



# MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

**Fourth Federal Reserve District**

**Federal Reserve Bank of Cleveland**

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General business in this District exhibited no marked change in the latter part of January or the first three weeks of February. Although slight increases, chiefly seasonal, were reported in a few industries, little actual improvement has been made, though no great tendency to decline was evident.

From all sections, however, come reports of better sentiment. Recent legislation no doubt was responsible for a large part of this betterment and anxiety concerning financial conditions has lessened. The number of bank suspensions was much smaller in February than in preceding months and there also was a reduction in the rate of deposit withdrawals at member banks.

The shoe industry increased operations in January at a greater-than-seasonal rate, output in the month being 6.4 per cent above one year ago. Clothing concerns, particularly those engaged in the manufacture of men's wear, also were operating at fairly satisfactory levels. Makers of china and pottery reported an increase in orders and demand for heavy machinery improved in some sections. Tire production increased seasonally in January as did steel production, but the slowing down of the automobile industry in late January and early February caused a reduction in these as well as many other industries in this District.

Coal production and retail and wholesale trade in January were adversely affected by the unseasonably warm weather. Dollar sales at department stores were 22 per cent below one year ago, no allowance being made for the decline in prices in the period.

Sales of life insurance in Ohio and Pennsylvania in January were 6.7 per cent ahead of the same month in 1931.

## FINANCIAL

With bank credit resources amplified by the Reconstruction Finance Corporation (which already has started to make loans, thus releasing frozen credit) and reinforced by the additional facilities provided by the Glass-Steagall Bill, sentiment regarding the banking situation in this District has improved in the past few weeks. The number of bank suspensions in the District declined sharply in February, there being only five in the first 27 days, compared with 18 in January.

Deposit withdrawals also have lessened and though credit extended by member banks has not increased as

is customary at this season of the year, the contraction, which was unusually sharp in the closing months of 1931, moderated somewhat in the four weeks ended February 17. The amount of reserve bank credit extended continued at high levels and, though note circulation has dropped slightly in recent weeks, it remains higher than since 1921.

Savings deposits at selected banks receded three per cent in January, and at the month-end were 14.7 per cent below one year ago. The falling-off in the latest month was partly seasonal, but larger than in other years.

**Reserve Bank Credit.** The total volume of this bank's credit outstanding on February 17 was about \$6 millions lower than on January 20, slightly less than the average contraction in similar periods of the preceding five years. On the latest date, however, total bills and securities, at \$197 millions, compared with \$90 millions one year ago and were higher than for any similar date since 1921, when this bank was rediscounting for other Reserve banks.

Bills discounted for member banks receded from \$126 millions on January 20 to \$117 millions on February 3, but increased slightly in the two ensuing weeks to \$121 millions on February 17. Compared with a year ago, this represented an increase of approximately \$100 millions. On the latest date loans were being made to 291 member banks out of a total of 646, whereas a year ago 249 banks out of a total of 751 members were borrowing. Loans to member banks in this District continue at record levels for this time of year.

Acceptances held by this bank declined slightly in the four-week period, but were only a little below one year ago on February 17. Holdings, however, were much smaller than in preceding years, partly because of the limited volume of acceptances created in recent months.

Government securities owned receded about \$500,000, but at \$69 millions, were still about \$10 millions above one year ago.

Gold reserves were reduced about \$7 millions in the latest four weeks, contrary to the seasonal movement of preceding years.

Circulation of this bank's Federal reserve notes declined \$13 millions since the first of the year, a drop of \$6 millions occurring in the four weeks ended February 17. This downward movement was in line with seasonal trend, but was not as pronounced as in other recent

years at that time. At \$311 millions on the latest date, circulation was \$131 millions higher than a year ago.

Reflecting the slowing down in the reduction of deposits at member banks, reserve deposits were down only \$3 millions in the four most recent weeks. In the past year the decline has amounted to \$56 millions, or 28 per cent, part of which represented the drop in deposits at member banks, and part the closing of reserve accounts because of bank suspensions.

**Member Bank Credit.** Total credit extended by reporting member banks in leading cities declined 0.6 per cent in the four weeks ended February 17, the falling-off since the first of the year being at a slightly more moderate rate than in the closing months of 1931. Loans of these banks receded 1.2 per cent in the four weeks, the reduction in collateral loans amounting to \$9 millions, being at about the same rate evident for over a year. From the peak in 1929, the contraction has been approximately \$200 millions, or 27 per cent. "All other" loans were reduced \$6 millions and the downward movement which has been in progress for over two years, with only minor reversals, was thus continued.

Investment holdings of this group of banks were slightly higher on the latest date than a month ago, but at \$739 millions were about six per cent smaller than in February, 1931. Government securities owned amounted to \$386 millions on the latest date, compared with \$383 millions one year ago.

The persistent decline in deposits, evident in this District for over six months, continued in the last half of January and the first three weeks of February. The falling-off, however, was at a slower rate than in recent months. In the four weeks ended February 17, total deposits dropped only \$17 millions, while in the three immediately preceding four-week periods the declines in total deposits were \$64, \$38, and \$49 millions, respectively. Time deposits, at \$843 millions, were down only \$1 million from a month ago, but were \$153 millions, or practically 15 per cent below a year ago.

Demand deposits declined \$18 millions in the latest four weeks to \$836 millions, which was about 24 per cent lower than last year at that time. In recent years deposits at banks in major cities increased somewhat in the opening weeks of the year.

The ratio of loans and discounts to total deposits at

reporting member banks, as shown on the accompanying chart, has increased rather sharply in the past six months, chiefly because the falling-off in deposits in the period has been at a more rapid rate than the contraction in total loans.

Condition figures for all member banks in the District as of December 31, 1931, have recently become available. A comparison of principal items with those of a year ago shows wide variations, partly because of the drop in the number of banks. On December 31, 1931, there were 655 member banks in the District, whereas one year earlier there were 757. The decline in number was about 13.5 per cent, whereas the reduction in total resources was 17.5 per cent, in total deposits 21.3 per cent and in loans and investments 16.2 per cent. Total investments were off only 8.5 per cent, but holdings of Government securities of the smaller number of banks were 9.6 per cent higher than a year ago. Loans eligible for rediscount with the Reserve bank dropped 24 per cent to \$157 millions in the year, but combined holdings of Government securities and eligible paper of all member banks on December 31, 1931, were only \$5 millions less than a year ago.

All Fourth District Member Banks  
(Amounts in Millions of Dollars)

	Dec. 31, 1931	Dec. 31, 1930	% change from 1930
Total Resources .....	\$3,501	\$4,244	-17.5
Loans and Discounts .....	1,807	2,262	-20.1
Investments—U. S. Governments.....	489	446	+ 9.6
—Other Securities.....	569	711	-20.0
Cash in Vault .....	54	59	- 8.5
Due from Banks in U. S. ....	124	195	-36.4
Demand Deposits .....	1,107	1,375	-19.5
Time Deposits .....	1,334	1,653	-19.3
U. S. Deposits .....	29	29	....
Bills Discounted .....	92	37	+148.6
Eligible Paper .....	157	206	-23.8
Number of Banks .....	655	757	-18.5

## MANUFACTURING, MINING

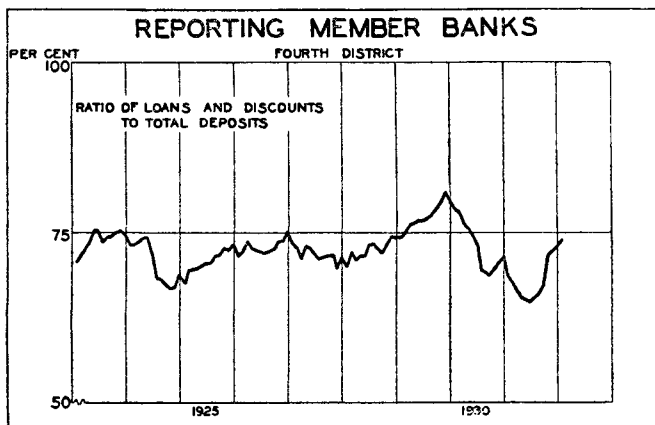
### Iron and Steel

Iron and steel demand and production, which continue in fair synchronization, exhausted in the last ten days of January the momentum remaining from the rise which followed the holiday shut-down. This upward movement carried activity of the industry from about 20 per cent of capacity on January 1 to 27 per cent on January 15, reaching a peak of 28½ per cent as the month closed.

Lacking expected support from the railroads and automobile manufacturers, the industry barely maintained the 28½ per cent rate through the first ten days of February, then eased off to 26 per cent by February 22.

Sentiment was somewhat weakened by the early termination of a rise which in most years carried through the first quarter, but the adjustment of the railroad wage situation, the announcement by an important small-car producer that an early introduction of new models was contemplated, and the various emergency relief measures at Washington buoyed up the hope that the upward trend might be resumed shortly.

The decline in the steel operating rate in early February foreshadowed a lower total production than in January when the daily average output was 56,203 tons. This was an increase of 12.2 per cent over the 50,092 tons in December, or just about the usual seasonal



amount. Compared with a year ago, when output was 91,063 tons, the reduction was 38 per cent. Part of the increase from December apparently was at the expense of backlogs, for unfilled orders of the United States Steel Corporation were reduced 87,203 tons in the month. This was contrary to seasonal movements of past years and the tenth consecutive decline. At 2,648,150 tons, they were lower than for any time on record back to 1904. In January production was at 26.54 per cent of capacity, compared with 23.58 in December and 42.86 per cent in January, 1931.

Though the decline in pig iron production, which has been apparent since May, 1931, continued in January, the reduction was just about seasonal and a net increase of four in the number of active blast furnaces was somewhat encouraging. There were 61 out of 298 blast furnaces in operation on January 31.

Pig iron production in January was at a daily rate of 31,336 gross tons, compared with 31,625 in December and 55,337 tons in January, 1931.

The mildly rising price tendency which accompanied the expansion in early January production culminated with a top of \$30.08 on January 16, which was followed by a moderate, but consecutive decline to \$29.53 by February 20, as indicated by the iron and steel composite of *Steel*. This easing of prices was accompanied by determined efforts of producers to stabilize the situation.

**Coal** December production of bituminous coal in this section was the smallest on record up to that time, but January surpassed that figure as a decline of 16.8 per cent was shown from the preceding month. The average December-to-January change in the preceding eight years was an increase of 7.8 per cent, with only two years, 1931 and 1927, showing very moderate declines. In the entire country the drop from December to January was only 7.8 per cent.

Output of Fourth District mines in January was 9,168,000 tons, a falling-off of 39 per cent from the same month of 1931. This compared with a 27 per cent reduction in December and the 20 per cent decline in the entire year 1931.

Despite the sharp curtailment in production, consumers' stocks of bituminous coal increased in the fourth quarter of 1931, an anticipated demand for coal, both for heating and industrial uses, failed to develop. On January 1, 1932, coal stocks were estimated to be 1,000,000 tons higher than three months earlier, but were 1,700,000 tons less than on the corresponding date of 1931, and less than on any similar date in the past decade. Because of the lower current rate of consumption, stocks are larger, in terms of the number of days' supply, than a year ago. Stocks of coal in retail dealers' yards, though actually slightly smaller than a year ago, also were larger in terms of the number of days' supply.

Reports for the first two weeks in February indicated a slight improvement in production, partly a result of colder weather.

Coal companies are attempting to work out some plan which would stabilize the industry, both as regards prices

and production, but nothing definite has developed as yet.

**Automobiles** The upturn in automobile production terminated about the middle of January when retail demand failed to develop to the extent anticipated earlier in the season. Actual production has not declined very sharply, but in past years a sizeable expansion has occurred in the latter part of January and February.

The falling-off in late January was enough to reduce the seasonally adjusted index of the Federal Reserve Board from 66 per cent of the 1923-25 average in December to 45 for the entire month of January. This compared with 63 in January, 1931. According to *Cram's* reports, a slight increase occurred in the first two weeks of February, but this was not up to seasonal proportions and the weekly adjusted index dropped below 40 per cent.

Actual output in January, according to the Department of Commerce, was 119,344 cars and trucks, a drop of 1.8 per cent from December, and which compared with 171,848 in the corresponding month of 1931. Passenger car production was 98,803 units against 138,317 cars a year ago and truck output was 20,541 compared with 33,531 in January, 1931.

The very unfavorable comparison with last year was partly due to the fact that one principal small-car producer was practically out of production during the first two months of the year. The reduction in January also was a reflection of the very cautious attitude maintained by most car manufacturers.

Vigorous attempts have been made to keep output in line with actual demand and orders for materials and parts have been placed only in small quantities. Because of this irregularity, operations of many parts and accessory companies have shown rather wide fluctuations recently, though generally they are much below other years at this season.

**Tires, Rubber** The tire industry appears to have stabilized its operations recently, for only minor changes in employment have been apparent in the past few months at factories in this District, though the index of the Ohio State Bureau of Business Research in January was only 65 per cent of the 1926 average. This is eight points lower than a year ago.

Reports from manufacturers indicate that operations in January and early February were higher than in December, but this was entirely seasonal, and sales of renewal tires were reported about 15 per cent below one year ago. Consumption of crude rubber in January amounted to 27,962 long tons, compared with 21,409 tons in December, an increase of 30.6 per cent, which was about seasonal. Consumption in January, 1931, was 28,557 tons.

As the spring selling season approaches, the outlook for tire makers is better than for some time. Prices are very low and with many cars remaining in service that in more normal times would be scrapped, a greater demand

for replacement tires is anticipated, sales of which generally are more profitable to manufacturers than original equipment sales.

Production of tires in December, the latest period for which figures are available, was slightly higher than in November, but shipments exceeded output by 5.2 per cent. Tire production in 1931 was only 4.5 per cent below 1930, but shipments of tires exceeded production by a good margin, for inventories on December 31 were about 1,000,000 tires less than at the end of 1930, and were smaller than since 1925. Manufacturers report stocks about in line, in view of reduced demand and the longer life of the average tire.

The crude rubber situation, both in this country and the world, shows little evidence of improvement. Imports to the United States in January were 31,298 long tons, a drop of 40 per cent from the high level of December and 15.6 per cent from a year ago, but they exceeded domestic consumption, and crude rubber afloat for United States ports, which amounted to 77,244 long tons on January 31, compared with 53,940 tons a month ago and 56,188 tons at the end of January, 1931.

Total domestic stocks of crude rubber on hand January 31 were estimated at 322,860 tons, an increase of 54.1 per cent from one year ago. The accompanying chart shows monthly stocks in the United States and the world for the past six years, together with the monthly average price of crude rubber at New York. With the exception of a few months in 1928, when the Stevenson Restriction Act was in force, and a period of 1929, world crude rubber stocks have increased steadily from about 150,000 tons in January, 1926, to 575,000 tons at the end of 1931, or about 280 per cent. In the same period domestic stocks advanced from 51,000 tons to about 325,000 tons, over 500 per cent.

Domestic stocks have increased much more sharply in recent years than world stocks and at present represent over 50 per cent of the total supply, while in 1926 they amounted to only about one-third of the total crude rubber on hand. Even in 1926-1929 when consumption of crude rubber was increasing sharply, stocks advanced nearly twice as fast as consumption, and when takings of crude rubber declined in 1930 and 1931, production was only slightly reduced. According to a recent estimate, output continues from 400 to 500 tons a day above world requirements. Exports from Eastern producing

countries reflected increases in production in the closing months of 1931 from a year earlier.

Rubber consumption in the United States in 1931 was 7.6 per cent below 1930, while in foreign countries the falling-off was about five per cent. The relatively larger drop in domestic takings reflected in part the sharp decline in the automobile industry and the longer life of tires now being made.

The trend of rubber prices in recent years has been just the inverse of stocks. Prices have been subject to wide fluctuations, but they never before reached such low levels. In February crude rubber was selling in New York at less than four cents a pound. The drop in the past twelve months was over 50 per cent and as recently as 1927 rubber brought 40 cents a pound. In 1925, under the Stevenson Restriction scheme, it was selling at a dollar a pound. The recent low level is almost unbelievable in view of the fact that cost of production averages about 16 cents a pound. Because of the low prices, some of the smaller producers have stopped tapping their trees, but others, and among them some of the larger estates, evidently feel they will lose less in the end by producing a maximum crop irregardless of prices, rather than let their plantations deteriorate. Plans for curtailing production have been proposed, but because of varied nationalities, difficulty regarding individual cooperation, etc., nothing definite has resulted.

The sharp decline in prices in the past few years has resulted in drastic inventory losses to rubber manufacturers, who, because of the great distance from the source of supply, are forced to carry large stocks of raw materials. Though declines similar in extent to those occurring in 1929, 1930 and 1931, can hardly take place from present prices, a stabilization at reasonable levels is much to be desired.

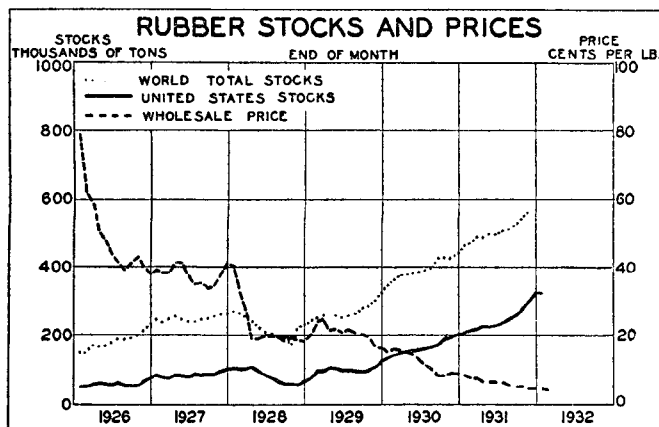
#### Clothing

Activity at many clothing and textile plants in the District improved in January and continued at the higher rate in early February. Employment figures have not changed materially, but the number of hours worked has increased. This normally is one of the busiest seasons of the year for clothing factories, as preparation is made for the spring selling season. With Easter occurring much earlier than for some time, demand for spring apparel is expected to increase.

On a unit basis, operations and sales compare rather favorably with a year ago, considering general conditions, but dollar volume is much reduced. Wearing apparel prices have dropped sharply in the past two years as raw material, wages and other costs have receded.

Operations at factories making men's clothing continue at a considerably higher level than at those engaged entirely in producing women's apparel. Employment at the former in January was about 97 per cent of the 1926 average and one per cent above last year, while the index for the entire clothing group was only 84 per cent of the 1926 average and three per cent below one year ago.

Continued warm weather seriously hampered the disposal of surplus stocks, particularly overcoats, both at wholesale and retail. Sales of women's clothing in January at reporting department stores were about 39 per



cent below the same month of last year and men's clothing sales were off about 31 per cent in the same period. Prices of clothing have dropped about 15 per cent in the year, according to reports.

Considerable difficulty regarding collections and arranging credit is reported, particularly in those sections where there have been numerous bank suspensions.

**Shoes** The footwear industry is one of the few which appears to have reached bottom and to have been able to exhibit an upturn. During 1931, with the exception of a slight fall slump, demand for shoes tended upward and operations increased to a corresponding degree. Production at factories in this section, most of which are in the southwestern part of the District, advanced more than seasonally in December and the upturn continued in January. Output in the latest month was 20 per cent ahead of December and 6.4 per cent above January, 1931.

Manufacturers usually are operating at or near peak levels at this season of the year, but the recent greater-than-seasonal increase is partly attributable to the early date of Easter. Makers of women's shoes, particularly in the lower-priced fields are operating at higher levels than producers of higher-priced or men's footwear. Inventories, both retail and wholesale, are reported below normal.

The dollar value of women's shoe sales at reporting department stores in this District in January was 21 per cent below the corresponding month of 1931 and men's shoe sales were down 24 per cent in the same period. Price reductions distort the figures, however, for prices of women's shoes were reported to be 15 per cent below one year ago, while men's shoes were down only nine per cent in the same time.

**Other Manufacturing** The upturn in operations in early January in this section proved to be only temporary in many cases, and activity in latter half of the month and the first part of February was again at a lower level. Failure of the automobile industry to maintain its increase worked a particular hardship on many companies in this section, though definite announcement from one of the principal small-car producers that work on two new models had started clarified the situation measurably. Sentiment appears to have improved further because of this and the enactment of recent legislation working toward a cessation of the drastic deflation which has continued for so many months.

**Auto Parts and Accessory.** Automobile sales so far have been disappointing, and assembling schedules were reduced in many plants. Operations at parts and accessory plants in mid-February were reported little changed from January, which was about on a par with December. Employment at 40 concerns, however, was 22 per cent below one year ago, which in turn was 16 per cent below January, 1930. This is usually the busiest season of the year for parts companies, but present operations are only a fraction of what they were in other years. Price trends, with respect to both materials and labor, are still downward and inventories are very small.

**Ceramics.** Reports from southeastern part of the District showed an improvement in February, with some plants operating at capacity levels. Employment at 68 stone, clay and glass factories increased two per cent in January, in contrast to a seasonal decline of eight per cent in recent years. Compared with a year ago, the group showed a falling-off of 11 per cent. Makers of dinnerware state that orders were received in good volume in early February at prices unchanged from a month ago. Brick and tile plants are practically shut down.

**Glass.** Glass production continues irregular. Plate glass. Container and household glass manufacturers proportions, in January, which was maintained in early February. Orders were chiefly from the automobile industry, there being practically no demand for building glass. Container and household glass manufacturers were operating irregularly, some being engaged at much higher rates than others.

**Electrical Equipment.** Little change was apparent in operations at plants making electrical appliances, apparatus, etc.; orders in early February were less numerous than in the preceding month and very much below a year ago. Employment at 29 concerns was two per cent below January, 1931, but many plants were operating on reduced schedules.

**Hardware, Machinery.** Rather sizeable orders were received recently for heavy machinery by some Cincinnati concerns, but the industry as a whole showed little change in early February from the low level of January. Employment in the latter month at 116 plants was 16 per cent below one year ago and was off two per cent from December. Hardware demand was limited, though slightly better than one year previous.

**Paint.** Sales of paint in January were considerably below one year ago. Increased demand from the automobile industry afforded a slight spurt, but this has since fallen off. Inventories have increased slightly in anticipation of spring business. Salesmen report a better sentiment prevailing, but buying is very limited. Prices remain unchanged from last month.

**Paper.** Developments in the past month have not been favorable. Employment in January was three per cent smaller than in December and eight per cent below one year ago. Prices on some grades have dropped, and competition, particularly foreign, is keen.

**Sheet Metal, Etc.** A greater-than-seasonal decline in employment at sheet metal works was reported in January, which was 25 per cent below one year ago. Makers of metal containers reported general orders better, but food containers are in very reduced demand, partly because of the large carryover of canned goods.

## TRADE

Retail trade, as reflected by total sales at leading department stores in this District, was quite depressed in January, total sales, on a daily average basis, being 22 per cent below the same month of 1931. The decline from December was considerably more than seasonal and the adjusted index, at 69.5 per cent of the 1923-1925 monthly average, was below 70 per cent for the first time

since 1919. In December the adjusted index was 73.0 per cent.

Part of the decline in dollar sales was due to price reductions, for January pre-inventory sales in many cases were at very much lower prices than prevailed in December or a year ago. According to *Fairchild's* retail index, prices in January recorded the largest monthly decrease in the present deflation. The drop in the month was 2.5 per cent and prices have receded 19 per cent from January, 1931.

Moderate weather in this section was an added handicap and sales of seasonable goods were very slow in January or were made at a sizeable price reduction.

The dollar value of stocks dropped 5.4 per cent in January, slightly less than the seasonal change at this period of the past years and the adjusted index rose from 70.5 per cent of the 1923-25 monthly average in December to 71.4 per cent at the end of January. Compared with a year ago, retail value of inventories is down 13.5 per cent.

The decline in accounts receivable in January from a year ago was 18.5 per cent, somewhat less than the falling-off in sales, and the percentage of accounts receivable at the end of December collected in January was 33.7 per cent compared with 36.8 one year ago, a drop of about eight per cent.

Sales at reporting wearing apparel stores were 35 per cent smaller in January than last year and stocks were down 22 per cent in value.

Sales of furniture stores were about 35 per cent smaller in January than a year ago, while the decline in sales in the furniture departments of department stores was only 27 per cent.

Wholesale trade in past years has declined about 10 per cent from December to January, but the falling-off in the four reporting lines this year was 16 per cent. Wholesale drug sales increased 1.4 per cent in January, contrary to seasonal, but were still 17 per cent below January, 1931.

### AGRICULTURE

The annual January 1 livestock survey of the Department of Agriculture revealed that the number of four principal types of farm animals in states comprising this

District was about four per cent larger than on the same date last year. In the entire country the increase was about two per cent.

Total farm value of livestock, however, dropped nearly 20 per cent in this section in the same period, while the falling-off in the entire country was 28 per cent. Thus the decline in livestock values in the Fourth District, as well as crop values, was somewhat less than in the entire country, and the reduction was chiefly due to price declines. In the United States all livestock was valued at \$3,196,000,000 on January 1, 1932, compared with \$4,450,000,000 one year earlier. In the past two years livestock values have fallen \$2,800,000,000.

Livestock on Fourth District and U. S. Farms  
(000 omitted)

	Number January 1, 1932	% change from 1931	Total Value January 1, 1932	% decline from 1931
<b>Horses and Colts</b>				
Ohio .....	469	- 3.1	\$40,730	- 9.3
Pennsylvania .....	297	- 3.9	30,797	- 7.5
Kentucky .....	222	- 3.9	10,434	-11.2
West Virginia .....	106	- 5.4	7,467	-15.8
United States .....	12,679	- 3.7	676,698	-14.9
<b>All Cattle</b>				
Ohio .....	1,610	+ 3.1	55,670	-23.8
Pennsylvania .....	1,398	+ 3.0	66,016	-23.3
Kentucky .....	978	+ 4.0	23,167	-22.4
West Virginia .....	525	+ 5.0	15,028	-16.5
United States .....	62,407	+ 2.4	1,662,222	-30.6
<b>Sheep and Lambs</b>				
Ohio .....	2,164	+ 8.2	7,550	-17.6
Pennsylvania .....	491	+ 2.1	2,169	-23.1
Kentucky .....	875	*	4,130	-26.8
West Virginia .....	657	+ 5.1	2,894	-21.0
United States .....	53,912	+ 2.2	183,255	-35.1
<b>Swine</b>				
Ohio .....	2,072	+ 5.0	13,650	-30.9
Pennsylvania .....	655	+ 2.0	5,586	-30.1
Kentucky .....	899	+15.0	5,212	-12.3
West Virginia .....	176	+ 4.8	1,315	- 8.1
United States .....	59,511	+ 9.4	365,133	-40.9

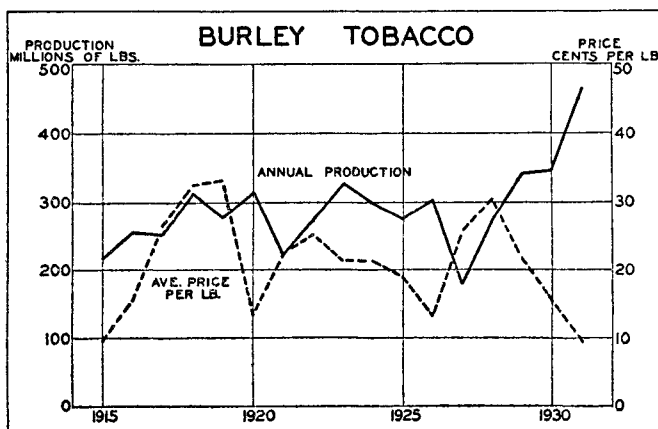
\*No change.

### Tobacco

The tobacco selling season is rapidly approaching its end, several of the markets in the outlying sections having closed in early February, but as usual, Lexington markets remained open longer than others. Though considerable tobacco is still being sold, it is chiefly of inferior quality, generally the case at this time of year. Prices consequently declined as the lower grades appeared.

The average price paid for the 1931-32 burley tobacco crop is the lowest since 1915. With the crop the largest on record, 465,000,000 pounds, a large carryover from last year, and a decline in cigarette consumption for the first time in several years, prices were substantially reduced. The average price paid for burley tobacco this past season was about nine cents a pound. Sales in January, according to the Kentucky Commissioner of Agriculture, amounted to 170,701,400 pounds at an average of 8.56 cents a pound. In the same month last year the price averaged 15.01 cents a pound. All burley sales in Kentucky up to February 1 amounted to 272,047,004 pounds, averaging nine cents, compared with 233,147,924 pounds, averaging 15.8 cents for the same period of 1931. Thus an increase of about 17 per cent in volume of sales was accompanied by a shrinkage of about 34 per cent in gross revenue.

The accompanying chart shows the average price paid



for burley tobacco in the past 17 years, together with the total crop raised in these periods. Since 1928 the price has been reduced by two-thirds. At the same time production has increased sharply, advancing from less than 200,000,000 pounds in 1927, to the present level, or more than 130 per cent. This increase in burley tobacco has been offset in part by declines in flue-cured types raised in Virginia and the Carolinas, though total tobacco production increased 33 per cent in the same period.

**BUILDING**

The first two months of the year usually are the lowest in contract volume, and based on available figures, and in view of the very unfavorable conditions prevailing, little change is yet apparent in the building industry, though certain favorable developments in the general situation appear to have improved sentiment among building supply dealers and contractors.

According to the special survey of the F. W. Dodge Corporation, "prospects for residential building are moderately good," particularly in regard to small houses, in principal cities of this territory. Reductions in public appropriations and earnings of commercial concerns continue to affect non-residential building very materially.

Contracts awards in the Fourth District in January were less than half as large as in December and were over 60 per cent below January, 1931. They amounted to only \$6,924,000. There usually is a falling-off from December, but, based on figures available, it never was as large as this year. The decline from a year ago in residential building and other types was about equal, on a percentage basis. Public works and utility awards amounted to only \$2,578,000 in January, compared with \$7,517,000 in the corresponding month of last year, when a power plant contract amounting to about \$5,000,000 was awarded. Utility awards in January, 1931, were smaller than in any month of the preceding three years.

**Fourth District Business Conditions**

(000 omitted)

	Jan., 1932	Jan., 1931	% change from 1931
Fourth District Unless Otherwise Specified	2,090,000	3,301,000	-36.7
Bank Debits—24 cities	\$ 2,090,000	\$ 3,301,000	-36.7
Savings Deposits—end of month:			
27 selected banks, O., W. Pa.	\$ 665,738	\$ 763,825	-12.8
Postal Receipts—9 cities	\$ 2,510	\$ 2,987	-16.0
Life Insurance Sales:			
Ohio and Penna.	\$ 96,984	\$ 90,869	+ 6.7
Retail Sales:			
Department Stores—55 firms	\$ 12,588	\$ 17,150	-26.6
Wearing Apparel—13 firms	\$ 733	\$ 1,129	-35.1
Furniture—47 firms	\$ 412	\$ 640	-35.7
Wholesale Sales:			
Drugs—13 firms	\$ 1,314	\$ 1,584	-17.0
Dry Goods—11 firms	\$ 725	\$ 1,228	-41.0
Groceries—37 firms	\$ 3,442	\$ 4,577	-24.8
Hardware—15 firms	\$ 737	\$ 1,001	-26.4
Building Contracts—Residential	\$ 1,916	\$ 4,936	-61.2
—Total	\$ 6,924	\$ 17,971	-61.5
Commercial Failures—Liabilities	\$ 9,628	\$ 11,952	-19.4
—Number	322 <sup>1</sup>	254 <sup>1</sup>	+26.8
Production:			
Pig Iron, U. S.	Tons 973	Tons 1,715	-43.3
Steel Ingots, U. S.	Tons 1,461	Tons 2,459	-40.6
Auto-Pass. Cars	U. S. 98,803 <sup>1</sup>	U. S. 138,317 <sup>1</sup>	-28.6
Trucks	U. S. 20,541 <sup>1</sup>	U. S. 33,531 <sup>1</sup>	-38.7
Bituminous Coal	Tons 9,167	Tons 14,936	-38.6
Cement—O., W. Pa., W. Va.	Bbls. 246	Bbls. 505	-51.3
Elec. Power—O., Pa., Ky.	k.w.h. 1,180 <sup>2</sup>	k.w.h. 1,280 <sup>2</sup>	- 7.8
Petroleum—O., Pa., Ky.	Bbls. 2,076 <sup>2</sup>	Bbls. 1,967 <sup>2</sup>	+ 5.5
Shoes	Pairs 8	Pairs 8	+ 6.4
Tires, U. S.	Casings 2,125 <sup>2</sup>	Casings 2,264 <sup>2</sup>	- 6.1

1. Actual Number.  
2. December.  
3. Confidential

**Fourth District Business Indexes**

(1923-1925=100)

	Jan., 1932	Jan., 1931	Jan., 1930	Jan., 1929	Jan., 1928
Bank Debits (24 cities)	77	122	127	136	127
Commercial Failures (Number)	221	174	121	134	184
—(Liabilities)	218	271	138	105	136
Postal Receipts (9 cities)	97	115	126	122	116
Sales—Life Insurance (Ohio & Pa.)	116	109	137	130	103
—Department Stores (55 firms)	55	70	77	84	85
—Wholesale	84	101	106	130	104
—Dry Goods (10 firms)	28	48	62	70	73
—Groceries (37 firms)	57	76	91	92	82
—Hardware (14 firms)	36	49	64	74	73
—All (74)	52	70	83	90	81
—Chain Drugs (3 firms)**	77	86	82	81	82
Building Contracts (Total)	15	38	73	115	55
—(Residential)	11	29	46	66	74
Production—Coal (O., W. Pa., E. Ky.)	51	83	101	103	86
—Cement (O., W. Pa., W. Va.)	20	42	60	68	63
—Elec. Power (O., Pa., Ky.)*	141	152	161	149	145
—Petroleum (O., Pa., Ky.)*	112	105	128	107	102
—Shoes	70	66	89	104	105

\*December.  
\*\*Per individual unit operated.

**Debits to Individual Accounts**

(Thousands of Dollars)

	4 weeks ending Feb. 17, 1932	% change from 1931	Year-to-date Dec. 31 to Feb. 17, 1932	Year-to-date Jan. 1 to Feb. 18, 1931	% change from 1931
Akron	45,693	-34.9	95,383	133,117	-28.3
Butler	5,635	-27.3	10,953	15,549	-29.6
Canton	17,909	-46.1	33,238	64,319	-48.3
Cincinnati	251,259	-21.5	474,151	622,338	-23.8
Cleveland	398,783	-32.0	867,923	1,224,900	-29.1
Columbus	92,615	-34.5	185,344	295,656	-37.3
Dayton	41,255	-37.7	80,376	146,603	-45.2
Eric	22,204	-19.8	41,391	49,504	-16.4
Franklin	3,025	- 8.7	6,217	7,036	-11.6
Greensburg	5,231	-27.1	11,678	19,931	-41.4
Hamilton	7,679	-26.7	14,045	18,471	-24.0
Homestead	2,607	-27.2	4,500	6,209	-27.5
Lexington	22,684	-16.6	43,934	53,220	-17.4
Lima	7,019	-28.6	12,438	20,691	-39.9
Lorain	3,533	-20.4	6,278	8,499	-26.1
Middletown	5,532	-41.1	9,941	18,050	-44.9
Oil City	8,210	-19.3	15,774	20,443	-22.8
Pittsburgh	513,058	-36.1	1,000,225	1,408,656	-29.0
Springfield	11,225	-31.7	22,880	33,264	-31.2
Steubenville	5,775	-22.7	10,403	13,517	-23.0
Toledo	74,736	-41.0	135,948	270,362	-49.7
Warren	4,143	-51.6	7,624	17,271	-55.9
Wheeling	24,738	-22.9	49,364	65,527	-24.8
Youngstown	25,095	-44.9	57,516	94,573	-39.2
Zanesville	5,752	-30.3	11,332	16,561	-31.6
Total	1,606,395	-32.8	3,208,856	4,644,267	-30.9

**Wholesale and Retail Trade**

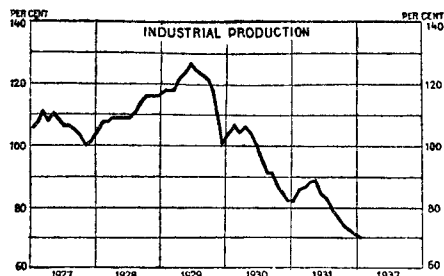
(1932 compared with 1931)

	Percentage Increase or Decrease		
	SALES	STOCKS	COLLECTIONS
	Jan.	Jan.	Jan.
<b>DEPARTMENT STORES (55)</b>			
Akron	-30.3	-12.0	-23.8
Cincinnati	-25.1	-21.4	-13.9
Cleveland	-22.0	- 2.7	-18.3
Columbus	-25.6	-14.7	-19.1
Pittsburgh	-28.5	-12.2	-25.2
Toledo	-28.7	-20.8	-29.0
Wheeling	-32.1	-12.2	-28.8
Youngstown	-32.0	-25.8	-33.6
Other Cities	-27.1	-22.6	-25.4
District	-26.6	-13.5	-23.1
<b>WEARING APPAREL (13)</b>			
Cincinnati	-32.1	-13.7	-16.3
Other Cities	-36.7	-26.7	-25.2
District	-35.1	-22.7	-22.8
<b>FURNITURE (51)</b>			
Cincinnati	-40.9	....	-31.7
Cleveland	-36.8	....	-24.4
Columbus	-41.0	....	-42.6
Dayton	-36.1	....	-24.9
Toledo	-11.3	....	-31.6
Other Cities	-35.0	....	-26.2
District	-35.7	....	-28.3
<b>CHAIN STORES*</b>			
Drugs—District (4)	-10.4	....	....
Groceries—District (6)	-11.1	....	....
<b>WHOLESALE GROCERIES (37)</b>			
Akron	-28.8	....	....
Cleveland	-23.5	....	....
Eric	-21.0	....	....
Pittsburgh	-21.4	....	....
Toledo	-21.2	....	....
Other Cities	-27.2	....	....
District	-24.8	-16.8	-24.9
<b>WHOLESALE DRY GOODS (11)</b>	-40.9	-30.3	-33.2
<b>WHOLESALE DRUGS (13)</b>	-17.1	....	-22.9
<b>WHOLESALE HARDWARE (15)</b>	-26.4	- 9.8	-31.2

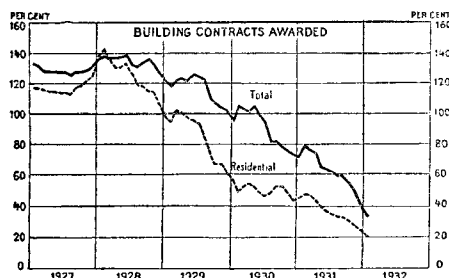
\*Sales per individual unit operated.

## Summary of National Business Conditions

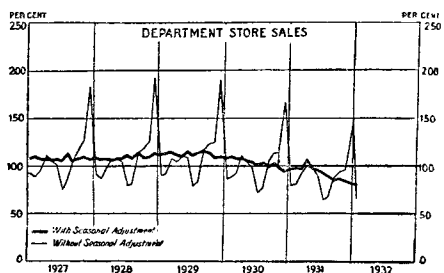
By the Federal Reserve Board



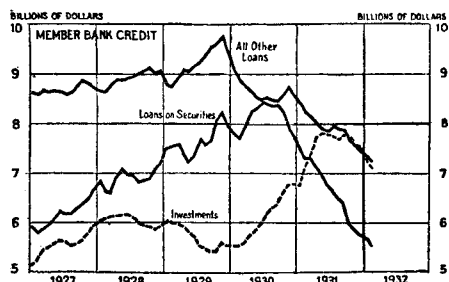
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100.) Latest figure, January, 70.



Indexes based on three-month moving averages of the F. W. Dodge Data for 37 Eastern States, adjusted for seasonal variation, (1923-1925 average = 100.) Latest figure, January, total, 33, residential, 20.



Indexes of daily average value of sales with and without seasonal adjustment, (1923-1925 average = 100.) Latest figure, adjusted, 80, unadjusted, 65.



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

In January production of manufactures increased by about the usual seasonal amount, while output of minerals and value of building contracts awarded continued to decline.

Wholesale prices declined further during January and early February, but more recently prices of certain leading commodities showed an advance.

### Production and Employment

Volume of industrial production, which includes both manufactures and minerals, increased from December to January by an amount somewhat smaller than is usual at this time of year, and the Board's seasonally adjusted index declined from 71 per cent of the 1923-1925 average to 70 per cent. In the steel industry there was a seasonal increase in activity during January, followed by a slight decline during the first three weeks of February. Production of automobiles, which usually increases considerably at this season showed little change in January, following an increase in December. Activity at textile mills increased by more than the usual seasonal amount and at shoe factories there was a seasonal increase in production. Output of coal and petroleum was substantially reduced.

Volume of factory employment declined by more than the usual seasonal amount between the middle of December and the middle of January. Number employed at foundries, car-building shops, clothing factories, and establishments producing building materials declined substantially, while employment in the tobacco industry decreased less than is usual at this season, and employment in the woolen goods industry increased, contrary to seasonal tendency. Total value of building contracts awarded in 37 eastern states, as reported by the F. W. Dodge Corporation, declined sharply in January, and for the three-month period ending in that month was about one-half of the amount awarded in the corresponding period a year ago. Approximately one-fourth of the decrease was in residential building, and three-fourths in other types of construction.

### Distribution

Total freight carloadings decreased in January, contrary to seasonal tendency, reflecting chiefly smaller shipments of merchandise, miscellaneous freight, and coal. Department store sales declined by about the usual seasonal amount.

### Wholesale Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined two per cent further from December to January, although prices of some important commodities, such as wheat, showed little change and the price of cotton advanced. During early February prices of certain leading commodities, including grains and cotton, declined, but later in the month there was some advance in the prices of these commodities.

### Bank Credit

Volume of Reserve bank credit outstanding declined in January and the first half of February. This decrease reflected a return flow of currency from circulation, which has been smaller than usual this year, together with a continued reduction in member bank reserve balances, offset in part by a demand for reserve bank credit, caused by an outward movement of gold amounting to \$100,000,000 since the turn of the year. A decline in money in circulation after the first few days in February reflected some return of hoarded currency, accompanying a decrease in bank failures.

At member banks in leading cities volume of credit continued to decline during January and the first half of February. Between January 13 and February 17, total loans and investments decreased by \$550,000,000 representing declines in loans on securities, in "other" loans and in investments. Deposits of these banks also declined substantially during this period.

Money rates in the open market showed little change. On February 26 the discount rate of the Federal Reserve Bank of New York was reduced from  $3\frac{1}{2}$  to 3 per cent, and buying rates on bankers' acceptances of short maturities were reduced from  $2\frac{3}{4}$  to  $2\frac{1}{2}$  per cent.