



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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Changes in trade and industrial conditions in the Fourth District in the past month have been limited. Some improvement of a seasonal nature was reported in most lines, but in the more important ones changes were smaller than for similar periods of preceding years, so adjusted indexes touched new low levels for the current depression.

A waiting attitude is displayed in most industries, and though sentiment improved following the announcement of the new credit plan, and inquiries received by manufacturers indicate that stocks are low, as yet they have not been transformed into actual orders in any volume. Unit inventories at the end of the third quarter were reported 20 per cent lower than a year ago and the dollar value down 25 per cent.

Wholesale sales in all reporting lines in this District showed greater-than-seasonal improvement in September, and stocks at department stores advanced after allowing for seasonal changes. The upturn raised the stock index from 71.7 in August to 74.7 per cent of the 1923-1925 monthly average, the first sizeable increase in many months.

Building activity, though in very limited volume, increased more than seasonally in September, but fell off sharply in the first half of October. Life insurance sales in Ohio and Pennsylvania were ten per cent smaller in September than a year ago.

Shoe production declined by less than the usual seasonal amount and output in September in this District exceeded the same month last year by ten per cent and in the first nine months was slightly larger than in the corresponding period of 1930.

In the manufacturing industries iron and steel production changed but little, instead of increasing seasonally. Expanding inquiries were reported in several fields in late October, but actual orders are still limited. Automobile production has reached a very low level, partly, it is understood, in preparation for new model introduction. Operations at parts and accessory, hardware, and machine tool plants remain at low levels, chiefly because of the slump in the automobile industry.

During the past few weeks there have been a number of bank suspensions in this District and the demand for currency has increased further, although recently the rate of increase has diminished somewhat. This added demand for currency, together with the reduction in the country's stock of monetary gold following Great Britain's suspension of gold payments, has resulted in an exceptionally rapid increase in demand for Reserve bank credit, both for

this District and for the country as a whole. At member banks loans and deposits have been reduced sharply in the past few weeks.

The month proved very favorable for the maturing and harvesting of agricultural crops. Prices on these commodities declined in September, but increased in the first three weeks of October. Other wholesale prices also advanced slightly in the latter period.

FINANCIAL

During the past month there was a sharp increase in the amount of Reserve bank credit outstanding as demand for currency expanded. Deposits at member banks declined and loans and investments were reduced quite sharply. There were numerous bank suspensions recently in several sections of the District.

Following the suspension of the gold standard by the Bank of England and the conversion into gold (earmarked or exported) of short time funds of other nations held in New York in an amount exceeding \$600,000,000, money rates throughout the country were increased from the abnormally low levels to which they had declined in the early months of this year. The discount rate of the Federal Reserve Bank of Cleveland was advanced from 2½ to 3 per cent on October 10, and to 3½ per cent on October 24. Rates reported by large commercial banks in mid-October showed a slight upward tendency.

Savings deposits at 55 selected banks on September 30 amounted to \$1,022,090,000, a reduction in the month of two per cent and from the same date last year of 6.3 per cent. The declines were quite well distributed. Bank debits, though showing some seasonal improvement in the four weeks ended October 21, were 21.5 per cent below the same period of last year and for the year to date down 20 per cent.

Commercial failures in this section increased slightly from August and were 11.5 per cent more numerous than in September, 1930. In the first nine months there were 12 per cent more failures than in the same period of 1930. Liabilities of the defaulting concerns were smaller than in other recent months, but were still much larger than a year ago.

Reserve Bank Credit. Changes in assets and liabilities of the Federal Reserve Bank of Cleveland in the past few weeks have been more rapid than in any similar period of the bank's history. In other years at this season gold reserves of this bank have declined, but the falling-off has

not been as sharp as in the period just passed. Since September 9 gold reserves have declined \$73,386,000, or 21 per cent, and at \$272,190,000 on October 21, were lower than since February, 1930. One year ago they were \$302,666,000.

Total credit extended, as shown on the accompanying chart, has increased very rapidly. At \$223,052,000 on October 21, it was higher than since 1921, when this bank was still rediscounting for other Federal reserve banks. In ten weeks total bills and securities rose about \$125,000,000, an unprecedented expansion.

Holdings of Government securities increased slightly in the past month, but the change was insignificant compared with the expansion in discounts and acceptances.

Bills discounted for members banks in this District, representing credit extended directly to banks in this section, increased from \$31,890,000 on September 16, to \$92,465,000 on October 21. On the latest date they were higher than since December, 1929, and compared with \$27,049,000, on the corresponding date last year.

Though holdings of bankers' acceptances usually increase at this season of the year, the expansion in the four weeks ended October 21 was much greater than seasonal. Purchases of acceptances are made chiefly through the Open Market Committee at New York, where demand for credit, arising from unprecedented gold movements and expansion in currency circulation, was greater than usual for this season. Acceptances held by this bank on October 21 were valued at \$57,566,000, compared with \$17,672,000 on September 23, and \$20,102,000 one year ago. They were higher than since December, 1922.

As in the entire country, demand for currency continued to increase, though judged by note circulation of the Federal Reserve Bank of Cleveland, the rate of expansion in the second and third weeks of October was at a lower rate than in the three preceding weeks. Note circulation on October 21 was \$295,914,000, as against \$250,159,000 a month earlier and \$182,493,000, a year ago. It was higher than since March, 1921, and was 62 per cent above one year ago, despite the fact that the volume of business done and prices have fallen materially in the past twelve months.

As deposits at member banks declined, reserve deposits dropped accordingly, and at \$157,275,000 on October 21,

they were 21 per cent below one year ago, and lower than for any week since the middle of 1924.

Member Bank Credit. At reporting member banks in leading cities sharp reductions in both demand and time deposits in the past month were accompanied by a falling-off in loans, chiefly those secured by collateral, and investments. In the four weeks ended October 21, total deposits declined eight per cent, and on the latest date were lower than since early 1927. In the same period total credit extended was reduced by about five per cent, loans falling three per cent and investments eight per cent.

The following table shows changes in the past year in loans and investments at all member banks in the Fourth District, based on the September 29, 1931, reports of condition.

ALL MEMBER BANKS—FOURTH DISTRICT
(In Millions of Dollars)

	Reserve City Banks Per cent change from			Country Banks Per cent change from		
	Sept. 29, 1931	June 30, 1931	Sept. 24, 1930	Sept. 29, 1931	June 30, 1931	Sept. 24, 1930
Total Loans & Inv.	2,004	-6.1	-7.5	1,200	-2.9	-11.9
Loans & Discounts	1,222	-5.0	-11.6	791	-4.3	-13.9
Investments.						
U. S. Govt. Sec.	440	-7.6	+9.8	127	+13.3	+10.8
All other inv....	342	-7.8	-11.1	282	-5.1	-14.3
Number of banks	35	-5.4	-16.7	664	-2.6	-8.4

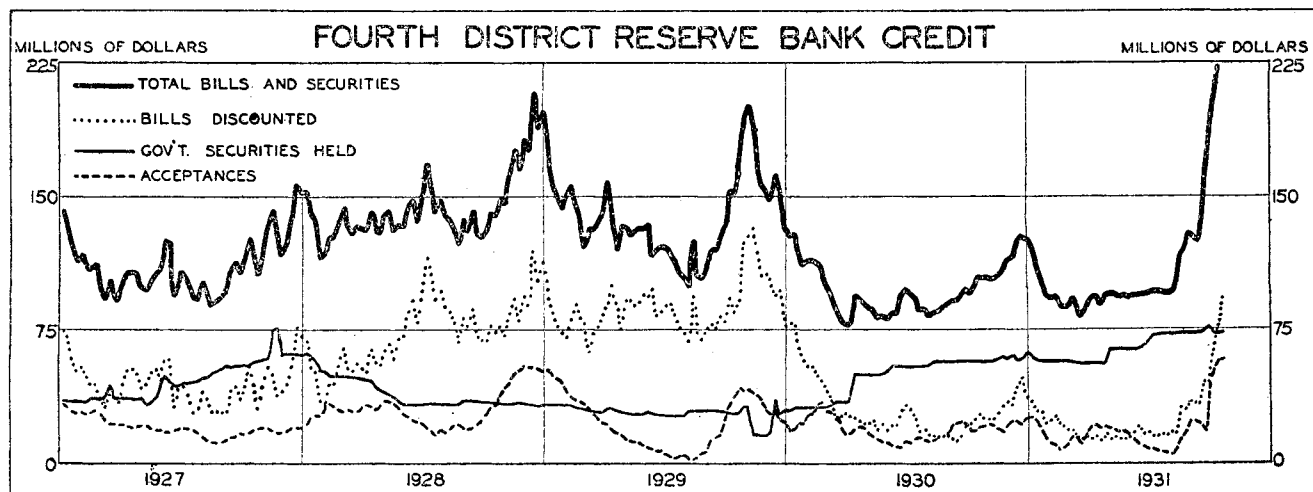
The decline in the number of banks has been proportionately greater in the past year in the Reserve cities than in the smaller centers of the District, but the contraction in credit extended has been greater at country banks. Compared with June, the reduction has been more drastic at Reserve city banks.

Despite the decline in number, investments in Government securities at country banks were larger in September than in June or a year ago, but holdings of other securities were down. At the Reserve city banks, Government securities owned were lower than in June, but ten per cent higher than a year ago.

MANUFACTURING, MINING

Iron and Steel

Steel production, for both the country as a whole and the Fourth District, in the month ended October 15 broke through previous lows of this depression. For the entire country the steel rate sagged from 33 per cent to 28;



Youngstown declined from 41 to 30 per cent, Pittsburgh from 29 to 25; Cleveland stepped up from 29 to 35 per cent—inadequate to neutralize the losses at Pittsburgh and Youngstown.

This easing production reflected quite accurately the consuming situation. Not only has the expected post-Labor Day pick-up failed to materialize, but the markets experienced a distinct dip. This further curtailment cut across all products, and, despite current low operating rates, unfilled orders declined in September.

For the Fourth District, the failure of the automobile industry to swing into substantial production in October was particularly disappointing. As one after another manufacturer postponed production schedules on new models the late fall buying of automotive steel was put-off, precipitating the post-Labor Day slump. Nevertheless, in mid-October there were signs that the necessity of producing new models for dealers' stocks and January shows would provide the industry with the equivalent of four fair production weeks, and sentiment in the Mahoning Valley was measurably better.

Statistics on pig iron production in September were mildly encouraging in that for the first time since April there was an actual gain in the number of steelworks stacks in blast, and the net decline in total active stacks—which was one—was the smallest since April. Likewise, the fall in the daily rate was the smallest since May. September's daily rate was 38,321 gross tons, compared with 41,264 tons in August and 75,893 tons in September, 1930. In nine months, total output was 15,004,243 tons, against 25,745,000 tons in the same period of 1930. Seventy-four stacks were in blast at the end of September.

Steel ingot output, on a daily basis, like pig iron, was the smallest since September, 1921. At 59,523 gross tons daily, open-hearth and bessemer output was at 28.02 per cent of capacity. The nine-month total for steel output stands at 20,411,736 tons; a year ago it was 39,286,287 tons.

Reflecting more weakness in pig iron than in finished steel, the iron and steel composite of *Steel* declined from \$31.04 in mid-September to \$30.78 by mid-October.

Coal Buying of coal for household use has been retarded by the unusually warm weather, and dealers reported that sales in September and the first half of October did not show a seasonal upturn comparable with other years. The low level of industrial operations also has made it difficult to market fine steam coals. Prices were slightly higher in September than in the preceding month, but were below last year.

Production of bituminous coal in this District in September was 12,300,000 tons, an increase of 2.4 per cent from August, about the average seasonal expansion of the past six years. Compared with a year ago, output was down 21 per cent and in the first nine months 18 per cent less coal was mined than in the same period of 1930.

Part of the reduced output of local mines was a result of smaller demand for coal to be shipped to the upper lake ports. Loadings of coal at Lake Erie ports in the season to October 1 were only 23,429,000 tons, a drop of 21.6 per cent from the same period of last year.

Automobiles Continued weakness was apparent in the automobile industry in September and the first three weeks of October. Cram's estimated output in the week of October 17 was 23,570 units. This was slightly more than half as large as a month ago and compared with 36,462 units in the corresponding week last year. Each week since the middle of August declines have been larger than the estimated seasonal amount and the *Analyst* adjusted index has receded from about 65 per cent of computed normal in the first seven months of this year to 32 per cent in the week of October 17.

The reduction was partly due to a falling-off in retail sales in September. In that month they were estimated at 118,000 units, while output in the same period was 140,566 units, according to the Department of Commerce. Manufacturers also were curtailing output in an effort to reduce stocks of present models before starting production on cars to be introduced at the January shows.

Compared with a year ago, automobile production was off 36 per cent and the drop from August was much greater than seasonal. The adjusted index receded from 52 per cent of the 1923-1925 average in August to 40 in September. Passenger car production was 109,087 units in September and 1,762,206 in the first nine months, a falling off of 38 and 28 per cent from the corresponding periods of 1930. Truck production was down 29 per cent in September and 23 per cent in the first three quarters compared with similar periods of last year.

Local steel mills and parts and accessory factories have reduced operations further as specifications on material needed for new model production have been moved forward by one company after another.

Tires, Rubber

Activity at rubber plants declined in September, as revealed by employment figures of 24 concerns reporting to the Ohio State Bureau of Business Research, and rubber consumption figures. The one per cent decline in the number employed from August to September compared with an average reduction of two per cent for that period of the past five years, but in the latest month there were 16 per cent fewer employed than a year ago. Consumption of crude rubber dropped 14 per cent from August to September, as against an average drop of 11 per cent for that period of past years.

The latest available production figures cover August and show a falling-off of 21 per cent from July. This was greater than seasonal, as was the drop from June to July. A remarkable upturn in tire production was shown in the first six months of this year, after allowing for seasonal variations, but since mid-year a greater-than-seasonal decline has been apparent. In this connection inventories did not show as large an increase in the first half of 1931 as in other recent years, but they declined in July and August as shipments exceeded production. Compared with a year ago, stocks in August were down 18 per cent. August tire production was six per cent below the same month last year and in the first eight months was off 2.8 per cent.

Prices of tires have declined 12 per cent in the past year, according to the United States Department of Labor.

Crude rubber has dropped 46 per cent in the same time and raw cotton has declined about 40 per cent in the period.

The present low price of crude rubber is due to the abnormally large supply in relation to consumption. Domestic stocks of crude rubber on September 30 were 254,324 long tons, an increase of 50 per cent in the past year and of 5.6 per cent during the month. At current consumption rates (23,638 tons in September) this represented nearly 11 months' supply, compared with about seven months' supply on hand last year and three and one-half months' supply in 1929.

The large stocks and very low prices seem to have little effect on imports, which during September, at 40,505 tons, exceeded the same month last year by 2.6 per cent. In the first nine months imports were 358,104 tons, a drop of 5.3 per cent from the same period of 1930.

Clothing

The clothing industry in this District showed little change in September, and manufacturers are awaiting the arrival of cooler weather with the hope that some increased demand might be experienced. Unusually warm weather this fall has retarded buying, and reorders of merchandise have been very limited despite the fact that wholesale sales were not large when the fall and winter samples were first displayed.

The showing of next spring's goods has just started, but manufacturers do not anticipate a large volume of advance orders since little buying of this type has been done for some time. Dealers prefer to wait until the season opens before ordering the bulk of their goods. Prompt delivery on such orders has done away with much advance purchasing.

Demand for knitted dresses and suits this fall has been very good and knitting mills have been operating at normal levels, or better. Orders in some cases have exceeded last year by a good margin.

Textile mills are still feeling the effect of the late showing on spring goods, and customers are buying in only limited quantities, it was reported.

Employment at 46 clothing and textile concerns in this territory was unchanged in September compared with August, but was five per cent lower than a year ago. In the past five years the average August-to-September increase was two per cent. Men's clothing factories have been operating at relatively better rates than concerns making women's apparel. At the former, the number employed in September was one per cent larger than a year ago.

Wool consumption in the entire country in the first eight months of 1931 (the latest available) was 23 per cent greater than in the same period of the preceding year.

Other

Manufacturing

Many irregularities are still apparent in general manufacturing lines of the District, though changes in the past month have been small, indicating that most concerns are marking time. Employment at 728 manufacturing plants dropped one per cent in August, a contrary-to-seasonal movement. Three groups of companies, chemical, food and paper, reported a seasonal improvement. Shoe pro-

duction in September exceeded the same month last year. Inquiries are reported in several industries, but orders, as yet, are not forthcoming in any volume.

Clay Products. Conflicting trends were apparent in the various branches of this industry in September. Employment at 73 concerns declined one per cent from August to September, in contrast with a five-year average August-to-September increase of the same amount. Thirty-four companies reported increases, however, and six no change, but this was more than offset by decreases at 33 plants. Makers of window glass reported a contrary-to-seasonal drop in demand in the first part of October. Makers of glass containers experienced a seasonal drop in orders, but for the year, operations have been in quite satisfactory volume. Brick and tile production is still in very limited volume, though some slight improvement was reported in September by one large manufacturer.

Electrical Supplies. Some seasonal improvement in orders was experienced in the first part of October, though, in most cases, they were for limited quantities. One concern showed a 15 per cent increase in the first ten days of October, compared with the same period of the preceding month. Employment at 32 reporting plants was one per cent less in September than a year ago, but was three per cent below August.

Hardware, Machinery. The number of inquiries received indicate to makers of machine tools, etc., that manufacturers are in need of new equipment, but actual orders are still developing very slowly. Failure of the automobile industry to expand production had a particularly bad effect on this industry. Employment at machine tool factories dropped nine per cent in September, while in the past five years a slight improvement was experienced in the period. Makers of foundry products and drop forgings showed a five per cent contraction in employment in September, with the number of men working 26 per cent below last year.

Metal Containers, Products. Miscellaneous metal containers were still reported in good demand, but fruit and other packing business has been completed. Makers of stoves and furnaces showed a seasonal increase in operations in September, but were employing ten per cent fewer men than a year ago.

Paint. General conditions in the paint industry have changed but little in the past month. Demand for products is spasmodic and irregular. Working forces have not changed for several months. Orders during the next few months will be chiefly for spring delivery, but customers show little desire to anticipate demand.

Paper. Consumption of boxboard as containers has been about equal to a year ago, but writing paper demand is rather irregular. This latter branch of the industry is operating at about 70 per cent of capacity. Prices on medium grade papers have been reduced from ten to 30 per cent. Compared with a year ago the number employed in September was down seven per cent.

Shoes. Warm weather curtailed shoe sales in September and buying was irregular. Demand for cheap shoes has been fair, though better grades have been moving slowly. Output of 27 establishments in September was 11.2 per cent below August, a seasonal change, but exceeded production in September, 1930, by ten per cent.

The increase was sufficient to show a gain in production in the first nine months, the improvement being 0.2 per cent. In the entire country September output exceeded that of August. Factories have difficulty gauging demand, since most orders are for rush shipments and only for a few pairs of certain lines at a time.

TRADE

Retail Trade In September the dollar value of retail trade, as revealed by reports from 56 large department stores in the Fourth District, was 17.6 per cent less than in the same month of 1930. The increase from August, 18.5 per cent, was just about the usual seasonal amount and the daily average, seasonally adjusted index stood at 79.4 per cent of the 1923-1925 monthly average. Sales in the first nine months were 10.7 per cent smaller in value than in the same interval of 1930.

In the individual cities some wide variations in sales were evident. Akron stores reported an increase in sales in September, compared with a year ago, of two per cent. All other cities revealed declines ranging from five per cent at Cleveland, and 14 per cent at Columbus, to 22 per cent at Cincinnati, 23 per cent at Wheeling, 26 per cent at Pittsburgh and Toledo, and 29 per cent at Youngstown. Proportionately more sales were for cash in September than a year ago, the ratio of credit to total sales being 59 per cent, a reduction of eight per cent from the same month of 1930.

The retail value of stocks at department stores increased substantially in September for the first time in many months, after allowing for seasonal variations. The adjusted index advanced from 71.7 per cent of the 1923-1925 monthly average in August to 74.7 in September. The percentage increase in stock value was 13.4 per cent, while the average seasonal increase is about nine per cent.

Collections fell in September, the percentage of collections on accounts receivable on August 31 being only 27.7 per cent. This was a reduction of about 11 per cent from the corresponding month of last year.

Sales at wearing apparel stores were 26 per cent below one year ago and at furniture stores were off 25 per cent. Chain grocery sales, per individual unit operated, were six per cent smaller in September and down four per cent in the first nine months. Chain drug sales were off eight and three per cent in the corresponding periods.

Wholesale Trade All reporting lines of wholesale trade showed an expansion in sales from August and in every case the improvement

was greater than the average August-to-September increase of the preceding seven years. Grocery sales were up 13.2 per cent compared with a seven-year average increase of 7.6 per cent; hardware firms showed an upturn of 9.4 per cent against an average change of 8.4; dry goods sales advanced 22 per cent, while in the preceding years the improvement was 16 per cent; and drug sales were 7.5 per cent larger in September than in August, compared with an average change of 4.5 per cent.

Large reductions from a year ago were reported in dollar sales. Groceries were down 18 per cent; drugs 13 per cent; hardware 21 per cent and dry goods 28 per

cent. With the exception of drugs, the declines in sales in the other lines in the first nine months closely approximated the September percentages.

Hardware and grocery stocks expanded slightly in September, but all lines reported stocks much below one year ago. Collections have been only "fair."

BUILDING

As in the entire country, construction activity in the Fourth District in September showed greater-than-seasonal improvement from August. The gain, 11 per cent, compared with an average August-to-September increase in the past eight years of nine per cent. Despite this slight improvement, building continues in very limited volume, total Fourth District awards being valued at \$19,342,000 in September, a loss of 44 per cent from the same month last year. According to the F. W. Dodge Corporation, the decline in the third quarter and also the first nine months of 1931, from corresponding periods of 1930, was 43 per cent. This loss in both periods was much more drastic than that shown for the 37 eastern states, where the third quarter loss was 26 per cent and for the first nine months was only 30 per cent.

In the third quarter the decline was well distributed among the three major groups. Non-residential building suffered a loss of 49 per cent from the third quarter of 1930; civil engineering was off 40 per cent and residential building was lower by 36 per cent.

In the first nine months of this year the following declines from the like period of 1930 were shown in the value of principal types of building: commercial buildings, 60 per cent; factories, 59 per cent; educational buildings, six per cent; religious and memorial buildings, 46 per cent; social and recreational facilities, 60 per cent; residential building, 36 per cent; and civil engineering, 39 per cent.

In the first half of October a decided falling-off was apparent in this section, total awards amounting to only \$6,356,600, compared with \$47,913,500 in the entire month of October, 1930. Outlook for the remainder of this year is not very promising, for, contemplated projects reported in September were valued at \$24,239,500, compared with \$69,171,200 in the same month last year.

Building supplies are being sold at low prices in very limited volume. The *Aberthaw* index of building costs dropped slightly in the third quarter and was lower than since 1922.

AGRICULTURE

Estimates of principal Fourth District crops were revised upward again in September, chiefly a result of very favorable growing weather and lack of frost, and so far as acreage yields are concerned, the District has experienced one of the most favorable seasons on record. The improvement was quite general throughout the entire country, the month being the warmest September on record, but conditions in several sections, particularly the West and Northwest where there has been a dearth of rainfall, are less favorable than in this locality.

The prevailing low level of prices, however, is very discouraging, and despite the larger yields than were reported a year ago, gross income of farmers no doubt will be under the average of past years. The United States Department of Agriculture reported farm prices

in September as only 72 per cent of the five-year pre-war average, compared with 111 a year ago, and 143 in August, 1929, the most recent high point.

The decline in the past year has been 35 per cent, the greater part of which was due to a 50 per cent reduction in grain prices, a 44 per cent drop in fruits and vegetables and a 43 per cent decline in cotton and cottonseed prices. Livestock prices were down 33 per cent in the period and dairy and poultry prices fell 24 per cent. In contrast to the trend in prices of most other farm products, dairy and poultry prices advanced in September, butter prices increasing 11 per cent. Dairy and poultry prices, at 93 per cent of the pre-war average, were at an exceptionally high level when compared with prices of most grains, which were at 50 per cent of the pre-war average.

The fall in farm prices has been much more drastic in the past year than in most other commodities, as is shown by the accompanying chart. Prices of all commodities have declined 18 per cent, foods 18 per cent, and other commodities 13 per cent in the period. Compared with two years ago, the reduction in farm prices is even sharper, for, from the spring of 1927 to 1930, prices of farm products were higher than other commodities. Prices of commodities bought by farmers have declined in the past year, but the ratio of prices received for crops to prices paid for goods dropped from 76 per cent of the five-year average in September, 1930, to 57 in September, 1931.

Very low prices, particularly for grains, have had some effect on the acreage of winter wheat farmers intended to sow this fall. For the entire country farmers reported that they intended to plant 12 per cent less acreage to wheat this fall than was actually seeded last year. In the past eight years actual seedings have been three per cent below reported intentions. In Ohio, farmers intended to plant 11 per cent less wheat than was planted in the fall of 1930, but weather conditions always have some bearing on the actual sowings.

Corn. The estimate of corn production was revised upward in September, output for the District now being put at 209,087,000 bushels. This was nearly twice as large as the very small crop of 1930, and was over 12 per cent above the 1925-29 average. With no serious frosts in September, the crop matured well and yield promises to be close to the highest on record.

	October 1 Condition		Yield per Acre (Bu.)		
	1931	1930	(Per cent) 1920-29 10-year ave.	Indicated Oct. 1, 1931	1920-29 10-year ave.
Ohio	82	56	81	45	39
Pennsylvania	94	45	81	51	42
Kentucky	92	39	80	35	27
West Virginia	90	39	83	36	34
United States	71.4	53.3	77.0	25.6	28.0

The above table shows that the October 1 condition of corn in states of the District was much better than the average of past years and the entire country. Acreage yields also were higher.

Oats. The October 1 estimate of oat production in this District was revised upward by nearly 3,000,000 bushels, but at 75,111,000 bushels, it compared with a five-year average harvest of 89,171,000 bushels, a reduction of 16 per cent. A smaller than average oat crop was reported in many sections of the country, partly on

account of unfavorable weather, and partly because of a reduction in acreage planted.

According to the Department of Agriculture, supplies of feed grains (corn, oats, barley, and grain sorghums) for the entire country for the 1931-32 season are slightly below average, but much in excess of those available last year, while the supplies of hay are less than a year ago and below average. The deficiency of feed grains is partly offset by the increased feeding of wheat, which, at present prices, is more profitable than some other grains. The supply of hay in this District is much larger than a year ago, but is slightly below the five-year average.

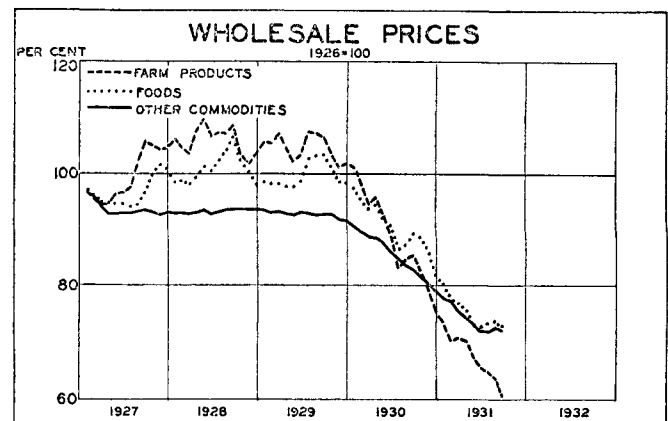
Potatoes. The condition of potatoes in the Fourth District improved perceptibly in September, the October 1 production estimate, 19,689,000 bushels, being about 2,000,000 bushels higher than a month earlier and over 4,000,000 bushels larger than last year's crop, but slightly below the five-year average harvest. In Ohio the crop was above average, but in the other three states smaller-than-average crops were reported.

Fruits. Little change in fruit estimates occurred in September, though grapes were yielding higher than was at first expected, and much better than last year or average. The Ohio crop is now estimated at 31,500 tons, against a five-year average of 21,740 tons. The Pennsylvania crop is reported to be 24,840 tons, compared with 18,004 tons in the five years 1925-29.

The apple estimates remain unchanged from a month ago, but the drop has been large and the fruit is small where trees are overloaded. With the crop one of the largest in recent years, prices are low, both for fresh fruit and cider stock.

Tobacco

The estimate of tobacco production in this District was increased by over 5,000,000 pounds in September, and on October 1 was 195,344,000 pounds, nearly 40,000,000 pounds larger than the record harvest of last year, and about 50 per cent greater than the average harvest in the five years 1925-29. The crop was all cut under favorable weather conditions and curing is progressing nicely. According to present indications, the quality of the crop promises to be exceptionally good, since weather during the entire season has been ideal. Yields are expected to be the highest on record, for acreage under cultivation was only 13 per cent larger than a year ago in the burley sections which are the most important pro-



Indexes of the United States Bureau of Labor Statistics

ducing areas of this District.

There has been a large demand for old-crop smoking tobacco and cigarette grades, with only very limited quantities appearing now and then. Tobacco now available is practically all of poor quality.

Interest now centers on the opening of the selling season, which will occur next month, and the prices most likely to be paid. Opening sales in eastern Carolina were rather large, but of rather poor quality and the average price was around 8½ cents a pound.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Sept. 1931	% change from 1930	Jan.-Sept. 1931	% change from 1930
Bank Debits—24 cities.....	\$ 2,268,000	-21.3	22,829,000	-19.1
Savings Deposits—end of month:				
28 selected banks, O., W. Pa.....	719,212	-4.1	755,140 ¹	+ 0.1
Postal Receipts—9 cities.....	2,694	-6.5	24,737	-5.2
Life Insurance Sales:				
Ohio and Pennsylvania.....	\$ 75,200	-10.0	861,304	-17.3
Retail Sales:				
Department Stores—56 firms...\$	17,602	-17.6	165,651	-10.7
Wearing Apparel—13 firms...\$	950	-26.1	9,919	-11.7
Furniture—51 firms.....\$	652	-24.6	7,097	-20.9
Wholesale Sales:				
Drugs—13 firms.....\$	1,402	-12.9	13,201	-8.2
Dry Goods—11 firms.....\$	1,392	-28.4	11,709	-26.3
Groceries—40 firms.....\$	4,864	-17.9	41,004	-17.9
Hardware—17 firms.....\$	1,271	-21.1	11,372	-22.5
Building Contracts—Residential...\$	4,568	-36.6	56,508	-35.0
Building Contracts—Total...\$	19,342	-43.6	223,595	-43.3
Commercial Failures—Liabilities...\$	4,314	+57.6	62,271	+93.7
Commercial Failures—Number...\$	165 ²	+11.5	1,664 ²	+12.2
Production:				
Pig Iron, U. S..... Tons	1,165	-48.8	15,004	-41.7
Steel Ingots, U. S..... Tons	1,548	-45.5	20,412	-37.0
Automobiles—Pass. Car..... U. S.	109,087 ²	-37.8	1,762,206 ²	-27.8
—Trucks..... U. S.	31,338 ²	-29.1	354,229 ²	-23.3
Bituminous Coal..... Tons	12,300	-21.4	113,961	-18.2
Cement—O., W. Pa., W. Va. Bbls.	1,063	-44.6	8,863	-36.6
Elec. Power—O., Pa., Ky. k.w.h.	1,096 ³	-4.5	9,001 ⁴	-6.8
Petroleum—O., Pa., Ky. Bbls.	1,770 ³	-11.1	15,029 ⁴	-19.3
Shoes..... Pairs	5	+10.0	5	+ 0.2
Tires, U. S..... Casings	3,136 ³	-6.3	30,055 ⁴	-2.9
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	4,699	-4.5	23,429	-21.6
Iron Ore Receipts:				
Lake Erie Ports..... Tons	2,873	-39.1	12,271	-53.4

¹ Monthly Average ⁴ January-August
² Actual ⁵ Confidential
³ August

Wholesale and Retail Trade

(1931 compared with 1930)

	Percentage Increase or Decrease		
	SALES Sept.-Sept.	SALES First nine months	STOCKS Sept.-Sept.
DEPARTMENT STORES (56)			
Akron.....	+ 2.3	- 5.3	-13.3
Cincinnati.....	-21.9	- 8.4	-10.6
Cleveland.....	- 5.0	- 9.8	- 7.8
Columbus.....	-14.4	- 9.1	-15.2
Pittsburgh.....	-25.9	-12.8	-11.3
Toledo.....	-26.1	- 6.1	-16.6
Wheeling.....	-22.9	-13.9	- 9.0
Youngstown.....	-28.8	-17.8	-16.7
Other Cities.....	-18.0	-13.2	-15.5
District.....	-17.6	-10.7	-11.6
WEARING APPAREL (13)			
Cincinnati.....	-30.4	-10.6	- 3.2
Other Cities.....	-23.9	-12.2	-11.8
District.....	-26.1	-11.7	- 9.0
FURNITURE (49)			
Cincinnati.....	-21.6	- 9.1	....
Cleveland.....	-18.2	-22.3	....
Columbus.....	-29.9	-20.9	....
Dayton.....	-29.6	-26.1	....
Toledo.....	-39.2	-23.5	....
Other Cities.....	-35.5	-15.0	....
District.....	-24.6	-20.9	....
CHAIN STORES*			
Drugs—District (4).....	- 8.4	- 3.3	....
Groceries—District (6).....	- 6.0	- 4.1	....
WHOLESALE GROCERIES (38)			
Akron.....	-16.3	-27.2	....
Cleveland.....	-29.3	-21.3	....
Erie.....	-11.6	-18.5	....
Pittsburgh.....	- 7.4	- 7.1	....
Toledo.....	- 9.4	-14.2	....
Other Cities.....	-14.3	-16.5	....
District.....	-17.9	-17.9	- 4.8
WHOLESALE DRY GOODS (11).....	-28.3	-26.3	-22.7
WHOLESALE DRUGS (13).....	-12.8	- 8.2	....
WHOLESALE HARDWARE (17).....	-21.1	-22.5	-21.0

*Sales per individual unit operated.

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ending Oct. 21, 1931	% change from 1930	Year-to-date Jan. 1 to Oct. 21, 1931	Year-to-date Jan. 2 to Oct. 22, 1930	% change from 1930
Akron.....	81,221	-13.7	791,723	969,035	-18.3
Butler.....	10,354	-22.8	86,663	126,460	-31.5
Canton.....	29,704	-16.1	350,389	448,675	-21.9
Cincinnati.....	308,419	-10.3	3,276,829	3,683,792	-11.0
Cleveland.....	641,767	-19.9	6,613,598	7,991,485	-17.2
Columbus.....	121,415	-33.0	1,512,038	1,788,936	-15.5
Dayton.....	61,434	-23.4	749,185	899,047	-16.7
Erie.....	30,876	-14.5	308,381	390,002	-20.9
Franklin.....	3,638	-19.2	37,584	50,395	-25.4
Hamilton.....	10,937	- 8.3	110,176	142,974	-22.9
Homestead.....	4,370	- 4.5	38,749	45,106	-14.1
Lexington.....	14,474	-24.6	189,575	245,288	-22.7
Lima.....	8,885	-25.0	103,969	125,367	-17.1
Lorain.....	4,600	-13.2	49,140	56,997	-13.8
Middletown.....	7,021	-26.6	85,935	107,982	-20.4
Oil City.....	13,001	-13.4	123,013	163,521	-24.8
Pittsburgh.....	746,477	-19.4	7,447,121	9,747,243	-23.6
Springfield.....	14,632	-20.5	176,101	223,687	-21.3
Steubenville.....	7,644	- 8.5	83,401	101,910	-18.2
Toledo.....	78,413	-54.6	1,303,092	1,783,709	-26.9
Warren.....	8,067	-24.5	82,187	116,073	-29.2
Wheeling.....	35,591	- 6.5	361,030	431,896	-16.4
Youngstown.....	42,719	-38.0	507,194	677,301	-25.1
Zanesville.....	7,926	-21.7	86,303	99,057	-12.9
Total.....	2,293,585	-21.5	24,473,376	30,415,938	-19.5

Building Operations

(Value of Permits)

	Sept. 1931	% change from 1930	Jan.-Sept. 1931	Jan.-Sept. 1930	% change from 1930
Akron.....	\$ 162,904	-59.2	\$1,779,709	\$8,665,664	-79.5
Ashtabula.....	14,910	-64.9	169,946	288,923	-41.2
Canton.....	12,570	-82.5	647,115	1,281,007	-49.5
Cincinnati.....	1,548,860	-10.2	21,837,755	32,627,512	-33.1
Cleveland.....	598,750	-86.0	10,585,750	22,232,875	-52.4
Cleveland					
Suburbs*.....	480,530	-46.8	10,934,523	14,877,849	-26.5
Columbus.....	82,400	-79.4	3,041,700	4,202,150	-27.6
Covington, Ky.....	24,475	-34.3	493,955	535,650	-7.8
Dayton.....	138,904	-22.4	2,335,378	4,234,734	-44.9
Elyria.....	2,140	-85.8	115,697	232,090	-50.1
Erie, Pa.....	444,220	+82.7	1,981,920	3,480,213	-43.1
Hamilton.....	17,450	-57.6	437,107	1,057,801	-58.7
Lima.....	9,275	-36.3	97,624	540,318	-81.9
Mansfield.....	48,920	-38.0	680,507	573,448	+18.7
Middletown.....	3,245	-50.5	75,968	558,589	-86.4
Newark.....	11,900	+67.8	98,700	228,035	-56.7
Pittsburgh, Pa.....	1,243,157	+75.9	10,299,460	17,344,754	-40.6
Portsmouth.....	20,000	-58.3	293,400	581,500	-49.5
Sandusky.....	30,645	+40.6	100,175	249,377	-59.8
Springfield.....	15,580	-82.0	1,162,507	679,980	+71.0
Steubenville.....	17,600	-53.3	188,300	602,020	-68.7
Toledo.....	27,849	-98.6	1,844,945	6,098,059	-69.7
Warren.....	26,795	-60.6	263,432	595,725	-55.8
Wheeling, W. Va.....	34,590	-88.5	545,250	941,047	-42.1
Youngstown.....	93,439	-25.9	1,374,034	2,333,539	-41.1
Total.....	5,111,108	-56.7	71,384,857	125,042,859	-42.9

*Includes Bay Village, Cleveland Heights, East Cleveland, Euclid, Fairview, Garfield Heights, Lakewood, Maple Heights, Parma, Rocky River, Shaker Heights, South Euclid, University Heights.

Fourth District Business Indexes

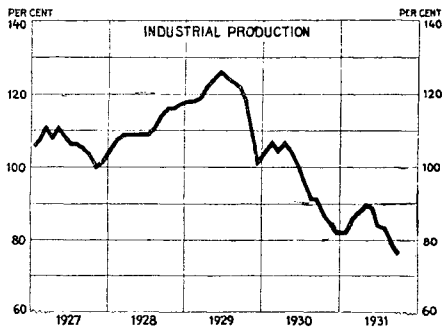
(1923-1925 = 100)

	Sept. 1931	Sept. 1930	Sept. 1929	Sept. 1928	Sept. 1927
Bank Debits (24 cities).....	84	106	126	118	113
Commercial Failures (Number).....	113	101	103	109	102
(Liabilities).....	98	62	79	84	73
Postal Receipts (9 cities).....	104	111	119	110	117
Sales—Life Insurance (Ohio & Pa.).....	90	100	113	96	102
" —Department Store (53).....	75	91	102	101	95
" —Wholesale Drugs (13).....	89	103	114	107	112
" — " Dry Goods (10).....	54	77	108	106	104
" — " Groceries (38).....	79	96	103	103	103
" — " Hardware (15).....	61	76	92	96	101
" — " All (76).....	73	90	104	103	104
" —Chain Drugs (3)**.....	77	84	89	93	96
Building Contracts—Total.....	41	72	135	142	137
—Residential.....	27	42	73	94	125
Production—Coal (O., W. Va., E. Ky.).....	68	87	97	87	88
" —Cement (O., W. Pa., W. Va.).....	88	160	160	188	150
" —Petroleum (O., Pa., Ky.)*.....	96	108	124	115	114
" —Elec. Power (O., Pa., Ky.)*.....	131	137	158	135	123
" —Shoes.....	90	82	110	110	122

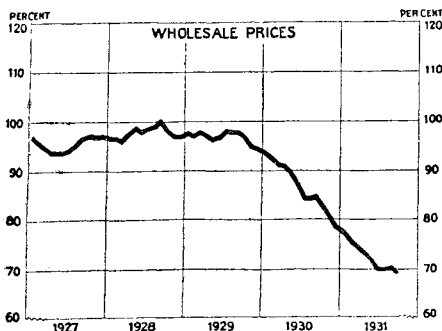
*August.
**Per individual unit operated.

Summary of National Business Conditions

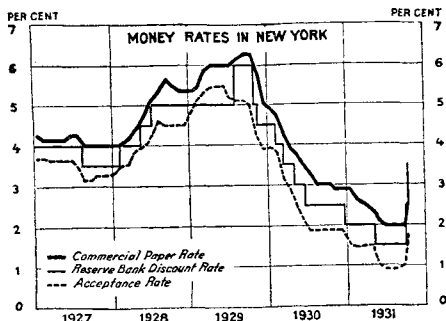
(By the Federal Reserve Board)



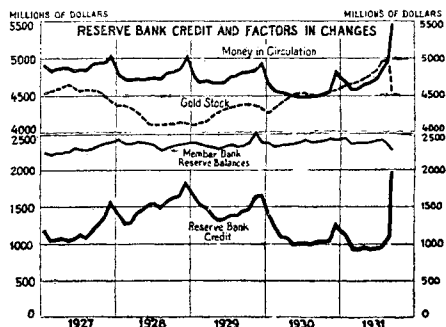
Index number of industrial production, adjusted for seasonal variation, (1923-1925 = 100). Latest figure, September, 76.



Index of United States Bureau of Labor Statistics (1926 = 100). Latest figure, September, 69.1



Monthly rates in the open market in New York: Commercial paper rate on 4 to 6 month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 17 days in October



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

Industrial production and factory employment, which usually increases at this season, showed little change from August to September, and, consequently, the Board's seasonally adjusted indexes declined. The general level of wholesale prices also declined. Gold exports and earmarkings, together with an increase in domestic currency demand between the middle of September and the middle of October resulted in a large growth of the reserve bank credit in use and a rise in money rates.

Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index, declined from 79 per cent of the 1923-1925 average in August to 76 per cent in September. Activity at steel mills decreased from 31 per cent of capacity to 28 per cent; output of automobiles was reduced substantially and lumber production continued to decline. At cotton mills production increased seasonally, while activity at woolen mills and shoe factories declined contrary to the usual seasonal tendency. Output of petroleum was smaller in September than in August, but the rate of output prevailing at the end of September was higher than at the end of August.

The number employed at factories showed little change from the middle of August to the middle of September, a period when employment usually increases. In iron and steel mills, automobile factories and lumber mills, employment decreased further, contrary to the seasonal tendency; in the clothing and silk industries there were substantial increases in employment, partly of a seasonal character; in mills producing cotton goods, employment increased less than usual, and in woolen mills it declined from recent relatively high levels.

Data on value of building contracts awarded for the period between the first of August and the middle of October, as reported by the F. W. Dodge Corporation, show a continuation of the downward movement of recent months for residential as well as for other types of construction.

Estimates by the Department of Agriculture, based on October 1 conditions, indicated a cotton crop of 16,284,000 bales, the largest crop reported, except that of 1926; a total wheat crop somewhat larger than usual, and a corn crop of 2,700,000,000 bushels, 29 per cent larger than last year, and two per cent smaller than the five-year average.

Distribution

Freight car loadings of merchandise and sales by department stores increased in September, but less than the usual seasonal amount.

Wholesale Prices

The general level of wholesale prices declined from 70.2 per cent of the 1926 average in August to 69.1 per cent in September, according to the Bureau of Labor Statistics. Decreases in the prices of livestock, meats, hides, woolen goods, cotton and cotton goods, were offset in part by increases in prices of dairy products, petroleum and petroleum products. Further declines in the price of cotton during the first few days of October were followed by substantial increases in subsequent days.

Bank Credit

During the four weeks following the suspension of gold payments in England on September 20, \$600,000,000 of gold was withdrawn from this country's monetary stock in the form of exports and earmarkings. Domestic demand for currency continued to increase, the growth for the month ending in the middle of October being about \$400,000,000. The growth in the amount of currency outstanding, however, slowed down after the first few days in October. The demand for credit arising from gold movements and currency growth was met by member banks through the sale of acceptances to the reserve banks and by rediscounts. Volume of reserve bank credit outstanding, consequently increased between the week ending September 19 and the week ending October 17 by \$904,000,000, and on October 17 stood at \$2,169,000,000, the highest level for ten years. Gold and currency withdrawals resulted in a decrease of deposits at member banks in leading cities. Loans and investments of these banks also declined, reflecting reductions in loans to security brokers, as well as sale of acceptances to the reserve banks, and sales of United States securities.

During this period there was a rise in short time money rates in the open market and in yields on high grade bonds. On October 9 the Federal Reserve Bank of New York advanced its discount rate from 1½ to 2½ per cent and on October 16 to 3½ per cent. Discount rates were also advanced at the Boston, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Dallas and San Francisco reserve banks.