



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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Because of usual mid-summer dullness, Fourth District trade and industry in general, which have been at very low levels for many months, were further reduced in July and the first part of August, the extent of the decline being somewhat greater than seasonal. Another disturbing factor was the number of bank suspensions in mid-August, particularly in the northwestern part of the District, largely the result of local conditions.

Production and distribution of most products were lower in July than in June even after allowing for seasonal variations, but commodity prices remained relatively steady. Fourth District crop estimates were revised sharply upward in July in the cases of most important crops, and from the production standpoint the agricultural situation in this District is quite favorable. Prices, however, are very depressed.

Output of consumer's goods continues in rather satisfactory volume. The number of pairs of shoes produced in this District in July was 4.4 per cent ahead of one year ago and in the first seven months was only 1.4 per cent below the same period of 1930. The tire industry, from the sales and production standpoint, is in better position than most basic industries. Output in the latest month for which figures are available was 10 per cent above one year ago. Clothing and textile plants also have been operating at higher levels than last year, though a slight slackening was reported in early August.

Retail distribution was only slightly lower in July than in June, but was 9.7 per cent below the same month of 1930. In some individual localities where rather extensive advertising campaigns have been waged the decline in sales was much smaller than the drop in commodity prices. Relatively less purchasing of department store goods is being done on credit than a year ago.

The iron and steel industry receded to the lowest level in ten years, but operations were still above the low point reached in 1921. The reduction was particularly sharp at steel centers of this District because of the curtailment in releases on automobile material, and although a slight increase in sheet orders was reported in the third week of August, demand is still very limited. Shipments of iron ore from upper Lake ports continue to be about half as large as a year ago.

Automobile registrations in July in principal counties of this District compared much more favorably with July, 1930, than preceding months have compared with similar

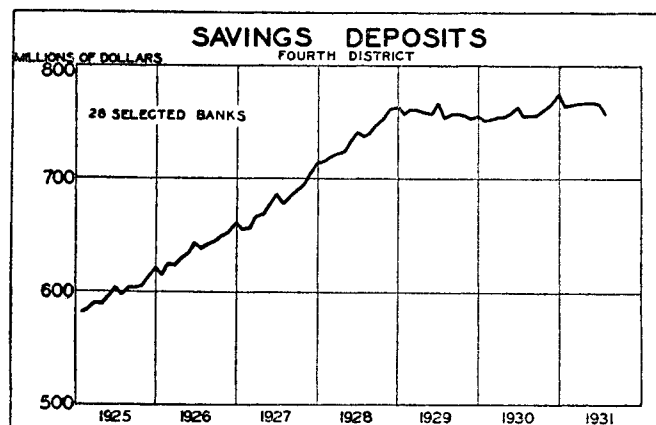
periods of last year, but the production of cars continues to recede.

Reports of inquiries in several fields have been received recently, particularly for machine tools, etc., but actual orders have been slow in materializing.

FINANCIAL

The suspension of some good-sized and several smaller banks in this District was the dominating factor in financial changes occurring in the month ended August 24. The volume of bank credit in use receded further in the period and deposits also declined. Savings deposits at selected banks in July dropped 1.7 per cent, a reduction of 2.2 per cent occurring in Ohio banks and 0.6 per cent at banks in western Pennsylvania. Part of this reduction, particularly at the Cleveland banks, is attributed to the lowering of rates paid on deposits, effective July 1. As shown on the accompanying chart savings deposits at 28 selected banks not affected by mergers were lower than since September, 1930, and were approximately at the level of late 1928. Debits to individual accounts in the first three weeks of August were about as far below the corresponding period of 1930—20 per cent—as were earlier months of this year. The number of commercial failures in July was nine per cent below the same month last year, but liabilities were much larger.

Credit extended by reporting member banks in leading cities, particularly loans on securities, receded further in the four weeks ended August 19, a reduction of \$11,000,000 occurring in this item. At \$631,000,000, these loans



were \$107,000,000 below last year at that time and the lowest for any week since 1928. "All other" loans increased slightly in the period, but the expansion was much smaller than has been experienced at this season of former years. Total loans were \$128,000,000 (nearly 10 per cent) below one year ago.

Total investments remained practically unchanged from a month ago, the increase of \$5,000,000 in holdings of Government securities being nearly offset by the \$4,000,000 reduction in other bonds and securities. Investments of these banks were \$68,000,000 higher than on August 20, 1930, but total credit extended was down \$60,000,000 or 2.6 per cent. These reporting banks, in addition to having reduced their loans and having a greater proportion of their assets in Government securities than a year ago, also have increased their cash in vault by over 40 per cent.

Demand deposits increased \$15,000,000 in the three weeks ended August 12, but receded \$18,000,000 in the following week, a drop of only 1.6 per cent. At \$1,071,000,000 they were \$73,000,000 below a year ago. Time deposits receded \$8,000,000 in the same period, but at \$1,013,000,000 on August 19, were only \$3,000,000 below one year ago. Borrowings of these reporting banks in leading cities remained at low levels until August 12, but advanced from \$7,000,000 to \$18,000,000 in the ensuing week.

Changes at the Federal Reserve Bank of Cleveland in the past month included an increase in discounts and acceptances, a further expansion in gold reserves and a greater volume of note circulation.

An increase of \$18,000,000 in gold reserves in the four weeks ended August 19 swelled these holdings to \$340,000,000, the highest figure ever reported. This bank's holdings of Government securities remained unchanged during the period at the high level of \$72,000,000.

Acceptances owned reached their low point so far this year on August 5 when they were \$5,442,000, but in the following two weeks an increase of \$5,000,000 was shown. This was entirely seasonal.

Bills discounted for member banks remained relatively steady, at approximately \$17,000,000, in the three weeks prior to August 12, but expanded to \$30,517,000 in the week ended August 19. The demand for cash on the part of depositors in sections where the bank suspensions

occurred made it necessary for banks to increase their available cash resources, which they did by discounting or borrowing at the Reserve bank. It is reflected in the note circulation of this bank which advanced from \$205,000,000 on August 12 to \$231,000,000 one week later. This was a continuation of the trend apparent since spring, both in this District and the entire country, and the latest increase in the circulation of this bank was little greater proportionately than in the country as a whole. At the recent high, however, Fourth District note circulation was above any week since late 1928, despite the drastic decline in prices, business activity, etc. Reserve deposits were little changed in the past month, but were about \$18,000,000 or eight per cent below last year, reflecting the drop in deposits at member banks in the period.

MANUFACTURING, MINING

Iron and Steel

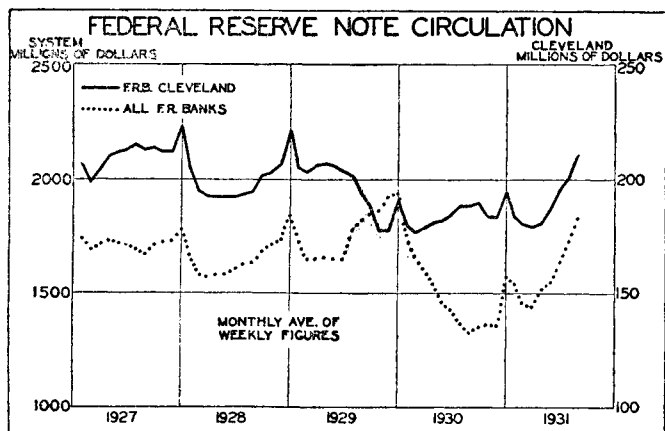
The iron and steel industry in July and early August reached levels comparable only with 1921. Steel ingot production dropped to about 30 per cent of capacity and at the beginning of August only 27 per cent or 87 of the 302 available blast furnaces in the country were producing pig iron. This, however, was about 10 points higher than the level reached in July, 1921 when the index was at its lowest point for that depression.

Steel was produced in July at a daily rate of 72,160 tons, compared with 79,843 tons in June, a greater-than-seasonal drop. This was the lowest rate of production for that month since 1921, but was nearly twice as great as at that time. It was the lowest level for any month since December, 1921. In the first seven months of 1931, 17,134,668 tons of steel were produced, a reduction of 35 per cent from the same period last year.

Pig iron production in July was at a daily rate of 46,470 gross tons, the lowest since October, 1921 and compared with 85,146 tons a day in July, 1930. In the first seven months a reduction in output of 40 per cent was recorded.

Operating schedules of mills in Fourth District steel centers moved irregularly in the latter part of July and the first three weeks of August. Schedules at Pittsburgh on July 15 stood at 32.5 per cent of capacity, dropped several points in late July, but recovered to 32.5 per cent by the third week of August. Youngstown, also with several sharp dips, stepped up its rate from 38 to 42 per cent in the month. Cleveland mills, however, which had been operating in July at slightly better than average levels dropped from 35 to the unusually low level of 21 per cent, but advanced slightly in the third week of August. These varying movements were partly seasonal, caused chiefly by the reduced requirements of the automobile industry as several assembly plants curtailed or ceased operations in the first part of August. For the country, as a whole, production in July dropped from 34½ per cent of capacity to 30 per cent, but in August schedules curved upward to 33½ per cent, just about the level of mid-July.

In the third week of August, the first signs of reviving demand for steel sheets were observed by makers of auto-body materials at Youngstown and Cleveland. Mills making this type of material at the former city were operating at 60 per cent of capacity. Releases for pig iron at Cleveland supported expectations of increased steel activ-



August figures are averages of first three report dates

ity. In all finished steel lines, however, as well as in pig iron, scrap and coke, consumers were ordering only their minimum requirements.

Prices on all products were under no buying pressure. On pig iron, sharp concessions were offered without eliciting noteworthy business. Finished steel lines generally were stationary, with the exception of sheets, on which the new classifications were holding moderately well. In the month ended August 15 the iron and steel composite of *Steel* rose from \$30.98 to \$31.06, due to an advance of \$2 per ton on wire nails, but dropped to \$31.04 in the third week of August, reflecting easier pig iron prices in eastern Pennsylvania.

Total shipments of iron ore from upper Lake ports in July were only slightly more than half as large as a year ago, and for the year to August 1, at 10,709,320 tons, were 56 per cent smaller than in the same period of 1930. Receipts at Lake Erie ports were off 50 per cent in July and 62 per cent in the first seven months. Ore stocks are still slightly above one year ago.

Coal The coal industry continues under the impediments of over-production, unstable and varying wage scales which have caused labor difficulties, and greatly reduced demand because of the sharp curtailment of industrial and railroad activity.

Bituminous coal production in this District in July was 12,642,000 tons. This was higher than June by about the usual seasonal amount, but was 15 per cent smaller than in July, 1930. In the first seven months the decrease in production from the same period of 1930 was 17.7 per cent. The reduction in coal production in the entire country, both in July and the first seven months, closely approximated the Fourth District declines.

Estimated stocks of bituminous coal in commercial consumers' hands increased to 30,100,000 tons on July 1 compared with 26,900,000 tons on May 1, and 32,200,000 tons on July 1, 1930. The *Coal Age* adjusted index of prices advanced from \$1.56 1/4 in June to \$1.57 1/2 in July.

Automobiles The automobile situation continued very unsatisfactory in July and the first part of August. Shut-downs for various reasons reduced output in July to a low level, after allowing for seasonal variations, only surpassed by one month since 1922—October, 1930. The Federal Reserve Board's index in July was 60 per cent of the 1923-1925 monthly average, compared with 65 in June and 75 one year ago. A further falling-off in the first half of August was indicated by *Cram's* weekly automobile reports the drop being contrary to the trend shown at that period of other recent years. The reduction from a year ago in the latest weekly figure was nearly 30 per cent.

Orders for materials in July and early August were very small, in most cases, which had a very bad affect on many companies in this District. With material and tool specifications still deferred, indications are that automobile production will be limited for some time.

According to the Department of Commerce, passenger car production in July was 182,927 units compared with 207,798 in June and 221,829 cars in July, 1930. This

was the lowest for any month since February, 1931, and the lowest July since 1921. Truck production in July was 35,854 units against 41,304 in June and 43,328 in July, 1930, a reduction of 11.4 per cent. In the first seven months of this year 1,787,439 cars and trucks have been produced, a falling-off of 27.5 per cent from the same period last year.

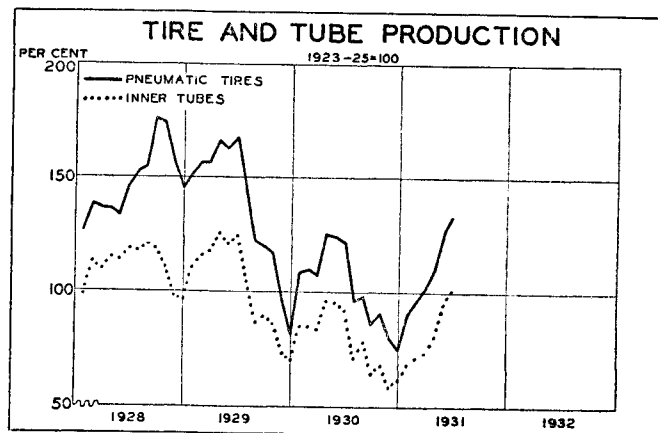
The drop from June to July in new passenger car registrations in principal counties of this District was smaller than the average drop shown at that period of the preceding five years and the decline in registrations in July, 1931 from the corresponding period of 1930 was much less than were the reductions in earlier months of this year. The decline from July last year was 22 per cent while the discrepancy in the first seven months was 31 per cent. Allegheny County, Pennsylvania, with a reduction of 34 per cent in July and 39 per cent in the first seven months showed the largest declines from last year.

Rubber and Tires

Reports emanating from Akron, the center of tire manufacturing, indicate that from the standpoint of production and sales, the industry, at present, is in better shape than most of the basic industries of the country. Production of pneumatic tires in June, the latest month for which complete data are available was 10.6 per cent greater than in the same month last year and the Board's index of rubber tire production, which is corrected for seasonal variations, advanced each month in the first half of 1931, the improvement from the low point of 75 per cent of the 1923-1925 monthly average, touched in December, to 130 in June being nearly 75 per cent. Production of rubber tubes also has improved perceptibly.

Sales as represented by shipments have kept quite in line with production, for inventories did not show an increase in the spring months of this year comparable with the expansion revealed at that period of other recent years.

The improvement in tire sales has been in those used for replacement, since original equipment sales follow automobile production and exports of tires have been slightly below 1930. Replacement tire sales are the most profitable to manufacturers, and earnings of rubber companies recently have improved. This is partly a result of lower raw material costs; crude rubber is now selling



Federal Reserve Board's Indexes, adjusted for seasonal variations

at slightly above five cents a pound, the lowest price in history, and raw cotton also has fallen to the lowest levels recorded in over 30 years.

Based on employment figures, which dropped two per cent in July, compared with June, there was a slight falling-off in operations, mostly seasonal in character. Of 21 concerns reporting to the Ohio State Bureau of Business Research, 10 contributed to the decline, 9 reported increases and two indicated no change in employment from June. Compared with a year ago employment in July was off 22 per cent and in the first seven months was down 25 per cent. Production of tires in the first half of 1931 was only off 5.9 per cent from the same period of last year.

Low prices have had little effect on shipments of crude rubber to this country, imports in July being 41,004 tons against 34,084 tons in the same month last year. In the first seven months receipts reached 279,229 tons, a reduction of only eight per cent from importations in the same period of 1930.

Clothing Some weakness in the clothing and textile industry was reported in July, partly of a seasonal nature. Employment, after showing improvement in all but one of the first six months of 1931, turned downward in July, the drop from June at 47 concerns being two per cent or just about the usual seasonal amount. Compared with July, 1930, when the number employed was smaller than since 1925, a reduction of eight per cent was shown.

Although retail clothing sales have been reported in larger volume recently, this fact has not caused local manufacturers to become very optimistic regarding possibilities for fall. They point to the widespread unemployment and the low agricultural prices as factors drastically affecting buying power.

Ordering continues in limited volume. Low prices on materials and the recent stiffening of raw wool prices have not stimulated buying to any extent. In fact, purchases have been retarded by the recent weakness in cotton and cotton textiles. Inventories, both retail and unfinished goods, in hands of manufacturers, are low.

Shoes The June-to-July expansion in Fourth District shoe production at 50 factories was 31.3 per cent, much larger than at that time in any of the preceding eight years, in two of which, 1927 and 1923, rather sizeable reductions were reported. In the entire country, an improvement of only 0.2 per cent was observed in the same period.

Compared with a year ago production of footwear at establishments in the Fourth District showed an increase of 4.4 per cent in July which reduced the discrepancy between output in the first seven months of 1931 and 1930 to 1.4 per cent.

Manufacturers have experienced a better season than for some time past, according to the reports received and retail sales have exceeded last year in volume. The trend recently has been toward cheaper shoes, which partly accounts for the relatively better showing made by local concerns, many of which specialize in lower-priced footwear. Little forward buying is observed, despite the

recent advance in prices of hides and leathers. Prices apparently are of little interest to retailers unless a quick turnover seems reasonably assured.

Other Manufacturing Extreme dullness characterized the situation in general manufacturing industries of this District in July when employment conditions became less favorable and demand for several types of goods declined. In Ohio total industrial employment dropped three per cent from June, although the average June-to-July change during the past five years has been a reduction of only one per cent. Compared with a year ago, employment at 708 concerns reporting to the Ohio State Bureau of Business Research was off six per cent. Although the number of men employed compares rather favorably with a year ago, many plants are operating on very reduced time schedules.

Some reports of increasing activity were received from individual plants, but industrial manufacturing as a whole continues to scrape bottom. Sentiment in early August seemed to improve slightly, partly a result of an increase in inquiries, but few of these have taken definite shape as yet.

August, being a month of curtailed automobile production, caused a slump to develop in July orders and shipments of parts and accessories, tools, glass, etc. It is the feeling in several branches of trade, however, that the low point has been reached and that some improvement, at least seasonal, should develop in the near future.

A rather mixed situation was reported in the glass industry in July and early August. Demand for plate and rolled glass was very limited, but makers of glass containers reported quite satisfactory sales and operations. Large fruit crops, low prices and stimulation of home canning, partly a result of the employment situation, has increased demand for food containers. China and pottery plants experienced a sharp reduction in sales in July.

The paint industry reported a seasonally slow condition in July, reduced inventories, very low prices, and keen competition. In a few instances an improvement in sentiment was observed in early August and in one case some anticipation of demand was reported.

Operations at machine tool, apparatus, and electrical supply companies declined more than seasonally in July, but reports of increased inquiries for this type of material in early August caused a slight improvement in feeling in the trade, although few orders have materialized.

Increased sales of jewelry at retail stores apparently have reduced stocks to the place where they must be replenished, for one large watch manufacturer reported an increase in the number and size of orders received recently.

Employment conditions at the various manufacturing centers of the District in July showed rather wide variations when compared with the same month last year. The situation at Dayton, Lexington, Cincinnati, and Toledo was much better than at Akron, Canton, Cleveland, Columbus, Pittsburgh or Youngstown.

TRADE

After allowing for seasonal variations, the volume of retail trade done in July by reporting department stores

in this District was only slightly smaller than in June, the adjusted index in July being 81.2 per cent of the 1923-1925 monthly average, compared with 81.5 in the preceding month. The dollar value of sales was 9.7 per cent smaller than a year ago, however, and in the first seven months the reduction from the same period of 1930 was 9.2 per cent. If comparisons are made on the number of transactions, a much more favorable situation is indicated. In many cases the number of sales are reported ahead of last year. In this connection the *Fairchild* retail price index of items handled at department stores declined further in July and was 10 per cent lower than in January, 1931.

All individual cities showed losses in July compared with a year ago, but the decline at Cleveland was only 1.3 per cent, Akron 3.8 per cent and Toledo 5.1 per cent, all of which might be interpreted as increases in view of the lower price level. The reduction in sales in the first seven months at Cleveland was 10 per cent, Akron 4.3 and Toledo 1.2 per cent. Cincinnati stores reported a loss of 5.9 per cent in the same period.

Practically all of the individual departments experienced smaller dollar sales in July when compared with a year ago, but the declines were very small in the linen, domestics, toilet articles, jewelry, shoe, men's clothing and furnishings, and house furnishing departments.

For the first time since last November the seasonally adjusted index of stocks at department stores failed to show a reduction from the preceding month, but the retail value of these stocks was approximately 15 per cent below last year. The stock turnover rate, both for the month and the year to date, continues above the same periods of 1930.

A smaller volume of business is being done on a credit basis than a year ago for the ratio of charge sales to total sales in July was 55.6 compared with 58.2 in July, 1930. The ratio of all collections in July to accounts receivable on June 30 was 31.1 this year against 33.3 per cent one year ago.

At the 48 reporting furniture stores sales were off 17 per cent in July and 21 per cent in the first seven months from the same periods of 1930. Furniture sales at department stores were off only 7.6 per cent in July.

Chain grocery sales on a unit basis were one per cent smaller in July than a year ago, and down 2.7 per cent in the first seven months. Chain drug sales were off 3.9 and 1.5 per cent respectively in the same periods.

Wholesale Trade Wholesale grocery and drug sales were larger in July than in the preceding month and the losses from the same month a year ago, 13.5 and 5.5 per cent, respectively, were smaller than the decline in sales shown in the first six months, when reductions of 16.5 and 8.5 per cent were reported.

The declines from last year in wholesale dry goods sales in July, 18.5 per cent, and in wholesale hardware, 16.3 per cent, also were smaller than the cumulative percentages which for the first seven months were 26 and 23 per cent, respectively.

Stocks of all reporting groups were down, but the reduction in grocery stocks from last year was only 2.8

per cent. Some difficulty regarding collections was reported.

BUILDING

Construction activity in the Fourth District continued very disappointing in July and the first half of August, contracts awarded being smaller than for any similar period on record, or since 1919. Total awards in July were valued at \$27,173,000, a slight improvement from June, although in seven of the past 13 years a reduction was shown from June to July. Compared with last year the loss was 43.5 per cent and in the first seven months the decline was 42.8 per cent. The nearest approach to current levels was in July, 1920, when awards reached only \$31,139,000.

In the various classes of building the losses were rather well distributed, residential awards in July showing a loss of 45 per cent, non-residential 48 per cent and civil engineering work 32 per cent.

Further recession is indicated by the *F. W. Dodge* report for the first half of August. Contracts awarded in that period were about half as large as prorated monthly figures for the same period of 1930 and were less than a third as large as in the entire month of July.

The record of contemplated projects affords no encouragement for the near future. Large reductions in planning of all classes of work were revealed in July compared with a year ago.

In the 37 eastern states the July contract record showed a loss of 22 per cent from the same period of 1930. In the first seven months the loss was 30 per cent, residential building being off 35 per cent, non-residential 42 per cent and public works and utilities 27 per cent.

Wholesale prices of building materials declined again in July and were lower than since 1918, but were still 37 per cent above pre-war levels.

AGRICULTURE

Weather conditions in July and the first part of August were favorable to most crops of the District, though some damage from storms in mid-July was reported in scattered areas. Temperature during the month was several degrees above normal, but general rains supplied much needed moisture.

In the Fourth District sizeable gains were reported in July in all principal crops except potatoes and oats, and estimated production of wheat, corn and tobacco was larger than the five-year 1925-29 average harvest of these crops.

Wheat. Estimated wheat production increased nearly 10,000,000 bushels in July, the August 1 total for the Fourth District being 57,595,000 bushels against an estimate of 47,986,000 bushels on July 1, an actual harvest in 1930 of 33,311,000 bushels and an average harvest in the five years 1925-29 of only 32,272,000 bushels. This is a record crop for this section, yields on Ohio farms averaging 30 bushels an acre, the highest of any state in the country and compared with a country average yield of 19 bushels per acre. Yields in other states of the District also were above this average. The quality of the crop

compares quite favorably with the ten-year average, but is slightly below last year.

The preliminary estimate of winter wheat production for the entire country is 775,180,000 bushels, the largest crop on record, and compared with a five-year average harvest of 547,427,000 bushels. The effect of this bumper crop on the total wheat supply is partly offset by a sharp reduction in spring wheat production, which on August 1 was estimated to be only 118,402,000 bushels, compared with a five-year average harvest of 274,687,000 bushels.

Corn. The unusually warm weather in July and the first part of August, coupled with adequate moisture, caused the corn crop estimate of the Fourth District to be advanced from 191,541,000 bushels on July 1 to 200,248,000 bushels a month later. This compared with an average harvest in 1925-29 of 184,000,000 bushels and was just about twice as large as last year's unusually small crop. The condition of the crop is considerably above average in all states of the District.

The July improvement reported in the Fourth District was not experienced by most other sections of the country, corn prospects in the entire United States declining 192,652,000 bushels in July because of drought conditions and high temperatures prevailing in several sections. Despite the reduction, however, the indicated crop was still slightly above the five-year average.

Oats. Prospective oat yields were reduced eleven per cent in July, principally due to the extreme heat at the time the grain was heading and to heavy rains and wind which caused lodging in several localities. In all states of the District and the entire country the estimated crop is smaller than average, but in Kentucky and West Virginia it is larger than the actual harvest in 1930. The condition of the Ohio crop on August 1 was 78 per cent of normal against 73 per cent in 1930, but the smaller acreage planted to oats this year accounts for the 12 per cent drop in production. The carryover of the 1930 crop in this section was larger than a year ago, despite the reported shortage of feed grains last fall.

Potatoes. The potato estimate was reduced about three per cent in July and on August 1 at 18,797,000 bushels was 8.5 per cent below the average harvest of the five years 1925-29. Compared with the 1930 harvest, however, an increase of over 300,000 bushels is shown. Insect damage has been quite bad and blight has been reported in several sections.

In the entire country the condition of the potato crop declined nine points in July because of drought and, at 74.3 per cent on August 1, was the lowest in ten years. Estimated production is still above last year's harvest.

Hay and Pastures. The estimate of hay production in the Fourth District was increased 2.3 per cent in July, but at 5,383,000 tons on August 1, was below the 1925-29 average harvest of 6,320,000 tons. The present crop

is materially above that of 1930 when only 3,605,000 tons were produced. The condition of pastures on August 1 was slightly below the average condition for that time in the past ten years, but it was well above the average for the entire country and the figure reported for this section last year at this time.

Fruits. Present indications point to a bumper crop in this District. A slight reduction in condition occurred in July, but prospects are still well above average. The local apple crop is expected to be the largest on record.

Apples

| | Condition August 1 | | | Estimated Production | | |
|---------------------|--------------------|------|-----------------------------|----------------------|-----------------------|-------------------------|
| | 1931 | 1930 | 10-year aver. 1920-29 | 1931 forecast | 1930 1,000 bushels | 5-year aver. 1925-29 |
| Ohio | 88 | 22 | 46 | 14,280 | 3,500 | 6,468 |
| Pennsylvania | 68 | 50 | 51 | 13,575 | 9,774 | 9,007 |
| Kentucky | 85 | 18 | 52 | 6,417 | 1,212 | 3,491 |
| West Virginia | 75 | 34 | 42 | 11,832 | 3,944 | 6,882 |
| United States | 68.9 | 48.6 | 57.2 | 217,971 | 163,543 | 174,474 |

The peach crop, locally, is also estimated to be the largest on record and in the United States is reported over 20 per cent larger than the five-year average harvest. Pears are not so promising as other fruits, but are above average in this section.

The grape outlook in the area surrounding Lake Erie is rather promising this year and the crop is expected to ripen early. Indicated production in Ohio is 30,450 tons against a five-year average harvest of 21,740 tons. In Pennsylvania the crop is estimated to be 22,680 tons compared with an average crop of 18,004 tons.

Tobacco. The Department of Agriculture's estimate of tobacco production in the Fourth District was revised upward 3.1 per cent in July and the total crop was reported on August 1 as 178,805,000 pounds, the largest on record. This compared with a harvest of 139,879,000 pounds in 1930 and an average crop of 130,169,000 pounds in the five years 1925-29. Following general heavy rains throughout the tobacco area in mid-July, the crop has shown excellent progress and present indications point to record yields.

In the entire country the August 1 condition was slightly below the ten-year average condition, but in Ohio and Pennsylvania at 79 and 91 per cent of normal the condition was above the ten-year average of 76 and 84 per cent, respectively.

Production of burley tobacco, the chief type of this District, as indicated by the August 1 condition, is estimated to be 420,179,000 pounds, a record figure, compared with 349,263,000 pounds harvested last year. Production of cigar filler tobacco, raised rather extensively in the Miami Valley, is estimated to be 28,638,000 pounds, a reduction of over 11,000,000 pounds from last year. In the entire country an increase of about 6,000,000 pounds in cigar filler tobacco is indicated.

Harvesting of the burley crop has started, and the leaf appears to be of excellent quality in many sections.

Fourth District Business Statistics

(000 omitted)

| Fourth District Unless Otherwise Specified | July, 1931 | % change from 1930 | Jan.-July, 1931 | % change from 1930 |
|--|----------------------|-----------------------------|------------------------|-----------------------------|
| Bank Debits—24 cities.....\$ | 2,465,000 | -25.2 | 18,395,000 | -18.7 |
| Savings Deposits—end of month: 28 selected banks, O., W. Pa..\$ | 755,651 | + 0.1 | 764,501 ¹ | + 1.2 |
| Postal Receipts—9 cities.....\$ | 2,483 | - 7.5 | 19,566 | - 9.2 |
| Life Insurance Sales: | | | | |
| Ohio, Pa.....\$ | 87,980 | -21.5 | 701,828 | -18.9 |
| Retail Sales: | | | | |
| Dept. Stores—56 firms.....\$ | 14,986 | - 9.7 | 132,463 | - 9.2 |
| Wearing Apparel—13 firms.....\$ | 793 | - 9.6 | 7,972 | - 9.7 |
| Furniture—51 firms.....\$ | 561 | -16.9 | 5,566 | -20.9 |
| Wholesale Sales: | | | | |
| Drugs—13 firms.....\$ | 1,428 | - 5.5 | 10,495 | - 7.1 |
| Dry Goods—11 firms.....\$ | 983 | -24.6 | 9,178 | -25.9 |
| Groceries—40 firms.....\$ | 4,716 | -13.5 | 31,844 | -16.3 |
| Hardware—17 firms.....\$ | 1,408 | -15.4 | 9,817 | -22.2 |
| Building Contracts—Residential | 5,175 | -45.6 | 46,018 | -35.8 |
| Building Contracts—Total.....\$ | 27,173 | -43.5 | 186,792 | -42.8 |
| Commercial Failures—Liabilities | 6,423 | +164.8 | 53,551 | +104.1 |
| Commercial Failures—Number.. | 153 ² | - 8.9 | 1,337 ³ | +12.4 |
| Production: | | | | |
| Pig Iron, U. S.....Tons | 1,463 | -44.5 | 12,562 | -40.0 |
| Steel Ingots, U. S.....Tons | 1,876 | -36.0 | 17,135 | -35.9 |
| Automobiles—Pass. Car. U. S. | 182,927 ² | -18.6 | 1,493,362 ² | -28.9 |
| Automobiles—Trucks.....U. S. | 35,854 ² | -11.4 | 291,081 ² | -18.6 |
| Bituminous Coal.....Tons | 12,642 | -15.3 | 89,651 | -17.7 |
| Cement—O., Pa., W. Va. Bbls. | 1,520 | -23.0 | 6,504 | -35.3 |
| Elec. Power—O., Pa., Ky. k.w.h. | 1,040 ³ | - 7.6 | 6,817 ⁴ | - 7.5 |
| Petroleum—O., Pa., Ky. Bbls. | 1,867 ³ | -18.5 | 11,441 ⁴ | -20.7 |
| Shoes.....Pairs | 5 | + 4.4 | 5 | + 1.4 |
| Tires, U. S.....Casings | 4,550 ³ | +10.6 | 22,965 ⁴ | - 5.9 |
| Bituminous Coal Shipments: | | | | |
| Lake Erie Ports.....Tons | 4,762 | -17.4 | 13,617 | -31.1 |
| Iron Ore Receipts: | | | | |
| Lake Erie Ports.....Tons | 3,191 | -49.7 | 6,168 | -61.7 |

¹Monthly Average²Actual³June⁴January-June⁵Confidential

Wholesale and Retail Trade

(1931 compared with 1930)

| | Percentage Increase or Decrease | | |
|-----------------------------|------------------------------------|--------------------------------|-------------------------|
| | SALES July, 1931 | SALES First Seven Months | STOCKS July, 1931 |
| DEPARTMENT STORE (56) | | | |
| Akron..... | - 3.8 | - 4.3 | - 5.3 |
| Cincinnati..... | -11.5 | - 5.9 | -10.8 |
| Cleveland..... | - 1.3 | -10.3 | -23.7 |
| Columbus..... | -12.7 | - 6.9 | -15.9 |
| Pittsburgh..... | -13.2 | -11.0 | -12.0 |
| Toledo..... | - 5.1 | - 1.2 | -16.6 |
| Wheeling..... | -19.0 | -12.2 | -12.6 |
| Youngstown..... | -11.8 | -14.0 | -17.2 |
| Other Cities..... | -16.2 | -12.7 | -14.6 |
| District..... | - 9.7 | - 9.2 | -14.7 |
| WEARING APPAREL (13) | | | |
| Cincinnati..... | - 8.6 | - 8.7 | - 3.8 |
| Other Cities..... | -10.0 | -10.2 | -13.0 |
| District..... | - 9.6 | - 9.7 | -10.0 |
| FURNITURE (51) | | | |
| Cincinnati..... | + 0.2 | - 6.2 | .... |
| Cleveland..... | -19.4 | -23.7 | .... |
| Columbus..... | -25.0 | -20.8 | .... |
| Dayton..... | - 8.2 | -26.7 | .... |
| Toledo..... | -18.8 | -21.8 | .... |
| Other Cities..... | -18.9 | -11.2 | .... |
| District..... | -16.9 | -20.9 | .... |
| CHAIN STORES* | | | |
| Drugs—District (4)..... | - 3.9 | - 1.5 | .... |
| Groceries—District (6)..... | - 1.0 | - 2.7 | .... |
| WHOLESALE GROCERIES (38) | | | |
| Akron..... | -16.7 | -28.0 | .... |
| Cleveland..... | -12.4 | -16.6 | .... |
| Erie..... | -15.8 | -19.3 | .... |
| Pittsburgh..... | + 2.0 | - 5.7 | .... |
| Toledo..... | -11.7 | -13.9 | .... |
| Other Cities..... | -16.0 | -16.3 | .... |
| District..... | -13.5 | -16.3 | - 5.2 |
| WHOLESALE DRY GOODS (11)... | -24.6 | -25.9 | -29.1 |
| WHOLESALE DRUGS (13)..... | - 5.5 | - 7.1 | .... |
| WHOLESALE HARDWARE (17)... | -15.4 | -22.2 | -17.6 |

*Sales per individual unit operated.

Fourth District Business Indexes

(1923-1925 = 100)

| | July, 1931 | July, 1930 | July, 1929 | July, 1928 | July, 1927 |
|--|---------------|---------------|---------------|---------------|---------------|
| Bank Debits (24 cities)..... | 91 | 122 | 143 | 121 | 124 |
| Commercial Failures (Number)..... | 105 | 115 | 98 | 90 | 96 |
| “ (Liabilities)..... | 146 | 55 | 45 | 74 | 165 |
| Postal Receipts (9 cities)..... | 96 | 103 | 113 | 102 | 105 |
| SalesLife Insurance (Ohio & Pa.)..... | 105 | 134 | 134 | 116 | 116 |
| “ —Department Store (53)..... | 61 | 70 | 80 | 78 | 78 |
| “ —Wholesale Drugs (13)..... | 91 | 96 | 109 | 103 | 103 |
| “ —Dry Goods (10)..... | 37 | 50 | 68 | 68 | 65 |
| “ —Groceries (38)..... | 76 | 88 | 99 | 89 | 91 |
| “ —Hardware (15)..... | 61 | 71 | 97 | 97 | 96 |
| “ —All (76)..... | 67 | 79 | 94 | 88 | 89 |
| “ —Chain Drugs (3)*..... | 87 | 87 | 91 | 91 | 98 |
| Building Contracts—Total..... | 57 | 101 | 126 | 118 | 121 |
| “ —Residential..... | 30 | 55 | 85 | 109 | 102 |
| Production—Coal (O., W. Pa., E. Ky.).. | 70 | 83 | 96 | 80 | 74 |
| “ —Cement (O., W. Pa., W. Va.)..... | 126 | 164 | 178 | 153 | 159 |
| “ —Petroleum (O., Pa., Ky.)*..... | 101 | 124 | 112 | 109 | 111 |
| “ —Elec. Power (O., Pa., Ky.)*..... | 124 | 134 | 144 | 121 | 126 |
| “ —Shoes..... | 93 | 89 | 103 | 100 | 97 |

*June.

**Per Individual unit operated.

Debts to Individual Accounts

(Thousands of Dollars)

| | 4 weeks ending Aug. 19, 1931 | % change from 1931 | Year-to-date Jan. 1 to Aug. 19, 1931 | Year-to-date Jan. 2 to Aug. 20, 1930 | % change from 1930 |
|-------------------|---------------------------------------|-----------------------------|---|---|-----------------------------|
| Akron..... | 72,812 | -11.9 | 619,432 | 778,236 | -20.4 |
| Butler..... | 6,756 | -43.8 | 67,690 | 96,919 | -30.2 |
| Canton..... | 29,308 | -13.5 | 282,390 | 368,724 | -23.4 |
| Cincinnati..... | 265,112 | -11.0 | 2,638,202 | 2,973,266 | -11.3 |
| Cleveland..... | 556,184 | -15.9 | 5,292,991 | 6,424,295 | -17.6 |
| Columbus..... | 126,960 | -16.3 | 1,250,454 | 1,421,032 | -12.0 |
| Dayton..... | 58,718 | -17.5 | 612,130 | 727,856 | -15.9 |
| Erie..... | 28,669 | -18.1 | 242,784 | 309,779 | -21.6 |
| Franklin..... | 2,953 | -28.8 | 29,508 | 40,598 | -27.3 |
| Hamilton..... | 9,817 | -14.4 | 86,330 | 115,438 | -25.2 |
| Homestead..... | 3,532 | -14.3 | 30,241 | 35,002 | -13.6 |
| Lexington..... | 14,581 | -11.8 | 156,945 | 202,731 | -22.6 |
| Lima..... | 9,008 | -11.7 | 82,712 | 101,085 | -18.2 |
| Lorain..... | 4,607 | -12.1 | 38,186 | 44,477 | -14.1 |
| Middletown..... | 6,907 | -20.4 | 69,704 | 87,139 | -20.0 |
| Oil City..... | 11,101 | -22.3 | 95,914 | 129,637 | -26.0 |
| Pittsburgh..... | 611,829 | -28.5 | 5,957,257 | 7,804,689 | -23.7 |
| Springfield..... | 14,285 | -27.1 | 142,925 | 182,156 | -21.5 |
| Steubenville..... | 7,278 | -18.7 | 65,811 | 81,255 | -19.0 |
| Toledo..... | 111,126 | -28.2 | 1,131,979 | 1,435,247 | -21.1 |
| Warren..... | 6,578 | -33.6 | 67,781 | 94,983 | -28.6 |
| Wheeling..... | 28,288 | -26.2 | 283,723 | 347,146 | -18.2 |
| Youngstown..... | 46,639 | -20.6 | 408,341 | 543,606 | -24.9 |
| Zanesville..... | 7,148 | -13.7 | 69,358 | 77,811 | -10.9 |
| Total..... | 2,040,196 | -20.7 | 19,722,788 | 24,423,107 | -19.2 |

Estimates of Principal Crops*

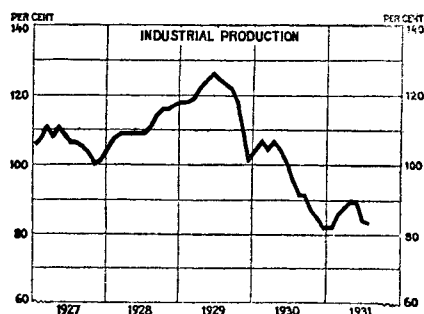
(000 omitted)

| | Fourth District | | | United States | | |
|-------------------|-------------------|-----------------|-------------------------------|-------------------|-----------------|-------------------------------|
| | August 1, 1931 | July 1, 1931 | % change from July 1 | August 1, 1931 | July 1, 1931 | % change from July 1 |
| Corn, bu..... | 200,248 | 191,541 | + 4.5 | 2,775,301 | 2,967,953 | - 6.5 |
| Wheat, bu..... | 57,591 | 47,986 | + 20.0 | 893,582 | 869,013 | + 2.8 |
| Oats, bu..... | 69,441 | 78,126 | -11.1 | 1,169,657 | 1,306,267 | -10.5 |
| Hay, tons..... | 5,383 | 5,261 | + 2.3 | 77,587 | 79,107 | - 1.9 |
| Tobacco, lbs..... | 178,805 | 173,472 | + 3.1 | 1,616,793 | 1,524,739 | + 6.0 |
| Potatoes, bu..... | 18,797 | 19,182 | - 2.0 | 370,580 | 396,451 | - 6.5 |

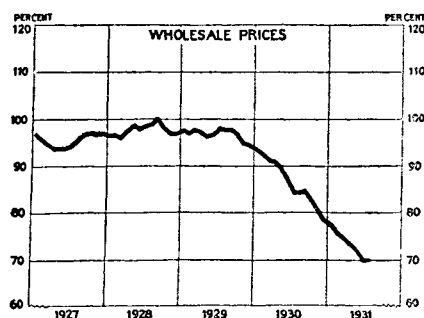
*Based on condition figures and acreage estimates.

Summary of National Business Conditions

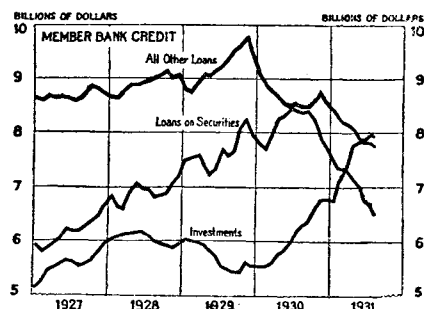
(By The Federal Reserve Board)



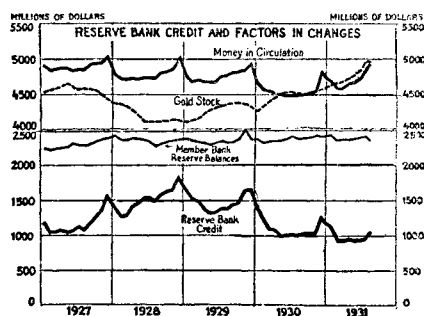
Index number of industrial production, adjusted for seasonal variation, (1923-1925 = 100) Latest figure, July, 83.



Index of United States Bureau of Labor Statistics (1926 = 100). Latest figure, July, 70.0.



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



Monthly averages of daily figures. Latest figures are averages of first 20 days in August.

Industrial production and factory employment declined by somewhat more than the usual seasonal amount in July, while the general level of commodity prices remained unchanged. Conditions in the money market continued easy.

Production and Employment

Industrial production, as measured by the Board's index, which is adjusted to allow for the usual seasonal variations, declined one per cent further in July to 83 per cent of the 1923-1925 average, compared with the low point of 82 for last December and the year's high point of 90 in April. Output of iron and steel, automobiles, lumber, and copper decreased further, while activity at textile mills and shoe factories was maintained at a high level.

Factory employment and payrolls declined by somewhat more than the seasonal amount from the middle of June to the middle of July. Large decreases in employment were reported at car-building shops and machinery and automobile factories, and at lumber mills. In the textile industries as a whole employment decreased somewhat less than is usual in July; and there were increases in employment in the woolen goods and men's clothing industries.

Figures on the value of building contracts awarded during July and the first half of August, as reported by the F. W. Dodge Corporation, show a continuation of the downward movement of recent months.

Department of Agriculture estimates based on August 1 conditions indicated an unusually large crop of winter wheat, an exceptionally small yield of spring wheat, and a total wheat crop of 894,000,000 bushels, 72,000,000 bushels larger than the five-year average. The corn crop was estimated at 2,775,000,000 bushels, about the usual size, and 700,000,000 bushels larger than last year's small crop. In spite of a 10 per cent reduction in acreage, the cotton crop was estimated by the Department of Agriculture to be about 15,584,000 bales, an increase of 1,600,000 bales over last year.

Distribution

Freight-car loadings increased by slightly less than the usual seasonal amount in July and department store sales, which ordinarily decline sharply at this season, apparently decreased somewhat more than usual.

Wholesale Prices

The general level of wholesale prices in July continued at 70 per cent of the 1926 average, according to the index of the Bureau of Labor Statistics. Increases were reported in the prices of livestock and meats, while prices of building materials and of grains, particularly wheat, declined. During July and the first half of August prices of cotton and cotton textiles declined sharply, while prices of dairy products increased.

Bank Credit

Loans and investments of reporting member banks in leading cities declined by about \$340,000,000 between July 15 and August 12, reflecting chiefly further liquidation of loans on securities and a decrease in "all other" loans, which was partly a consequence of sales of acceptances to the Reserve banks. The volume of the member banks' investments also showed a slight decline for the period.

At the Reserve banks there was an increase in the total volume of credit of \$190,000,000 between July 15 and August 19. Demand for Reserve bank credit during this period increased as a result of an outflow of \$144,000,000 of currency, which was larger than is usual at this season and further transfers of foreign funds from the open market into balances at the Reserve banks. This demand for Reserve bank credit was met by the Reserve banks for the most part through the purchase of bills and United States Government securities in the open market, but also through increased discounts for member banks.

Money rates remained at low levels.