of this loss was caused by the variation in the Easter date. In 1930, Easter occurred on April 20 and most pre-holiday buying consequently occurred in that month. This year Easter was on April 5 and since the weather has been so moderate much spring purchasing occurred in March. After allowing for this discrepancy, April sales were only about nine per cent below last year and sales for the first four months were down 8.4 per cent from the same period of 1930.

As has been pointed out on previous occasions much of the decline in dollar sales is due to the reduction in prices. The Bureau of Labor Statistics' index of wholesale prices in April was only 73.3 per cent of the 1926 average, a drop in the past year of about 20 per cent and was only about seven per cent above the 1913 average. This drop has been accompanied by a reduction in retail prices at a less rapid rate, but the National Industrial Conference Board's index of the cost of living was about nine per cent lower than a year ago.

The dollar value of stocks at retail stores continues to recede after allowing for seasonal variations. At the end of April it was only 73.6 per cent of the 1923-25 monthly average, compared with 75.7 in March and 86.1 a year ago. The stock turnover rate or ratio of sales to average stocks has been somewhat higher this year than in 1930, the cumulative figure for the first four months being 1.15 against 1.09 in the same period last year.

The proportion of total goods bought in April on

credit was slightly less than in the same month last year, though the proportion of installment sales remained practically unchanged. Collections improved slightly in April, but were only 33.8 per cent of the total value of accounts outstanding on March 30, compared with 35.6 per cent in April last year. The greatest falling-off in collections from a year ago occurred at Cleveland and Pittsburgh.

April chain grocery sales, per individual unit operated, were about one per cent smaller than a year ago, and chain drug sales were slightly larger.

Trade Wholesale

Wholesale dry goods, grocery and hardware sales increased from March to April, but the current dollar volume of sales in all three groups was much below last year. Grocery sales were 16 per cent smaller than in April, 1930, with Pittsburgh sales showing the smallest decline. In the first four months grocery sales were off about 17 per cent.

Dry goods sales were 24 per cent below April a year ago and cumulative sales for the first four months were down 27 per cent from the same period of 1930. Of all reporting wholesale groups, drugs showed the smallest reduction from last year, April sales being 6.6 per cent and those in the first four months 5.6 per cent below the corresponding periods of 1930.

Grocery stocks were reported slightly larger than a year ago, but other stocks have been reduced sharply. Accounts receivable and collections are down.

BUILDING

Building activity in the Fourth District in April increased much more than seasonally, chiefly because of an upturn in public works and utility contracts awarded during the month. The improvement in this class was caused by large railway building contracts, which if excluded would make the comparison with April last year very unfavorable. Including these figures public works and utility contracts nevertheless were about 11 per cent below April, 1930. In the first four months of 1931 highway contracts awarded were less than half as large as in the same period of last year.

Total contracts awarded in April in this District were valued at \$36,888,000, according to the F. W. Dodge Corporation, an increase from March of 40 per cent, but still 21 per cent below last year. This was a much smaller discrepancy than was shown in the first quarter when total building awards were 54 per cent below the same period of 1930. Contracts let for residential building in April totaled \$9,558,000 compared with \$7,779,000 in March and \$12,651,000 last year. In the first four months of 1931 residential contracts were 27 per cent behind last year. Educational buildings begun had a higher value than in April 1930. Commercial and industrial buildings showed the greatest loss from a year ago of any of the groups.

Further improvement in this locality in the first half of May was indicated by the Dodge reports. Public works and utilities and non-residential contracts awarded for the first 13 business days were considerably more than half as large as those awarded in the entire month of April, but residential contracts were very small.

Retail lumber and building supply dealers in this District reported rather diversified conditions. Some have experienced an increase in demand for material recently, but others state that conditions are still very much depressed. Building material prices are considerably below other recent years, being only 80.7 per cent of the 1926 average in April. Last year this index was 94.7. Wage scales have changed but little in the past year.

AGRICULTURE

Farm work in the Fourth District in early May was in a more advanced stage than at that time of other recent years, although it had been retarded somewhat by late April rains which brought the precipitation for that month slightly above normal in most sections. Spring plowing and planting are much further advanced than usual for this time of year. Oat fields are growing nicely and corn planting is well under way. Cool weather and light frosts in late April resulted in practically no damage to Ohio fruits, though rather extensive damage to early fruits was reported in western Pennsylvania. The supply of farm labor greatly exceeds demand.

Winter Wheat. The condition of winter wheat improved in most sections of the country in April and the Department of Agriculture's estimate of United States production was increased to 652,902,000 bushels, the highest since 1919. This compared with a five-year average 1925-29 production of 547,427,000 bushels. The large increase is not due to a greater acreage planted last fall, but to a much smaller than average abandonment. Up to May 1 the abandonment was reported to be 3.7 per cent of sown acreage compared with a ten-year average abandonment of 12.2 per cent.

The Ohio May 1 condition was 97 per cent of normal, higher than for any other state. This indicated a crop of 37,030,000 bushels compared with 28,640,000 bushels harvested last year and is nearly 14 per cent above the five-year average. Abandonment is only 0.7 per cent compared with an average of 15 per cent.

In Pennsylvania thin wheat stands and spotted fields are quite generally reported. Based on the May 1 condition, a crop of 16,764,000 bushels was indicated, compared with a crop of 25,110,000 bushels harvested last

year. The West Virginia crop also is expected to be below average, but the Kentucky crop, based on the condition figures, is expected to be better than the average of the five years, 1925-29.

Hay, Pasture. Pasture conditions improved considerably in April, but in all states of the District except Ohio, and the country as a whole, the May 1 condition was below the average of the past decade. The condition of tame hay meadows on May 1 was the lowest reported on that date for many years, excluding 1928, and prospects are unpromising. Stocks of hay on farms on May 1 were estimated to be only ten per cent of last year's production, or 9,796,000 tons. This is the lowest percentage and the lowest total tonnage reported since 1919. Stocks on Fourth District farms are much below the average for the entire country, being 50 per cent below the 1925-29 May 1 average in Pennsylvania, 72 per cent below in Ohio, and 91 and 74 per cent below this same average in West Virginia and Kentucky.

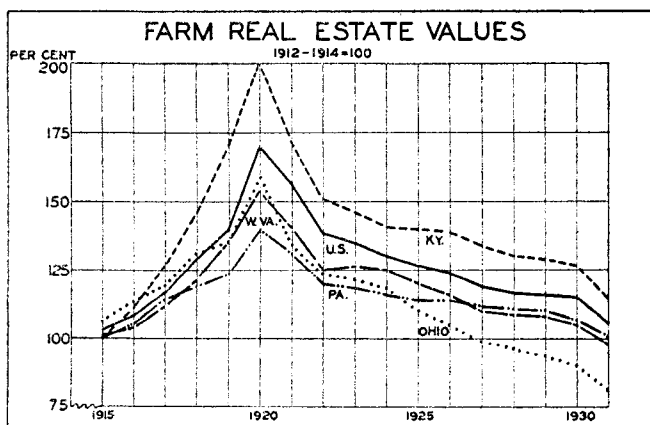
Tobacco. Aided by favorable weather conditions excellent progress has been made in field preparation in most sections of the tobacco belt. Despite warnings of Federal and State authorities against over-production, soil preparations indicate that the largest acreage in history will be planted. Plants in seed beds in the white burley region have been making rather slow growth, but in other sections are growing quite well.

Fruits. Fruit trees in most parts of the District have been showing a very heavy bloom, in some cases too heavy. Late varieties of apples are blooming more profusely than the early varieties. Practically no frost damage was reported in Ohio prior to May 15, but rather extensive damage to early fruits was experienced in western Pennsylvania.

Farm Real Estate. The report of the United States Department of Agriculture on farm real estate indicated a general slump in the value of farm lands throughout the country in the year ended March, 1931. The decline for the entire country was about eight per cent, the average price per acre this spring being 106 per cent of the 1912-1914 average against 115 per cent last year. Farm real estate values now are lower than since 1916 judged by these figures with the value of Ohio farms the lowest on record, or since 1912.

Of the states comprising this District, two showed larger declines in the past year than the average for the entire country, while the other two revealed smaller reductions. Compared with the base period, present farm values in Ohio, Pennsylvania and West Virginia are lower than in the entire country. According to the report of the Department, "the combination of low prices, drought, world depression and an already congested farm real estate market, was followed by a widespread—writing down of the value of farm lands" during the past year. The accompanying chart shows index numbers of the average dollar value per acre of improved farm real estate as of March 1 from 1915 to 1931, of the states comprising the Fourth District and the United States.

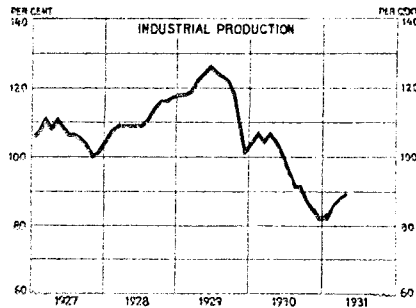
Prices. The composite index of farm prices remained practically unchanged in April from the preceding month, but was about 28 per cent below a year ago.



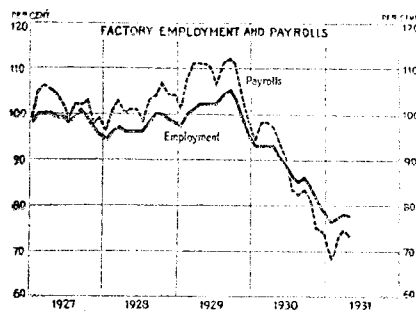
Index numbers of estimated value per acre of improved farm land as of March 1. (1912-1914 = 100 per cent). Source—United States Department of Agriculture.

Summary of National Business Conditions

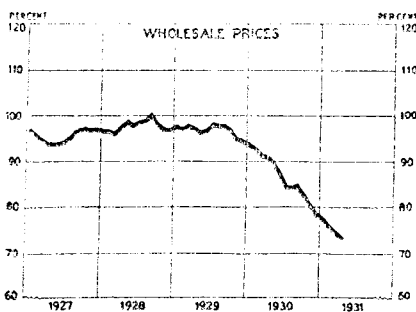
(By the Federal Reserve Board)



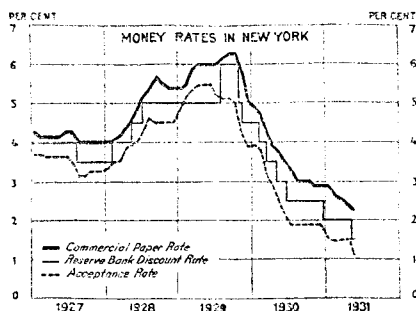
Index number of industrial production, adjusted for seasonal variation. (1923-1925 = 100). Latest figure, April, 89.



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 = 100). Latest figures, April employment, 77.9; payrolls, 73.6.



Index of United States Bureau of Labor Statistics (1926 = 100). Latest figure, April, 73.3.



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 the prevailing rates in the first 20 days in May.

Output of manufactures and employment at factories showed little change from March to April, and output of mines, which ordinarily decreases at this season, also remained unchanged. Wholesale prices continued to decline and money rates eased further.

Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index which covers both manufactures and mines, increased from 88 per cent of the 1923-1925 average in March, to 89 in April, compared with 82, the low point reached last December. Steel mill activity declined by considerably more than the usual seasonal amount, while in the automobile industry there was a larger than seasonal increase in output, according to preliminary reports. Consumption of cotton by domestic mills continued to increase, contrary to the usual seasonal movement, while there was a decrease in unfilled orders for cotton cloth, which was only partly seasonal in nature; consumption of wool, which ordinarily declines in April, increased considerably; at silk mills activity declined. There were large increases in the output of petroleum and anthracite coal, while production of bituminous coal declined by about the usual seasonal amount.

The number employed in factories at the middle of April was about the same as a month earlier. In car-building shops and in establishments producing machinery, employment decreased considerably, while in the automobile and cement industries there were seasonal increases, and in the fertilizer industry a larger than seasonal increase.

Employment at textile mills declined by less than the seasonal amount, reflecting chiefly a slight increase in employment at cotton mills and a small decrease in the clothing industry; at mills producing woolen and silk goods declines in employment were larger than usual. Factory payrolls declined somewhat in April.

Value of building contracts awarded, which fluctuates widely from month to month, declined considerably in April, according to the F. W. Dodge Corporation, and decreases were reported in all the leading classes of construction. In the first four months of the year total awards decreased 26 per cent from the corresponding period of 1930, reflecting declines of 10 per cent for residential building, 17 per cent for public works and utilities, 25 per cent for educational building, 43 per cent for factories and 57 per cent for commercial buildings.

Distribution

Freight-car loadings showed about the usual seasonal increase in April. Department store sales increased nine per cent from March and the Board's index, which makes allowance for the usual seasonal variations, including changes in the date of Easter, stood at 105 per cent of the 1923-1925 average, compared with 97 per cent in March.

Wholesale Prices

The general level of wholesale prices declined 1.6 per cent further in April, according to the Bureau of Labor Statistics. In the first half of May, prices of many leading commodities were reduced further, and for the six-week period as a whole, there were large declines in the prices of cotton, silk and textiles, livestock and dairy products, cement, petroleum products and nonferrous metals.

Bank Credit

Loans and investments of reporting member banks in leading cities declined by about \$150,000,000 between April 1 and the middle of May, reflecting substantial liquidation in loans on securities and in all other loans, largely commercial. This liquidation of loans was offset in part by further large additions to the banks' investments, which on May 13 were over \$1,000,000,000 larger than at the beginning of the year.

Volume of reserve bank credit declined somewhat in the six weeks ending on May 16. Contrary to the usual seasonal tendency, there was some further increase in currency demand for the period, reflecting chiefly banking disturbances in the Middle West. Gold imports continued in considerable volume and supplied the member banks with sufficient funds to meet the additional demand for currency, and also to reduce somewhat the amount of reserve bank credit outstanding.

Money rates declined to new low levels during May. Rates on bankers' acceptances, which had declined from 1½ per cent in the middle of April to 1¼ per cent by the end of the month, were reduced to ¾ per cent by the 19th of May. Rates on commercial paper declined from a range of 2¼-2½ to a range of 2-2¼ per cent.

At the reserve banks buying rates on bankers' acceptances were reduced in April and the first half of May, and in May discount rates were also reduced, the rate at the Federal Reserve Bank of New York being lowered to 1½ per cent.