



# MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 13

Cleveland, Ohio, August 1, 1931

No. 8

Available statistics do not exhibit much change in general conditions in the Fourth District. Operations in June and early July were at a lower level than was evident a month ago, part of the decline being of a seasonal nature. A few industries reported that current operations compare rather favorably with last year and in June sales in some lines, particularly wearing apparel, exceeded the same month of 1930. Following the moratorium announcement in late June a decided improvement in sentiment developed locally.

Conditions, as shown by retail sales comparisons and unemployment figures, are less favorable in centers of the District greatly dependent on the iron and steel or the automobile industries—Cleveland, Pittsburgh, Wheeling and Youngstown—than in other cities. Retail trade in Cincinnati, Columbus, Akron and Toledo was greater in June than a year ago, despite the sharp reduction in prices. In agricultural communities, very low prices on farm products have proved discouraging, which bumper crop prospects of fruit, grains and other agricultural products have partly alleviated.

The iron and steel industry receded to slightly above 30 per cent of capacity in July, but operations in Fourth District steel centers were above the average for the entire country. Automobile production in June dropped much more than seasonally and parts concerns reduced operations accordingly.

Tire production has been increasing entirely because of greater replacement demand. Clothing concerns have expanded operations. Shoe production in the District in June receded slightly from May, but was only three per cent below last year. Bituminous coal production in June increased slightly more than seasonally.

Building operations continue to fall off, contracts awarded in June and early July being about half as large as a year ago when the volume also was quite small. Operations at brick and tile companies increased in June.

Money rates remain easy and favorable to business expansion, but loans at reporting banks continue to recede and most banks have found it necessary to reduce the rate of interest paid on deposits, the current rate in most large centers now being three per cent.

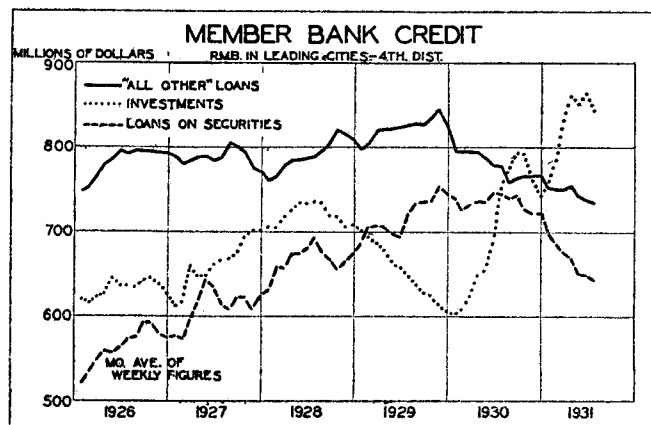
## FINANCIAL

The volume of commercial credit in use in the Fourth District receded further in the month ended July 22 and collateral loans and investments made by reporting mem-

ber banks in leading cities also were smaller than a month ago. Demand deposits receded sharply, but time deposits increased. Note circulation of the Federal Reserve Bank of Cleveland showed little change in the period, but remained relatively high, considering the low level of business activity and lower commodity prices. Savings deposits dropped slightly in June. The number of commercial failures in the District declined, but there was a decided increase in liabilities of the defaulting concerns.

**Member Bank Credit.** As shown on the accompanying chart, the trend of loans on securities made by reporting member banks in leading cities of this District was still moderately downward in June and the first part of July, despite the fact that security prices worked upward during the period. These collateral loans are lower now than at any time since early 1928. "All other" loans, changes in which reflect chiefly variations in industrial and commercial demand for credit, dropped slightly in the month and in mid-July were lower than since early 1925. There usually is some seasonal expansion in commercial loans in the spring and summer months, but a contraction was shown during most of 1930 and in only April of this year was there any reversal of the downward trend in commercial loans.

Investment holdings of reporting banks declined \$27,000,000 in the five weeks ended July 22 accompanying a sharp reduction in demand deposits. Despite the contraction, these holdings of stocks and bonds remained un-



July figures are averages of the first four report dates

usually high. A large part of the investments sold was Government securities.

Demand deposits fell \$49,000,000 in the six weeks ended July 22, a drop of 4.3 per cent. Last year in the similar six-week period demand deposits increased \$35,000,000 while two years ago an increase of \$24,000,000 was reported. From the peak of this year in early April, demand deposits have fallen \$75,000,000. Time deposits advanced from a recent low point of \$1,009,000,000 on June 17 to \$1,021,000,000 on July 15 and 22. Compared with a year ago, time deposits are \$23,000,000 higher. The net reduction in deposits has been less than the drop in credit extended by member banks; consequently, borrowings at the Reserve bank, which have been very low all year, dropped further in the past five weeks.

**Reserve Bank Credit** The increase of about \$10,000,000 in Government securities owned by this bank in the five weeks ended July 22 marked the first change of any importance in these holdings in over a year. The increase occurred through participation in the System's purchases which amounted to approximately \$80,000,000 in the period. The purchase of these securities more than offset the decline in credit extended by this bank through discounts for member banks and purchases of acceptances. Holdings of the latter, at \$6,879,000, were lower than since 1929, but this is the season of the year when holdings of acceptances are very low, the upturn usually starting in August. Bills discounted on July 22 totaled only \$16,952,000 for all banks in the District, the amount being distributed among 194 out of a total of 718 member banks.

On account of the large amount of Government securities held, total bills and securities of this bank on July 22, at \$96,316,000, were about \$10,000,000 above one year ago, and only \$10,000,000 below July, 1929. Total reserves have increased seasonally since January and are above one year ago.

The amount of Federal reserve notes in circulation fluctuated only moderately in the past five weeks, but maintained the level attained in the latter part of June when demand for currency was great. In view of general business conditions and compared with preceding years, note circulation of this bank is at an unusually high level, amounting to approximately \$200,000,000.

## MANUFACTURING, MINING

**Iron and Steel** Although steelworks in the Fourth District were nearer a complete stoppage in the month ended July 15 than at any time since 1921, their position was relatively better than that of the remainder of the industry.

In the month June 15 to July 15 the industry as a whole receded from an operating rate of 38 per cent to one of barely 33 per cent. In the same period Youngstown retreated only from 42 per cent to 40 and Cleveland from 38 to 35 per cent. Pittsburgh declining from 40 to about 33 per cent, made the poorest showing of any section in the Fourth District.

Save for a 41,000 ton steel pipe order there was no outstanding booking. The moderately-good structural business prevalent in some other districts was absent from the Fourth District. Automobile requirements, ordinarily forming so large a portion of the District's ac-

tivity, shrank rapidly. Implement and railroad demand represented only a bare, minimum necessity.

Sentiment, however, did not reach the depths of actual production and sales. The success of sheet and strip manufacturers in adopting new classifications, designed to reinforce the market structure, was marked, considering the volume of business. Likewise the attempt of plate, shape and bar producers to make 1.60c, Pittsburgh, or equivalent, the minimum was construed as an effort to correct the price structure and benefit from improved fall business.

Scrap, sometimes barometric, ended its long decline early in July and turned up mildly, heavy melting steel at Pittsburgh regaining a range of \$10 to \$11 a ton. Coke and pig iron prices continued moderately steady, considering the accumulated stocks and mediocre demand.

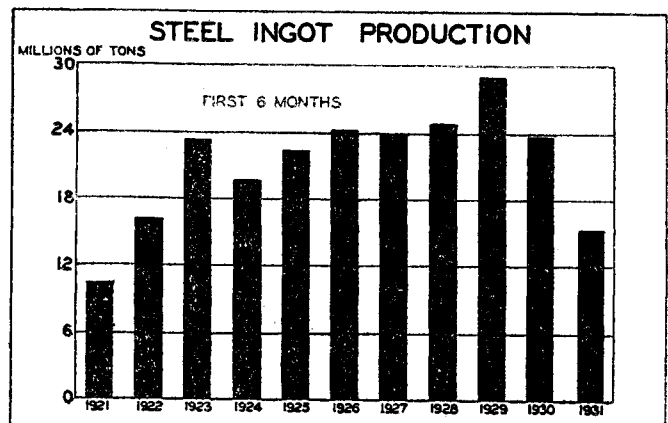
Both pig iron and steel ingot production declined almost precipitately in June, with the decline somewhat checked, but not reversed in early July. In mid-July it appeared probable that the statistics for that month would disclose a further decline, but not so sharp as in June.

June's daily pig iron rate, at 54,599 gross tons, was the lowest since 1922 with the single exception of last December. June's total of 1,637,998 tons made output for the first half of 1931 11,098,122 tons, or 7,206,492 tons below the first half of 1930. At the end of June only 91 stacks out of a total of 303, or 14 fewer than on May 31, were active.

June's steel ingot rate, at 79,843 tons daily, was 17 per cent below that of May, and like pig iron the lowest since December. First half steel output for 1931 was 15,285,519 tons, the lowest since 1921; a year ago, 23,578,619 tons were produced. In June the steel industry was operating at 37.5 per cent; in the first half year the average was 46.3 per cent.

Due to the application of new sheet prices, the iron and steel composite of *Steel* jumped to \$31.11 the first week of July, compared with an average of \$31.02 in June, but by the third week of the month the adjustment in plates, shapes and bars lowered this index to \$30.98.

**Ore Stocks** The accompanying chart shows a seasonally adjusted index of iron ore stocks at furnaces and on Lake Erie docks at the end of each month in the past eleven years. Stocks at 245 furnaces were represented in the 1931 fig-



ures, (the number having declined in the past decade as the capacity of new furnaces increased) only 78 of which were in blast on July 1. Despite the slight reduction in stocks in the past two months, the level is still unusually high for this season of the year, higher in fact than at any time in the period, the nearest approach being in 1921 and 1922 when blast furnace activity declined to even lower levels than at present.

These expanding stocks in recent months, however, are not due to larger shipments from the ore ranges, since up to July 1, 1931, only 5,753,259 tons of ore were shipped from the upper lake ports compared with 15,737,573 tons in the same period of 1930, and total ore receipts in 1930 were 30 per cent below 1929. The increased stocks, therefore, are a result of less-than-seasonal consumption of iron ore, particularly in the earlier months of 1931 when little ore was being received, most ore shipping being done by boat.

Ore stocks usually reach their lowest point in April or May, depending on when the Lake shipping season opens, and their peak in November when the navigation year closes. Between December 1 and the opening of navigation the following spring the reduction in ore stocks has averaged more than 20,000,000 tons, in some years exceeding 25,000,000 tons. In the 1930-31 season, however, the contraction amounted to only 14,000,000 tons. In only one other period since the war, 1921-22, has the reduction of stocks been smaller during the closed shipping season than in the past year.

Had the consumption of iron ore in the first half of 1931 been up to the average of preceding years, stocks no doubt would have been in line with those of the immediate preceding years, or lower, for they were not unusually high when the season closed last November. The recent reduction in the stock index is due to the sharp curtailment in iron ore receipts and not to increased consumption. Lake shipping this year is at the lowest ebb for a number of seasons; many boats have not operated at all so far.

**Coal** Despite labor disturbances in some mining districts, production of bituminous coal in June in the Fourth District, at 11,803,000 tons, was 3.3 per cent higher than in May. This increase was greater than seasonal; in five of the past eight years declines were reported for the period,

the other three showing slight increases. Compared with a year ago, however, output was down 16.8 per cent in June and in the first six months a loss of 18 per cent was reported.

Coal stocks remain low, and there seems to be few indications that either industrial steam users or domestic consumers are stocking for future needs. Prices continue low.

Loadings of bituminous coal at Lake Erie ports in June totaled 4,171,000 tons, a reduction of 30 per cent from a year ago. In the shipping season to July 1, 37 per cent less coal was loaded into boats than in the same period of 1930.

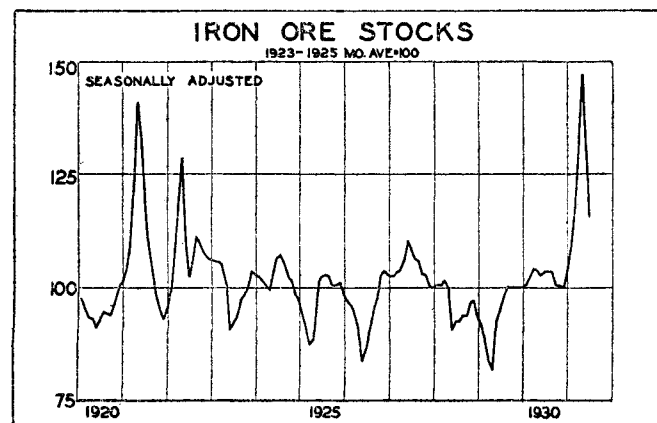
**Automobiles** June production of automobiles according to the Department of Commerce, totaled 249,462 units, a reduction of 20.8 per cent from May, the largest decline for that period on record. In three years, 1929, 1927 and 1924 the May-to-June drop has been 20 per cent, but in the other years back to 1920, the largest seasonal reduction was 9.7 per cent. The Federal Reserve Board's index of passenger car production dropped from 74 in May to 60 in June, while the index of truck production advanced from 101 in May to 103 per cent of the 1923-25 average, seasonally adjusted, in June. Compared with a year ago output was down 25.4 per cent. In the first half year 1,568,478 passenger cars, trucks and taxicabs were produced, the smallest number in any like period since 1922. Compared with 1930 the reduction was 28.7 per cent and in the same period of 1929, 3,225,000 cars were produced. Output of cars in April and May slightly exceeded retail sales for those periods, which partly accounts for the reduction in June output.

Little change from the June levels was indicated by Cram's weekly production reports for the first three weeks of July, output being slightly above 60,000 cars a week. In the third week of July last year, when some factories were closed entirely, output was estimated to be 36,788 cars. Production on new models, in some cases, counteracted the shut-downs and reductions at other factories. In 1930 the June-to-July reduction was 20 per cent, but in 1929 it was only eight per cent which is more nearly the average seasonal reduction in the past decade, one year, 1924, showing an increase.

New passenger car registrations in principal counties of the District continue to show large losses from similar periods of preceding years. June registrations were 30.6 per cent below the same month last year in ten counties and in the first six months a reduction of 31.8 per cent was reported.

**Rubber Tires,** Greater-than-seasonal improvement was reported in the rubber and tire industry in June, though the upward movement from May was rather gradual. Employment at 25 reporting factories increased one per cent from May in contrast to no change shown at that time of the preceding five years, but the number employed was still 24 per cent below one year ago.

The improvement was entirely due to greater demand for replacement tires, which in June were being produced at an estimated annual rate of 42,900,000 casings, com-



pared with an annual rate of 35,800,000 casings in January. While a part of this expansion is seasonal, the upswing has exceeded the movement in similar periods of preceding years.

Tire production in May, the latest available, was 4,554,000 units, less than one per cent below output in May, 1930. In the first five months 18,415,000 casings were made, according to the Rubber Manufacturers Association, a drop of nine per cent from the same period of last year.

Stocks of tires, after allowing for seasonal variations, showed a very slight increase in the latest month for which figures are available, but were lower than on any similar date since 1925 and, at 8,250,000 casings, were over 5,000,000 casings below the peak in 1929. The upward movement of stocks this year has been quite moderate, inventories not showing near the expansion apparent in other recent years.

Some strengthening of prices on better grade tires was reported in June, though lower grade tire prices were reduced five per cent in the month.

Imports of crude rubber to the United States in June, at 45,776 tons, exceeded the same month of 1930 by about seven per cent. This was a decided increase from May when only 31,720 tons were received. In the first half year imports were 238,225 tons, a drop of 11.7 per cent from the same period of 1930.

Rubber prices continue very depressed, averaging 6.32 cents a pound in June, just about half as high as a year ago. In the third week of July prices were little changed from the June level.

#### Shoes

Preliminary shoe production figures for June indicated a slight falling-off in operations in the Fourth District, the drop from May being about three per cent. The seasonal movement from May to June in the past eight years has been quite irregular; in four years rather sizeable increases were shown, but in the other years decreases were reported. Output in June was about three per cent below the same month last year and in the first half year production was 3.2 per cent below the same period of 1930.

In the entire country shoe production in June was at a slightly higher rate than in May.

Despite the slight drop in June, shoe manufacturers in the southern part of the District seem more optimis-

tic than for some time. Prices of shoes have not advanced, but prices on several grades of leather have stiffened recently and some types, particularly upper grades, are rather scarce. Hide prices in June averaged 10.02 cents a pound compared with 8.38 cents in May.

#### Clothing

Expansion contrary to the usual seasonal trend, characterized the clothing and textile industries of this District and most other parts of the country during June and the first part of July. Employment at 46 concerns in the Fourth District was one per cent greater than in May in contrast to a seasonal reduction of that amount shown in the preceding five years. June employment, however, was still 11 per cent less than in the corresponding period of 1930.

Greater retail demand for clothing and wearing apparel prompted buyers to replenish their stocks which have been declining gradually for some time. The result was increased activity at clothing factories which necessitated the purchase of materials, for manufacturers also have allowed their stocks to decline. Rush orders to textile mills found them unable to meet the immediate demand. The material shortage has made it difficult for clothing manufacturing plants to get into production, and several complaints concerning the tardiness of delivery have been received. Consumption of raw wool has been in large volume, but prices continue at very low levels. In textiles, prices of materials used in men's wear are less satisfactory than in other fabrics.

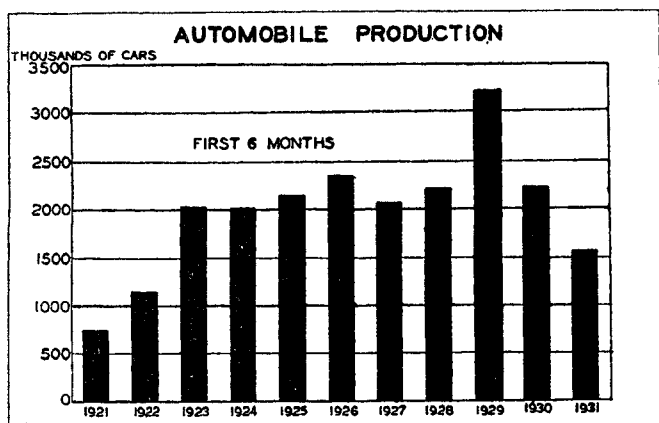
Makers of knit wear reported little change in operations in the past month.

#### Other Manufacturing

Operations in most of the other-than-mentioned industries of this District in June and the first part of July showed little change except for more-or-less seasonal contractions, compared with a month ago. Industrial employment, however, in Ohio declined two per cent from May, according to the Ohio State University Bureau of Business Research, in contrast to an average increase of one per cent from May to June in the preceding five years. The index based on demand for workers at municipal free employment agencies also dropped about the seasonal amount in June despite the prevailing low level of this index since the first of the year.

Activity at brick and tile concerns expanded in June, employment increasing three per cent in contrast to little change shown in that month of recent years. Glass production declined more than seasonally, though the demand for glass containers—particularly for food—has held up quite well. Demand for china and dinnerware receded rather sharply in June. Industrial paint manufacturers report generally unsatisfactory sales, but makers of household paint state that sales have compared quite favorably with other recent years.

Operations at electrical supply companies declined in June, but demand for seasonal electrical appliances has held up quite well. Hardware and machine tool makers, particularly those companies closely allied with the automobile industry, reported a rather decided drop in June. Producers of engineering and power machinery showed a sharp drop in operations. Sheet metal workers



also reported a greater-than-seasonal drop in activity in June.

Paper and boxboard prices on lower grades fell in June and operations declined more than seasonally. Production is at about two-thirds capacity.

### Trade

Retail trade, as reflected in department store sales, was rather irregular in various sections of the District in June, but the entire group of 56 large stores reported a loss of about six per cent in total sales from June, 1930. On a daily average basis, however, the decline was nearly ten per cent, since there was one more business day in June this year than in 1930. Compared with May, the reduction was greater than seasonal, the adjusted index falling four points in the month to 81.5 per cent of the 1923-25 monthly average. In the first six months sales were about nine per cent below the same period of last year.

Four individual cities, Akron, Cincinnati, Columbus and Toledo, reported larger sales in June than a year ago, but in the other cities where the iron and steel and automotive parts industries account for the bulk of industrial employment, rather sizeable losses in retail trade were observed, sales at Cleveland being down 8.2 per cent, at Pittsburgh 10.5 per cent, Youngstown 13.2 per cent and Wheeling 6.3 per cent.

Not all individual departments shared equally in the losses, a few, particularly those selling articles for consumption, showing gains from June, 1930. Glove and millinery sales were considerably larger in June than a year ago, shoe sales increased one per cent; women's wearing apparel showed a loss of only five per cent from last June; men's clothing sales were up four per cent and men's furnishing sales were about on a par with last year.

The retail dollar value of stocks continued to recede and on June 30 was only 74 per cent of the 1923-25 monthly average. This was a reduction of 17 per cent in the past year, not all of which represents a contraction in the size of stocks. In connection with the reduction of sales and stocks, much of the discrepancy is due to lower prices now prevailing, several stores stating that the number of transactions has compared favorably with other recent years. The new *Fairchild* index of retail prices indicates that department store prices have dropped nearly nine per cent since the first of the year.

Collections have shown some falling-off recently, averaging only 32.3 per cent in June of the accounts outstanding at the end of May.

Chain grocery and drug sales in June were 0.3 per cent and 2.7 per cent less respectively, on a unit basis, than in June, 1930, and in the first half year showed volume losses of 3.0 and 1.1 per cent. Allowing for the fact that retail food prices were 20 per cent lower in June than a year ago, according to the Department of Labor, chain grocery sales have held up remarkably well.

Wholesale trade in the Fourth District continued in very reduced volume, though grocery sales in June were six per cent greater than in May. In the first six months drug sales declined seven per cent, groceries 17, hardware 23, and dry goods 26 per cent.

### Building

Despite the unusually small amount of building that has been done in the first part of 1931 as compared with similar periods of the past decade, new construction started in June in the Fourth District showed a much greater-than-seasonal contraction from May, the decline being 30 per cent. Total contracts awarded in the month were valued at \$25,484,040, just about half the value of contracts awarded in the same month of 1930. Awards in the first half year were valued at \$159,619,000, a reduction from the same period of 1930 of 43 per cent. Contracts let in the second quarter compared more favorably with the same period of last year — 33 per cent, than in the first quarter when a loss of 53 per cent was reported.

Of the three major classifications, residential building in the first six months made the best comparison with the same period of 1931, though it showed a loss of 34 per cent. June residential building was 45 per cent below June last year. Civil engineering undertakings in the second quarter declined 26 per cent from the same period of 1930; for the first quarter this class of construction showed a loss of over 50 per cent. Larger volumes of bridge work, railway building and water front developments than a year ago were insufficient to offset the large losses elsewhere, principally in highway and power plant construction.

Not one of the important cities showed larger undertakings in the first half-year than were reported in the like period of 1930. The largest declines were registered in Pittsburgh, Akron, Cincinnati and Dayton. Contemplated work continues in very limited volume, and in the first six months was less than 50 per cent of the volume reported in the same period of 1930.

In the 37 states east of the Rocky Mountains building activity in the first half of the year (according to the F. W. Dodge Corporation) was 31 per cent below the same period of 1930, residential building showing only a loss of 15 per cent, with public utility work down 30 per cent. Non-residential building was 42 per cent smaller in the first six months than a year ago.

No change from the steady downward movement was apparent in the first half of July, awards in this District being only \$13,000,000 compared with \$55,000,000 in the entire month of June last year and \$25,000,000 in June, 1931.

Building costs continue to recede according to the Aberthaw Index which dropped five points in the second quarter to the lowest level since 1922.

### Agriculture

Agricultural conditions in the Fourth District are generally above average, weather in June and early July being very favorable to crop growth. The July 1 forecast of the Department of Agriculture indicates that the six principal crops of the District will average better than 30 per cent above the harvest of 1930 when drought conditions so reduced yields in this section. Abnormally low prices are very disheartening, but this has been offset in part by the large local crop outlook, and conditions in agricultural localities are more favorable than in industrial centers where much unemployment prevails.

## PRODUCTION OF PRINCIPAL CROPS

	Fourth District			United States		
	1931*	1930	% change from 1930	1931*	1930	% change from 1930
Corn, bu. ....	191,541	106,417	+80.0	2,967,953	2,098,552	+41.8
Wheat, bu. ....	47,986	33,311	+44.1	869,013	863,430	+0.6
Oats, bu. ....	73,126	77,746	+0.5	1,306,267	1,358,052	-3.8
Tame hay, tons..	5,261	3,605	+45.9	79,107	77,850	+1.6
Tobacco, lbs. ....	173,472	139,379	+24.0	1,624,739	1,504,931	+1.3
Potatoes, bu. ....	19,182	15,619	+22.8	396,451	343,236	+15.5

\*Based on July 1 condition.

**Wheat.** Production of wheat, in the Fourth District, practically all of the fall sown type, was estimated to be 47,986,000 bushels, an increase of 44 per cent from the harvest of last year, and is one of the largest crops ever raised, comparing with an average harvest in the five years 1925-29 of 32,275,000 bushels. Practically 90 per cent of the wheat raised in this District is produced in Ohio where the yield is forecast at 42,975,000 bushels or 25 bushels per acre. This is a record figure, and is only exceeded by one state, where the crop is of minor importance. The Ohio wheat acreage remaining for harvest was 1,719,000 acres, an increase of about ten per cent from a year ago. There was practically no abandonment because of winter killing this year.

Foreign wheat production is estimated to be about nine per cent below last year, but this is offset by large stocks in many sections. Stocks of old wheat on United States farms on July 1 were estimated to be 32,121,000 bushels or 3.7 per cent of the 1930 crop. This compared with 47,161,000 bushels on farms July 1, 1930. This favorable stock situation is more than counterbalanced by the large carryover of grains at elevators and mills.

**Corn.** The unusually small corn crop of 1930 caused farmers to increase the acreage planted to this crop in practically every state, estimated acreage for the entire country being over four per cent higher than was planted in 1930, and a larger area than has been planted since 1917. The July 1 condition figure was decidedly above average in the states of the District and the entire country. Higher-than-average temperatures in June and the first part of July and enough rainfall in most sections caused corn to grow rapidly. Production in the District, estimated from the acreage and July 1 condition figures, was 80 per cent above the harvest of last year and over 7,500,000 bushels larger than the average harvest of the five years 1925-29. Some irregularity is observed in different sections of the District with slight insect damage reported, but on the whole, the crop condition is very good.

**Oats.** The oat crop of the District is estimated to be only slightly above the harvest of last year, but is in much better condition than in 1930, for about seven per cent less acreage was sown to oats this spring than a year ago. Indicated production, at 73,126,000 bushels, compared with a five-year average harvest of 89,171,000 bushels. Good yields are expected in the District, though winds and rain have caused lodging in some sections. In the entire country, the oat crop is estimated to be 3.8

per cent below last year's harvest, despite the fact that a 2.8 per cent larger acreage was sown this spring.

**Potatoes.** The potato crop in the District was estimated to be slightly below average, but over 20 per cent larger than last year's harvest when the crop was so affected by drought. Acreage planted in Ohio was seven per cent larger than in 1930 and in Pennsylvania an increase of two per cent was reported. In the United States acreage is estimated to be over 10 per cent above last year.

**Hay and Pasture.** Yields of tame hay in this territory were estimated to be 5,261,000 tons, an increase of 46 per cent from the small crop of 1930, but still slightly below the 1925-29 average crop. Acreage was about the same in both 1930 and 1931.

**Tobacco.** Acreage planted to tobacco in the United States is about one per cent above the record acreage harvested in 1930, but about 17 per cent above the average area harvested in the five years 1925-29. Acreage of Burley tobacco, the principal type raised in this District, is 13 per cent above one year ago, the increase in Kentucky alone being 51,000 acres, or 15 per cent, to a total of 391,000 acres. The condition of the crop on July 1 was 73 per cent of normal in Kentucky compared with 70 per cent on the same date last year. In Ohio, acreage of cigar-type tobacco was above one year ago, and the condition of the crop was also higher. In Pennsylvania growers reduced their acreage one per cent, but the plants were set under ideal conditions, and the crop, estimated at 57,772,000 pounds, is about 45 per cent above the 1930 harvest. In Kentucky 1931 production of all types of tobacco is estimated to be 447,370,000 pounds, an increase of 108,000,000 pounds or 32 per cent.

The increase indicated in total United States production is about 19,000,000 pounds, or 1.3 per cent, the large increase in burley types being offset by a reduction of nine per cent in the indicated production of flue-cured types.

**Fruits.** All types of fruit raised in the Fourth District promise large crops. The July 1 forecast for apple production in Ohio is 12,600,000 bushels which is about double the average production of preceding years, and compared with 3,500,000 bushels harvested in 1930, when the crop was unusually small. The Pennsylvania crop is estimated at 11,946,000 bushels, with a July 1 condition of 68 compared with a ten-year average condition of 54 per cent. The peach crop indicated by the July 1 condition is the largest on record, being estimated at 2,392,000 bushels in Ohio, or 76 per cent above the ten-year average. Much thinning is being done in many orchards. Pears are above average and the grape crop is quite promising. Cherries also were very plentiful.

**Canning Crops.** Vegetable crops grown for commercial canning were above average, particularly with regard to corn and tomatoes, both favorably affected by the warm weather. Corn acreage planted has been reduced slightly, but tomato acreage is reported 28 per cent below 1930. The pea crop was the smallest in 13 years.

**Fourth District Business Statistics**

	(000 omitted)			
	June, 1931	% change from 1930	Jan.-June, 1931	% change from 1930
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....\$	2,540,000	-25.6	15,920,000	-17.6
Savings Deposits—end of month:				
28 selected banks, O., W. Pa. \$	766,421	+ 0.5	765,977 <sup>1</sup>	+ 1.4
Postal Receipts—9 cities.....\$	2,626	- 6.3	17,083	- 9.4
Life Insurance Sales:				
Ohio, Pa.....\$	103,451	-15.5	613,848	-18.5
Retail Sales:				
Dept. Stores—56 firms.....\$	19,808	- 5.9	117,483	- 9.2
Wearing Apparel—13 firms.....\$	1,235	- 2.1	7,179	- 9.7
Furniture—51 firms.....\$	752	-19.8	5,144	-21.5
Wholesale Sales:				
Drugs—13 firms.....\$	1,397	- 8.8	9,067	- 7.3
Dry Goods—11 firms.....\$	1,334	-18.5	8,195	-26.1
Groceries—40 firms.....\$	4,692	-11.9	27,128	-16.8
Hardware—17 firms.....\$	1,501	-16.3	8,409	-23.2
Building Contracts—				
Residential.....\$	6,073	-44.8	40,843	-34.3
Building Contracts—Total.....\$	25,484	-48.2	159,619	-42.6
Commercial Failures—				
Liabilities.....\$	10,969	+186.5	47,128	+97.9
Commercial Failures—Number	138 <sup>2</sup>	-15.3	1,184 <sup>2</sup>	+15.9
Production:				
Pig Iron, U. S..... Tons	1,638	-44.2	11,098	-39.4
Steel Ingots, U. S..... Tons	2,076	-39.7	15,259	-35.9
Automobiles—Pass. Cars U. S.	207,798 <sup>2</sup>	-27.2	1,310,435 <sup>2</sup>	-29.6
Automobiles—Trucks U. S.	41,304 <sup>2</sup>	-15.0	255,227 <sup>2</sup>	-23.5
Bituminous Coal..... Tons	12,190	-16.8	77,009	-18.1
Cement—O., W. Pa., V. Va. Bbls.	1,505	-21.8	4,984	-38.4
Electric Power—O., Pa., Ky. K. W. H.	1,071 <sup>3</sup>	-12.2	5,777 <sup>4</sup>	- 7.5
Petroleum—O., Pa., Ky. Bbls.	1,863 <sup>3</sup>	-27.1	9,574 <sup>4</sup>	-21.2
Shoes..... Pairs	8	- 2.9	3	- 3.2
Tires, U. S..... Casings	4,554 <sup>3</sup>	- 0.8	18,415 <sup>4</sup>	- 9.5
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	4,171	-29.9	8,855	-36.7
Iron Ore Receipts:				
Lake Erie Ports..... Tons	2,369	-58.8	2,977	-69.5

<sup>1</sup>Monthly Average  
<sup>2</sup>Actual  
<sup>3</sup>May  
<sup>4</sup>January-May  
<sup>5</sup>Confidential

**Wholesale and Retail Trade**

(1931 compared with 1930)

	Percentage Increase or Decrease	
	SALES June-June	SALES STOCKS First Six Months June
<b>DEPARTMENT STORE (56)</b>		
Akron.....	+ 3.6	- 4.4
Cincinnati.....	+ 4.0	- 5.1
Cleveland.....	- 8.2	-11.5
Columbus.....	+ 0.5	- 6.0
Pittsburgh.....	-10.5	-10.8
Toledo.....	+ 2.4	- 0.6
Wheeling.....	- 6.3	-11.2
Youngstown.....	-13.2	-14.3
Other Cities.....	- 9.6	-12.3
District.....	- 5.9	- 9.2
<b>WEARING APPAREL (13)</b>		
Cincinnati.....	+ 1.6	- 8.7
Other Cities.....	- 4.2	-10.3
District.....	- 2.2	- 9.7
<b>FURNITURE (51)</b>		
Cincinnati.....	- 1.1	- 6.9
Cleveland.....	-24.9	-24.2
Columbus.....	-16.9	-20.3
Dayton.....	-34.8	-30.2
Toledo.....	- 4.6	-21.4
Other Cities.....	- 5.9	-10.4
District.....	-19.9	-21.5
<b>CHAIN STORES*</b>		
Drugs—District (4).....	- 2.7	- 1.1
Groceries—District (6).....	- 0.3	- 3.0
<b>WHOLESALE GROCERIES (38)</b>		
Akron.....	-27.1	-29.6
Cleveland.....	-11.8	-17.3
Erie.....	-17.9	-19.9
Pittsburgh.....	- 4.3	- 7.0
Toledo.....	-11.4	-14.3
Other Cities.....	-10.3	-16.3
District.....	-11.9	-16.8
<b>WHOLESALE DRY GOODS (11)</b>	-18.5	-26.1
<b>WHOLESALE DRUGS (13)</b>	- 8.8	- 7.3
<b>WHOLESALE HARDWARE (17)</b>	-16.3	-25.2

\*Sales per individual unit operated.

**Fourth District Business Indexes**

(1923-1925=100)

	June, 1931	June, 1930	June, 1929	June, 1928	June, 1927
Bank Debits (24 cities).....	94	126	129	134	130
Commercial Failures (Number).....	95	112	109	93	112
" (Liabilities).....	249	87	79	65	81
Postal Receipts (9 cities).....	101	108	111	114	112
Sales—Life Insurance (Ohio & Pa.).....	124	146	143	141	125
" —Department Stores (53).....	81	89	103	100	99
" —Wholesale Drugs (13).....	90	98	108	104	106
" —Dry Goods (10).....	50	62	82	77	69
" —Groceries (38).....	76	86	94	96	100
" —Hardware (15).....	65	77	102	95	98
" —All (76).....	71	82	95	93	95
" —Chain Drugs (4)**.....	84	85	86	89	94
Building Contracts—Total.....	53	105	112	146	134
" —Residential.....	35	64	95	125	120
Production—Coal (O., W. Pa., E. Ky.).....	67	81	91	80	80
" —Cement (O., W. Pa., W. Va.).....	125	160	157	142	145
" —Petroleum (O., Pa., Ky.)*.....	101	138	121	117	111
" —Elec. Power (O., Pa., Ky.)*.....	128	145	142	127	128
" —Shoes.....	68	73	88	85	109

\*May.  
\*\*Per individual unit operated.

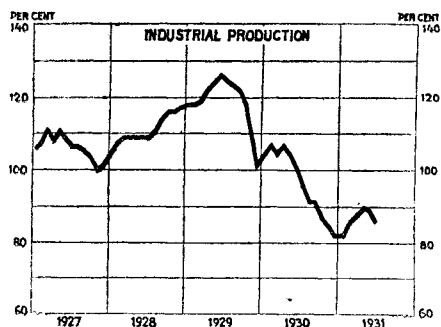
**Debits to Individual Accounts**

(Thousands of Dollars)

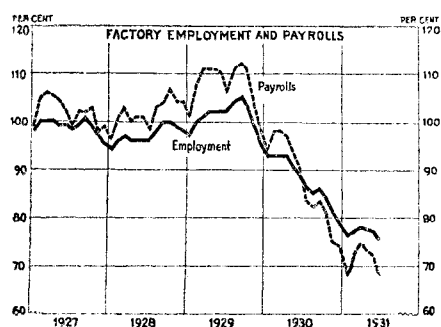
	5 weeks ending July 22, 1931	% change from 1930	Year-to-date Jan. 1 to July 22, 1931	Year-to-date Jan. 2 to July 23, 1930	% change from 1930
	Akron.....	94,188	-18.9	546,620	695,574
Butler.....	9,390	-40.6	60,934	84,908	-28.2
Canton.....	43,684	-21.5	253,082	334,824	-24.4
Cincinnati.....	379,035	-21.4	2,373,090	2,675,476	-11.3
Cleveland.....	766,873	-23.4	4,736,807	5,763,346	-17.8
Columbus.....	168,302	-24.0	1,123,494	1,269,266	-11.5
Dayton.....	89,071	-23.2	553,412	656,669	-15.7
Erie.....	37,112	-22.1	214,115	274,757	-22.1
Franklin.....	4,519	-30.6	26,555	36,450	-27.1
Hamilton.....	13,157	-20.7	76,513	103,975	-26.4
Homestead.....	4,477	-20.4	26,709	30,880	-13.5
Lexington.....	22,851	-10.5	142,364	186,200	-23.5
Lima.....	11,840	-22.4	73,704	90,884	-18.9
Lorain.....	5,821	-11.7	33,579	39,238	-14.4
Middletown.....	8,874	-31.2	62,797	78,465	-20.0
Oil City.....	14,511	-34.2	84,813	115,354	-26.5
Pittsburgh.....	837,815	-39.9	5,345,428	6,949,567	-23.1
Springfield.....	19,977	-31.5	128,640	162,560	-20.9
Steubenville.....	10,027	-20.7	58,533	72,302	-19.0
Toledo.....	149,613	-34.8	1,020,853	1,280,582	-20.3
Warren.....	9,848	-35.4	61,203	85,080	-28.1
Wheeling.....	42,227	-22.6	255,435	308,816	-17.3
Youngstown.....	63,227	-22.4	361,702	484,901	-25.4
Zanesville.....	10,707	-10.2	62,210	69,530	-10.5
Total.....	2,816,946	-29.5	17,682,592	21,849,604	-19.1

## Summary of National Business Conditions

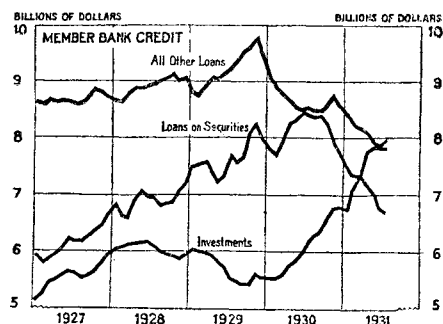
(By The Federal Reserve Board)



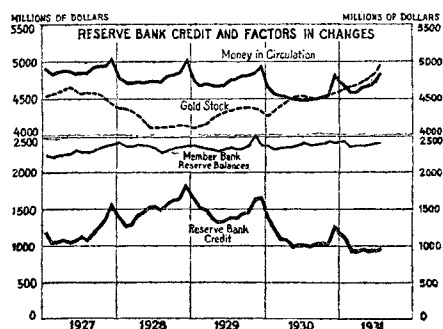
Index number of industrial production, adjusted for seasonal variation, (1923-1925 = 100) Latest figure, June 86.



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average = 100). Latest figure, June employment 75.4, payrolls, 67.9.



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



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

Industrial production showed more than the usual seasonal decline in June, and factory employment and payrolls decreased. Wholesale prices, which had continued to decline until the end of May, advanced in June, but for most commodities declined again in the first half of July.

### Production

A decrease in industrial output from May to June was reflected in a decline in the Board's index of industrial production, which is adjusted for seasonal variations, to 86 per cent of the 1923-1925 output, as compared with 89 per cent in May. Taking the second quarter of the year as a whole, production has averaged about four per cent above its low level in the last three months of 1930.

The reduction of activity in June was most marked in the iron and steel industry, with steel plants operating at 33 per cent of capacity. Automobile output declined further, and there was some recession in production of lumber, meat products, and flour. Petroleum output, however, was not reduced. Activity at textile mills and shoe factories continued in relatively large volume; in the woolen industry, activity was sustained at the unusually high level of May and the decline in the consumption of cotton was not in excess of the usual seasonal amount.

During the first half of July, there were further reductions, partly seasonal in nature, in output of steel, automobiles and lumber.

Factory employment was further reduced by nearly three per cent and payrolls by six per cent between the middle of May and the middle of June. The largest decreases were in the steel, machinery, and women's clothing industries, while reductions at automobile plants and cotton mills were partly seasonal in character and employment at woolen and hosiery mills increased.

Building contracts awarded in June were somewhat larger than in May, but declined again in the first half of July. Since the early spring, awards have not increased as much as is usual for the season. In residential building there has been relatively little change for about a year and a half, except for seasonal fluctuations, and the decline in construction has been chiefly in other types of building, principally public works and utilities.

### Distribution

At department stores, daily average sales were seasonally smaller in June than in May. Freight car loadings were also reduced, reflecting principally a further reduction in loadings of miscellaneous commodities.

### Prices

During June wholesale prices of many commodities advanced considerably after having reached low levels late in May and early June. Prices of live stock and meats increased, and after June 21 there were rapid advances in prices of raw materials important in world markets, especially cotton, hides, sugar, silk, copper, silver and rubber. Subsequently, however, most of these prices receded somewhat, although in mid-July they were, in general, above their lowest levels. The price of wheat declined during June and the first half of July, as the domestic price became adjusted to world levels.

### Bank Credit

At reporting member banks in leading cities, loans on securities continued to decline between the middle of June and the middle of July, while all other loans increased by \$140,000,000. This increase was concentrated at New York City banks, and was largely in the form of acceptances purchased in the open market. Member banks' investments continued at about the same level as in May and early June.

Notwithstanding a further addition of \$77,000,000 to the country's stock of monetary gold between the weeks ending June 20 and July 18, there was no decrease in Federal Reserve bank credit outstanding. During the period the Reserve bank's portfolio of United States securities was increased by \$75,000,000 while their combined holdings of acceptances and of discounts for member banks decreased by approximately the same amount. The gold inflow provided member banks with funds to meet an added demand for currency, as well as to increase their balances with the reserve banks. There was also a considerable growth in foreign bank deposits with the reserve banks.

Money rates continued at low levels.