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A slight expansion from the very low level of November and December has caused an improvement in sentiment throughout the District. Though pick-up in most cases apparently has been no greater than usually occurs at this season, the fact that production has stopped declining, if only temporarily, is somewhat encouraging.

The resumption of operations has been marked in this District because practically all the improvement is directly attributable to the automobile industry which has been absorbed in new model production. A great quantity of material is required to complete the new cars necessary to stock dealers throughout the country and much of it is produced in this territory. Local steel companies have been operating at higher-than-average rates. Tool- and die-makers have increased operations. Hardware, auto parts, accessory, plate glass, body and paint manufacturers, all reported an increase in orders in December or the first part of January. This has caused a slight improvement in employment and payrolls.

Shoe factories reported a much-greater-than-seasonal increase in production in December and continued to operate at the higher level in January. Clothing manufacturers also expanded operations slightly.

Dollar value of department store trade in December was 17 per cent below the same month of the preceding year, and exceeded November by slightly less than the usual seasonal amount. Retail prices in December were about 17 per cent lower than a year ago. Allowing for this decline, retail trade appears to have held up rather favorably.

Chain grocery sales in December, per individual unit operated, were 12.5 per cent smaller than in December, 1930, and in the entire year were down 5.3 per cent. Retail food prices in the month, according to the Bureau of Labor Statistics, were 20 per cent lower in Cleveland than a year ago. At Cincinnati and Columbus they were down 19 per cent while at Pittsburgh they were off 18 per cent in the period. Other living costs also have been reduced.

Building contracts awarded in December were at the lowest level, barring one month, since 1919, but the falling-off from November was less than seasonal.

The number of commercial failures increased in December and was 25 per cent above one year ago. In the year, there were 2,372 failures in the District, an increase

of 16 per cent over 1930. Liabilities of the defaulting concerns in the period were nearly doubled.

December sales of new life insurance in Ohio and Pennsylvania exceeded the same month of last year by 11 per cent, but in the entire year were 5.8 per cent below the corresponding period of 1930.

Coal production has been affected by the unseasonable weather as well as general conditions. Output in December was the lowest on record, being 28 per cent below average production in the eight years 1923-1930.

FINANCIAL

Few changes occurred in banking and credit conditions in the Fourth District in the closing week of December and the first three weeks of January, though in most past years there has been a contraction in note circulation and demand for Reserve bank credit following the turn of the year. Bank suspensions were less numerous in January than in December and were confined to small centers.

Loans made by reporting member banks in the leading cities of the Fourth District, collateral and "all other", continued to contract in the four weeks ended January 20. Loans on securities dropped \$9,000,000 in the period and were about \$125,000,000, or 18 per cent, smaller than one year ago. "All other" loans, fluctuations in which usually are regarded as changes in commercial demand, declined \$8,000,000 in the four weeks, and were over \$50,000,000, or 7.3 per cent smaller than on the same date of 1931. The reduction in this type of loan has been at a fairly steady rate for the past two years.

Accompanying the contraction in loans, total deposits in these same banks were reduced about \$60,000,000 in the four weeks ended January 20. This was a drop of 3.6 per cent. Time deposits fell \$20,000,000 in the period and thus continued the downward movement apparent since August, 1931. The total contraction in less than six months has been about 18 per cent. Demand deposits changed only slightly over the year-end, but dropped about \$30,000,000 in the second and third weeks of January. Compared with one year ago, demand deposits were down about \$240,000,000, or 22 per cent. Savings deposits at selected banks were 0.7 per cent

smaller on January 1 than a month earlier and were down 12 per cent from the same date a year ago.

As the contraction in deposits, particularly in the past half year, exceeded the decline in loans, reporting member banks were called upon to liquidate some of their investments, though at \$737,000,000, on January 20, they were only \$15,000,000 smaller than a year ago, and were materially above the level of two years ago. The liquidation in the past twelve months has been greater in investments other than Government securities. Compared with the high point reached in the summer of 1931, however, the reduction in investments has occurred more through sale of Government securities than "other" holdings, though holdings of Government securities are still over \$20,000,000 higher than a year ago.

Total credit extended by reporting member banks in this District amounted to slightly more than \$2,000,000,000 on January 20, a reduction of about ten per cent in the past year.

Demand for Reserve bank credit remained at high levels in the four weeks ended January 20, though in most years there has been a reduction in loans to member banks at this season. Discounts advanced to \$131,000,000 on January 13, the highest level since 1921 (barring one week in October, 1929) when demand for Reserve bank credit was at its peak. In the week ended January 20, there was a slight reduction in discounts. In less than six months the amount of credit extended to member banks in the District increased from around \$15,000,000 to the present level.

Much of this credit extended to member banks has been in the form of Federal reserve notes, circulation of which, at \$318,000,000 on January 20, was higher than for any similar time since 1921. A reduction of \$12,000,000 in note circulation occurred from the high point of \$330,000,000 on December 23, entirely a seasonal contraction which was somewhat smaller than has taken place in other years at that time.

Other types of Reserve credit extended changed only slightly in the four weeks ended January 20. Holdings of Government securities increased a little and acceptances held were practically unchanged, though in the period a reduction of \$4,000,000 in the first two weeks,

caused by maturing bills, was counterbalanced by an increase of like amount in the last two weeks.

Total credit extended by the Federal Reserve Bank of Cleveland advanced to \$208,000,000 on January 13, the highest for this time of year since 1921. Compared with one year ago, earning assets have almost doubled, increasing nearly \$100,000,000. The expansion in the year has been almost entirely in bills discounted, for the \$10,000,000 increase in Government securities has been more than offset by the reduction in acceptances.

Gold reserves of this bank dropped \$25,000,000 over the year-end, a contrary-to-seasonal reduction. At \$293,000,000, on January 20, they were \$10,000,000 smaller than a year ago.

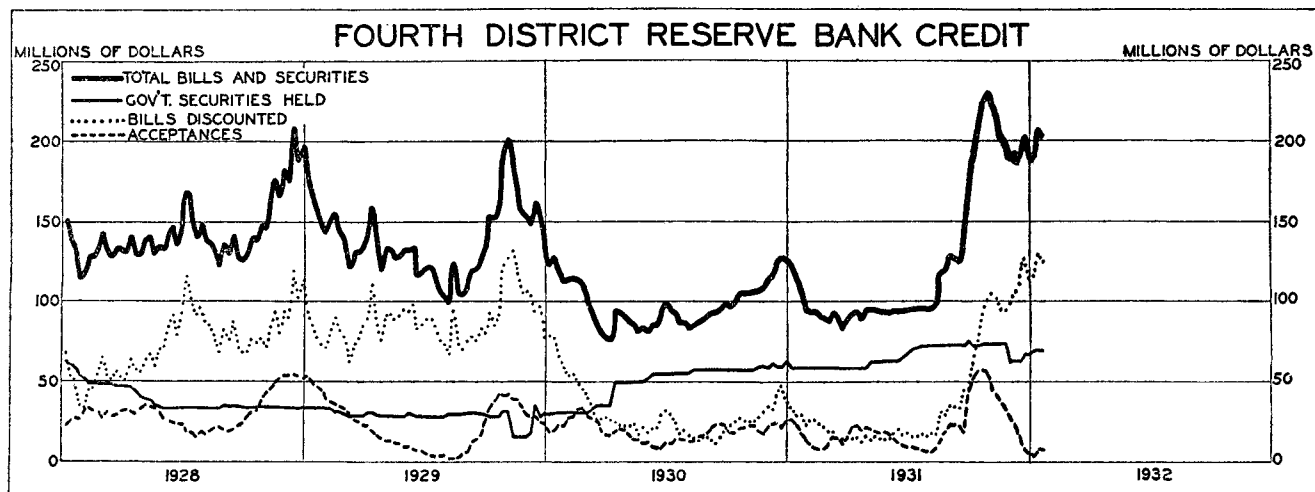
Resulting from the decline in deposits at member banks, reserve deposits were reduced \$10,000,000 in the four-week period. At \$144,000,000 on the latest date, they were down \$50,000,000 from a year ago, and were lower than since 1922.

MANUFACTURING, MINING

Iron and Steel Steel demand and production expanded moderately in the first part of January, the increase being less than seasonal influences might be expected to exert, but more than sufficient to neutralize the year-end cessation. For the country as a whole, steelmaking operations dropped from 24 per cent to about 20 per cent in the latter half of December, but recovered to 28 per cent by the third week of January. Meanwhile, the steel rate at Youngstown was increasing from 28 per cent to 34 per cent, at Cleveland from 33 per cent to 41, while at Pittsburgh it eased off from 26 to 25 per cent in the month.

The lack of track material business so keenly felt at Chicago has been less of a handicap to the Fourth District because rails are rolled at only one center in the section—Pittsburgh. Whatever gains have been made in the District may be ascribed to the automobile industry.

By the middle of January practically all automobile manufacturers were assembling, even if on light schedules, while in late December many plants were entirely closed. The aggregate of small, scattered releases for sheets, strip, bars and



other products was encouraging. Many parts makers were more active than in the preceding 90 days.

In the first half of January, sentiment improved more than production. Producers were more encouraged to attempt to halt runaway prices, and in the case of steel plates, shapes and bars there was a disposition to stand upon 1.60c, Pittsburgh, as the base to small and moderate-sized consumers. On sheets and strip, concessions continued, largely attracted by automobile business. After the declines of the previous month, pig iron was steadier as buying was stimulated by rather large purchases. Scrap prices also showed signs of stabilizing.

The easier price situation over the year-end lowered *Steel's* composite of iron and steel products from \$30.36 on December 12 to a low of \$29.96 on January 9, but a firmer stand on heavy finished steel at Pittsburgh effected a partial recovery to \$30.00 on January 23.

Both in coke pig iron and in open-hearth and bessemer steel, December revealed new lows. Daily output of pig iron was 31,694 gross tons, a decline of 13.9 per cent from November, and giving 1931 a total output of 18,263,011 tons, which was 41.9 per cent less than the 31,441,488 tons produced in 1930. Relating production to capacity, December was a 22 per cent month.

Daily output of steel ingots in December declined to 50,092 gross tons, a new low for this depression and the smallest since August, 1921. The daily rate of December compared with 63,747 tons in November, but was considerably above the low point of the 1921 depression—36,713 tons daily in July of that year. The 1931 production of open-hearth and bessemer ingots was 24,900,195 tons, compared with 39,286,287 tons in 1930. Last year, steelmaking capacity was engaged only 37.69 per cent; in 1930, 63.09 per cent.

Despite the fact that iron ore receipts at Lake Erie ports in 1931 were 54 per cent below the same period of 1930, stocks of iron ore at blast furnaces and on docks on January 1, 1932, exceeded 38,000,000 tons and were only two per cent smaller than a year ago. Ore consumed in 1931 amounted to 24,114,753 tons, compared with 45,192,180 tons in 1930. These figures represent 243 furnaces, of which only 51 were in blast as the present year began.

Coal Production of bituminous coal by mines in this District in December amounted to only 11,018,000 tons, the smallest for any month on record. This was 2.8 per cent below November's output and 27 per cent under December, 1930. In the past eight years, the average November-to-December change was a reduction of less than one per cent.

In the year, 149,703,000 tons of coal were mined in this territory, a decline of 20 per cent from 1930, and of 28 per cent from the eight-year average annual output, 1923-1930, of 207,052,000 tons. In the entire country, 1931 production was 19 per cent smaller than in the preceding year.

As in earlier months of this year the extraordinarily mild weather has retarded demand for domestic grades of coal and the recent slight improvement in industrial activity has had little favorable effect on the coal industry.

Stocks of coal above ground are considerably smaller than in previous years, but, according to the trade, are ample in view of industrial conditions. Dealers experienced prac-

tically no change in industrial demand in the closing weeks of 1931 and the first two weeks of January.

Automobiles The assembling of automobiles increased at a greater-than-seasonal rate in the latter part of December from the unusually low level of November and the first week of December, when many companies were out of production prior to the introduction of new models. The Federal Reserve Board's seasonally adjusted index advanced from 36 per cent of the 1923-1925 monthly average in November to 64 per cent in December. At the higher level, however, it compared with 85 in December, 1930.

According to the Department of Commerce, 121,533 cars and trucks were assembled in December, compared with 68,867 in November and 155,701 in December, 1930. Passenger car production expanded at a more rapid rate in December than truck production. There were 97,897 of the former made in the month, an increase of over 100 per cent from the preceding period, but still 20 per cent below the corresponding month of 1930. Truck production numbered 23,636 in December, 20 per cent above November and 29 per cent under December, 1930.

The industry, according to preliminary estimates, continued to improve at a moderate rate in January, though *Cram's* figures for the first half of the month indicated that output was still more than 20 per cent below the corresponding period of 1931 and less than half as large as in the same two weeks of 1930. Manufacturers apparently are being quite conservative in their new model production and are attempting to keep output in line with demand.

Attendance at automobile shows, judging from reports, was larger than a year ago and sales of higher-priced cars were better than expected, but in the low-priced field a waiting attitude was displayed. In mid-January all but four companies were assembling cars, though production in some cases was at a very limited rate.

The number of new passenger cars sold in December in this District increased from November at a greater-than-average rate. Ohio registrations were 74 per cent higher than in November, while in Western Pennsylvania the upturn was not quite so great. There were 21 per cent fewer December registrations in Ohio than in the corresponding month of 1930. In Allegheny County, Pennsylvania, registrations in December exceeded the same period of 1930 by about ten per cent.

Rubber, Tires Crude rubber consumption in December amounted to 21,409 tons, a reduction of 6.7 per cent from November. This was slightly less than the average decline of 8.5 per cent in the preceding five years, and the falling-off was confirmed by reports from manufacturers and Ohio employment figures from 20 concerns which indicated few changes from November to December.

A slight increase in operations was reported in the first half of January, partly a result of greater demand from automobile manufacturers. The upturn, however, was not up to seasonal proportions. Spring-dated orders, which usually cause an increase in production at this season, are smaller than they have ever been. Dealers apparently prefer to wait

until actual demand develops before making commitments. Retail stocks are lower than a year ago.

Complete figures for November, 1931, the latest available, representing 80 per cent of the industry, reveal that production was 2,010,000 units in the month, a reduction of six per cent from the same period of the preceding year. Shipments, however, exceeded output by over 300,000 units and were 15 per cent larger than a year ago. Stocks consequently declined and were 17 per cent below December 1, 1930. In the eleven months, total tire production was 4.4 per cent below 1930 and 30 per cent below 1929. Companies manufacturing tires for renewal market only, have been, and are operating at higher rates than others which rely partly on original equipment sales.

Production of sundry rubber products in the past two years has not declined as sharply as tire output. Low raw material costs have stimulated the development of new products and uses of rubber which were not feasible at higher prices. Mild weather this year has retarded the demand for rubber footwear to quite an extent, but output, in general, is only slightly below last year.

Imports of crude rubber into the United States in December totaled 51,931 long tons, exceeding any month since April, 1929, and were one-third larger than in the corresponding period of 1930. The large increase made the total for the year 495,163 tons, slightly in excess of the amount imported in 1930. This was about 30 per cent in excess of crude rubber consumption, which was 349,000 tons in the year, and stocks at the end of the year were 322,826 tons, an increase of 60 per cent in twelve months.

Crude rubber prices advanced slightly in late December and early January, but at 4 7/8 cents a pound on January 20, were little more than half what they were a year ago. In 1929 rubber was quoted at 16 cents a pound and as recent as 1927, the price was 40 cents a pound. Efforts in regard to a restriction plan, which will curb production until surplus stocks have been absorbed and prices have advanced to a profitable level for producers, have met with little success.

Clothing Weakness in demand for clothing caused a contraction in operations at local factories in December and little more than a seasonal change was apparent in the first half of January. December employment at 45 concerns, according to the Ohio State Bureau of Business Research, dropped three per cent from November, but was four per cent higher than a year ago, when operations at men's clothing factories were very much reduced.

The inventory situation is generally regarded as being quite favorable. The dollar value of stocks of women's clothing at department stores was 25 per cent smaller on December 31 than a year earlier, and men's clothing stocks were down 13 per cent in the same period. The sharp price decline, however, accounts for a part of the reduction. *Fairchild's* retail index shows that prices of men's clothing have dropped over 10 per cent in the past year. Prices on women's apparel have declined even further. Because of the decline in prices of all raw materials used in the manufacture of clothing, goods can be purchased at much lower levels than for many years.

The moderate weather all season has retarded sales of overcoats and other winter apparel and these stocks are being

carried over till next season in substantial quantities or are being sold at distress prices. Orders for spring goods, in most cases, are slightly behind one year ago.

Shoes Preliminary reports from shoe manufacturers in the southern part of the District indicated an upturn in December and the first half of January which exceeded seasonal proportions. Employment has expanded and orders, chiefly for spring footwear, are fully up to last year.

Shoe production in December increased 24 per cent from November in contrast to an average increase of eight per cent for that period of former years. Output also exceeded December, 1930, by 27.6 per cent. In the entire year nearly 12,000,000 pairs of shoes were manufactured by plants in the District, exceeding the year 1930 by 1.4 per cent. Despite the increase, however, the total volume was much below the average annual output of preceding years. Compared with average production in the eight years 1923 to 1930, the latest period showed a reduction of 24 per cent.

Hide prices declined 15 per cent in 1931 and in the past two years have fallen over 50 per cent. Current quotations are about 7½ cents a pound. Stocks were reduced in 1931.

Other Manufacturing There has been a decided improvement in sentiment in most manufacturing lines since the beginning of the year, and operations at many plants, chiefly those allied in some way with the automobile industry, have turned upward. Whether this has been greater than seasonal cannot be determined as yet. Present schedules, however, in most cases, are still very much below other years at this season.

Auto Parts and Accessories. In the past 30 days there has been pick-up in operations, as automobile assembling schedules at Detroit and elsewhere were expanded at a greater-than-seasonal rate. Demand for tools also has improved and in the first two weeks of January was about equal to the same period of 1931. December employment at 46 concerns reporting to the Ohio State Bureau of Business Research increased five per cent from November, compared with a five-year average increase of three per cent for the period. Further improvement was reported in January. Inventories are low, with orders being for immediate delivery in practically all cases.

Ceramics. Orders for china and pottery obtained during the annual ceramic show at Pittsburgh were reported larger and more numerous than a year ago. Delivery specifications indicated a favorable inventory situation. Brick and tile production continues at very low levels, a 14 per cent drop in employment occurring in December at 26 yards. Average 1931 employment in Ohio was 21 per cent below 1930, and production at 54 representative plants throughout the country was only about 65 per cent of 1930, and 40 per cent of 1929. Machine capacity utilized amounted to only 20 per cent, yet unsold stocks are larger than a year ago.

Electrical Equipment. Orders for electrical equipment in the past month were at very low levels and gave no indication of much change in operations in the near future. Employment declined three per cent in December,

but averaged only two per cent lower in 1931 than in the year 1930 at 35 reporting concerns.

Glass. Demand for plate glass from the automobile industry increased rather substantially in late December and the first half of January, though orders from other sources were very limited. Output is considerably below one year ago. Moulded glass sales have not increased in the past month, and are slightly below one year ago. Compared with previous periods, demand for moulded glass has been more sustained than for plate and rolled glass. Employment in the glass industry in 1931 averaged three per cent greater than in 1930, based on reports from 13 concerns. In December, employment was three per cent smaller than one year earlier.

Paints. Orders received from automobile and allied industries in month ended January 15 were larger than a year ago, though demand from other sources was limited. Dealer and jobber sales are small, and their stocks are reported relatively larger than those of industrial users. Employment has changed but little recently. Prices are considerably lower than a year ago.

Stoves, Sheet Metal. A greater-than-seasonal contraction in employment was evident in December and little change was apparent in the first part of January. Can manufacturers reported some companies buying in usual volume, but majority are purchasing in very limited quantities, preferring to reorder as needs develop.

BUILDING

Construction activity in this District in December was slightly lower than in November, the reduction being much less seasonal. Compared with December, 1930, the decline was 14 per cent, considerably less than the losses shown in earlier months of the year. The total volume, however, \$14,185,000, barring October, 1931, was smaller than for any month since February, 1919. The sizeable increase in December non-residential building from November, resulted from an award for a large public building in Pittsburgh. This offset the reduction in public works and utilities in the period. Residential building was practically unchanged in the two months.

The value of all contracts awarded in 1931 in this District, according to the F. W. Dodge Corporation, was \$275,418,000, 44 per cent below 1930. The average yearly volume of building in this section in the twelve years 1919-1930 was \$537,000,000, or nearly twice the amount reported in 1931.

Residential building in 1931 accounted for about 23 per cent of all construction, compared with 20 per cent in 1930. In past years nearly one-third of all building in this District has been of the residential type, but beginning with 1929 there was a sharp reduction in this field of construction.

In almost every month in the past two years, however, residential planning has been somewhat ahead of actual awards, but difficulty in securing financial assistance and uncertainties in regard to employment, etc., have retarded actual contract-letting even though labor supply and construction costs are very favorable to home building at this time. Because of the unprecedented demand for cash, banks and building and loan associations have found it necessary to curtail loans of all types.

Public works and utility contracts awarded in 1931 represented nearly 40 per cent of all construction, as against 37 per cent in 1930; non-residential building accounted for 38 per cent of the total, compared with 43 per cent in the previous year.

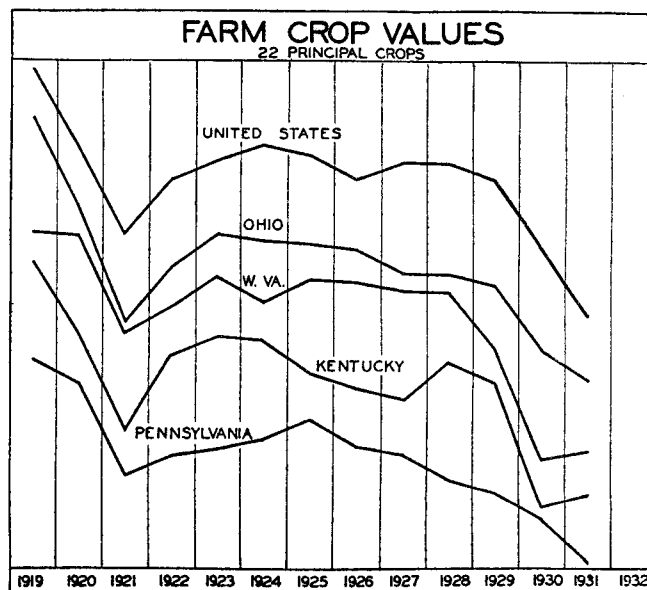
Normally this is the dullest season of the year for building supply and lumber dealers and in that respect the period is like former ones. Sales are very limited, both in number and size. Prices on some materials have advanced recently. Inventories are low and production of lumber is much below other years.

AGRICULTURE

The severity of the decline in agricultural prices in the past two years is clearly reflected in the Department of Agriculture's annual estimate of farm value of major crops harvested in 1931. Acreage yields in the entire country were 11 per cent higher in 1931 than in the preceding year and approximated the ten-year average, but, based on December 1 prices, the farm value of 75 principal crops was only \$4,122,850,000, compared with \$5,818,820,000 (revised) in 1930 and \$8,088,494,000 in 1929. The reduction in crop values in the past two years from not a particularly high level in 1929 has been 49 per cent. Agricultural prices in 1931 declined 36 per cent from 1930, but because of greater production the reduction in total crop value in the period was only 29 per cent, the rate of decline in total value being about the same as from 1929 to 1930.

Somewhat similar conditions prevailed in connection with livestock and dairy products, though complete 1931 figures are not yet available. The total amount of meat slaughtered under Federal inspection in the first ten months of last year was 10,834,000,000 pounds, compared with 10,759,000,000 pounds in the corresponding period of 1930. Packers paid \$1,103,000,000 for meat slaughtered in the 1931 period as against \$1,553,000,000 in 1930, a reduction of 29 per cent.

Although the decline in farm crop values in 1931 was widespread, three states in the country reported a higher farm



crop value than in 1930, two being Kentucky and West Virginia, part of which are located in the Fourth District. The accompanying chart shows yearly changes in the estimated farm value of 22 major crops of the United States (representing nearly 90 per cent of all crops) and of the four states partly or wholly included in the Fourth District. Being plotted on a logarithmic scale, changes in the various curves are proportionate. The falling-off from 1930 was not so sharp in this District as in the entire country, but the 1931 value of crops is lower than in the depression year of 1921.

The relatively better showing of farm crop values in this section was due to the much larger than average harvests of wheat, corn, tobacco and fruits. Other major crops of the District were slightly below average, but showed a smaller deviation from that figure than was reported for the entire country.

Ohio crops, harvested from a 3.5 per cent larger acreage in 1931 than in 1930, were considerably above average, though total value of the crops, based on December 1 prices, was 12 per cent less than one year earlier. The value was 36 per cent below 1929. Ohio ranked seventh among other states in 1931 in the farm value of 22 principal crops.

Though local farmers harvested a more valuable crop in 1931 compared with 1930, than did the average farmer in the entire country, of more interest because of its effect on purchasing power of farm communities is the estimated 1931 cash income of this large part of the country's population. This compilation is not complete as yet, because a considerable part of some crops is not marketed until nearly a year after it has been harvested. Nevertheless, there can be no doubt but what cash income from both crops and animal products in 1931 was very much below the level of 1930, or other recent years. Cash income in 1930 was 22 per cent less than in 1929, and almost down to the 1921 level.

Farm prices in December, 1931, were only 66 per cent of the five-year pre-war average, 1909-1914, a reduction of five points occurring in the latest month as all major groups, except fruits and vegetables, declined. In December, 1930, the index was 97. Grains were only 52 per cent of the same average in December compared with 80 a year ago. The Bureau of Labor's wholesale index of all commodities on the same 1909-1914 base was 97 in December, compared with 114 in December, 1930.

The disparity between prices on agricultural products and those of other industries is clearly indicated by the fact that the unit of exchange value of farm products for other

commodities in December was only 55 per cent of what it averaged in the five years before the war. Although prices of farm products in the three years starting with the middle of 1927 were well above the general level of wholesale prices, the drastic reduction in farm prices in the past two years has caused them to drop much below prices on other commodities, including foods.

Tobacco

Sales of the 1931 burley tobacco crop were resumed in January after a week's holiday in late December, and prices in mid-January were nearly as high as any received this season. In view of the fact that there is a surplus of 50 per cent above annual requirements, prices have held up rather well, though they are much below other years. Sales have been speeded up so that proportionately more of the 1931 crop has been sold than at this time in former years.

According to the Kentucky Commissioner of Agriculture, 101,346,000 pounds of burley tobacco were sold at an average price of \$9.73 a hundred pounds in December, compared with 83,589,895 pounds at \$17.02 in the same period of 1930 and 68,484,895 pounds averaging \$22.58 in December, 1929.

Tobacco of medium to good grades, suitable for cigarette manufacturing, has been bringing good prices; red grades, though on many markets not as decided in character as usual, have been selling cheaper than a year ago. There seems to be an abundance of common non-descript tobacco for which there is little demand, but attempts to withhold this latter class of tobacco from the markets have been met with some success.

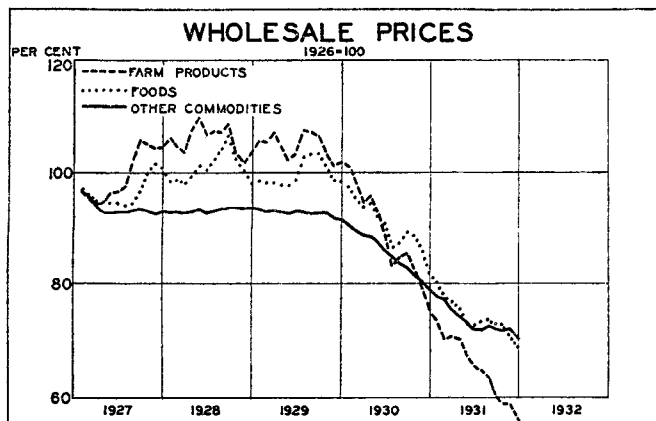
TRADE

The dollar volume of department store sales in the Fourth District in December increased slightly less than the usual amount and was 17 per cent below the corresponding month of 1930. The seasonally adjusted index of daily average sales was 73 per cent of the 1923-1925 monthly average, compared with 74 in November. *Fairchild's* price index of department store articles declined two per cent in December and was 17 per cent below one year ago. If it were possible to adjust dollar sales to allow for this decline in prices, the 13 per cent falling-off in the year's sales, no doubt, would be reduced materially.

In the more important cities of the District some wide variations were shown in 1931. Declines were much larger in Youngstown, Pittsburgh and Wheeling, than in Akron, Cincinnati, Columbus, Cleveland or Toledo.

Some of the departments, whose sales are usually stimulated by Christmas buying, showed the following declines in December compared with a year ago: Toilet articles, 14 per cent; silverware and jewelry, 22; handkerchiefs, 25; gloves, 3; hosiery, 19; women's apparel, 22; misses' apparel, 18; men's furnishings, 20; furniture, 23; house furnishings, 19; and toys and sport goods, 13 per cent.

Stocks of merchandise were reduced more than seasonally in December, and at the end of the year were valued at only 70 per cent of the 1923-1925 average. This represents a decline of 15 per cent in the year. With the reduction in



stock value greater than the decline in sales, the stock turnover in 1931 was slightly higher than in 1930.

Charge sales in December were proportionately lower than a year ago, the ratio of all credit to total sales being 52.3 per cent compared with 59.1 per cent in December, 1930. Installment sales in December represented only 2.8 per cent of total sales as against 3.8 per cent one year ago.

Collections on accounts receivable on November 30 averaged 33 per cent compared with 35.4 per cent in December a year ago.

Sales of reporting wearing apparel stores were 23 per cent smaller than in December, 1930, the decline somewhat approximating the reduction in clothing departments at department stores. In the entire year the falling-off in the dollar value of sales was 15 per cent.

The expansion in chain grocery and chain drug sales from November to December was not as great as in other years, and sales, per unit operated, of the former were 12.5 per cent smaller than in December, 1930. In the year, chain grocery sales declined 5.3 per cent, the reduction being largely a result of falling food prices. Chain drug sales were 7.3 per cent smaller in December, 1931, and off 4.3 per cent in the year from corresponding periods of 1930.

Wholesale sales continued in very limited volume in December as in earlier months of the year. In the four lines for which figures are available, the following reductions in dollar sales were reported in 1931 from 1930: Dry goods, 28 per cent; drugs, 10 per cent; hardware, 23 per cent; and groceries, 19 per cent.

Fourth District Business Indexes

(1923-1925=100)

	Dec., 1931	Dec., 1930	Dec., 1929	Dec., 1928	Dec., 1927
Bank Debits (24 cities).....	83	124	134	149	132
Commercial Failure (Number).....	180	143	96	92	138
(Liabilities).....	136	102	185	32	78
Posta Receipts (9 cities).....	128	145	148	143	149
Sales—Life Insurance (Ohio and Pa.).....	140	126	150	142	136
—Department Stores (55 firms).....	121	152	171	174	176
—Wholesale Drugs (13 firms).....	83	101	111	138	106
—Dry Good (11 firms).....	46	67	82	88	83
—Groceries (37 firms).....	67	80	91	89	91
—Hardware (15 firms).....	47	64	81	82	83
—All (76).....	62	78	90	94	90
—Chain Drugs (3 firms)**.....	90	97	98	104	104
Building Contracts (Total).....	30	35	51	67	74
(Residential).....	17	29	33	58	75
Production—Coal (O., W. Pa., E. Ky.).....	61	84	96	89	78
—Cement (O., W. Pa., W. Va.).....	35	64	78	86	81
—Elec. Power (O., Pa., Ky.)*.....	134	144	156	149	138
—Petroleum (O., Pa., Ky.)*.....	112	102	125	106	107
—Shoes.....	56	44	82	76	81

*November.
**Per individual unit operated.

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ending Jan. 20, 1931	% change from 1930	Year, 1931	Year, 1930	% change from 1930
			(Jan. 1, 1931 to Dec. 30, 1931)	(Jan. 2, 1930 to Dec. 31, 1930)	
Akron.....	75,738	-30.6	938,109	1,169,929	-19.8
Butler.....	8,818	-31.3	104,532	154,134	-32.2
Canton.....	23,943	-54.4	391,869	538,397	-27.2
Cincinnati.....	361,009	-31.1	3,938,092	4,545,800	-13.4
Cleveland.....	709,963	-43.6	7,779,468	9,882,169	-21.3
Columbus.....	149,633	-38.1	1,782,061	2,204,738	-19.2
Dayton.....	61,959	-45.6	860,584	1,065,603	-19.2
Erie.....	31,443	-15.0	374,004	467,065	-19.9
Franklin.....	4,848	-16.9	45,075	60,668	-25.7
Hamilton.....	10,709	-23.9	130,842	171,232	-23.6
Homestead.....	3,179	-31.4	45,688	54,685	-16.5
Lexington.....	33,634	-15.4	233,581	297,995	-21.6
Lima.....	9,231	-48.0	123,004	150,189	-18.1
Lorain.....	4,263	-33.9	57,836	69,698	-16.9
Middletown.....	7,050	-50.3	101,986	131,215	-22.3
Oil City.....	12,521	-22.7	146,447	196,024	-25.3
Pittsburgh.....	844,908	-21.0	9,057,111	11,936,524	-24.1
Springfield.....	17,825	-37.2	208,264	271,287	-23.2
Steubenville.....	7,607	-29.9	99,089	123,329	-19.7
Toledo.....	105,519	-57.5	1,487,429	2,190,288	-32.1
Warren.....	5,758	-57.1	94,393	138,752	-32.0
Wheeling.....	40,481	-21.1	437,560	527,817	-17.1
Youngstown.....	42,365	-45.2	560,068	812,745	-31.1
Zanesville.....	8,827	-31.1	103,120	121,525	-15.1
Total.....	2,581,231	-35.2	29,100,212	37,281,718	-21.9

Wholesale and Retail Trade

(1931 compared with 1930)

Fourth District Business Conditions
(000 omitted)

	Dec., 1931	% change from 1930	Year, 1931	% change from 1930
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$ 2,252,000	-33.0	29,260,000	-21.6
Savings Deposits—end of month:				
27 selected banks, O., W. Pa. \$	689,095	-11.2	739,801 ¹	- 2.3
Postal Receipts—9 cities.....	3,330	-11.2	33,417	-27.2
Life Insurance Sales:				
Ohio and Penna.....	\$ 117,282	+11.4	1,255,102	- 5.8
Retail Sales:				
Department Stores—56 firms..	\$ 29,571	-17.1	232,546	-13.0
Wearing Apparel—13 firms....	1,376	-23.0	13,503	-14.7
Furniture—49 firms.....	716	-28.9	9,157	-21.7
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,295	-18.3	17,057	-10.2
Dry Goods—11 firms.....	1,238	-29.2	15,652	-27.6
Groceries—37 firms.....	4,031	-16.3	52,386	-18.7
Hardware—15 firms.....	992	-25.8	14,523	-22.5
Building Contracts—Residential	\$ 2,982	-39.5	66,342	-37.1
—Total.....	14,185	-13.9	275,418	-43.8
Commercial Failures—Liabilities	\$ 5,984	+33.4	85,234	+93.0
—Number.....	262 ²	+25.4	2,372 ²	+15.9
Production:				
Pig Iron, U. S..... Tons	980	-41.2	18,263	-41.9
Steel Ingots, U. S..... Tons	1,302	-34.2	24,900	-36.6
Automobiles—Pass. Cars... U. S.	97,897	-19.9	1,973,090	-29.1
—Trucks..... U. S.	23,636	-29.3	416,640	-27.1
Bituminous Coal..... Tons	11,018	-27.1	149,703	-19.9
Cement—O., W. Pa., W. Va. Bbls.	422	-45.1	10,958	-37.4
Elec. Power—O., Pa., Ky. k.w.h.	1,123 ³	- 6.8	12,407 ⁴	- 6.6
Petroleum—O., Pa., Ky..... Bbls.	2,074 ³	+10.6	21,436 ⁴	+13.3
Shoes..... Pairs	5	+27.6	5	+ 1.4
Tires, U. S..... Casings	2,010 ³	- 5.9	37,003 ⁴	- 4.4
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	55	-34.5	31,387	-17.8
Iron Ore Receipts:				
Lake Erie Ports..... Tons	..	..	14,756	-53.6

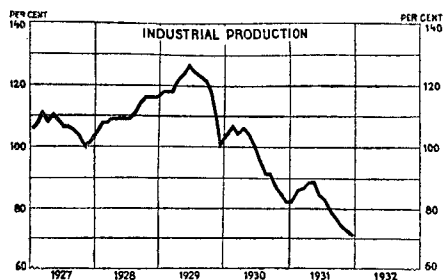
¹ Monthly Average
² Actual Number
³ November
⁴ January-November
⁵ Confidential

	Percentage Increase or Decrease		
	SALES Dec.	SALES Year	STOCKS Dec.
DEPARTMENT STORES (56)			
Akron.....	-16.4	- 9.5	-14.5
Cincinnati.....	-14.5	-10.7	-22.7
Cleveland.....	- 8.7	- 9.5	- 7.0
Columbus.....	-11.6	-10.1	-16.4
Pittsburgh.....	-21.4	-16.0	-14.4
Toledo.....	-20.1	-10.3	-21.9
Wheeling.....	-20.7	-16.9	-10.9
Youngstown.....	-30.4	-22.5	-22.4
Other Cities.....	-22.2	-16.1	-22.8
District.....	-17.1	-13.0	-15.4
WEARING APPAREL (13)			
Cincinnati.....	-19.4	-12.5	-11.8
Other Cities.....	-24.7	-15.9	-19.0
District.....	-23.0	-14.7	-16.5
FURNITURE (49)			
Cincinnati.....	-29.9	-15.4	....
Cleveland.....	-29.6	-21.9	....
Columbus.....	-36.3	-23.2	....
Dayton.....	-13.2	-24.6	....
Toledo.....	-26.9	-23.9	....
Other Cities.....	-32.9	-19.6	....
District.....	-28.9	-21.7	....
CHAIN STORES*			
Drugs—District (4).....	- 7.3	- 4.3	....
Groceries—District (6).....	-12.5	- 5.8	....
WHOLESALE GROCERIES (37)			
Akron.....	-29.2	-28.0	....
Cleveland.....	-19.9	-22.7	....
Erie.....	-18.9	-18.8	....
Pittsburgh.....	-10.4	- 8.3	....
Toledo.....	-10.8	-14.4	....
Other Cities.....	-14.6	-17.4	....
District.....	-16.3	-18.7	-22.8
WHOLESALE DRY GOODS (11)	-29.2	-27.6	-26.4
WHOLESALE DRUGS (13)	-18.3	-10.2	....
WHOLESALE HARDWARE (15)	-25.8	-22.5	-12.2

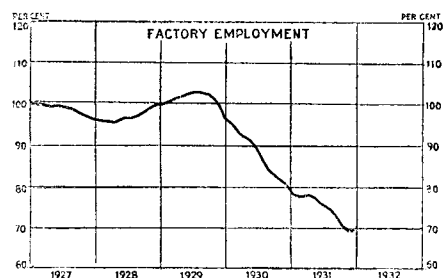
*Sales per individual unit operated.

Summary of National Business Conditions

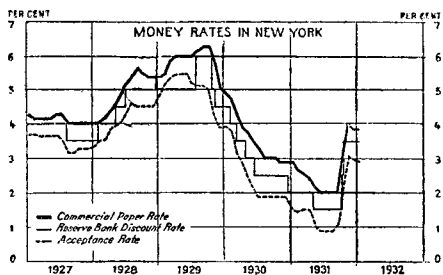
By the Federal Reserve Board



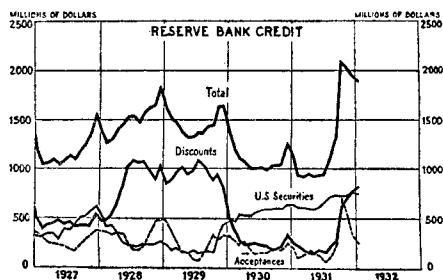
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100). Latest figure, December, 71.



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



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 20 days in January.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 20 days in January.

Industrial activity declined from November to December by slightly more than the usual seasonal amount, while the volume of factory employment showed about the usual decrease. Wholesale prices declined further.

Production and Employment

Volume of industrial output decreased somewhat more than is usual in December and the Board's seasonally adjusted index declined from 72 per cent of the 1923-1925 average in November to 71 per cent in December. Activity in the steel industry decreased from 30 to 24 per cent of capacity for the month, partly as a result of seasonal influences; in the first three weeks of January it showed a seasonal increase. Automobile output increased considerably in December from the extreme low level of the preceding month, and daily average output at shoe factories, which ordinarily declines at this season, showed little change. At textile mills production was curtailed by more than the usual seasonal amount.

Number employed at factories decreased seasonally from the middle of November to the middle of December. In the automobile and shoe industries there were large increases in employment, while in the clothing industries employment declined; in most lines, however, changes were of a seasonal character.

For the year 1931, as a whole, the average volume of industrial production was about 16 per cent smaller than in 1930, reflecting large decreases in output of steel, automobiles, and building materials, offset in part by slight increases in production of textiles and shoes.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, declined considerably more than is usual from the third to the fourth quarter, and for the year as a whole was 32 per cent smaller than in 1930, reflecting reduced physical volume of construction, as well as lower building costs.

Distribution

Distribution of commodities by rail declined by the usual seasonal amount in December, and department store sales increased by approximately the usual amount.

Foreign Trade

Value of foreign trade continued at a low level in December and for the year as a whole exports showed a decline of 37 per cent from 1930 and imports a decline of 32 per cent, reflecting in part the reduction in prices.

Wholesale Prices

Wholesale prices of commodities declined from 68 per cent of the 1926 average in November to 66 per cent in December, according to the Bureau of Labor Statistics, reflecting decreases in the prices of many domestic agricultural products, sugar, silk, iron and steel, and petroleum products. During the first half of January prices of hogs, lard, and butter declined further, while prices of cotton, silk, coffee and copper increased.

Bank Credit

Reserve bank credit, which had declined from the middle of October to the middle of December and had increased in the latter part of the month, declined again in the first three weeks in January.

The growth in the latter part of December reflected a somewhat more-than-seasonal increase in the demand for currency, partly offset by reductions in member bank reserve balances and in deposits of foreign central banks. In January the return flow of currency was considerably smaller than in other recent years, while member bank reserve balances continued to decline.

Acceptance holdings of the reserve banks, which had reached a total of \$780,000,000 in October, have declined, through maturing of bills held, almost uninterruptedly since that time, and on January 20 totaled \$190,000,000. The banks' portfolio of United States Government securities showed some increase over the level of the early part of December, and discounts for member banks increased substantially.

Loans and investments of members banks in leading cities declined further during December and the first two weeks of January, reflecting reductions in loans on securities, as well as in other loans, and in investments.

In the middle of January buying rates for bankers' acceptances at the Federal reserve banks were reduced, and open-market rates on 90-day bills declined first from 3 to 2½ per cent and later to 2¼ per cent. Yields of high-grade bonds, after advancing for a period of about four months, declined after the turn of the year, reflecting a rise in bond prices.