



# MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

**Fourth Federal Reserve District**

**Federal Reserve Bank of Cleveland**

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There was a better feeling than a month ago in most sections of the District regarding general conditions in early November, though actual developments in trade and industry failed to reveal any marked improvement from the low levels to which operations had declined in October. This changed sentiment was partly attributable to the decline in bank suspensions in November from the high levels of other recent months and to the upward movement of some commodity prices. Demand for currency also has receded.

The iron and steel industry has increased operations, contrary to seasonal movements of other years and with little support from automobile producers. Touching a low for this depression of 27 per cent of capacity in the third week of October, schedules were advanced to 32-33 per cent in the third week of November. Cleveland and Youngstown plants have been operating at higher-than-average levels. With automobile companies almost out of production, eight concerns being entirely closed, there has been little demand for steel from this source. New models are being introduced, however, and some material and parts buying was reported in the latter part of November. The machine tool industry showed some pick-up in November after weeks of very low operations, the increased demand being attributed to the automobile industry.

Tire production has been experiencing its usual seasonal decline, though the falling-off in October, based on rubber consumption, was greater-than-seasonal. Building, both in October and the first half of November, was very much reduced from the low levels of last year. In the first ten months, work on public projects and utilities was 43 per cent below a year ago and non-residential building in the same period was down 51 per cent. Residential building was behind 37 per cent.

Employment and payroll indexes receded in October at a slightly more-than-seasonal rate and the number and size of commercial failures in the same period were much above last year. Sales of life insurance in October in Ohio and Pennsylvania were only 9.5 per cent below the same month of 1930, while the decline in the first ten months was 17 per cent.

Crop estimates were further increased in October, a result of very favorable weather. The increase in agricultural prices has been encouraging to farm communities.

Unusually warm weather for this time of year has retarded operations in several lines, including sales at department stores, demand for coal, production of shoes

and clothing, etc. Department store sales in October were 20.6 per cent below the corresponding month last year, sales of wearing apparel and seasonable articles being very much reduced. Due to this lack of demand, clothing factories have had few reorders, though usually at this time of year, because of reorders in addition to operations on goods for spring delivery, the industry is operating at peak levels. Shoe production declined much more than the usual seasonal amount in October. Demand for coal, which was low because of the reduced level of industrial activity, was further reduced on account of limited household demand.

## FINANCIAL

Tension surrounding the banking situation, both in the Fourth District and the entire country, was considerably relieved in the past month. The number of bank suspensions in this District declined from 49 in October to nine in the entire month of November, and several of the closed banks were completing plans which would enable them to reopen in the near future. As a result, demand for accommodation at the Reserve bank and for currency has subsided and the rate of decline in deposits at reporting member banks has slowed up materially.

The number of commercial failures in this section increased from 165 in September to 255 in October and was 38 per cent above last year. The increase from September was greater than seasonal and defaults in the first ten months were 15 per cent more numerous than in the like period of 1930. The size of the defaulting concerns also was very much increased, liabilities in October being over three times as large as a year ago and more than twice as large in the first ten months as in the corresponding period of the preceding year.

Bank debits failed to show the usual seasonal increase in the four latest weeks, being 31 per cent below the similar period of last year, and in the first ten months were off 20 per cent.

Savings deposits receded very sharply in October, the reduction at the reporting banks being 3.6 per cent in the month. On November 1, savings deposits at these banks were nearly ten per cent smaller than on the same date last year.

**Reserve Bank Credit.** Changes in assets and liabilities of the Federal Reserve Bank of Cleveland in the past monthly closely paralleled those occurring in the Federal

reserve system as a whole. In the four weeks ended November 18, the recent downward trend of gold reserves was reversed, an increase of over \$20,000,000 being shown in the period. At \$292,899,000 on the latest report date, they were only \$2,500,000 below holdings on the corresponding date last year. They were still over \$90,000,000 larger than two years ago.

At the same time total earning assets dropped from \$223,052,000 on October 21, to \$204,422,000 on November 18. This was in contrast to the seasonal increase shown at that time in preceding years. The greater part of the reduction was caused by a falling-off in holdings of bankers' acceptances which dropped from \$57,566,000 on October 18 to \$36,647,000 in the following four weeks. This reduction was similar to the drop shown for the entire system, as maturing bills exceeded the amount of bills offered to the Reserve banks.

Bills discounted for member banks in this District increased in the closing part of October and early November to \$106,161,000 on November 4, but receded in the two ensuing weeks to \$94,824,000, as demand for currency declined. Discounts, on the latest date, were more than three times as large as a year ago, and in the past few weeks have been higher than since late 1929.

Holdings of Government securities have remained practically unchanged at the high level which has prevailed since July.

Circulation of this bank's Federal reserve notes continued to expand at a somewhat decelerating rate until the week ended November 18, when a reduction of \$4,000,000 was reported. This was partly seasonal, but was the first weekly reduction since September and the largest since January. The sharp upturn in note circulation of this bank in the past year is shown on the accompanying chart. Compared with a year ago, note circulation has expanded \$127,000,000, and the increase over 1929 is even larger. Business has been declining generally in the past two years, and constantly since the spring of this year, and yet circulation of Federal reserve notes, the most important type of money, has increased during much of the period. This is a reflection of the disturbed banking situation in the District and represents withdrawals by individuals for hoarding as well as accumulation by banks of larger holdings of cash.

Member bank reserve deposits dropped in the latter part of October, but increased slightly in the two weeks ended

November 18. This latter change occurred in the face of declining deposits at member banks. The ratio of total reserves to deposit and note liability combined increased from 59.4 to 62.9 in the past four weeks.

**Member Bank Credit.** Deposits at reporting member banks in leading cities continued to recede in the four weeks ended November 18, but the decline was more moderate than in preceding periods of this year. The reduction in total deposits was about 2.6 per cent, most of which represented a falling-off in time deposits which declined over \$25,000,000, or 2.9 per cent in the period. Demand deposits were reduced \$7,000,000, or less than one per cent. Demand deposits are now smaller than time deposits, while prior to September the former always exceeded the latter.

Accompanying the drop in deposits, loans and investments receded nearly two per cent in the four weeks, and on November 18 were about nine per cent smaller than one year ago, and lower than since early 1927. The greater part of the reduction in the past four weeks was in total investments which declined over three per cent in the period. With the exception of the first week in January, investments are lower than for any week this year.

The falling-off in total loans, one per cent, in the past four weeks, was greater in collateral than in "all other" loans. Compared with the high point touched in 1929, collateral loans have been reduced nearly 25 per cent, while "all other" loans, changes in which represent largely fluctuations in commercial demand, have receded only 15 per cent from their peak.

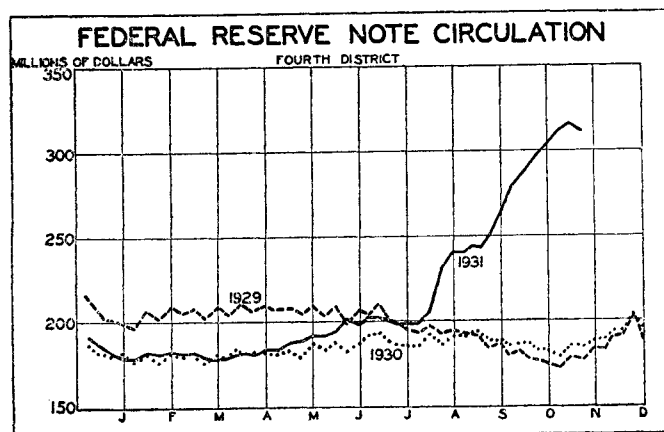
#### MANUFACTURING, MINING

**Iron and Steel** The iron and steel industry touched the lowest point of the present depression in the third week of October when operations receded to 27 per cent of capacity. Since that time a moderate upturn has been apparent, schedules being increased to 31 per cent of capacity by the third week of November. Cleveland mills in the month ended November 15 operated irregularly, falling from 39 to 29 per cent and then rising to 44 per cent. Pittsburgh showed a steady rise from 25 to 30 per cent, while Youngstown declined from 30 per cent to 24, but recovered to 37 per cent by mid-November.

This upward movement was somewhat greater than seasonal and sentiment in the steel industry is more optimistic than for some time. Operators discern, for the first time in many months, the possibility of moderately better business. The recent upturn was made on small individual commitments and without substantial assistance from the automotive industry, and in mid-November there were indications that stronger support from this quarter would result as 1932 models were scheduled for dealer stocks and display cars.

The recent upturn, however, may be a belated seasonal movement which normally develops in September and early October. There is little forward buying.

Prior to November, steel operations had shown a continuous decline since last March and the October records were the lowest in ten years. Steel ingots were made in October at the rate of 58,977 tons a day, total production being only 27.8 per cent of estimated capacity. Output last year was 99,724 tons a day. The decline from



September was only 0.9 per cent, the smallest for any month since March. Ten-month steel production was 22,004,112 tons, compared with 35,094,520 tons a year ago. Average operations for the period have been 39.84 per cent of capacity against 67.42 in the same period of 1930.

During October the daily average output of pig iron was 37,831 gross tons, or 26.3 per cent of rated capacity, the lowest since September, 1921. In the ten months, 16,180,814 gross tons of pig iron were produced, against 27,910,215 tons in the comparable period of 1930. On the first of November there were only 69 furnaces in blast, a reduction of five in the month, and also the lowest since September, 1921.

Finished steel commitments were so small that the price structure was under no pressure, with the single exception of cold-finished steel, which eased off \$2 per ton. Pig iron, however, declined 50 cents a ton at Pittsburgh and in the Mahoning Valley. As a result, the iron and steel composite of *Steel* receded from \$30.78 to \$30.63 during the month.

**Coal** Because of the unusually warm weather for this time of year, the seasonal increase in coal consumption has been smaller than in other recent years, thus further reducing the demand for coal which has been at low levels for some time, partly due to curtailed operation of industrial institutions and railroads.

Output of Fourth District mines in October was 13,390,000 tons, an increase of about nine per cent from September, compared with an eight-year average increase for the period of eleven per cent. In the entire country, coal production increased 12 per cent from September. Compared with a year ago, output of District mines was off 23 per cent in October and 19 per cent in the ten-month period.

Stocks of bituminous coal in hands of commercial consumers and retail dealers on October 1 were 34,500,000 tons, an increase of 4,400,000 tons in the past three months, but 1,400,000 tons below last year on that date. Consumption of coal in the third quarter fell to 6,046,000 tons a week, against 6,273,000 tons in the second quarter, and was 18 per cent under the third quarter of 1930.

Shipments of coal from Lake Erie ports in October were 4,707,000 tons, an increase of 2.9 per cent from the corresponding period of 1930, but for the season to November 1, such shipments have been 18 per cent smaller than in the like period of last year. Stocks of bituminous coal at upper lake ports on October 1 were 8,836,403 tons, about 1,500,000 tons less than a year ago.

The third international conference on the bituminous coal situation was held at Pittsburgh this past month and, while many ills were generally recognized, chief among which were overproduction and competition from other fields, no concerted action was taken except to refer the six proposed plans for stabilization to a committee composed of the Governors of the principal coal-producing states.

**Automobiles** Though there usually is some falling-off in automobile production in October and November as model changes are effected, the reduction this year was of unusual propor-

tions, particularly since September output was so reduced. There were only 80,142 cars and trucks made in October, according to the Department of Commerce, a reduction of 43 per cent from September, and which compared with 154,401 units produced in October, 1930. Actual production was smaller than for any month since 1921, and the Board's seasonally adjusted index was 28 per cent of the 1923-1925 monthly average, compared with 40 in September.

The improvement expected in November had not materialized to any extent in the first three weeks, *Cram's* weekly estimate for the latest period being only 8,709 cars and trucks, against 42,858 units in the corresponding week last year. The *Annalist's* weekly adjusted index was only 17.8 per cent of estimated normal, nearly a complete shut-down. Eight manufacturers were entirely out of production and others were operating on very reduced schedules. Industrial employment at Detroit increased rather sharply in November, however, and production on 1932 models is very gradually getting under way.

The falling-off in production has been less drastic in the truck field than in passenger cars. Output of trucks in October, at 21,727 units, was 46 per cent below last year. In the first ten months truck production was down 26 per cent. Truck production was lower in 1927 and 1924 than at present. Passenger cars produced in October totaled 57,764 units, a drop of 49 per cent from the same month of 1930, and of 29 per cent in the ten-month period. To find a month of lower passenger car production it is necessary to go back to January, 1921.

Output of automobiles has fallen to much lower levels than have sales, and dealers' stocks are substantially reduced. In the first nine months, (September being the latest month for which registration figures are available) retail sales of passenger cars plus exports have exceeded production by a good margin. Sales in September were about 17,000 in excess of production.

In principal counties of the District new passenger car registrations in October declined more than seasonally, and were 26 per cent below one year ago. In the first ten months the reduction was 26 per cent.

**Tires,  
Rubber**

The tire industry continues to experience its seasonal decline which began in July, November usually being the month of lowest production and employment. The latter dropped two per cent in October from the preceding month, slightly less than the five-year average falling-off of three per cent, but the number employed was 14 per cent below last year and some factories were operating only part-time. October sales were reported considerably below those in September, only part of the decline being seasonal.

Consumption of crude rubber in October by manufacturers in the United States was 22,277 long tons, a reduction of 5.8 per cent from September, as compared with an average decline of three per cent. Compared with a year ago, rubber consumption was off 19 per cent.

Tire production in September, the latest month for which complete figures are available, was 18.8 per cent below August, a greater-than-seasonal decline, and 5.8 per cent under a year ago. In the first nine months the reduction was 3.2 per cent. Tire shipments in September receded 20.7 per cent from August and were 10.8 per cent under a year ago. Shipments in September exceeded

production by 24 per cent, however, and stocks dropped 8.3 per cent in the month, and on September 30 were 17 per cent smaller than on September 30, 1930.

Producers feel that a real tire shortage is gradually developing, based chiefly on gasoline consumption figures which indicate that cars are being operated at approximately the same rate as in other recent years. In the first nine months of 1931 consumption of gasoline was over 500,000,000 gallons ahead of the same period of 1930 and 1,180,000,000 gallons in excess of the corresponding period of 1929.

In connection with the foregoing, the semi-annual survey of dealer stocks made by the Department of Commerce shows some interesting facts. The average number of casings per dealer was 60.2 (based on 26,882 reports) compared with 62.4 tires a year ago, as shown by 31,522 reports. This was a reduction of 3.5 per cent from last year, a favorable development, but in proportion to current demand, stocks no doubt are ample. Present stocks, however, are lower than for any corresponding date since 1927.

Despite the falling-off in consumption of crude rubber, imports continue in large volume, the October figure, 41,395 long tons, being 2.2 per cent ahead of September and only five per cent below last year. In the first ten months imports were off only two per cent, while consumption was down about seven per cent. Domestic stocks of crude rubber which have been increasing for two years, were estimated at 273,456 long tons, or more than a year's supply. Compared with a year ago, the increase was 47 per cent.

Prices have moved down as stocks increased, rubber being quoted in mid-November at less than five cents a pound, a drop of nearly 40 per cent in the past year.

#### Clothing

The woolen textile and clothing industry has been hampered by the long period of very moderate fall weather, and demand for winter clothing was further reduced. Retail stores have had a very poor season so far, October clothing sales being 20 to 25 per cent below the same period of 1930.

This is normally the best season of the year for clothing manufacturers, reorders on winter goods and initial orders for spring delivery stimulating operations, but total employment in the clothing industry in October, dropped four per cent from September, in contrast to a five-year average increase of two per cent for the period. Compared with a year ago, the reduction was nine per cent and some factories are only operating on part-time schedules. Employment conditions at men's clothing factories were better than at plants making women's clothes. Compared with a year ago the reduction at the former was only three per cent.

Salesmen are in their territories with spring samples, but advance orders are reported in small volume, in most cases, though one concern has received a larger volume of advance orders than was obtained in the same period of last year. Prices are very low, and the recent upturn in raw material prices may account for the increased buying. Retail stocks are limited, the dollar value of women's clothing at stores in this District being 25 per cent below last year. Men's clothing stocks were down 13 per cent in the same period. Part of this represents a reduction

in costs, but *Fairchild's* retail price index for clothing is about ten per cent lower than at the beginning of the year, the earliest date for which these figures are available.

This has been an unusual year for makers of knit goods, due to the popularity of knitted outerwear. Operations have passed their peak, however, and production now is being curtailed. Warm weather has retarded demand for knit underwear.

#### Other

Sentiment among general manufacturers of the District apparently was much improved in mid-November from a month ago. Recent developments in the general situation, including a decline in the number of bank failures and money in circulation and a rise in prices of agricultural and other products aided materially in restoring confidence. Some increased buying was reported in mid-November, not entirely seasonal. The latest complete employment and production figures, however, apply to October when the downward trend was still apparent. At 261 out of 707 manufacturing concerns reporting to the Ohio State Bureau of Business Research, increases were shown in October and 64 reported no change from September, but the index fell two per cent and was 14 per cent below last year. In the past five years there has been an average decline of one per cent from September to October. Four groups, chemicals, metal products, rubber products, and vehicle manufacturers, improved or showed less than the average September-to-October decline. In the major cities, employment at Dayton was reported above last year and a favorable increase was shown at Toledo and Pittsburgh in October. Columbus employment dropped seven per cent, a sharp reduction.

Many concerns which show a rather favorable situation compared with a year ago are staggering their work so that a larger number can be employed, but payrolls are very much reduced.

**Clay Products.** Brick and tile factories increased the number of employees two per cent in October, compared with a five-year average decline of that amount. Demand for window glass was stimulated by the possibility of a glass cutters strike which proved to be of short duration. A better feeling was reported in the trade than for some time. Plate glass demand has changed little, though manufacturers anticipate some improvement due to larger orders from automobile manufacturers. Moulded glass makers are experiencing a seasonal falling-off, but have enjoyed a good year. Stocks of plate and rolled glass are low. China and pottery manufacturers report conditions unchanged from a month ago, with demand for dinnerware at low levels.

**Electrical Supplies.** Irregularities were apparent in the electrical supply industry. Some indications of increasing orders were received, but others said that October and November business was still at very low levels. Of 30 concerns reporting on employment in October, 22 showed reductions which caused the group index to fall four per cent, in contrast to a five-year average drop for the period of one per cent.

**Hardware, Machinery.** Declining operations were still predominant in this industry in October and employment

was more than 20 per cent below last year. A few reports of increased orders were received in early November, chiefly from companies supplying the automobile industry with parts and accessories. Specialty machines, pipes, valves, etc., are in limited demand.

**Paint.** Operations in the paint industry have changed but little in the past month and continue at about 20 per cent below last year. Prices remain just about stationary and there has been no marked change in employment.

**Paper.** The paper industry continues to operate at approximately the same level as a month ago and at about 60 per cent of capacity. Employment at 12 concerns was seven per cent below last year. Inventories are reported low and still being reduced.

**Sheet Metal and Stoves.** An improvement not up to seasonal proportions was reported in October, but employment was still below a year ago.

**Shoes.** The shoe business in October and the first part of November was affected by the unseasonably warm weather, and, though production usually recedes at that time, the falling-off was much greater than seasonal, amounting to 28 per cent. Output of 29 establishments in the Fourth District in October was about 12 per cent below the same month last year and the gain shown in the first nine months of this year, compared with the corresponding period of 1930, was transformed into a loss by the addition of the October figures, the ten-month decline being 0.9 per cent. Retail prices of many lines have been reduced, but sales have not been stimulated to any extent.

## TRADE

Retail and wholesale trade in October and early November were adversely affected by the unseasonably warm weather that has prevailed. Stores have sold only limited quantities of fall goods, and winter clothing, etc., has been in very poor demand. Sales at reporting department stores increased from September to October, but the expansion was much less than the usual seasonal amount and the adjusted index dropped to 72 per cent of the 1923-1925 average, a new low for this depression.

A revised index of department store sales has been constructed and is shown on the accompanying chart. The new index is based on daily average dollar sales of the three years 1923-1925. In the adjusted index, allowance

has been made for variations in the number of Saturdays in the months and also for changes in the Easter date in March and April. While the differences between the new index and the one previously used are not great, the latest revision was thought necessary, and, it is felt, gives a better picture of department store conditions in this District. No allowance has been made for variations in retail prices. The index begins in 1919, and monthly figures for the entire period are available on request.

The dollar value of October sales was 20.6 per cent below the same month last year, and the loss is the first ten months from the corresponding period of 1930 was 12 per cent. All cities reported large losses in October compared with a year ago, ranging from 12 per cent at Cleveland to 38 per cent at Youngstown. A smaller share of total sales was bought on credit than a year ago, the ratio of credit to total sales being 57.6 per cent against 64.2 last year and installment sales represented only 4.7 per cent of total sales against 5.9 per cent in October, 1930.

Stocks at department stores increased 4.5 per cent in October compared with the preceding month, but this was less than the estimated seasonal increase. The adjusted index declined to 73.9 per cent of the 1923-1925 monthly average. In view of the sharp falling-off in sales, stocks are considered adequate for current needs, but stock turnover has been slightly more rapid than in 1930.

Collections improved in October, being 31.5 per cent of the volume of accounts outstanding at the end of September. This compared with 34.9 per cent in October, 1930.

In the individual departments, the losses from a year ago were rather well distributed, but wearing apparel sales showed a greater falling-off than some other departments. At 13 wearing apparel stores total sales were off 21.8 per cent in October compared with last year.

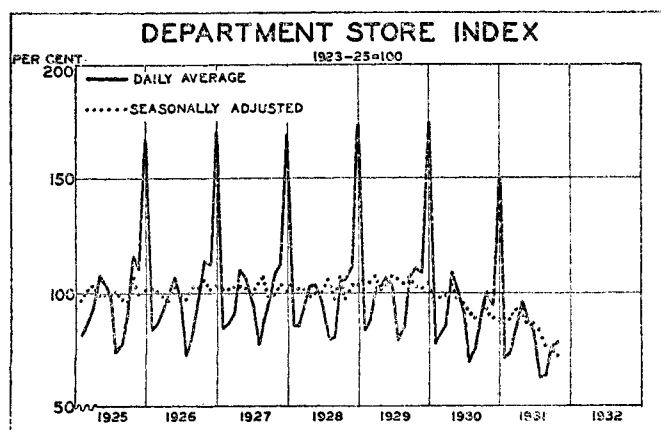
Furniture store sales were 19 per cent smaller in October than a year ago, but sales of furniture departments of department stores were 27 per cent smaller than in the same month of 1930.

Chain store sales increased seasonally in October, but, compared with a year ago, chain grocery sales on a unit basis were nearly five per cent smaller than in 1930 and chain drug sales were off eight per cent.

Wholesale trade in October, based on four reporting lines, was nearly four per cent smaller than in September, a contrary-to-seasonal movement. In the past seven years there has been an average increase of over three per cent in the period. Wholesale sales in October were 25 per cent below the corresponding month of 1930, part of the decline being accounted for by lower prices. Compared with last year, the largest reduction in October sales was in dry goods—33 per cent. Grocery sales were down 26 per cent, hardware 24 per cent, and drugs, 14 per cent.

## BUILDING

Construction activity in this District is rapidly approaching the irreducible minimum, awards in October being 32 per cent below September, according to the F. W. Dodge Corporation. While the change from September to October in preceding years has been rather erratic, three years showing increases of from 15 to 25 per cent, and five declines from four to 24 per cent, the recent reduction was decidedly greater than seasonal. Awards also



Index of Sales at 56 Department Stores in the Fourth District

show a much greater falling-off from last year in this section than in the entire country.

Compared with a year ago, October awards, at \$13,159,000, were 68 per cent under last year, which at the time was considered a small figure. In the ten months, contracts awarded amounted to only \$236,754,000, a reduction from the same period last year of 46 per cent.

In the various classes of building the drop from last October in residential contracts was 51 per cent, in non-residential contracts, 67 per cent, and in public works and utilities, 80 per cent. Contemplated projects reported in October were slightly larger than in the preceding month, but were less than a third of what they were a year ago.

The decline in October was continued in the first half of November, awards being about one-third as large as in the same period of last year.

Builders and building supply dealers reported an improvement in sentiment not based on developments within the industry, but a result of recent events, chiefly in the financial situation.

### AGRICULTURE

Of prime importance to agricultural communities has been the rise in prices in the past month, particularly on wheat and allied grains, cotton, poultry and dairy products, and vegetables. Although wheat prices have declined from the high point touched in early November, at 57 cents a bushel on November 25, compared with a low of 45 cents on October 5, a needed increase in the gross value of this large cash crop was indicated. The farmer may benefit from this increase because proportionately more grain was in storage on farms on November 1 than in preceding years. The rise, apparently, was partly a result of speculation, but reports of reduced acreage and poor condition of next year's winter-sown crop in mid-western states, together with a below-normal world carry-over and a realization that wheat at recent levels was underpriced, were some reasons for the upturn.

Late crops have been harvested under very favorable conditions, and indicated yields were further increased during October. Final crop figures are not yet available, but the Department of Agriculture's report on 23 principal crops indicates yields per acre will be 11.4 per cent above yields last year and 0.6 per cent above the average of the preceding ten years.

Estimates of late-maturing crops of the Fourth District were larger than a month ago. The estimated corn crop was 212,621,000 bushels, an increase of over 3,500,000 in the month, and about twice as large as the very small crop harvested in 1930. In Ohio, the yield is 46 bushels per acre, the second highest on record and the quality of the crop, at 91 per cent, is far above the average quality of preceding years, which was 77 per cent. In Pennsylvania, the yield was 51 bushels per acre and the total crop was 139 per cent larger than the 1930 harvest and 16 per cent above average. Kentucky farmers reported even larger increases from last year. A greater proportion of the crop is of merchantable quality than in other recent years. Stocks of last year's crop on farms on November 1 were below the average of preceding periods.

The potato crop estimate for the District was revised upward slightly in October and, at 19,837,000 bushels, compared with 15,619,000 bushels harvested in 1930. The

increase is considerably larger than that shown in the entire country. Yield per acre is above average in Ohio and Pennsylvania, but below average in the other two states of the District. Quality is somewhat below average, however, in most sections.

The condition of fruit crops improved slightly in October and yields and quality are much above the ten-year average. The Ohio apple crop is reported at 14,790,000 bushels, more than twice the average harvest and four times as large as last year's small crop. Quality was reported at 89, compared with a ten-year average of 75 per cent. Similar increases were reported in Kentucky and West Virginia, but, while the Pennsylvania crop was large, the increase over the average of the preceding ten years and 1930 was not as large as in other states of the District. Grapes and pears also yielded somewhat better than expected, and quality and size of crops in states of the District were proportionately better than in the entire country.

### Tobacco

The tobacco crop has cured well, with the exception of a little house burn from overcrowded barns. In some sections it has cured redder than had been expected, but as a whole the crop is better than average. Estimated production of principal types grown partly or wholly in the District, together with the quality of the crop, both compared with last year, are given below:

TOBACCO					
	Production	(1,000	% Inc. or	Quality	
	1931 <sup>1</sup>	pounds)	Dec., 1931	(Per cent)	
			compared	1931	1930
			with 1930		
Air-Cured					
Burley .....	468,502	349,263	+34.1	84	78
Green River .....	36,846	28,260	+30.4	84	74
One Sucker .....	31,533	29,350	+7.4	81	83
Fire-Cured					
Clarksville - Hopkinsville .....	103,920	95,695	+8.6	80	77
Paducah .....	52,875	38,226	+38.3	88	70
Cigar Filler					
Miami Valley .....	31,066	40,800	-23.9	89	92
All Types					
United States .....	1,647,975	1,641,437	+0.4	78.8	73.8
<sup>1</sup> Preliminary.					

With the exception of cigar filler tobacco production of types grown in this District was much larger, compared with a year ago, than was the entire tobacco crop. Flue-cured tobacco, grown mostly in the Carolinas and Georgia, and used chiefly for cigarettes, was the type whose reduction from last year's harvest partly offset the gains shown in air- and fire-cured types. The cigar-filler tobacco crop for the entire country is larger than a year ago, because of an increase in eastern Pennsylvania production. The entire tobacco crop is about 300,000,000 pounds larger than the average annual harvest of the five years 1925-29, and is the largest crop on record.

Growers in this District are getting ready to market one of the largest crops ever grown and a crop which is of much-better-than-average quality. There has been some talk of pooling the burley crop, but the idea is not meeting with much favorable response.

As to the probable price of the market opening in December for this year's crop, nothing can be said with certainty, but a review of the flue-cured markets in the southeastern states may be helpful. North Carolina tobacco sales in October were at an average price of \$9.93 a hundred pounds, which was \$5 less than the average in October last year.

Burley tobacco prices have been declining since 1928

when the average price was 30.4 cents a pound. In both 1927 and 1928 the crop was small. The 1929 average price was 21.8 cents and the price in January, 1931, averaged 17.3 cents a pound. With a crop much larger than was cut last year, but also of better quality, the price at which the Kentucky markets will open is very uncertain.

**Fourth District Business Statistics**

		(000 omitted)			
Fourth District Unless Otherwise Specified	Oct., 1931	% change from 1930	Jan.-Oct., 1931	% change from 1930	
Bank Debits—24 cities.....	\$ 2,379,000	-24.3	25,208,000	-19.6	
Savings Deposits—end of month:					
28 selected banks, O., W. Pa.....	698,803	- 8.2	749,505 <sup>1</sup>	- 0.8	
Postal Receipts—9 cities.....	2,919	-11.1	27,656	-29.8	
Life Insurance Sales:					
Ohio & Penna.....	\$ 85,470	- 9.5	946,774	-16.7	
Retail Sales:					
Department stores—56 firms..	\$ 19,820	-20.6	185,471	-11.9	
Wearing Apparel—13 firms....	1,229	-21.8	11,148	-12.9	
Furniture—49 firms.....	738	-19.4	7,835	-20.7	
Wholesale Sales:					
Drugs—13 firms.....	\$ 1,363	-14.4	14,564	- 8.8	
Dry Goods—11 firms.....	1,491	-33.4	13,200	-27.2	
Groceries—38 firms.....	4,443	-26.2	45,447	-18.8	
Hardware—15 firms.....	1,304	-24.2	12,378	-22.2	
Building Contracts—Residential:					
Total.....	\$ 3,870	-50.8	60,378	-36.3	
Total.....	13,159	-68.2	236,754	-45.7	
Commercial Failures—Liabilities:					
Number..	\$ 10,554	+203.6	78,825	+121.3	
Number..	255 <sup>2</sup>	+37.8	1,919 <sup>2</sup>	+15.0	
Production:					
Pig Iron, U. S.....Tons	1,172	-45.9	16,181	-42.0	
Steel Ingots, U. S.....Tons	1,592	-40.9	22,004	-37.3	
Automobiles—Pass. Cars..U.S.	57,764	-49.0	1,822,117	-28.7	
—Trucks.....U. S.	21,727	-46.5	373,321	-25.7	
Bituminous Coal.....Tons	13,390	-23.3	127,351	-18.8	
Cement—O., W. Pa., W. Va. Bbls.	904	-45.4	9,767	-37.6	
Elec. Power—O., Pa., Ky. k.w.h.	1,115 <sup>3</sup>	- 4.2	10,115 <sup>4</sup>	- 6.5	
Petroleum—O., Pa., Ky. Bbls.	2,089 <sup>5</sup>	+ 1.1	17,118 <sup>4</sup>	-17.3	
Shoes.....Pairs	8	-11.9	8	- 0.9	
Tires, U. S.....Casings	2,548 <sup>5</sup>	- 5.8	32,603 <sup>4</sup>	- 3.2	
Bituminous Coal Shipments:					
Lake Erie Ports.....Tons	4,707	+ 2.9	28,136	-18.4	
Iron Ore Receipts:					
Lake Erie Ports.....Tons	2,029	-49.4	14,299	-52.7	

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

**Wholesale and Retail Trade**

(1931 compared with 1930)

	Percentage Increase or Decrease		
	SALES Oct.	SALES First ten months Oct.	STOCKS Oct.
<b>DEPARTMENT STORES (56)</b>			
Akron.....	-25.2	- 7.7	-11.6
Cincinnati.....	-17.1	- 9.5	-18.2
Cleveland.....	-12.2	-10.0	- 2.7
Columbus.....	-13.5	- 9.7	-18.5
Pittsburgh.....	-25.3	-14.3	-13.7
Toledo.....	-19.9	- 7.9	-20.7
Wheeling.....	-24.3	-15.2	- 9.5
Youngstown.....	-38.0	-20.0	-20.5
Other Cities.....	-22.5	-14.3	-16.7
District.....	-20.6	-11.9	-13.1
<b>WEARING APPAREL (13)</b>			
Cincinnati.....	-15.3	-11.2	- 6.7
Other Cities.....	-25.0	-13.8	-16.7
District.....	-21.8	-12.9	-13.5
<b>FURNITURE (49)</b>			
Cincinnati.....	-27.8	-11.1	.....
Cleveland.....	-13.2	-21.5	.....
Columbus.....	-20.9	-20.9	.....
Dayton.....	-11.2	-25.1	.....
Toledo.....	-23.0	-23.5	.....
Other Cities.....	-41.1	-18.0	.....
District.....	-19.4	-20.7	.....
<b>CHAIN STORES*</b>			
Drugs—District (4).....	- 7.9	- 3.7	.....
Groceries—District (6).....	- 4.8	- 4.2	.....
<b>WHOLESALE GROCERIES (38)</b>			
Akron.....	-30.4	-27.5	.....
Cleveland.....	-32.4	-22.5	.....
Erie.....	-21.3	-18.8	.....
Pittsburgh.....	-12.3	- 7.6	.....
Toledo.....	-18.6	-14.7	.....
Other Cities.....	-25.6	-17.5	.....
District.....	-26.2	-18.8	-11.9
<b>WHOLESALE DRY GOODS (11)</b> .....	-33.4	-27.2	-23.7
<b>WHOLESALE DRUGS (13)</b> .....	-14.4	- 8.8	.....
<b>WHOLESALE HARDWARE (15)</b> .....	-24.2	-22.2	-10.0

\*Sales per individual unit operated.

**Fourth District Business Indexes**

(1923-1925 = 100)

	Oct., 1931	Oct., 1930	Oct., 1929	Oct., 1928	Oct., 1927
Bank Debits (24 cities).....	88	116	148	136	119
Commercial Failures (number).....	175	127	90	111	120
(Liabilities).....	239	79	82	54	159
Postal Receipts (9 cities).....	112	126	137	129	124
Sales—Life Insurance (Ohio & Pa.).....	102	113	134	130	108
—Department Store (56).....	78	106	118	112	113
—Wholesale Drugs (13).....	87	102	118	114	111
—Dry Goods (10).....	57	86	109	106	98
—Groceries (38).....	72	97	116	109	103
—Hardware (15).....	64	85	107	106	109
—All (76).....	70	94	115	109	104
—Chain Drugs (3)**.....	80	87	89	90	96
Building Contracts—Total.....	28	87	156	120	103
—Residential.....	23	46	71	102	101
—Coal (O., W. Pa., E. Ky.).....	74	97	112	106	87
Production—Cement (O., W. Pa., W. Va.).....	75	138	144	176	145
—Petroleum (O., Pa., Ky.)*.....	113	112	120	105	110
—Elec. Power (O., Pa., Ky.)*.....	133	139	156	135	121
—Shoes.....	65	74	115	120	114

\*September  
\*\*Per individual unit operated.

**Debts to Individual Accounts**

(Thousands of Dollars)

	4 weeks ending		Year-to-date Jan. 1 to Nov. 18, 1931	Year-to-date Jan. 2 to Nov. 19, 1930	% change from 1930
	Nov. 18, 1931	% change from 1930			
Akron.....	60,285	-21.2	852,008	1,045,566	-18.5
Butler.....	6,891	-41.8	93,554	138,300	-32.4
Canton.....	15,431	-55.5	365,820	483,365	-24.3
Cincinnati.....	259,218	-20.8	3,536,047	4,011,034	-11.8
Cleveland.....	479,021	-31.5	7,092,619	8,690,631	-18.4
Columbus.....	107,965	-36.1	1,620,003	1,958,020	-17.3
Dayton.....	44,374	-32.3	793,559	964,583	-17.7
Erie.....	27,122	-10.4	335,503	420,267	-20.2
Franklin.....	2,797	-29.5	40,381	54,360	-25.7
Hamilton.....	8,474	-23.6	118,650	154,062	-23.0
Homestead.....	3,016	-20.4	41,765	48,895	-14.6
Lexington.....	15,659	-18.2	205,234	264,440	-22.4
Lima.....	6,928	-33.7	110,897	135,814	-18.3
Lorain.....	3,747	-29.0	52,887	62,274	-15.1
Middletown.....	7,044	-19.4	92,979	116,720	-20.3
Oil City.....	9,320	-34.1	132,333	177,657	-25.5
Pittsburgh.....	597,202	-30.8	8,044,323	10,610,557	-24.2
Springfield.....	13,339	-21.5	189,440	240,690	-21.3
Steubenville.....	5,982	-25.8	89,383	109,976	-18.7
Toledo.....	68,681	-53.9	1,371,773	1,932,687	-29.0
Warren.....	5,211	-45.8	87,398	125,686	-30.5
Wheeling.....	30,108	-18.0	391,138	468,594	-16.5
Youngstown.....	20,367	-61.2	527,561	729,852	-27.7
Zanesville.....	7,016	-21.9	93,319	108,039	-13.6
Total.....	1,805,198	-31.5	26,278,574	33,052,069	-20.5

**Building Operations**

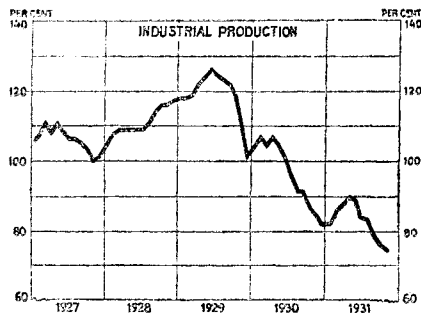
(Value of Permits)

	October, 1931		Jan.-Oct., 1931	Jan.-Oct., 1930	% change from 1930
	% change from 1930	% change from 1930			
Akron.....	215,452	-39.4	1,995,161	9,020,974	-77.9
Ashtabula.....	14,058	-45.3	184,004	314,621	-41.5
Canton.....	11,625	-86.1	658,740	1,364,864	-51.7
Cincinnati.....	1,695,300	-51.4	23,533,055	36,118,777	-34.8
Cleveland.....	548,000	-92.3	11,133,750	29,306,050	-62.0
Cleve. Suburbs.....	532,157	-45.4	11,466,680	15,852,736	-27.7
Columbus.....	177,500	-81.3	3,219,200	5,151,150	-37.5
Covington, Ky.....	105,145	+48.5	599,100	606,450	- 1.2
Dayton.....	325,023	+11.6	2,660,401	4,525,843	-41.2
Elyria.....	15,705	-20.9	131,402	251,955	-47.8
Erie, Pa.....	325,615	- 8.8	2,307,535	3,837,073	-39.9
Hamilton.....	12,630	-86.7	449,737	1,152,564	-61.0
Lima.....	15,865	+60.0	113,489	550,232	-79.4
Mansfield.....	33,370	-34.9	713,877	624,683	+14.3
Middletown.....	8,670	-48.7	84,638	575,494	-85.3
Pittsburgh, Pa.....	1,878,612	+133.1	12,178,072	18,150,842	-32.9
Portsmouth.....	21,000	-36.4	314,400	614,500	-48.8
Sandusky.....	4,430	+ 3.0	104,605	253,677	-58.8
Springfield.....	7,460	-85.5	1,169,967	731,325	+60.0
Steubenville.....	1,590	-97.5	189,890	666,250	-71.5
Toledo.....	121,807	-45.7	1,966,752	6,322,464	-68.9
Warren.....	8,785	-82.6	272,217	646,280	-57.9
Wheeling, W. Va.....	37,980	-49.8	583,230	1,016,653	-42.6
Youngstown.....	22,351	-89.7	1,396,385	2,549,799	-45.2
Total.....	6,202,405	-59.7	77,587,262	140,436,016	-44.8

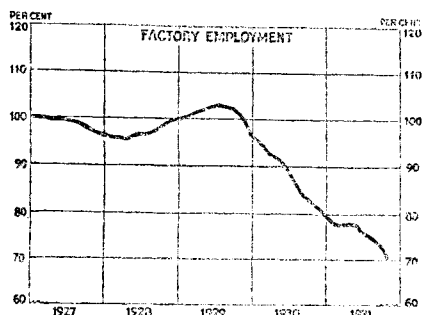


## Summary of National Business Conditions

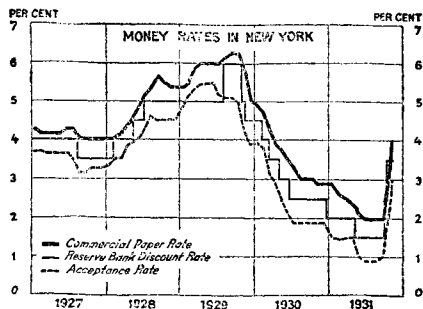
By the Federal Reserve Board



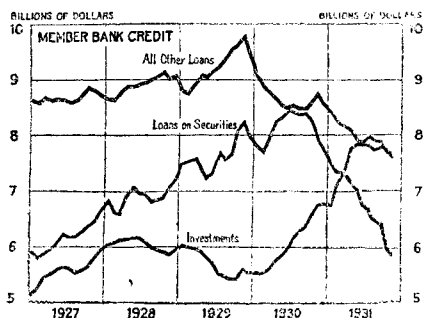
Index number of industrial production, adjusted for seasonal variation, (1923-1925 = 100). Latest figure, October, 74.



Federal Reserve Board's index of Factory Employment, with adjustment for seasonal variation, (1923-1925 average = 100). Latest figure, October, 70.3.



Monthly rates in the open market in New York: Commercial paper rate on 4 to 6 month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 21 days in November



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

Production and employment in manufacturing industries declined further in October, while output of minerals increased more than is usual at this season.

There was a considerable decrease in the demand for Reserve bank credit after the middle of October, reflecting a reduction in member bank reserve balances and, in November, an inflow of gold, largely from Japan. Conditions in the money market became somewhat easier.

### Production and Employment

Total output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, declined from 76 per cent of the 1923-1925 average in September, to 74 per cent in October. Output of steel remained unchanged at 28 per cent of capacity in October, although it usually shows an increase for that month; in the first half of November activity at steel mills increased somewhat. Automobile production declined sharply in October; production of shoes and woolens decreased and cotton mill activity showed little change, although an increase is usual at this season. Output of bituminous coal increased seasonally, and there were large increases in the output of anthracite and petroleum.

Volume of factory employment declined substantially from the middle of September to the middle of October. At woolen mills where an increase in employment is usual at this season, there was a large decrease. In the automobile and shoe industries reductions in employment were considerably larger than usual, while in the canning industry the decline was wholly of a seasonal character. In the silk goods and hosiery industries employment increased by more than the usual seasonal amount.

The November cotton crop estimate of the Department of Agriculture was 16,903,000 bales, 600,000 bales larger than the October estimate and 3,000,000 bales larger than last year, in spite of a reduction in acreage.

Data on the value of building contracts awarded in the period between September 1 and November 15, as reported by the F. W. Dodge Corporation, showed a continuation of the downward movement. In this period value of contracts was 29 per cent smaller than in the corresponding period of 1930, reflecting smaller volume of construction and somewhat lower building costs.

### Distribution

Total volume of freight car loadings remained unchanged in October, while loadings of merchandise decreased. Department store sales increased by somewhat more than the usual seasonal amount.

### Wholesale Prices

The general level of wholesale prices declined from 69.1 per cent of the 1926 average in September to 68.4 per cent in October, according to the Bureau of Labor Statistics. Prices of grains, cotton and silver, after showing a rapid rise beginning early in October, declined considerably, but in the third week of November were still above their October low points; prices of hides and petroleum were also higher in the middle of November than in early October. During this period the prices of livestock and meats declined rapidly, reflecting in part developments of a seasonal character.

### Bank Credit

Reserve bank credit, which had increased rapidly between the middle of September and the third week of October, declined by \$265,000,000 during the following four weeks. This decline reflected a large reduction in member bank and other balances at the Reserve banks and also an inflow of gold, chiefly from Japan. Demand for currency, which had been on a large scale during September and the first three weeks of October, showed relatively small fluctuations after that time and in the second week of November declined by somewhat more than the seasonal amount.

Loans and investments of member banks in leading cities continued to decline during recent weeks, and on November 18 the total volume was \$500,000,000 smaller than five weeks earlier. This decrease reflected substantial reductions in loans on securities and in "other" loans, as well as in the banks' holdings of investments. At the same time deposits of these banks also declined, with a consequent reduction in the reserve balances which they were required to hold with the Reserve banks.

Money rates in the open market, which had advanced sharply during October, declined somewhat early in November. Rates on prime commercial paper declined from a range of 4-4½ per cent to a range of 3¼-4 per cent, and rates on bankers' acceptances from 3¼ to 2¾ per cent.