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General business in the Fourth District in May and the first part of June showed slightly more than the usual seasonal drop from the level prevailing in April, the first reversal, after allowing for seasonal changes, since the beginning of the year. Weakness is generally expected at this time of year in industrial operations, particularly in this District where dominance of the automobile and allied industries prevail, but the fact that the decline developed with more than seasonal intensity from the low levels which have so long prevailed was not encouraging. Despite the reduction, operations in general are still above the bottom touched at the beginning of the year.

Not all branches of trade have declined, however. Industries such as shoe, clothing and textile, and tire, making products which must be replaced at intervals have shown real improvement recently. Goods that have worn out are being replaced and dealers who have allowed stocks to decline are now replenishing, according to reports. Shoe production in the past three months has exceeded the same period of 1930 and clothing concerns did not reduce operations by the usual seasonal amount between the spring and fall periods. Demand for replacement tires has increased also, but original equipment sales receded as automobile production declined.

Most weakness occurred in the iron and steel industry, chiefly due to retrenchment in automobile specifications, since requirements from other large industries have been negligible this year in comparison with former periods. Iron ore receipts at Lake Erie ports this season to June 1 were only 608,000 tons compared with 3,997,000 tons in the same period of last year. Coal and other lake shipments also have been in reduced volume.

Retail distribution declined in May. Building activity was down also. Coal production was about the same as in April and sales of life insurance in Ohio and Pennsylvania were 12 per cent smaller than in May, 1930. Crop conditions were excellent in most sections until late June, and large fruit and grain prospects were encouraging to agricultural communities, even though prices are low. Severe storms in the northern part of the District on June 26 did considerable damage, particularly to fruit and wheat. Employment conditions remain unfavorable.

Most price indexes continued to recede during May and early June, the Bureau of Labor Statistics wholesale index dropping to 71.3 per cent of the 1926 average in May, lower than for any month since 1915. Reflected in terms

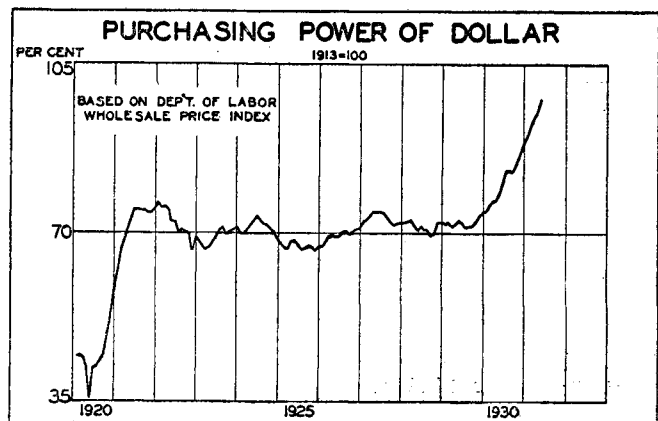
of purchasing power, a dollar now will buy more goods at wholesale than at any time in the past 16 years.

FINANCIAL

Commercial credit extended by banks continued at low levels in the Fourth District in the month ended June 17. Interest rates in some larger cities were reduced, both on deposits and on some classes of loans. Discounts at the Reserve bank increased slightly, but were low compared with other recent years.

Savings deposits at selected banks on June 1 were slightly smaller than a month earlier, but were still over one per cent higher than a year ago. Commercial failures increased seasonally in May, but numbering 191, were only two more than in May, 1930. Liabilities, however, were much increased. Bank debits declined sharply in May and early June compared with earlier months of this year and a year ago.

Member Bank Credit. Loans on securities made by reporting member banks in leading cities receded in the latter part of May to \$664,000,000, the lowest for any weekly date since January, 1928. In the first three weeks of June, however, a slight expansion was observed, an increase of \$5,000,000 being reported in the period. At the higher level they were still 12.5 per cent below last year and about 15 per cent below the peak reached in the fall of 1929. "All other" loans, fluctuations in which represent chiefly changes in commercial and industrial demand, increased in the last week of May, but declined \$10,000,000 in the first three weeks of June, and at \$736,-



000,000 on June 17, were at approximately the lowest level since February, 1925, and six per cent below last year.

Investments showed little change in the period until the week of June 17 when an increase of \$23,000,000 was reported, \$15,000,000 of which was in Government securities. At \$487,000,000 on the latest date holdings of United States obligations were at record levels, being \$163,000,000 or over 50 per cent higher than a year ago. Investments in other stocks and bonds, at \$386,000,000, were \$17,000,000 higher than in June, 1930. Both demand and time deposits receded in the past month, a drop of \$17,000,000 occurring in the former in the week ended June 17. The reduction in time deposits has been more gradual, amounting to \$8,000,000 in four weeks, to a total of \$1,009,000,000 on the latest date. This drop in time and demand deposits was offset by an increase in Government deposits during the month, a result of tax payments, so that total deposits were \$13,000,000 higher than in May and \$58,000,000 above one year ago.

Judged by these figures, reporting member banks in leading cities are in a more liquid condition than a year ago. Deposits have increased despite the reduction of \$140,000,000 in loans, and investments in Government securities, which are a most liquid form of investment, have increased by more than half in the past year.

Reserve Bank Credit. The only changes of any importance in Reserve bank credit in the past month were an increase of \$12,000,000 in note circulation and about \$7,000,000 in bills discounted, and a contraction in reserve balances.

Federal reserve notes in circulation on June 17 amounted to \$201,000,000, compared with \$182,000,000 a year ago. Barring the Christmas weeks in 1930 and 1929, note circulation is now larger than since July, 1929, when business activity was at peak levels.

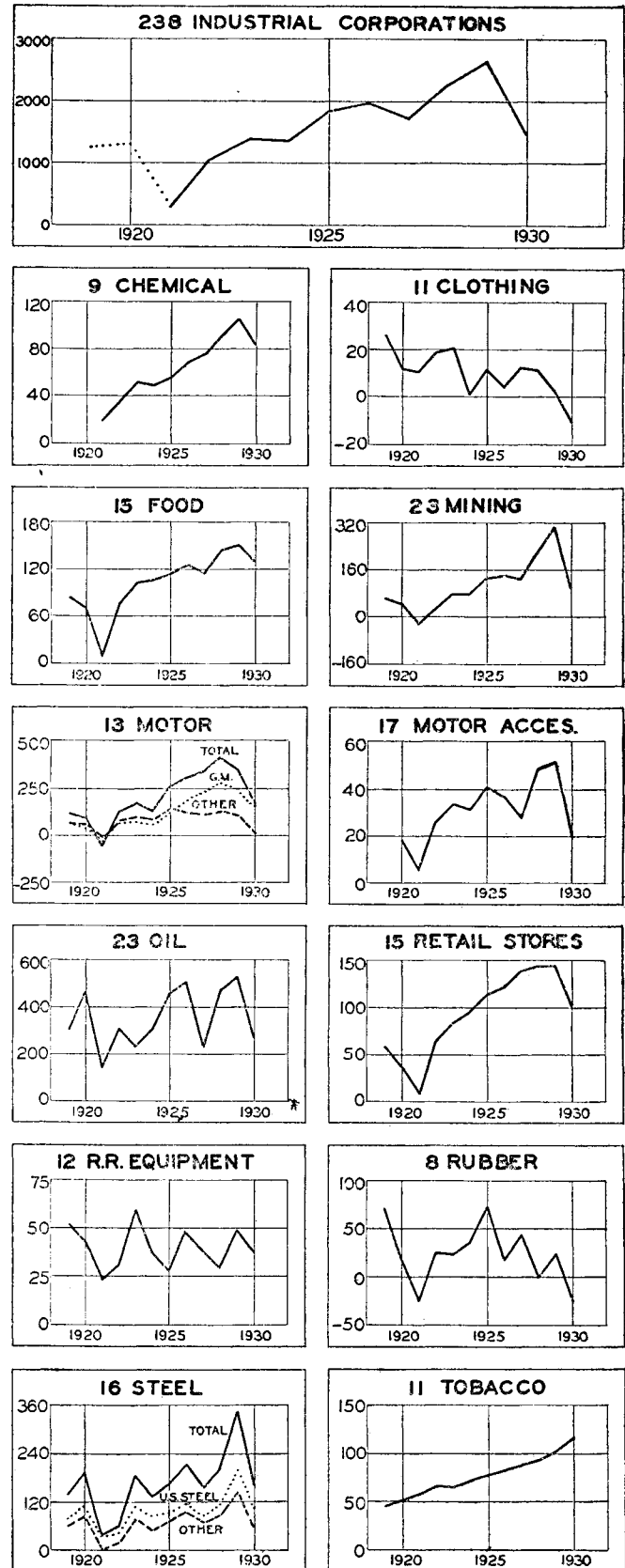
The increase in discounts was chiefly for the accounts of banks in leading cities, though a slight upturn in the volume discounted for country banks occurred in the month. At \$20,000,000 on June 17, the highest since late February, bills discounted were at approximately the same level as a year ago. Reserve deposits declined \$9,000,000 in the past four weeks and on June 17 were lower than since January, 1930.

Acceptances declined seasonally to \$10,000,000 on the latest date, but holdings of Government securities remained unchanged and represented more than two-thirds of the earning assets of this bank. One year ago 65 per cent of total earning assets were Government securities, but in the five years 1925-29 Government securities averaged only slightly over 31 per cent of total bills and securities.

CORPORATION EARNINGS

Net earnings of industrial corporations have received more attention in recent years than was formerly the case and there is much conjecture as to how far they will recede in 1931. The accompanying chart shows annual net earnings of 238 industrial corporations (figures for some of the chemical and motor accessory companies being estimated for 1919 and 1920) for the twelve years

CORPORATION EARNINGS
Annual net earnings of 238 industrial corporations in the United States.
(All scales in millions of dollars)



1919 to 1930. These earnings are of representative corporations in their respective groups, with 65 miscellaneous companies included in the grand total, but not shown separately. The earnings shown are after all deductions, but before dividends.

Fluctuations in the composite curve to some extent conform to movements in general business, being down sharply in 1921, off slightly in 1924 and 1927, and then down quite sharply again in 1930. The decline from 1929 to 1930 was about 43 per cent, while the drop from 1920 to 1921 was nearly 80 per cent, although there is little doubt but what earnings in 1931 will be smaller than in 1930. At \$1,473,206,000 in the latest year, however, net profits of these 238 companies were smaller than in any of the five years 1925-29, though they exceeded all former periods. In 1921 the earnings were only \$272,733,000, 82 companies operating at a net loss. In 1930, 61 of the 238 companies operated in the red.

Fluctuations in earnings of the different groups vary widely. Only one group, tobacco, showed larger earnings in 1930 than in the preceding year. Earnings in this industry, with the exception of 1923, have shown a steady uptrend. Earnings of chemical and fertilizer, food companies and retail stores are less subject to fluctuations than are some of the other groups, though all showed reductions in 1930 and were at record low levels in 1921. The rubber, oil, steel and railroad equipment groups show rather wide fluctuations in earnings during the period.

Net profits of most groups, during the past decade, reveal a generally upward movement, though the trend of clothing, textile and rubber company earnings has been decidedly downward, with railroad equipment profits moving in a generally horizontal direction. In the steel and motor groups, earnings of the United States Steel Corporation and General Motors Corporation are shown separately and also included in the total curve.

MANUFACTURING, MINING

Iron and Steel In the iron and steel industry, May 15 to June 15 was a period of declining demand, declining production and declining prices—in most scrap, a few pig iron and some steel grades. It was a period characterized by sustained bookings of building steel, retrenchment by the automotive industry, unchanged sluggish requirements from the railroads, the pipe industry and general manufacturing.

Because building steel constitutes so small a proportion of the output of mills in all sections of the Fourth District except Pittsburgh, and because these centers rely so heavily upon automotive specifications for the bulk of their output at this season, the contraction in automotive steel was not neutralized by the moderately heavy volume of structural steel needs.

For the industry as a whole, steelmaking retreated from 45 per cent of capacity in mid-May to 38 per cent in mid-June. By the middle of June, Pittsburgh mills were operating just under 40 per cent, Youngstown at 42 and Cleveland at 38—giving the Fourth District a slightly higher position than other steel centers.

Comparatively little interest was manifested in third quarter contracts. On plates, bars, shapes, wire products, bolts, nuts and rivets second quarter prices were informally extended. On sheets, most manufacturers were adopting the new classification, whose base, if maintained, would net the mills higher prices. An effort was made to stiffen hot-rolled strip steel prices \$1 per ton.

Pig iron prices in the Pittsburgh district have become unsettled through the competition of surplus steelworks iron on two large basic sales. A reduction of \$1 to \$1.50 per ton in basic iron for delivery in the Pittsburgh district has resulted, with other grades sympathetically affected. Heavy melting steel scrap receded to as low as \$10.25 a ton, with low-priced scrap tending to displace hot pig iron in steelmaking.

The price composite of STEEL broke through its previous postwar low when in the first week of June it declined to \$31.03. The average for May was \$31.37, for June, 1930, \$33.53.

Pig iron production in May, after increasing for four months, fell to 64,355 gross tons a day compared with 66,986 tons in April and 104,564 tons last May. Relating production to capacity, May was a 44 per cent month. There was a net loss of 8 blast furnace stacks in May, leaving 105 out of 307 potential stacks active.

Steel ingot output in May continued the decline which developed in April, the daily rate of 96,365 gross tons comparing with 104,711 tons in April and 147,515 tons last May. In point of production, May was a 45 per cent steel month. Five-month totals for steel production are 13,182,609 tons for 1931 and 20,160,084 tons for 1930.

Coal Labor disturbances in the bituminous coal fields of this District were confined to rather limited areas and had little effect on coal production in May. Output was unchanged from April at 11,803,000 tons, an increase at Kentucky and Ohio mines offsetting the decrease in the Western Pennsylvania fields. In the past eight years there has been relatively little change in the amount of coal produced in April and May. Compared with a year ago, coal mined in May was down 24 per cent and in the first five months of this year a reduction of 18 per cent was shown. Production so far in 1931 has been below any similar period in the past eight years.

Shippers of coal to Lake Erie ports for transfer by boat to ports on the upper lakes found May very disappointing, loadings in the month being only 3,300,000 tons, 46 per cent below last year. So far this year coal dumped in vessels has been 42 per cent below the same period of 1930.

Despite the fact that stocks are generally low, the possibility of a general strike stimulated little advance buying for stock piles. Curtailed use of industrial and steam coals caused a large accumulation of these grades at mines and a shortage of prepared and domestic sizes. Prices of the latter increased because stocks of various grades were out of line and production has been curtailed at many mines until the slack coal situation improves. Difficulty regarding collections was reported.

Automobiles After showing a greater-than-seasonal increase in April, automobile production in the United States did not maintain its seasonal level in May and declined rather sharply in the first half of June as retail demand for new cars declined in the period. May registrations of new passenger cars in 25 states indicated that about 242,000 cars were registered during the month, a reduction of nine per cent from April and of 30 per cent from May, 1930.

Production of passenger cars in May, according to the Department of Commerce, was 269,080 units, a reduction from April of 5.6 per cent and compared with 360,928 cars made in May, 1930 and 514,863 cars constructed in May, 1929. Truck production also declined, being 45,695 units in May compared with 58,659 trucks made in the same month last year.

The auto industry reached its peak so far this year in April, total production receding 6.1 per cent in May and schedules of most manufacturers were sharply reduced in June. Total weekly production in the period ended June 20 was only about 62,750 units against approximately 75,000 units in the corresponding week of May and 86,800 cars in the same week of last June, according to the Cram reports.

Demand for steel, parts and accessories declined in May and June somewhat in advance of the reported reduction in automobile production. This affected many concerns located in this District although the drop was partly seasonal, the fact that reductions were made from the low levels at which these companies have been operating for so long was unfavorable.

Registrations of new passenger cars in principal counties of this District were about 33 per cent smaller in May than a year ago and 31.8 per cent lower in the first five months of 1931 than in the same period of the previous year. Sales in Cincinnati, Columbus and Dayton, in which cities industry is of a more diversified nature made better comparisons with last year than in other cities.

Rubber, Tires The tire industry recently has shown better-than-seasonal improvement due chiefly to an increased demand for replacement tires. Although the original equipment business slackened as automobile production fell off in June, gasoline consumption figures indicate that cars are being operated at about the same rate as a year ago, and since a smaller number of new cars have been placed in service this year, the demand for replacement tires is increasing.

Employment at 24 concerns in this District increased three per cent from April to May, in contrast to an average increase in the past five years of one per cent for the period. Employment in May and the first five months of this year, however, has been about 25 per cent below the level of a year ago.

Shipments of replacement tires in April, the latest available, increased 20 per cent from March, an amount greater than seasonal, but they were 3.1 per cent below one year ago. Production in April increased only 6.4 per cent

from March, but was 12.5 per cent below last year. Four months' output was 12 per cent below the same period of 1930. Inventories were practically unchanged during the month and so far this spring have not shown the usual increase. They are 23 per cent below one year ago. Employment figures and reports from Akron indicate a further increase in production in May which is partly seasonal.

Inventories of crude material, rubber and cotton, are large, the accumulation being attributed to extremely low prices. Imports of crude rubber in May reached 31,720 tons, a sharp reduction from the 46,648 tons imported in April, and 40,745 tons arriving in May, 1930. So far this year imports have totaled 192,449 tons, a reduction of 15.3 per cent from the same period of last year.

Clothing Reports received from the clothing manufacturers of this District during the past month were more optimistic than for some time and employment at 50 concerns again increased two per cent from April to May, in contrast to an average decline of one per cent shown for that period in the preceding five years. The number employed, however, was still ten per cent below one year ago.

The fall season began in June, and bookings so far have been quite satisfactory on a unit basis, in several cases being about on a par with last year. Prices have been reduced appreciably, however, so that dollar comparisons show a decided drop from 1930. Declining clothing stocks and curtailed retail buying have been reported for some time, but evidently a point has been reached where a change in trend is developing.

Collections are reported very satisfactory and are better than a year ago in several cases.

With the change in style and the fact that the number of units made compares quite favorably with last year, textile mills have been operating at fair levels and cotton mills have not shown the usual seasonal drop in production as yet. Demand for men's fabrics has been better than for cloth used in women's clothes. Prices, however, are very unsatisfactory.

Makers of knitted outer wear reported a slight increase in demand recently and orders for fall delivery are arriving, though they are below last year.

Other Manufacturing Most general manufacturing concerns reporting in mid-June stated that a seasonal slackening had occurred in operations, though in most cases it was not more than the usual contraction expected at this season of the year. Employment conditions were little changed from a month ago and were still generally unfavorable.

Automobile Parts. Reduced operations in May and early June were generally reported coincident with the curtailment in automobile production. Schedules have been lowered from ten to twenty-five per cent in the past month, resulting in reduced working hours in some cases and an actual decline in the number of men employed in others. Inventories of raw and finished mate-

rial are very low, according to reports, being about 1/3 below last year and nearly 60 per cent below 1929, in some instances.

Brick and Tile. Operations in May showed the first substantial increase evidenced since last September, employment being five per cent greater than in April at 31 concerns. This was greater than the average increase shown at that time in the past five years. Stocks are lower than a year ago.

China, Pottery. Activity at china and pottery plants decreased more than seasonally in May, and new orders received in early July also were much reduced. Value of dinnerware shipments in the first five months of 1931, was estimated to be 25 per cent below last year. Collections are reasonably good.

Electrical Supplies. Employment at 31 concerns fell three per cent from April to May, compared with an increase of like amount shown in the preceding five years. Inventories are down and material prices are at record low levels.

Glass. Varying conditions seem to exist in the glass industry, but the number employed generally was above one year ago. Operations at plate glass factories declined in May and early June, primarily because of the reduction in automobile production. Makers of window glass reported production less than half what it was two years ago and about 25 per cent below 1930. Makers of moulded glass reported operations above last year. Little tendency to order in advance of actual need is apparent and collections are fair.

Machinery, Machine Tools. Demand for machine tools fell off in May and early June, the shrinkage being general and not confined to any one industry. Demand for material-handling and power machinery increased in May.

Paint. Demand for paint from industrial users continues to recede, but dealer demand and orders for building paint have been at very favorable levels, in some cases even exceeding the 1929 and 1930 volume. The period of seasonal dullness is at hand and operations have receded slightly. Collections have held up very well and stocks are reported low.

Paper and Boxboard. Conditions remain unchanged from a month ago. Competition for orders has resulted in price cutting. Inventories of raw and finished goods are low.

Shoes. For the third consecutive month shoe production in May exceeded the same period of 1930, the gain at 26 establishments in this District being about nine per cent. Compared with April there was a slight seasonal contraction. In the first five months of this year output was four per cent less than in the same period of a year ago, but as the year has progressed the discrepancy has diminished. Manufacturers reported a decided improvement in sales, merchants now being more willing to place orders because of the improvement experienced in retail sales. Collections have been better recently than in the earlier months of the year.

TRADE

All reporting lines of retail and wholesale trade except chain drugs declined seasonally in May. The reduction in department store sales was considerably greater than seasonal, the daily average adjusted index dropping about six per cent to 85.5 per cent of the 1923-1925 monthly average. This was approximately the level of January and February, the gains shown in March and April being practically wiped out. Daily average sales in May were about 12 per cent smaller than a year ago and sales in the first five months of 1930 were down nearly 10 per cent.

Stocks showed less-than-seasonal contraction in May for the first time since last November, but the dollar value was 16 per cent smaller than at the end of May a year ago. The ratio of credit sales to total sales declined slightly in May and was about eight per cent below one year ago. Accounts receivable are down, but not to the extent that sales have declined. The ratio of collections in May on accounts outstanding at the end of the preceding month was 33.8 against 36.2 in the same month last year, a reduction of about six per cent.

Wearing apparel store sales were 20 per cent smaller in May and were down 11 per cent in the first five months compared with corresponding periods of 1930.

Sales at 51 furniture stores continued to recede and in May and the first five months of this year were over 20 per cent smaller than in the same periods of 1930. The reduction in sales of furniture at department stores has been less drastic than at the stores selling furniture only.

Chain grocery stores recently have been reducing the number of units in operation by closing the less profitable stores. Sales per unit operated in May were 6.7 per cent below May, 1930, but in the first five months were down only 3.5 per cent. This reduction was smaller than the decline in retail food prices from a year ago. Chain drug store sales were down 3.7 per cent in May and 0.7 per cent in the first five months, compared with similar periods of one year ago.

Of the various types of wholesale lines reporting, drug sales have held up better than others, being only seven per cent smaller in the first five months of the year than in the same period of 1930. Wholesale grocery sales were down 18 per cent, hardware 24 per cent, and dry goods 27 per cent in the same period. In May grocery sales were 22 per cent below last year, with dry goods sales 30 per cent, hardware 24 per cent and drugs 13 per cent under May, 1930. Stocks of all lines are below one year ago, only a minor reduction being shown in grocery stocks. Collections though down slightly from last year, are holding up rather well.

BUILDING

Construction activity in this District in May was about on a par with April, but in five of the past eight years an increase has been shown in the period. Contracts awarded during the month totaled \$36,406,000, a drop of 29 per cent from the same month last year. This reduction from 1930 was somewhat smaller than was shown

in the earlier months, for the discrepancy between the value of contracts awarded in the first five months of 1931 and 1930 was 41 per cent.

Residential building in May receded from April; total contracts awarded for this type of work, being valued at only \$7,519,000 in the entire District, were 46 per cent below the same month last year. In the first five months of 1931 residential building contracts awarded had a value of \$34,770,000, 32 per cent below the same period of 1930, also a bad year.

The loss in May residential awards was partly offset by an advance in civil engineering and non-residential building. The May record of public utility construction was about 30 per cent higher than in April and about four per cent above May, 1930, the increase being largely due to highway and railroad work. For the year to date, however, this type of work was about 30 per cent below the same interval of 1930.

Awards in the first half of June were in very reduced volume as compared with May, and June, 1930, chiefly because of a drop in non-residential and public works and utility contracts awarded. Utility awards were only about a third as large as a year ago, and were only about 65 per cent as large as in May.

AGRICULTURE

Although crops in general in May made slow progress in this District because of cold weather, rains and warmer weather in June were very beneficial to all growing crops and fruit. In general, agricultural conditions in this section are decidedly above average, and though storms in late June did considerable damage to wheat and fruits and though prices of most agricultural products continue to recede, large crop prospects have improved the feeling in most agricultural communities.

Winter Wheat

	Condition June 1			Production (Thousands of Bushels)		
	1930	Ten year average 1920-29	1931	1930	1925-29	1931 forecast
Ohio	64	75	98	23,640	26,952	37,980
Pennsylvania ..	83	84	81	25,110	20,629	17,272
Kentucky	80	77	93	3,284	2,927	3,564
West Virginia	78	80	85	2,345	1,865	1,822
United States	71.7	75.7	84.3	604,337	547,427	649,115

The preceding table shows the condition of winter wheat on June 1, compared with other years and also the estimated production, based on the June 1 condition and acreage, compared with the actual harvest of 1930 and the average harvest of 1925-29, as compiled by the United States Department of Agriculture.

The June 1 condition of Ohio wheat was the highest of any state in the entire country and, with the exception of 1919, was the highest in 40 years. The crop forecast is 33 per cent above last year's harvest which also was above average. Fields are ripening fast and soon will be ready to cut. Pennsylvania is one of the few states to show a condition below average and an indicated crop below last year's harvest, caused chiefly by poor germination last fall when the weather was so dry. The Kentucky

and West Virginia crops are above average, but acreage in the latter state is below that planted a year ago.

Spring wheat prospects in the entire country are the lowest ever reported, being only 67.9 per cent of normal against a ten-year average of 86.2. Drought conditions in the Pacific Northwest and in the North Central states have seriously affected the crop.

Oats

Condition June 1 Per Cent	Ohio	Penna.	Ky.	W. Va.	United States
1931	87	90	85	88	84.7
1930	74	87	61	64	83.2
1920-1929	79	86	83	85	82.6

The June 1 condition of oats was several points above average in all states of the District and in the entire country. The weather has been quite favorable to this crop and indicated production is higher than last year when the crop was slightly affected by the drought.

Corn. Practically all corn was planted by the middle of June and most fields came up well. Corn planting was somewhat retarded by the cool rainy weather in late May, but in many sections fields look encouraging. Cultivating was being done in several localities in the third week of June. No acreage estimate is available yet, but it undoubtedly will be larger than last year's harvest which was so reduced by drought.

Hay and Pasture. Rains in May greatly improved hay fields and pastures and the condition of all hay on June 1 in all states of the District except Pennsylvania was equal to or better than the ten-year average condition. Pastures were still slightly below average, though they improved perceptibly in May.

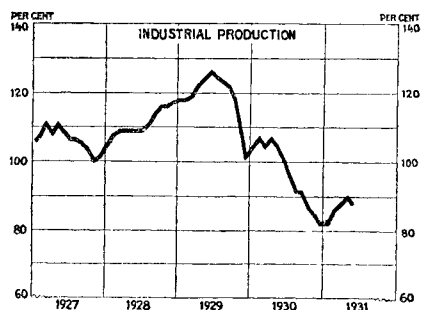
Fruits. Fruit prospects in this District are considerably above average, though cool weather and a freeze on May 24 lowered the high prospects of early spring. The peach crop is expected to be one of the largest on record. The June 1 condition in Ohio was 88 per cent of normal compared with 10 per cent last year and 53 per cent, the ten-year average condition. In Pennsylvania the June 1 condition was 75 against 33 in 1930 and 59 per cent, the average June 1 condition of 1920-29. The June 1 condition in Kentucky was 87 and in West Virginia was 86 per cent of normal. The Ohio crop is estimated to be 2,340,000 bushels against 400,000 bushels harvested in 1930. Similar large forecasts are made for other states of the District.

The June 1 condition of apples is estimated to be 86 per cent of normal in Ohio, 80 in Pennsylvania, 80 in Kentucky and 79 in West Virginia, compared with a June 1 condition of 26, 58, 28 and 40 per cent in the respective states in 1930. Some scab and aphid infection is reported, but conditions in general are about 25 per cent above the ten-year average. Pear prospects are slightly higher than a year ago. Small fruits are reported to be rather abundant with a good crop of both sweet and sour cherries anticipated.

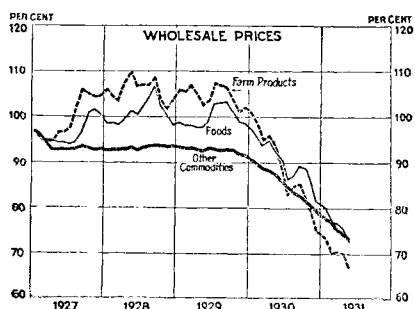
Tobacco. Practically all of the burley crop had been set by mid-June and much of the resetting has been done on a considerably larger acreage than was harvested in 1930. No official acreage figures are available, but the University of Kentucky estimates that farmers have carried out

Summary of National Business Conditions

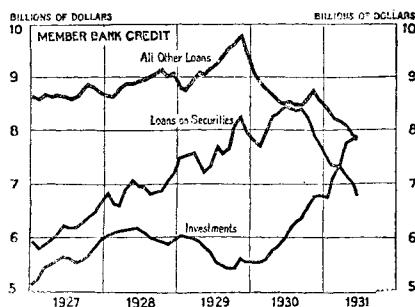
(By the Federal Reserve Board)



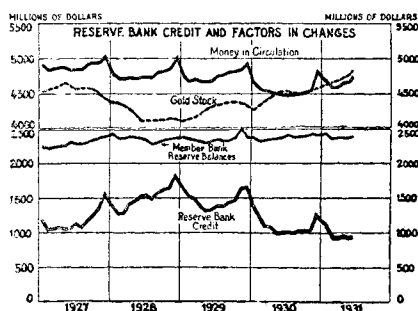
Index number of industrial production, adjusted for seasonal variation. (1923-1925 = 100.) Latest figure, May, 89.



Indexes of the United States Bureau of Labor Statistics. (1926 = 100.) Latest figures, May, farm prices 67.1; food prices, 72.9; other commodities, 73.2.



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



Monthly averages of daily figures. Latest figures are averages of first 17 days in June.

Volume of industrial production showed little change between April and May following upon increases for four consecutive months, while factory employment declined by the usual seasonal amount. The general level of wholesale prices continued to decline.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, was about the same in May as in April, nine per cent larger than in December, and 14 per cent smaller than in May, 1930. Steel output continued to decline more rapidly than is usual at this season, and consumption of cotton by domestic mills was also curtailed, while wool consumption continued to increase, contrary to the usual seasonal tendency; and shoe production, which ordinarily declines in May, showed little change; daily average output of automobiles, according to preliminary reports, was about the same as in April. During the first three weeks of June activity at steel mills declined further.

In the first five months of the year, taken as a whole, output of textile mills and shoe factories has been in about the same volume as in the corresponding period of last year, while output of steel, automobiles, and lumber has been about one-third smaller.

Changes in employment from the middle of April to the middle of May were of the usual seasonal character in many manufacturing industries. In the iron and steel industry, however, at car building shops, and at establishments producing machinery, employment declined considerably, while it increased in the automobile and tire industries. At textile mills employment increased somewhat, contrary to seasonal tendency, while in the clothing industry the number employed decreased.

Value of building contracts awarded in May was somewhat smaller than in April, reflecting chiefly a decline in awards for public works and utilities. In the first half of June, daily average value of contracts awarded increased somewhat, reflecting larger awards for public works and utilities, offset in part by decreases in awards for other types of construction.

Distribution

Sales by department stores decreased in May, contrary to the usual seasonal tendency, and the Board's index declined to the level prevailing before the sharp increase in April. Total freight car loadings increased somewhat less than usual.

Wholesale Prices

The general level of wholesale prices declined 2.7 per cent further in May, according to the Bureau of Labor Statistics, reflecting large decreases in prices of agricultural products, textiles, nonferrous metals, and building materials. In the first half of June prices of livestock, which had declined rapidly in April and May, advanced, while prices of petroleum continued to decline.

Bank Credit

Loans and investments of reporting member banks in leading cities declined further by about \$285,000,000 in the four weeks ending June 17, reflecting reductions in loans on securities. "All other" loans, largely commercial, have shown little change since the early part of May. The banks' investments, which reached a new high level late in April were reduced somewhat during May and have fluctuated within a range from \$7,800,000,000 to \$7,850,000,000 since that time.

During the four weeks ending June 17 there were imports of gold from Argentina and Canada, and in addition, a large amount of gold previously earmarked for foreign account was released in the United States. The total increase in the stock of monetary gold was \$120,000,000 for the period, of which \$90,000,000 was added during the last week. Payments of currency into circulation, accompanying bank suspensions in the Chicago district, absorbed a large part of the funds arising out of the additions to the gold stock, with the consequence that there was little change in the volume of Reserve bank credit.

Money Rates

Money rates in the open market continued at a low level during May and the first three weeks of June. There was a further decline in prevailing rates on commercial paper from a range of 2-2¼ to a level of 2 per cent, while rates on bankers' acceptances were unchanged at ⅞ of 1 per cent. Rates paid on deposits by banks were further reduced and clearing house banks in a number of financial centers established a rate of ½ of 1 per cent on bankers' balances.