



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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No. 1

Favorable developments in the past month have been offset by unfavorable ones, and conditions in the District in December were little changed from a month ago. Christmas buying dominated the retail field, but preliminary figures indicate that sales in the first half of December were off about as much from the corresponding period of 1930 as they were in the first eleven months.

The number of bank suspensions increased slightly in the latter half of December and in the entire month totaled seventeen, compared with nine in November. The demand for currency, though it increased in the first three weeks of December, was not up to seasonal proportions.

Failure of the automobile industry to expand production at more than a very moderate rate from the exceedingly low level touched in late November, caused steel mills and parts and accessory plants to curtail production after fulfilling the very moderate automotive requirements for new model production. Steel production made a new low for this depression at 24 per cent of capacity in mid-December, though local mills were operating at slightly higher-than-average rates.

Tire production expanded in November, contrary to seasonal movements of past years. Rubber consumption increased three per cent and employment showed no change, both in contrast to a reduction in past years.

Life insurance sales in November in Ohio and Pennsylvania were slightly ahead of the same month of 1930, but were off 15 per cent in the first eleven months. Commercial failures were 13 per cent more numerous in November than in the corresponding month of 1930, while in the first 11 months an increase of 15 per cent was reported.

REVIEW OF 1931

Barring a slight upward movement in the spring of 1931, similar to the one which developed in the early months of 1930, general business conditions in the Fourth District have been declining for two and one half years, following very closely the movement in the entire country.

Due to the highly industrialized make-up of the Fourth District, particularly the northern half, and because of the dependence of many local factories on automobile and iron and steel production, the reduction in industrial

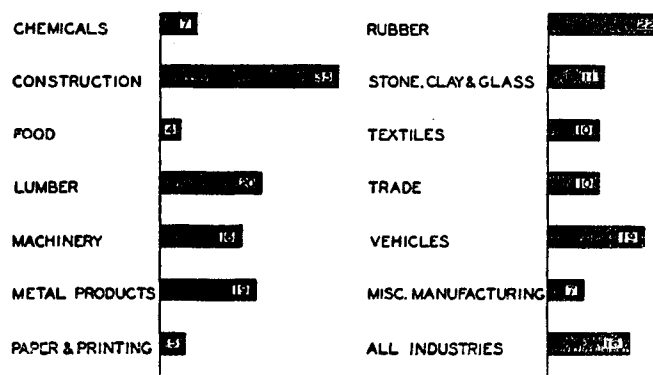
operations has been somewhat sharper this past year than in many other sections of the country.

Employment and payrolls have been substantially reduced. At 942 individual Ohio concerns reporting to the Ohio State Bureau of Business Research, employment in the first eleven months of 1931 averaged 16 per cent below 1930, which in turn was 17 per cent below 1929. The accompanying chart shows the average falling-off in employment in major industries of Ohio in the eleven-month period, compared with the same interval in 1930.

Operations in the iron and steel industry, one of the most important in the District, were very much below other years. In the first 11 months, steel production in the entire country averaged 39 per cent of capacity, compared with 65 per cent in 1930, and 92 per cent in 1929. Despite the increased demand for steel in the past decade, average production was only 82,799 tons a day in the eleven-month period, the smallest since 1921. With automobile, rail and general industrial demand sharply curtailed, local mills were operating at lower-than-average levels in most of 1930. In late November and the first part of December, mills in this section received orders for automobile steel, but so far the volume has been small. Prices have sagged during most of the period and are lower now than since 1915.

Although the automobile industry has had a very unfavorable year, production being about 30 per cent be-

OHIO INDUSTRIAL EMPLOYMENT



Per cent decrease first eleven months 1931, compared with similar period of 1930. Based on figures of Ohio State Bureau of Business Research

low last year and the smallest since 1921, some progress has been made. Stocks are very much reduced. In every month since May new passenger car registrations have exceeded actual output, and the discrepancy between sales and production has increased in recent months. In the closing months of the year the industry was practically shut down, and the expansion in December production on new models has been slow. This reduced automobile production had marked effect on parts and accessory demand. Many local factories were shut down entirely or were operating at very low levels during much of the year.

This also had its effect on the rubber and tire industry, so far as original equipment was concerned, but tire production in the first ten months was only four per cent below the same period of 1930, the demand for replacement tires offsetting in part the reduction in original equipment sales. Prices have been reduced, and costs of raw materials have fallen sharply, to the lowest levels in history.

Clothing manufacturers have been hampered by the decline in purchasing power, the unseasonable weather this fall, and by the fact that dealers are reluctant to stock in usual amounts under prevailing conditions. Despite the drop in prices, however, the dollar value of sales in several cases compared rather favorably with 1930, according to reports.

Shoe production has held up rather better than many industries, output in the first 11 months of 1931 being 0.4 per cent ahead of the same period of the preceding year. Activity was much below the average of years prior to 1930. Lower-priced shoe manufacturers fared better than makers of higher-priced products.

Building activity, which in 1930 was about 20 per cent below 1929, declined to very low levels in 1931. Contracts awarded in the first eleven months were 45 per cent below the low level of 1930, and the volume of contemplated projects reported at the end of the year was about half as large as a year ago. Prices of building materials are very low, and actual wages have declined. Cement production was about 37 per cent smaller in 1931 than in the preceding year, the decline in the volume of public construction affecting demand for this material.

The volume of freight handled by vessels on the Great Lakes was smaller than since 1921, shipments of iron ore being off about 54 per cent and bituminous coal 17 per cent from 1930. The coal industry was very much depressed, being affected by reduced industrial demand, unusually warm weather, declining prices and labor troubles. Output in the first 11 months in the District was 19 per cent below 1930.

Retail trade, based on reports of sales at principal department stores, held up rather well if allowance is made for the decline in prices. The dollar value of sales in the first eleven months of 1931 was 12 per cent below the same period of 1930, though, according to *Fairchild's* retail price index, department store prices were 17 per cent lower in December than in January, 1930. Wholesale trade was about 25 per cent smaller in 1931 than in the preceding year, but price reductions were an important factor in the decline.

Paint production was affected by reduced building operations and the decline in automobile production. Most other small manufacturing concerns, including electrical supply, glass, china, pottery, tool, hardware, and paper companies operated at lower levels in 1931 than in 1930.

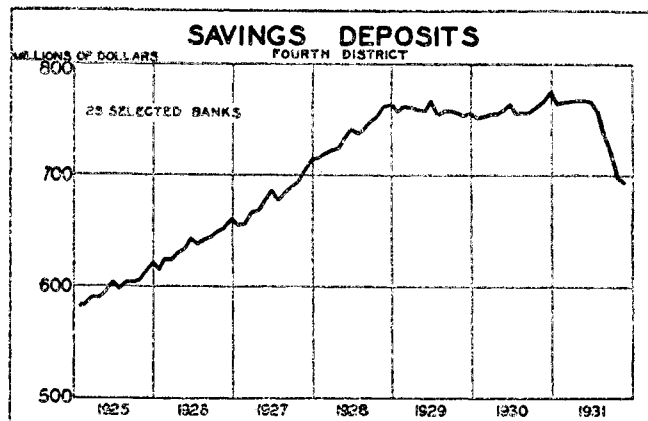
Farmers in this District raised one of the largest crops on record, in contrast to only an average harvest in the entire country. Composite yields were somewhat above the average of preceding years, but the drastic reduction in prices to pre-war levels, partly a result of the surpluses of some crops, reduced farm income materially. The decline in farm value from two years ago of all crops raised in the entire country, was 49 per cent, based on December 1 prices.

FINANCIAL

The year 1931 witnessed many changes in financial conditions which are characteristic of a depression period. Commercial failures in the District were 15 per cent more numerous in the first eleven months than in the corresponding interval of 1930, and liabilities of the defaulting concerns increased about 100 per cent in the same period.

Bank suspensions were exceptionally numerous in 1931. There were 182 banks closed in the period, of which 63, or 34 per cent, were members of the Federal Reserve System. About 44 per cent of all banks in this District are members of the System. Deposits involved in the banks suspended during the year exceeded \$415,000,000, and represented about one-tenth of the total deposits of all banks in the District. The peak in the number of suspensions occurred in October, for, in the two following months there was a decided reduction.

Perplexity over the disturbed financial situation in the latter half of 1931 caused banks to accumulate larger-than-normal cash holdings and individual hoarding increased markedly. Circulation of Federal reserve notes expanded more than 50 per cent in the last half of the year, though in late November and December note circulation showed less than the average change for that period of preceding years. Deposits at banks receded sharply, savings deposits at a selected group of banks being 10 per cent smaller on December 1 than a year



End of month figures at 28 selected banks in Ohio and Western Pennsylvania.

ago. They are smaller than since 1927. Direct loans to member banks in this District increased to the highest level in over two years.

Reserve Bank Credit. Total credit extended by the Federal Reserve Bank of Cleveland increased sharply in the latter half of 1931 to the highest level in over ten years, the peak being passed in October, when total bill and security holdings were \$223,000,000. Since that time, chiefly because of a falling-off in the volume of bankers' acceptances held, total credit extended declined to \$204,000,000 on December 23, compared with \$127,000,000 on the corresponding date in 1930.

Holdings of Government securities remained high during the entire year, the average being above any period since 1922. Bills bought in the open market increased in October and early November to the highest point since 1920, but receded sharply in the closing weeks of the year. Loans to member banks in this District in the first half of 1931 were smaller than at any time since 1917, but demand for cash, etc., caused discounts to increase sharply in the latter six months, and in December they were higher than at any time in the two preceding years.

Gold reserves increased \$50,000,000 in the first eight months, but were reduced by more than that amount in September and October, partly seasonal. In the two ensuing months an increase was shown, and on December 23, at \$308,000,000, gold reserves were \$14,000,000 higher than a year ago.

Reserve deposits declined sharply in the past year to the lowest level since 1922, as deposits at member banks were reduced. In December, reserve deposits were only \$145,000,000, a reduction of 23 per cent in the year.

In the five weeks ended December 23, bills discounted for member banks increased \$28,000,000, and, at \$127,581,000 on the latest date, compared with \$47,556,000 one year ago. Loans and rediscounts are higher in this District at present than in any other District in the country. The increase in loans to banks in leading cities has been greater in the past year than to banks in smaller centers.

Holdings of acceptances receded from \$37,000,000 to

\$8,000,000 in the five-week period, a greater-than-seasonal falling-off. They are now below the average for this season of past years, having declined sharply from the high level of October. The volume of Government securities held was reduced \$5,000,000 in the five weeks.

Circulation of Federal reserve notes increased \$18,000,000 from November 18 to December 23, in contrast to an increase of \$19,000,000 in the same period of 1930, \$28,000,000 in 1929 and \$25,000,000 in 1928. The rapid increase in circulation this past year, which started in August, did not continue at a greater-than-seasonal rate in the past two months. Member bank reserve deposits declined slightly in the period, but the ratio of total reserves to deposit and note liability combined was 64.1 per cent, compared with 75.5 per cent a year ago.

Member Bank Credit. After increasing slightly in the first four months of 1931, entirely a result of larger holdings of investments, total credit extended by reporting member banks in leading cities of the Fourth District receded to the lowest level since 1927. This downward movement was accompanied by a reduction in deposits, but the falling-off was sharper in the last half of 1931 than in credit extended, for deposits are lower than since 1922. The accompanying chart shows monthly changes in demand and time deposits of, and total credit extended by reporting member banks in the past five years. The sharp upturn in the deposit curve in 1930 was largely a result of increasing balances of interior banks, permitting an expansion of investment holdings, the underlying cause of the increase shown in the credit curve in 1930. The decline in 1931 has been more general and has affected all types of deposits. Total loans and investments were nine per cent smaller in December, 1931, than a year earlier and deposits were off 14 per cent in the same period. The recent declines, occurring in eight months, were more abrupt than in any similar period on record.

Loans on securities receded quite sharply in 1931, to a point lower than since 1927. "All other" loans declined at a slower rate to the lowest level in over six years. Investments increased sharply in the first half year to the highest figure ever reported, but fell in the last six months to a point in December below holdings on the same date in 1930.

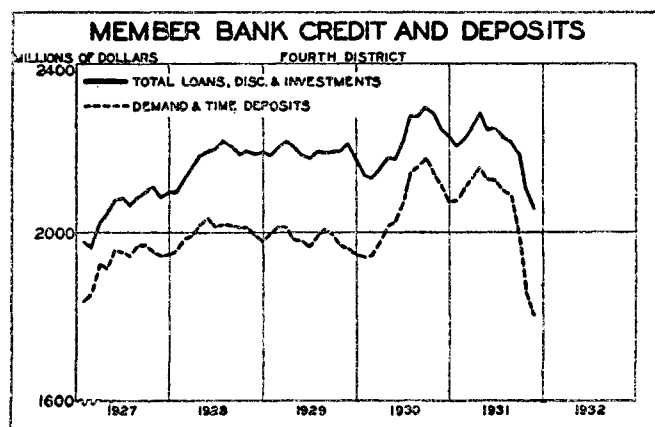
In the four weeks ended December 16, loans on securities and "all other" loans contracted slightly, though the falling-off was not so great as in earlier periods of 1931. Investments declined about \$20,000,000 in the first three weeks, but expanded \$40,000,000 in the week ended December 16, purchases of the December 15 issue of Treasury certificates accounting for the increase.

Demand deposits in the first three weeks dropped \$11,000,000, but in the latest week increased \$9,000,000. Time deposits fell \$27,000,000 to \$880,000,000, and were over \$100,000,000 below one year ago.

MANUFACTURING, MINING

Iron and Steel

Production of steel rose from 27 per cent of capacity in the third week of October to 31 in the third week of November but declined to 24 per cent of capacity in the



Monthly averages of weekly figures for reporting member banks in leading cities

third week of December, a new low level for this depression. Over the holiday period it seemed probable that a still lower operating rate would prevail.

In the Fourth District, this country-wide trend was aptly reflected, though local mills were operating at above-average levels. In the month ended with the third week of December the steel operating rate at Pittsburgh declined from 30 per cent to 26, at Youngstown from 37 per cent to 28, at Cleveland from 44 per cent to 33.

The limited increase in automobile requirements was chiefly responsible for the easier situation in the Fourth District. Because of reduced retail sales, automobile manufacturers adopted a policy of assembling only a minimum of new 1932 models for show and dealer purposes. The postponement of production by an important small-car producer was a retarding factor to both the automobile and steel industries.

Due to the rise which culminated in the third week of the month, November's daily rate of steel ingot production, at 63,747 gross tons, represented an increase over the 58,977 tons of October—the first rise since March. This was contrary to the usual seasonal trend and was entirely due to an upturn in bessemer steel, a type which represents less than one-sixth of total steel production. Output of open hearth steel was at a lower rate in November than in the preceding month. November was a 30 per cent month in steel, contrasted with 27.7 per cent in October and 44 per cent in November, 1930. Pig iron, however, continued to ease off in November, falling to a daily average of 36,727 gross tons, the lowest level of the depression. Pig iron-producing facilities were engaged only 25.5 per cent in November. On November 30 only 67 of the 302 blast furnaces in the country were active, two less than a month ago and two fewer than in the lowest month of the 1921 depression.

As production eased off prices declined. Pig iron at Cleveland was reduced \$1 per ton to \$16 for the foundry and malleable grades. Structural shapes and tank plates at Pittsburgh, officially 1.60c, were shaded \$2 per ton on attractive business. On autobody and No. 10 hot rolled sheets, and hot and cold rolled strip concessions developed. Semifinished steel was shaded. Contrariwise, makers of wire rods announced an advance of \$2 per ton for the first quarter and nails were put up \$1. The price situation is reflected by the recession in the iron and steel composite of *Steel* from \$30.63 to \$30.36 during the month.

Coal Production of bituminous coal by Fourth District mines was 15 per cent smaller in November than in October, a falling-off about on a par with the decline at that season in 1930 and 1929, but greater than in earlier years. Compared with a year ago, output was off 24 per cent. In the first eight months, 138,685,000 tons of coal were mined, a reduction of 19 per cent from the corresponding period of 1930. Compared with the average eleven-month production in the eight years 1923-30, output of bituminous coal in the same period of 1931 was off 27 per cent. Coal stocks are higher than a year ago, based on present consumption rates.

In view of the fact that about 80 per cent of all bituminous coal mined is used by industry and the railroads, and that unseasonably warm weather has reduced materially the domestic demand for coal this fall, the decline in 1931 was not very much greater than might have been expected.

Conditions at mines are not at all good and wages have been reduced rather sharply in the past year. Labor troubles in some sections have complicated the situation.

Automobiles The resumption of operations at automobile plants in order to provide dealers with samples has been very slow. Estimated weekly production in the period ended December 12, according to Cram's reports, was only 11,375 units. This was an increase contrary to seasonal movements of past years, but the current level has been so low that the *Annalist* adjusted index is only 27 per cent of normal. This compared with 90.3 in the corresponding week of 1930, when 38,049 units were produced.

Manufacturers are being very conservative in regard to stocks, and in most cases are shipping cars only when dealers have orders for them. The January shows and public response to new models are awaited with more than usual interest.

With only limited automobile material releases, steel, glass, and automobile parts manufacturers continue to operate at very low levels. November production, according to the Department of Commerce, was only 68,867 passenger cars, trucks and taxicabs. This compared with 80,142 in October, a drop of 14 per cent, or somewhat less than the usual falling-off at that time in preceding years. The Board's adjusted index advanced from 26 per cent of the 1923-1925 monthly average in October, to 36 in November. The index of truck production was 66 per cent of the 1923-1925 average in November, while the passenger car index was only 32 per cent of the same average. Output of all types, however, was just about half as large as in November, 1930, which in turn was more than 40 per cent under 1929. Barring January, 1921, production in the latest month was lower than for any month since 1918.

Passenger car production was off 52 per cent from a year ago, the largest drop, so far, in 1931, and truck production was down 45 per cent. In the eleven-month period, output of passenger cars was 30 per cent under the same interval of 1930, and truck production showed a reduction of 27 per cent.

Based on returns from 23 states, new passenger car registrations in November were 16 per cent less, on a daily average basis, than in October, while the decline in past years for that period averaged 27 per cent.

Tires, Rubber Replacement tire sales in November were at a higher rate than in October, according to reports from Akron manufacturers, and employment at 26 reporting concerns did not show the falling-off that has been experienced in former years. It was, however, eleven per cent below

last year, and the average reduction in the first eleven months from the same period of 1930 was 22 per cent. The very sharp reduction in automobile production in November affected demand for original tires, and offset in part the increase in replacement tire sales.

Crude rubber consumption in November was three per cent ahead of October, compared with an average seasonal decline of about eight per cent for the period in past years. At 22,943 tons, it compared with 23,479 in November, 1930, a reduction of 2.3 per cent.

The latest figures of the Rubber Manufacturer's Association reveal that output in October was six per cent under September, but 17 per cent below a year ago. In the ten-month period production was down about four per cent from the same interval of 1930. Stocks are 15 per cent smaller than a year ago. Sales have kept ahead of production during most of the year, but shipments in October dropped 28 per cent from September. The falling-off was greater than the decline in production, and stocks increased 1.7 per cent in the latest month.

Tire prices were lowered five to 19 per cent, depending on type, in early December, the first revision so far this year, despite the fact that raw cotton prices are down 25 per cent and crude rubber 40 per cent in the past year. Labor costs, which constitute the major portion of tire manufacturing expense, have been reduced about ten per cent.

Imports of crude rubber in November, at 43,733 tons, were nearly twice consumption in the month and compared with 31,765 tons in November, 1930. Domestic stocks consequently increased seven per cent in the month and, at 292,493 long tons, were 54 per cent above twelve months ago. If crude rubber afloat to the United States be included, total crude rubber stocks amount to 369,936 tons, or over 16 months' supply at the current rate of consumption.

Crude rubber prices in the third week of December had advanced from the all-time low of slightly above four cents a pound, but at 4½ cents, were just about half as high as in December, 1930.

Other Manufacturing Activity in some of the smaller manufacturing industries of the District increased slightly in the first half of November, but receded in the latter part of the month and early December. The falling-off was quite general. It was partly seasonal, but even the very low level at which business has proceeded for over a year seems to have had little effect on seasonal changes.

With the exception of textile concerns and companies directly allied with the automobile industry, the decline in employment from October to November was in excess of the average drop for that period in the preceding five years.

The ceramic industry is experiencing seasonal dullness. Based on employment figures of 62 reporting concerns, the falling-off in November was greater than the average decline of the past five years, with early December showing no change. Plate glass companies reported some pick-up in late November, due to demand for automobile glass, but this fell off in early December. Operations

in china and pottery plants are down seasonally and brick and tile production was reduced. Wages in many cases have been lowered 10 to 15 per cent, though in some instances skilled men are receiving the same rates as a year ago, but smaller totals because of short hours.

Employment at clothing and textile concerns was unchanged in November, compared with October, while in the past five years the average change was a decline of three per cent. The number employed was four per cent above last November, when a sharp reduction occurred at men's clothing factories. Manufacturers were awaiting outcome of December retail sales as an indication of public buying power.

Warm weather has had a retarding effect on sales all fall, and has caused buyers to defer advance orders on spring merchandise. Wages in the clothing industry in the past year have been reduced from 10 to 20 per cent. Though sales volume in many cases, compares rather favorably with 1930, the dollar value has been very much reduced because of the decline in prices.

Paint production is seasonally low, but demand for automobile paint was better than a year ago. Industrial paints are in very limited demand. Dealers' buying of household paint always is very much reduced at this season.

Paper production declined in November, but, contrary to seasonal changes, increased in December. Prices have been reduced, and operations are about 60 per cent of capacity.

Operations of electrical apparatus and supply concerns dropped in November to the lowest level for this depression, and early December evidenced little change. Part time operation has reduced earnings of employees materially. Wage reductions have not been general, but are reported in some cases.

Demand for machine tools, dies, etc., improved in November, but some slackening was apparent in early December. The upturn resulted from automobile orders which soon declined. Releases for new machinery are limited, though it is felt in the trade that there is a pent-up demand awaiting favorable indications in other lines. Anticipation of inventory taking also is a retarding factor.

Hardware and specialty concerns report little change, with few releases on orders already obtained prior to the first of the year.

Tin plate and metal container producers report operations on a level much above most other industries, with sales only slightly behind 1930, but packers' stocks are large.

Shoe production at factories in the Fourth District in November declined 24 per cent from October, about the average falling-off shown in the preceding eight years. Output was 31 per cent ahead of November, 1930, chiefly because there was a very sharp reduction in November last year. Compared with the average November production in the eight years 1923-1930, there was a drop of 40 per cent in the latest month. Shoe manufacturers have maintained operations quite well this past year, for output in the first 11 months of 1931 was 0.4 per cent ahead of the same period of 1930. A slight increase in

operations in early December was reported at factories in Southern Ohio.

TRADE

The dollar value of retail sales at 56 department stores in the Fourth District in November was 17.5 per cent smaller than in the corresponding month of 1930, and the falling-off in the eleven-month period from the same interval of the preceding year was 12.4 per cent. *Fairchild's* index of prices at department stores in the entire country, which has been computed since January, 1931, was 15 per cent lower on December 1 than in January.

The seasonally adjusted index of daily average sales was slightly higher in November than in October, still it was much below other years.

Preliminary reports on Christmas buying indicate that dollar sales are behind 1930 in about the same amount as in earlier periods of 1931. Unusually warm weather has retarded sales of seasonable clothing, shoes, etc.

The dollar value of retail stocks on December 1 was slightly higher than a month earlier, but the expansion was smaller than seasonal. Compared with a year ago, the value of stocks at retail was off 16 per cent.

Collections fell off slightly, and the percentage of accounts receivable at the beginning of the month which were collected in November was 11 per cent under the same period of 1930.

Furniture and wearing apparel store sales showed a greater decline in November, compared with a year ago, than did department store sales.

Chain grocery sales, on a unit basis, were nine per cent smaller in November, and down five per cent in the first eleven months, compared with similar periods of 1930. Chain drug sales were off eight and four per cent in November and the first eleven months, respectively.

Wholesale trade, based on figures from four reporting lines, was 23 per cent smaller in November than a year ago. Wholesale grocery sales were off 22 per cent, drugs 17 per cent, hardware 23 per cent, and dry goods 30 per cent.

BUILDING

Contracts awarded in this District in November increased slightly from October, a contrary to seasonal movement, but, at \$14,479,000, they were 61 per cent below the same period last year. In the eleven-month period, building contracts tabulated by the F. W. Dodge Corporation had a value of only \$261,233,000, a reduction of 45 per cent from the same period of 1930, which in turn was 20 per cent below 1929.

The falling-off this past year has been quite general. Residential building showed a somewhat smaller decline than some other major groups, chiefly because the reduction in this type of building started a year earlier than in non-residential and public construction. Nevertheless, residential building in the eleven-month period was 37 per cent under 1930, and the decline in November from the same month last year was 48 per cent.

Public works and utility construction, counted on to relieve unemployment, and which held up rather well in 1930 and earlier months of 1931, declined rather

sharply in the latter half of the year. For the first eleven months, it was about 50 per cent below the same period of 1930. In November, these awards were off 30 per cent from one year ago, but nearly 75 per cent above October, 1931.

There was less non-residential building in November than in October, and total awards in the month were only about one-fourth as large as a year ago. In the eleven-month period non-residential contracts awarded were less than half as large as in the same interval of 1930.

Contemplated projects reported continue about half as large as a year ago. Residential planning is about two-thirds what it was a year ago, but for nearly two years contemplated residential building has exceeded contracts awarded, and recently the spread between the two has been widening. Disturbed industrial and financial conditions in the District have adversely affected this type of building.

Building materials and supply dealers have experienced no change in demand from the low levels that have prevailed for some time. Union wages, in some sections, have been or are being reduced. Lumber prices are quite low, in some cases below cost of production.

AGRICULTURE

Tobacco

After a somewhat stormy opening on December 7-9, the burley tobacco markets of Kentucky have been functioning smoothly, with an enormous quantity of tobacco being offered for sale. Sales at Lexington in the first week were over seven million pounds.

The quality of the leaf offered so far is lower than was expected when the tobacco went into the barns. It is, however, a good crop with less than the average amount of fancy grades, but also much less low grade and nondescript tobacco. The crop is redder in color than usual.

Prices on opening sales, 10 to 11 cents a pound, were very low compared with previous years. Opening sales in 1930 averaged 20 cents a pound, 22 cents in 1929, and 31 cents in 1928. Although prices are half what they were a year ago, they reflect in part the enormous crop of burley tobacco and the decline in cigarette consumption.

Farmers are withholding much of the low-grade tobacco, which at present prices does not bring enough to pay hauling and warehouse charges. There is some talk of a pool being formed for the purpose of keeping this low grade tobacco off the market.

Wheat Winter

Winter wheat sown in 1931 was 4,467,000 acres, or 10.4 per cent below the acreage planted in the fall of 1930, but was slightly above the intended acreage reported in August, 1931. The condition of the wheat on December 1 was 79.4 per cent of normal, according to the Department of Agriculture, 6.9 points below last year's condition, and 3.8 points below the ten-year average, 1921-1930. With the exception of 1921 and 1917, this year's condition is the lowest since 1890.

In the states of the District, the acreage planted, com-

pared with 1930, was above the average for the entire country, and with a December 1 condition of 95 in Ohio, 88 in Pennsylvania and 90 in Kentucky, winter wheat was in better condition than last year or the 1921-30 average.

Fourth District Business Conditions

(000 omitted)

Table with columns: Fourth District Unless Otherwise Specified, Nov. 1931, % change from 1930, Jan.-Nov. 1931, % change from 1930. Rows include Bank Debits, Savings Deposits, Postal Receipts, Life Insurance Sales, Retail Sales, Wholesale Sales, and Production.

Monthly Average, Actual, October, January-October, Confidential

Wholesale and Retail Trade

(1931 compared with 1930)

Table showing Wholesale and Retail Trade by category (Department Stores, Wearing Apparel, Furniture, Chain Stores, Wholesale Dry Goods, Wholesale Drugs, Wholesale Hardware) and location (Akron, Cincinnati, Cleveland, Columbus, Dayton, Toledo, Youngstown, Other Cities, District).

*Sales per individual unit operated.

Fourth District Business Indexes

(1923-1925=100)

Table with columns: Nov. 1931, Nov. 1930, Nov. 1929, Nov. 1928, Nov. 1927. Rows include Bank Debits, Commercial Failures, Postal Receipts, Sales, Building Contracts, Production, and Shoes.

*October **Per individual unit operated.

Debts to Individual Accounts

(Thousands of Dollars)

Table comparing 4 weeks ending Dec. 16, 1931, with Year-to-date (Jan. 1 to Dec. 17, 1931) and Year-to-date (Jan. 2 to Dec. 17, 1930) for various cities like Akron, Butler, Canton, Cincinnati, Cleveland, Columbus, Dayton, Erie, Franklin, Hamilton, Homestead, Lexington, Lima, Lorain, Middletown, Oil City, Pittsburgh, Springfield, Steubenville, Toledo, Warren, Wheeling, Youngstown, and Zanesville.

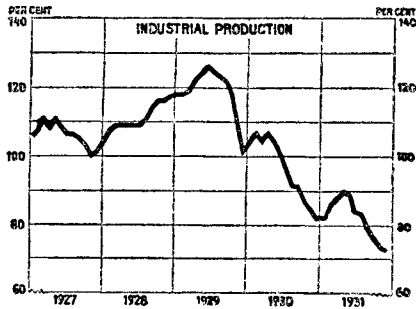
Building Operations

(Dollar Value of Permits)

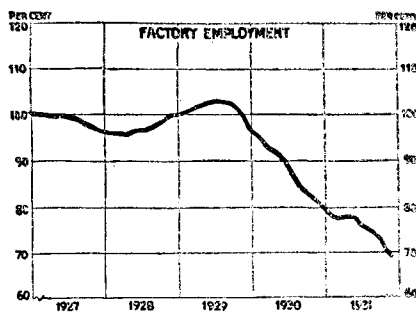
Table with columns: Nov. 1931, % change from 1930, Jan.-Nov. 1931, Jan.-Nov. 1930, % change from 1930. Rows include Akron, Ashtabula, Canton, Cincinnati, Cleveland, Cleve. Suburbs, Columbus, Covington, Ky., Erie, Pa., Hamilton, Lima, Mansfield, Middletown, Pittsburgh, Pa., Portsmouth, Sandusky, Springfield, Steubenville, Toledo, Warren, Wheeling, W. Va., Youngstown, and Total.

Summary of National Business Conditions

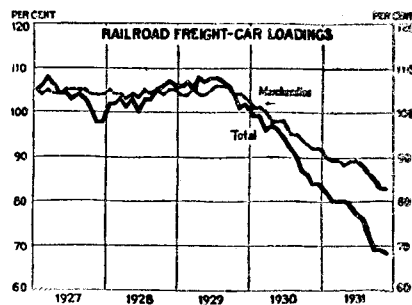
By the Federal Reserve Board



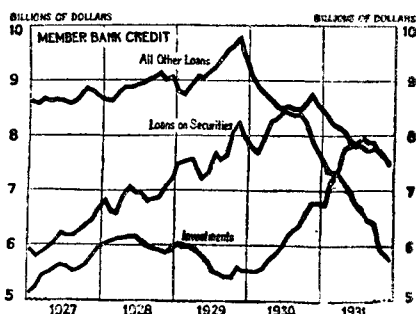
Index number of industrial production, adjusted for seasonal variation, (1923-1925 = 100). Latest figure, November, 72.



Federal Reserve Board's index of Factory Employment, with adjustment for seasonal variation, (1923-1925 average = 100). Latest figure, November, 69.4.



Indexes of daily average number of cars loaded; adjusted for seasonal variation (1923-1925 = 100). Latest figures, November, total, 68, merchandise L.C.L., 83



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

Industrial activity and factory employment declined further from October to November, reflecting in part the usual seasonal tendencies. Continued gold imports and further reduction in member bank reserve requirements during November and the first half of December were reflected in a considerable decline in the outstanding volume of reserve bank credit.

Production and Employment

In November, industrial production showed a somewhat larger decrease than is usual at this season, and the Board's seasonally adjusted index declined from 73 to 72 per cent of 1923-1925 average. Activity declined at woolen mills, lumber mills and coal mines, while daily average output at steel mills increased and volume of automobile production showed less than the usual seasonal decline from the low level of October. The November increase in steel production was followed by a considerable decline in the first three weeks of December. Output of petroleum increased further in November to a level slightly lower than that prevailing last summer before output was sharply curtailed.

Volume of employment in most manufacturing industries declined by more than the seasonal amount between the middle of October and the middle of November. Reductions were particularly large in the wearing apparel, leather, and building materials industries, while in the automobile and tire industries declines were smaller than usual at this season.

The value of building contracts awarded, as reported by the F. W. Dodge Corporation, has declined further in recent months and a preliminary estimate of the Board's seasonally adjusted index for the last quarter of 1931 is 49 per cent of the 1923-1925 average, compared with 59 for the third quarter, 65 for the second quarter, and 79 for the first quarter of the year; part of this decline in dollar volume reflects lower building costs.

Production of principal crops in 1931 was about 10 per cent larger than in 1930, according to the December crop report of the Department of Agriculture, while acreage harvested was slightly smaller than a year ago. There were large increases in the crops of cotton, corn, winter wheat, apples and peaches, while the harvests of oats, barley, and rye were smaller than last year; as in 1930, the hay crop was unusually small.

Distribution

Commodity distribution continued at about the same rate in November as in October, the volume of freight car loadings showing a seasonal decline, while sales at department stores increased by about the usual amount for that month.

Wholesale Prices

The general level of wholesale prices remained practically unchanged from October to November, according to the Bureau of Labor Statistics index; prices of grains, petroleum, and silver advanced, while those of livestock and dairy products showed declines, partly of a seasonal character. Between the middle of November and the middle of December there were decreases in the prices of many leading commodities, including livestock, meats, grains, sugar, silk, and silver; during this period prices of copper and rubber showed a decline, followed by a recovery.

Bank Credit

Volume of reserve bank credit outstanding declined during November and the first half of December, and averaged \$360,000,000 less in the week ending December 12, than at its October peak seven weeks earlier. The decrease was in large part in the banks' portfolios of acceptances as discounts for member banks and holdings of United States Government securities showed little change for the period. The decline in total volume of reserve bank credit outstanding during the period reflected a growth of \$100,000,000 in the stock of monetary gold, largely through imports from Japan, and a continued reduction in the reserve balances of member banks, reflecting a further liquidation of member bank credit. Demand for currency declined during the last three weeks of November and showed considerably less than the usual seasonal increase in the first half of December. After the middle of December, however, bank suspensions in New England were followed by some increased withdrawals of currency, part of which has begun to return.

Loans and investments of member banks in leading cities continued to decline, and on December 9 were \$370,000,000 smaller than four weeks earlier. The decrease was equally divided between the banks' loans and their investments. Deposits of these banks, both demand and time, also showed a decrease, with a consequent reduction in required reserves.

Money rates in the open market showed little change from the middle of November to the middle of December. Rates on prime commercial paper continued at 3½ to 4 per cent, while rates on 90-day bankers' acceptances advanced from 2½ to 3 per cent on November 25.