MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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That part of the business situation having to do chiefly with developments in the industrial field cannot be said to have improved in the past month in this district. Failure of operations at many factories to expand seasonally was chiefly attributed to the disappointing showing made by the automobile industry, which has been confronted not only by reduced buying in general, but also by other unfavorable conditions. This, of course, caused operations at parts and accessory plants, steel mills, glass and rubber factories, etc., to be curtailed at a time when they normally are producing at or near peak levels.

Steel ingot production in the third week of March was only at about 25 per cent of capacity, which is about half the rate last year. Normally at this season iron and steel production is at the highest level of the year, but lack of railroad orders and delays in automobile production have been very disheartening to the steel industry.

Some progress was shown, however, in a few scattered industries, and the improvement in sentiment commented upon last month has continued. In the first 29 days of March only three small bank failures occurred, as against six in February and 18 in January. Member bank demand for funds from the reserve bank declined and note circulation contracted contrary to seasonal tendencies.

The most noticeable improvement occurred in the shoe industry, output in February being 18.6 per cent above a year ago and 25 per cent above January. The seasonally adjusted index, however, was only 80 per cent of the 1923-25 monthly average.

Coal production increased sharply in February and the first part of March, as unseasonably cold weather stimulated buying to replenish depleted domestic stocks. Industrial demand continues at very low levels.

Reports of increased activity, greater-than-seasonal, in the china and pottery industry, resulting from an upturn in orders, and also in the electrical supply industry were received in the past month.

Both wholesale and retail trade were better in February than in January, contrary to the experience of past years, but partly because of the sharp decline in prices in the period the comparison of dollar sales with a year ago was quite unfavorable, though better than a month ago.

FINANCIAL

A further improvement in sentiment regarding the financial situation in this district occurred in the past month, and was reflected in condition figures of both the reserve bank and reporting member banks in leading cities. Bank suspensions in the first 29 days of March were limited to three small non-member banks, compared with six in February. The withdrawal of deposits, both demand and time, was at a slower rate in February and the first three weeks of March than in preceding periods and borrowings from the reserve bank were reduced. The volume of check transactions in February was 31 per cent below the same month of 1931, a slight improvement from the January falling-off.

Savings deposits at 45 large institutions in the district declined only one per cent in February, compared with a partly seasonal reduction of 3.1 per cent in January. Compared with a year ago, savings deposits were down 15 per cent. The January-to-February decline in the number of commercial failures was greater than a year ago, but, totaling 256 in February, they were 26 per cent above a year ago. Liabilities of the defaulting concerns, however, were proportionately smaller.

Reserve Bank Credit. One of the most encouraging developments of the past month was the decline in member bank borrowings. The reduction from a month ago was $18 millions, most of which occurred in the week ended March 16, at the time of the Government quarterly financing. Despite the falling-off, however, the volume of bills discounted, at $104 millions on March 23, was still unusually high and compared with only $14 millions a year ago.

This bank's holdings of Government securities increased over $7 millions from March 2 to March 23. At $76 millions on the latest date, they compared with $58 millions a year ago and were less than $1 million from the peak in 1922.

As holdings of bankers' acceptances matured they were not replaced by new purchases and the bank's portfolio declined to $4 millions on the latest date, compared with $7 millions a month ago and $10 millions on the corresponding date last year. The net change in the past month in total credit extended by the Federal Reserve Bank of Cleveland was a reduction of about $14 millions, or seven per cent, about the same, on a percentage basis, as in the corresponding period of 1931, but less than the average decline in the four preceding years.

Normally a reduction in note circulation at this time of year would be interpreted unfavorably as indicating a contraction in business activity, but with the volume of outstanding notes at a level far above that indicated as being necessary to conduct business at recent low levels, the decline in the past month was not only contrary to seasonal, but also might be regarded as an encouraging sign that hoarded money was being returned to banks. Note circulation on March 23 was $301 millions, compared with $311 millions a month earlier and $178 millions a year ago. On the latest date note circulation was lower than since October, 1931, and, as shown on the accompanying chart, the decline since the beginning of the year has been greater than seasonal.

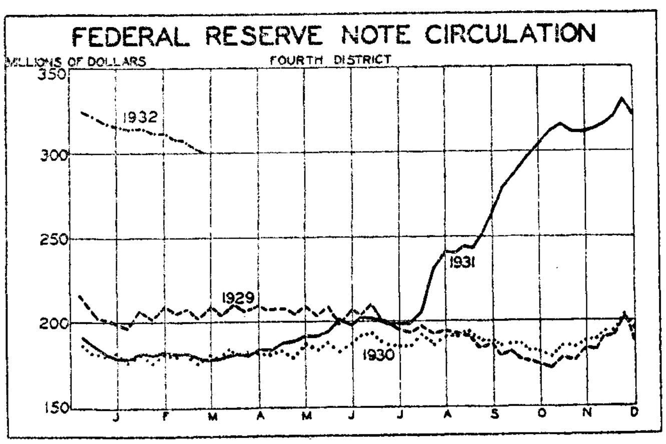
The decline in member bank reserve deposits, which was unprecedentedly sharp in the last half of 1931 and the first two months of this year, terminated in late February and a slight increase was shown in March. The ratio of total reserves to deposit and note liability combined increased from 63.2 to 65.5 per cent in the four weeks ended March 23, but was much below the 86.4 per cent a year ago.

Member Bank Credit. As yet there is little evidence that the contraction in Fourth district member bank credit, which has persisted for over a year, has terminated, even though the rate of decline in deposits has slackened in recent weeks. Collateral loans of reporting member banks in leading cities were reduced at a much slower rate in the four weeks ended March 23 than in earlier periods, the falling-off being only $1 million. Other types of loans, however, declined at about the same rate evident since last October, and, at $669 millions on March 23, were $20 millions below a month ago and about $80 millions or over 10 per cent under the same date in March, 1931. In normal years these loans, changes in which represent fluctuations in industrial demand, have shown an increase at this season.

Up to the middle of March investment holdings of these banks declined slightly, but an increase occurred in the week ended March 16 at the time of Treasury financing and tax operations. Compared with a year ago investments on the latest date were down $91 millions, the reduction being less in Government securities than in other types of investments.

The rate of decline in deposits, both demand and time, diminished in March; in fact demand deposits, (excluding Government deposits which expanded sharply in mid-March) at $840 millions on March 23, were $5 millions higher than a month ago.

Time deposits continued to recede during the period, but the rate of decline was not so sharp as in the closing months of 1931, or in January of this year. Compared with a year ago, they are down 18 per cent. Total deposits, because of the increase in Government deposits, were higher on March 23 than in late February.



MANUFACTURING, MINING

Iron and Steel As the first quarter, normally the highest production period of the year, drew to a close, operations were at 24 per cent of capacity in the entire industry, and the seasonal increase, which usually develops in March failed to materialize. In the past four weeks operations showed little variation, being close to 25 per cent of capacity, which represented minimum requirements of practically all classes of iron and steel users. The failure of the industry to show seasonal expansion was due almost entirely to the absence of orders from the transportation industry and to the slowing down of orders from automobile manufacturers.

In the first two months of the year steel ingot production increased about seasonally from the low level of December, daily average output in February being 16.6 per cent above the rate in the closing month of 1931. In five years 1925-1929, February averaged 16.1 per cent higher than December. In 1930, February was up 45 per cent, while in 1931 it was up 37 per cent from December, and in both those periods the attempted recovery staged in the spring of the year came to naught.

Daily average steel ingot production in February was 58,382 gross tons, giving the month a rate of 27.5 per cent of capacity. A year ago steel was produced at the daily rate of 104,265 tons, or 49 per cent. The decline in output in the first two months from the same period of 1931 was 41 per cent.

Pig iron production increased about the usual seasonal amount in February, but the daily rate of 33,122 tons compared with 66,112 tons in the corresponding month a year ago. Output in the first two months was 43.5 per cent below 1931.

Despite these very unfavorable comparisons and the fact that the first three weeks of March failed to exhibit seasonal improvement, beneath the surface there were indications that the steel situation was improving. A net gain of three in the number of blast furnaces active at the beginning of March was somewhat encouraging and heavy purchases of scrap by important steel producers in the Pittsburgh district were reported. Producers also have announced generally higher prices for the second quarter, but in the absence of tonnage demands these remain only asking prices.

Evidencing the firming tendency in prices, the iron and steel composite as computed by *Steel* advanced fractionally from $29.53 on February 20 to $29.57 on March 19. Iron and steel prices were 6¼ per cent below one year ago.

In view of current low levels and the fact that orders from railroads and the automobile industry were unusually small in the first quarter, the latter being held back partly by the fact that one major small-car producer was out of production, it is felt in the trade that some orders normally placed in the first quarter would this year appear in the second quarter and thus offset the seasonal movement.

Coal The bituminous coal industry experienced a much-needed and long-awaited increase in February, particularly in this district where production was 4.9 per cent ahead of January. This is the first time on record that output in February was greater than in January, the average change in the past nine years being a reduction of 10.3 per cent. Part of the increase was accounted for by the fact that February had one more business day this year, but daily average production was up 7.0 per cent in this section, whereas in the entire country the daily average increase was only 2.4 per cent.

The increase in production was necessitated by the depletion of coal stocks at retail yards which accompanied the unseasonably cold weather. It was reported that more rush orders were received at mines while the cold wave lasted than in any similar period in the past two years. Surplus coal standing on sidings, which normally would satisfy the late winter demand, was quickly consumed and operations at mines were stepped up accordingly.

The increase was almost entirely in domestic consumption, there being practically no change in takings by industrial users. Industrial stocks, according to the National Association of Purchasing Agents, in terms of daily consumption, amounted to 41 days' supply at end of January, as against 34 days' supply a year previous.

Despite the recent improvement, production of coal in February in the Fourth district was 25 per cent below the corresponding month of 1931, but in January the falling-off was 38 per cent so that for the first two months output averaged 32.5 per cent below the same period of last year.

Prices have remained quite steady for the past several months, but are about eight per cent below a year ago.

Automobiles The automobile industry made a very unfavorable showing in February and the first three weeks of March. This was given as the principal reason why operations at steel mills, glass, auto parts and accessory, and many general manufacturing concerns located in this district failed to show seasonal improvement in recent weeks.

The announcement made several weeks ago by a principal small-car producer caused a falling-off in sales of cars in the lower-priced field, which in turn was reflected in the production figures, for both February and March. In addition to this concern being out of production, other companies experienced a falling-off in demand. Potential buyers apparently are awaiting the new car showing before making purchases of any kind. New passenger car registrations in Ohio increased only 11 per cent in February, and thus fell below the five-year average January-to-February increase of 17 per cent. January also was more than seasonally below December. Compared with a year ago registrations of passenger cars in February were down 38 per cent, and trucks 51 per cent. In the entire country preliminary February figures showed a decline of 38 per cent from a year ago, and only a 10 per cent increase from January.

According to the Bureau of the Census, prices of used cars dropped more sharply in January (the latest month for which information is available) than in any month since May, 1930, reflecting the continued unsatisfactory condition existing in the used car market.

Department of Commerce figures show that only 117,413 passenger cars, trucks and taxicabs were produced in February, a drop of 1.6 per cent from January, a contrary-to-seasonal movement. The Board's seasonally adjusted index declined from 45 per cent of the 1923-25 monthly average in January to 35 in February and, based on *Cram's* weekly figures and the *Annalist* weekly adjusted index, a further falling-off was experienced in the first three weeks of March.

Compared with a year ago automobile production in February was off 46.6 per cent and was the lowest for that month since 1921. Normally at this time of year production is stepped up in preparation for spring selling, but with one of the major producers practically out of production, the industry has made a very poor showing so far this year.

The decline in passenger car output has been more drastic than in truck production. The former, in February, amounted to 94,110 units, as against 98,706 in January and 180,419 a year ago, a reduction of 48 per cent. The seasonally adjusted index was 31 per cent of the 1923-25 average, compared with 42 in January and 62 in December. In the first two months passenger car production was off 40 per cent from 1931.

Truck production increased from 20,541 in January to 23,303 in February, but at the higher level was still 41 per cent below one year ago. The seasonally adjusted index, at 62 per cent of the 1923-25 average, compared with 71 in January and 97 in December. Truck production in the first two months was off 40 per cent from the same period of 1931.

Tires, Rubber Operations in the rubber and tire industry continued on a relatively higher level, compared with 1931, than in many in the district. Employment at concerns reporting to the Ohio State Bureau of Business Research increased one per cent in February, while there was practically no change in this period of the past five years. Compared with a year ago, employment was down three per cent, but as against two years ago the drop was about 30 per cent.

Based on consumption of crude rubber, as reported by the Rubber Manufacturers Association, activity in the industry in February was more than seasonally higher than a month earlier and also above a year ago. Consumption in February was 30,011 long tons, compared with 27,962 long tons in January, and 28,797 long tons in February, 1931. The contrary-to-seasonal increase of 7.3 per cent compared with a decline of 3.5 per cent shown in preceding years.

Output of tires in January, the latest month for which figures are available, increased 30.9 per cent from December, compared with an expansion of 31 per cent in the same period last year, and about 20 per cent in 1928 and 1929. In 1930 an abnormal increase of 46 per cent was reported. Output was 5.9 per cent below January, 1931. The Board's seasonally adjusted index advanced from 68 per cent of the 1923-25 monthly average in December to 92 in January and compared with 94 a year ago. Shipments expanded about 17 per cent in January, but this was not quite enough to absorb all the production increase and inventories at the end of January were slightly higher than a month earlier, but still 12 per cent below one year ago.

Manufacturers reported little change in operations in late February and the first half of March. One large producer stated that a normal seasonal increase in replacement business had occurred, but cancellations in some orders for original equipment, as automobile production failed to show the seasonal increase, were an offsetting factor.

Imports of crude rubber to the United States in February were about on a par with the preceding month and slightly exceeded consumption. At 30,546 tons, however, they compared with 36,645 tons in February, 1931. In the first two months imports were off 16 per cent from a year ago. Stocks increased slightly in the month and, at 322,117 long tons, were 51 per cent above last year. A recent survey of the industry revealed that world stocks of crude rubber increased about 130,000 tons in 1931, of which nearly 120,000 tons were added to holdings of crude rubber in this country. This is particularly significant in view of the decreasing proportion of total world consumption represented by takings of domestic corporatons. In 1922 as much as 75 per cent of the rubber consumed in the world was used domestically. This proportion has gradually declined as factories were established in other countries until in 1931 only about 50 per cent of the total rubber consumed was used in the United States.

Crude rubber prices receded slightly again in early March and on the eighteenth of the month were quoted 3⅜ cents a pound as against 7.7 cents a year ago.

Shoes Production of shoes at factories in this district increased quite sharply in February, partly because of the early Easter date this year. The expansion amounted to 25 per cent over the January level and output in February was 18.6 per cent above a year ago. In the first two months 12.2 per cent more shoes were produced than in the corresponding period of 1931.

The seasonally adjusted index of shoe production, as shown on the accompanying chart, after advancing sharply in the early months of 1931, fell off in October and November, but recovered much of the loss in December and the first two months of this year. In February the adjusted index was 80 per cent of the 1923-25 monthly average against 73 in February, 1931.

The cold weather in March aided retail sales, according to reports, and several factories were operating full time. Demand for cheap and medium-priced shoes has run substantially ahead of 1931. Dealers handling high-priced footwear and men's shoes, and factories making them, in general, show a less favorable condition, compared with a year ago, than others. Prices on all grades of shoes have declined in the past year, making dollar comparisons somewhat misleading. Sales of women's and children's shoes at reporting department stores in this district were 13 per cent less in dollar volume in February than a year ago, and men's and boy's shoe sales were off about 20 per cent in the same period. According to *Fairchild's* retail index, prices of women's shoes have dropped about 15 per cent in the past year, while prices of men's shoes declined 10 per cent in the same period.

Hide prices have remained quite steady so far this year at 6-7 cents a pound, compared with about 12 cents a pound a year ago.

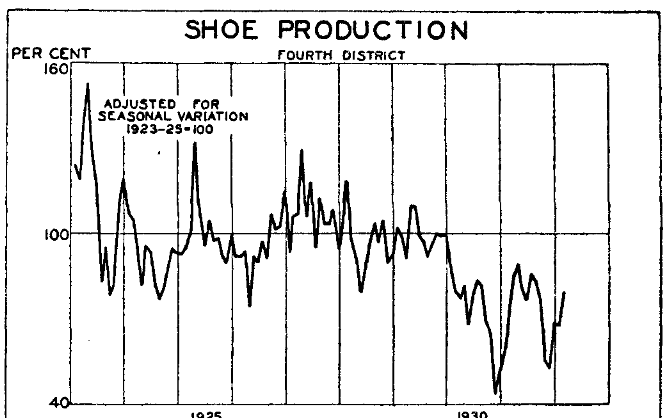
Clothing, Textiles Rather conflicting reports concerning developments in the clothing and textile industry in this section were received in the past month. The employment index of Ohio State University increased eight per cent from January to February, based on reports from 46 concerns, an upturn substantially greater than the five-year average increase for this period which amounted to three per cent. Twenty-nine firms reported increases, 14 decreases and 3 no change. The index in February was 90 per cent of the 1926 monthly average, only one per cent below a year ago.

Activity at men's clothing factories was substantially higher (based on employment) than at factories making women's wear, and also above last year. The number employed was up six per cent in February from January and also two per cent above a year ago, and about four per cent above the 1926 average.

Dollar comparisons with former years are very unfavorable because of the reduction in prices, but in terms of units, a more encouraging situation is evident. Some manufacturers, however, report little change in operations since the beginning of 1932.

Manufacturers and dealers report pre-Easter selling in rather disappointing volume, the unseasonably cold weather having had a very retarding effect on most clothing sales.

The knit outerwear industry has been operating at capacity levels for some time because of the popularity of this type of apparel. Knit underwear manufacturers reported unit production about ten per cent below a year ago, but little buying despite very low prices.



Other Manufacturing Little evidence of improvement in general industrial operations was apparent this past month, but likewise there was little tendency to decline. There are indications that fundamental conditions are being strengthened and sentiment is better, but general business continues to bump along at low levels. The one or two bright spots were blotted out by declines in some of the other industries, chiefly those having to do with automobile production.

Auto Parts, Accessories. Current operations generally experienced a set-back in late February and the first half of March as the automobile industry failed to expand seasonally. Employment at several concerns was reduced, contrary to seasonal tendencies, but the group of 46 concerns reporting to the Ohio State Bureau of Business Research showed an increase of four per cent in February, in contrast with a five-year average January-February increase of ten per cent. The number employed was off 17 per cent from a year ago and nearly 35 per cent from 1930.

Ceramics. The pottery and china industry was one of the very few to exhibit improvement in the past month. Employment increased four per cent in February, a slightly greater-than-seasonal upturn. The number of orders has increased and inquiries are more numerous. Actual operations have expanded at a gratifying rate and, according to reports, prospects are more encouraging than for some time. Brick and tile production continues at very low levels, employment being 31 per cent below a year ago.

Glass. Demand for plate glass showed little change in the past month, contrary to seasonal improvement experienced at this time in other years, and operations at factories were about on a par with early February. Reports were received from molded glass makers that orders had increased in February, contrary to seasonal, but a slackening was apparent in mid-March. Employment at 14 Ohio concerns was up 11 per cent in February, compared with a five-year average January-to-February increase of ten per cent.

Paint. Some increase in the number of inquiries and improvement in sentiment was reported in the past month, but this has not manifested itself in orders as yet. Limited automobile demand was a retarding factor and spring sales have been hampered by cold weather. Paint prices, in common with most commodities, have declined and are about 30 per cent below 1929. Recently a firming tendency has been observed. Raw pig lead prices on March 1, at $3.25 a hundred pounds, were lower than for 35 years.

Machinery, Tools. Demand for small tools slackened in mid-March, but orders were still being received in fair volume. Resistance to further recession is apparent and greater activity is looked for if automobile production increases. Engineering appliances are in limited demand. Employment was up slightly in February, but a falling-off was reported in March.

Electrical Supplies. Operations show little change from a month ago, but sentiment has improved. Compared with a year ago, employment was down nine per cent in February. One large manufacturer reported a greater-than-seasonal increase in orders in February and early March.

Paper. A contrary-to-seasonal decline was evident in February, employment showing no change, while in past years an increase of three per cent was reported for this time of year. Paper prices have stabilized somewhat, but are low compared with preceding years.

TRADE

Retail Trade Retail sales at reporting department stores in the Fourth district in February increased more than seasonally on a daily average basis, in fact total sales for the month were 5.9 per cent ahead of January. In only one other year for which figures are available, 1924, have February sales exceeded those of the opening month of the year. The seasonally adjusted index of sales was 70 per cent of the 1923-25 monthly average, compared with 68 in January.

Compared with a year ago, sales were down 18 per cent in February, and 22 per cent in the first two months and the declines in the two-month period in the principal cities was fairly uniform, ranging from 20 to 27 per cent. All individual departments of any consequence, except sports wear and sporting goods, showed declines from a year ago. Sales of women's apparel were off nearly 30 per cent, and men's clothing sales were down about 20 per cent. Furniture sales, usually important in February, were 29 per cent below a year ago.

The dollar value of stocks increased 4.4 per cent in February, but this was less than the average change of preceding years and the seasonally adjusted index dropped to 67.2 per cent, compared with 71.4 at the end of January. The value of stocks was 15 per cent below a year ago.

This decline closely approximates the reduction shown in the *Fairchild* retail price index which on March 1 was 17 per cent below the corresponding date in 1931. In relation to current sales, stocks appear ample, for the stock turnover rate in the first two months was below the same period last year.

A greater proportion of February department store business consisted of cash sales than a year ago, for charge sales amounted to only 57 per cent of the total, compared with 62 per cent in February, 1931. Collections on outstanding accounts, however, were slow, the decline in February from a year ago being eight per cent, the same as in January.

Chain grocery sales in February, per individual unit operated, were 3.7 per cent below the same month last year and in the first two months were down 7.7 per cent.

Chain drug sales were off seven per cent in February and 8.8 per cent in the first two months from corresponding periods of 1931. They amounted to only 76 per cent of the 1923-25 average in the latest month.

Wholesale Trade The volume of February sales as given by 74 firms in four reporting groups in the Fourth district was up slightly from January, contrary to the seasonal change of preceding years. The combined index, which shows dollar value of sales to be only about half as large as the average of three years 1923-25, was 53 in February, compared with 52 in January and 65 in February, 1931.

Of the four reporting lines wholesale drugs have made a better showing than other lines all during the depression. Sales in February were 87 per cent of the 1923-25 average and were only 9.5 per cent below a year ago.

Dry goods sales were up 24 per cent in February from the preceding month, but were still very much below other years and amounted to only 34 per cent of the 1923-25 average. Compared with a year ago sales were down 27 per cent.

Hardware sales were 26 per cent below February, 1931, and up only five per cent from January, a less-than-seasonal amount.

Wholesale grocery sales were one per cent smaller in February than in January, and down 17 per cent from last year. The January-to-February decline was less than the average of preceding years.

Stocks in all lines were down sharply and collections have been rather slow.

BUILDING

Contracts awarded in the Fourth district in February were slightly below the preceding month and down 60 per cent from the same period of 1931. In the latter comparison contracts awarded in the entire country were off 62 per cent, but an increase of a seasonal nature amounting to five per cent was reported from January to February.

Total awards in this section amounted to only $6,731,066, compared with $16,493,000 in February, 1931, which in turn was 54 per cent below the same month of 1930. Based on the contract figures, building activity in this section in February was only 14 per cent of the 1923-1925 monthly average, no allowance being made for seasonal variations.

The first half of March showed no signs of improvement, total awards in this section in the first fifteen days being less than half as large as the entire month of February and less than one-fourth as large as the first half of March, 1931.

Contemplated projects reported during February likewise give little indication of any near-by reversal in the current trend of contract-letting, according to the F. W. Dodge Corporation. Large reductions were reported in planning of new building, both residential and non-residential, as well as in public works and utilities. Though residential planning for some time has been at a higher rate than contract-letting, indicating somewhat of an accumulating demand, the very low level of industrial activity in all sections of the district is a deterring factor.

Construction supply dealers report little evidence of improvement in the demand for lumber or supplies.

AGRICULTURE

Cold weather in the first part of March did considerable damage to fruit and winter wheat in this section. The mild weather prevailing generally in February caused growth to start much earlier than normal and made these crops more susceptible to cold. The degree of damage has not yet been determined, but is reported as being quite extensive in some sections.

The 1932 tobacco season is under way, a great many plant beds having been sown and most of them burned. The recent cold weather was quite harmful, however, retarding germination and plant growth. There seems to be considerable variation in opinion regarding burley acreage to be planted this year, some feeling it will not be materially reduced, while others express the belief that there will be a considerable reduction.

In view of the recent falling-off in cigarette consumption, the fact that disappearance of burley tobacco was smaller this past year than since 1926, and that the total available supply amounts to over 900,000,000 pounds, or equivalent to three years' consumption, a reduction in this year's acreage might be expected.

Stocks of corn and wheat on farms on March 1 were estimated considerably above last year in this section and in the United States, and oat stocks were larger than average and a year ago locally, but not in the entire country. The accompanying table shows the estimated stocks of these three grains on farms in states partly or wholly within the district and the United States, and also a percentage of the crop harvested in the preceding year which up to that time had not been fed or sold.

GRAIN STOCKS ON FARMS AS OF MARCH 1
(1,000 bushels)

	Quantity, 1932	% of 1931 crop	Quantity, 1931	% of 1930 crop	5 year average stocks, 1925-29
Corn					
Ohio	78,851	49	25,424	29	53,017
Pennsylvania	30,755	49	5,900	22	21,885
Kentucky	45,017	56	5,912	21	34,057
W. Virginia	6,208	48	758	15	5,263
United States	1,103,691	43.2	703,529	34.1	1,051,029
Wheat					
Ohio	17,253	34	6,604	23	5,411
Pennsylvania	7,395	37	6,071	28	4,937
Kentucky	1,016	21	255	9	303
W. Virginia	997	42	368	20	486
United States	207,323	23.2	161,442	18.8	124,977
Oats					
Ohio	24,234	39	19,262	31	27,767
Pennsylvania	13,383	44	12,063	37	13,396
Kentucky	1,413	29	222	11	890
W. Virginia	1,279	36	426	16	1,135
United States	372,136	33.5	429,616	33.6	451,515

With last year's corn crop unusually large and the demand somewhat restricted by the low price of wheat, the amount on hand on March 1 on farms in the four states of the district was over three times as large as a year ago and considerably above the five-year average. Nearly one-half the corn harvested in 1931 was still on farms in this section, whereas one year ago only about one-fourth the crop remained unsold or unused. In the ten years, 1920-9, about 40 per cent of the preceding year's crop remained on farms on March 1.

A similar condition existed so far as the wheat crop was concerned. March 1 stocks were proportionately larger in this section than in the entire country, and were considerably above last year and average, both actually and as a per cent of the preceding year's harvest.

More than ten per cent of all wheat remaining on farms of the country was in the four states of the district.

The supply of oats on farms March 1 was larger, locally, than a year ago, though slightly below the average of the five years 1925-29. As a per cent of last year's crop, carryover was about the same as in preceding years, but it was somewhat above the average for the entire country.

The farm price situation continues very unfavorable.

In mid-February the index of the Bureau of Agricultural Economics was 40 per cent below the five-year pre-war average, a drop of 33 per cent occurring in the past year. While prices of other commodities have declined, the general price index is about equal to the 1910-14 average and prices of commodities farmers buy are 21 per cent above this average so that a given quantity of farm products will only pay for about half as much as before the war.

The following table shows the farm price situation quite clearly, and is based on indexes of the Department of Agriculture:

All commodity prices (February, 1932)	3%	below	1910-14	average
Average price of farm products (February, 1932)	40%	"	"	"
Average price received for grains (February, 1932)	49%	"	"	"
Average price received for poultry products (February, 1932)	30%	"	"	"
Average price received for dairy products (February, 1932)	21%	"	"	"
Average price received for meat products (February, 1932)	35%	"	"	"
Average price received for fruits & vegetables (February, 1932)	32%	"	"	"
Average price of farm wages (January, 1932)	2%	"	"	"
Average price paid by farmers for commodities bought (January, 1932)	21%	above	"	"

Building Operations

(Value of Permits)

	Feb., 1932	% change from 1931	Jan.-Feb., 1932	Jan.-Feb., 1931	% change from 1931
Akron	65,829	—47.1	105,603	237,757	—55.6
Canton	2,605	—95.9	4,245	81,066	—94.8
Cincinnati	3,475,395	+93.4	4,176,855	2,519,710	+65.8
Cleveland	1,934,175	—20.0	4,836,075	3,783,375	+27.8
Cleveland Suburbs	363,648	—52.9	678,160	1,235,320	—45.1
Columbus	104,600	—64.0	188,300	656,100	—71.3
Covington, Ky	9,525	—46.6	17,492	36,775	—52.4
Dayton	35,330	—65.6	75,752	176,660	—57.1
Erie, Pa	53,012	—45.1	127,842	152,135	—16.0
Hamilton	11,900	+57.3	17,670	29,955	—41.0
Lima	1,050	—89.8	3,025	15,425	—80.4
Mansfield	25,875	—32.1	87,480	227,955	—61.6
Middletown	6,510	—48.6	14,185	14,995	— 5.4
Pittsburgh, Pa	175,824	—73.5	504,319	1,244,215	—59.5
Portsmouth	5,000	—87.2	12,000	86,000	—86.0
Sandusky	6,270	—17.6	7,480	20,410	—63.4
Springfield	11,443	—74.1	13,343	47,858	—72.1
Steubenville	2,380	—26.8	4,430	11,350	—61.0
Toledo	25,410	—88.7	46,456	633,228	—92.7
Warren	3,505	—88.0	6,895	38,275	—82.0
Wheeling, W. Va	18,320	—82.6	42,890	156,708	—72.6
Youngstown	13,123	—71.7	24,078	109,431	—78.0
Total	6,358,354	— 8.1	11,008,875	11,521,298	— 4.4

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Feb., 1932	% change from 1931	Jan.-Feb., 1932	% change from 1931
Bank Debits—24 cities ... $	1,601,000	—31.3	3,691,000	—34.5
Savings Deposits—end of month:				
27 selected banks, O., W. Pa. ... $	658,676	—13.9	662,207[1]	—13.4
Postal Receipts—9 cities ... $	2,436	—11.4	4,946	—13.8
Life Insurance Sales:				
Ohio and Pa ... $	88,653	— 7.2	185,631	— 0.4
Retail Sales:				
Department Stores—55 firms ... $	13,327	—18.0	25,737	—22.4
Wearing Apparel—13 firms ... $	647	—19.2	1,342	—28.3
Furniture—48 firms ... $	577	—29.6	986	—32.9
Wholesale Sales:				
Drugs—13 firms ... $	1,363	— 9.5	2,677	—13.4
Dry Goods—11 firms ... $	902	—26.7	1,627	—33.8
Groceries—37 firms ... $	3,302	—16.8	6,643	—21.2
Hardware—15 firms ... $	774	—26.2	1,511	—26.3
Building Contracts—Residential ... $	1,977	—60.3	3,893	—60.7
" " —Total ... $	6,731	—59.2	13,655	—60.4
Commercial Failures—Liabilities ... $	8,783	+23.3	18,411	— 3.5
" " —Number ...	256[2]	+26.7	578[2]	+26.8
Production:				
Pig Iron, U. S. ... Tons	964	—43.7	1,937	—43.5
Steel Ingots, U. S. ... Tons	1,460	—41.6	2,921	—41.1
Automobiles—Pass. Cars .. U. S.	94,110[2]	—47.8	192,913[2]	—39.5
" —Trucks ... U. S.	23,303[2]	—41.0	43,844[2]	—40.0
Bituminous Coal ... Tons	9,614	—25.4	18,781	—32.5
Cement—O., W. Pa., W. Va. Bbls.	215	—47.8	461	—49.7
Elec. Power—O., Pa., Ky. .. k.w.h.	1,089[3]	—14.0	......	....
Petroleum—O., Pa., Ky. ... Bbls.	1,936[3]	— 1.6	......	....
Shoes ... Pairs	[4]	+18.6	[4]	+12.2
Tires, U. S. ... Casings	2,778[3]	— 5.9	......	....

[1]Monthly Average.
[2]Actual Number.
[3]January.
[4]Confidential.

Fourth District Business Indexes

(1923-1925 = 100)

	Feb., 1932	Feb., 1931	Feb., 1930	Feb., 1929	Feb., 1928
Bank Debits (24 cities)	59	86	102	122	108
Commercial Failures (Number)	175	138	115	114	127
" " (Liabilities)	199	161	69	66	107
Postal Receipts (9 cities)	94	106	119	113	120
Sales—Life Insurance (Ohio & Pa.)	106	114	152	132	127
" —Department Stores (55 firms)	58	74	82	88	85
" —Wholesale Drugs (13 firms)	87	96	102	107	104
" — " Dry Goods (10 firms)	34	47	70	79	84
" — " Groceries (37 firms)	56	67	81	82	86
" — " Hardware (14 firms)	38	52	75	78	81
" — " All (74)	53	65	81	84	87
" —Chain Drugs (3 firms)**	76	81	81	80	84
Building Contracts (Total)	14	35	76	76	79
" " (Residential)	12	29	43	59	88
Production —Coal (O., W. Pa., E. Ky.)	53	71	86	95	82
" —Cement (O., W. Pa., W. Va.)	18	34	63	69	81
" —Elec. Power (O., Pa., Ky.)*	130	151	165	156	139
" —Petroleum (O., Pa., Ky.)*	105	106	128	107	101
" —Shoes	84	74	81	101	125

*January.
**Per individual unit operated.

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ending Mar. 23, 1932	% change from 1931	Year-to-date, Dec. 31, 1931 to Mar. 23, 1932	Year-to-date, Jan. 1 to Mar. 25, 1931	% change from 1931
Akron	56,152	—39.4	151,535	225,769	—32.9
Butler	6,927	—28.5	17,880	25,238	—29.2
Canton	22,316	—43.7	55,554	103,976	—46.6
Cincinnati	282,886	—23.2	757,037	990,840	—23.6
Cleveland	460,400	—39.3	1,328,323	1,983,892	—33.0
Columbus	112,323	—37.9	297,667	476,666	—37.6
Dayton	53,627	—41.8	134,003	238,766	—43.9
Erie	25,093	—29.6	66,484	85,166	—21.9
Franklin	3,147	—18.7	9,364	10,907	—14.1
Greensburg	5,964	—32.3	17,642	28,738	—38.6
Hamilton	8,421	—37.0	22,466	31,845	—29.5
Homestead	2,630	—39.5	7,130	10,559	—32.5
Lexington	16,476	—14.9	60,410	72,572	—16.8
Lima	9,134	—16.5	21,572	31,631	—31.8
Lorain	3,590	—31.8	9,868	13,766	—28.3
Middletown	7,078	—30.4	17,019	28,219	—39.7
Oil City	9,736	—28.4	25,510	34,035	—25.0
Pittsburgh	579,980	—35.4	1,580,205	2,307,031	—31.5
Springfield	15,429	—29.5	38,309	55,135	—30.5
Steubenville	7,194	—32.7	17,597	24,207	—27.3
Toledo	84,918	—49.0	220,866	436,805	—49.4
Warren	5,789	—41.5	13,413	27,161	—50.6
Wheeling	30,121	—28.3	79,485	107,623	—26.1
Youngstown	28,513	—50.2	86,029	151,853	—43.3
Zanesville	6,105	—35.5	17,437	26,031	—33.0
Total	1,843,949	—36.1	5,052,805	7,528,431	—32.9

Wholesale and Retail Trade

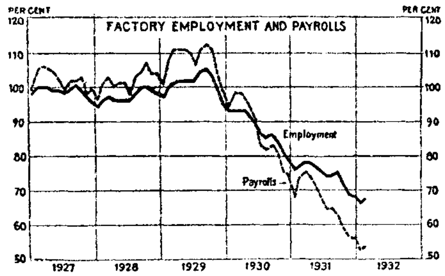
(1932 compared with 1931)

	Percentage Increase or Decrease: SALES Feb., 1932	SALES First two months	STOCKS Feb., 1932
DEPARTMENT STORES (55)			
Akron	—16.6	—23.4	— 8.0
Cincinnati	—14.3	—20.2	—22.9
Cleveland	—16.8	—19.5	— 8.6
Columbus	—11.3	—19.5	—19.7
Pittsburgh	—21.7	—25.0	—13.1
Toledo	—12.3	—20.9	—23.2
Wheeling	—18.5	—26.0	—12.3
Youngstown	—22.6	—26.7	—14.1
Other Cities	—17.7	—22.6	—22.1
District	—18.0	—22.4	—14.9
WEARING APPAREL (13)			
Cincinnati	—14.5	—24.7	—26.6
Other Cities	—22.9	—30.7	—28.8
District	—20.0	—28.6	—28.1
FURNITURE (48)			
Cincinnati	—36.8	—42.9	....
Cleveland	—45.1	—41.7	....
Columbus	+35.8	—10.2	....
Dayton	+ 3.9	—14.9	....
Toledo	—15.9	—13.9	....
Other Cities	—41.1	—38.5	....
District	—29.6	—32.9	....
CHAIN STORES*			
Drugs—District (4)	— 7.1	— 8.8	....
Groceries—District (6)	— 3.7	— 7.7	....
WHOLESALE GROCERIES (37)			
Akron	—20.9	—25.2	....
Cleveland	—22.9	—23.2	....
Erie	— 8.9	—15.3	....
Pittsburgh	— 9.2	—15.9	....
Toledo	—13.8	—17.7	....
Other Cities	—14.4	—21.9	....
District	—16.8	—21.2	—18.9
WHOLESALE DRY GOODS (11)	—26.7	—33.8	—31.4
WHOLESALE DRUGS (13)	— 9.5	—13.4	....
WHOLESALE HARDWARE (15)	—26.2	—26.3	—12.5

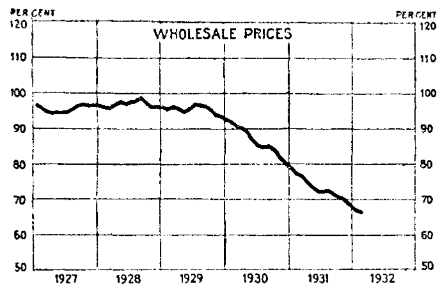
*Sales per individual unit operated.

Summary of National Business Conditions

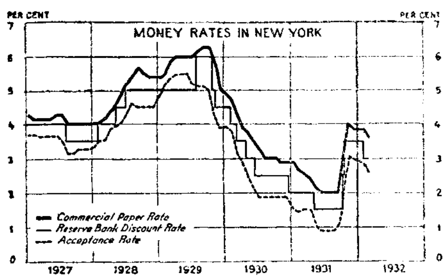
By the Federal Reserve Board



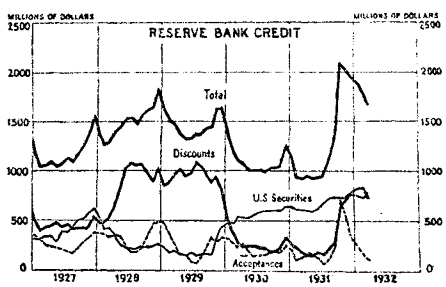
Indexes of Factory Employment and Payrolls, without adjustment for seasonal variations, (1923-1925 average = 100). Latest figures, February, employment 67.3, payrolls, 53.6.



Index of United States Bureau of Labor Statistics (1926 = 100). Latest figure, February, 66.3.



Monthly rates in the open market in New York: Commercial paper rate on 4 to 6 month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 22 days in March.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 22 days in March.

Volume of industrial production and factory employment increased from January to February by an amount smaller than is usual at this season. Improvement in the banking situation during February and the first three weeks of March was reflected in a decline in bank suspensions and a return flow of currency from the public to the banks.

Production and Employment

Output of industrial products increased less than seasonally in February and the Board's index, which makes allowance for the usual seasonal variations, declined from 71 per cent of the 1923-25 average to 70 per cent. Activity in the steel industry during February and the first three weeks of March showed little change from the January rate, although ordinarily substantial increases are reported at this time of year. Automobile production continued in small volume, showing none of the usual seasonal expansion, and the number of cars produced in the three-month period ending in February was about 35 per cent less than in the corresponding period a year ago. In the lumber industry, output declined further, contrary to seasonal tendency. Activity at cotton mills and shoe factories increased by more than the seasonal amount and was at about the same level as in the corresponding month last year.

Volume of employment at factories increased in February by somewhat less than the usual seasonal amount. In the iron and steel, automobile and machinery industries the number employed showed an increase smaller than is usual in this month, and at lumber mills a continued decline in employment was reported. At establishments producing fabrics, wearing apparel, and shoes, volume of employment increased by more than the seasonal amount.

Daily average value of total building contracts awarded, as reported by the F. W. Dodge Corporation, showed little change in February and the first half of March, and for the period between the first of January and the middle of March the value of contracts was 65 per cent less than a year ago, reflecting continued declines in residential building as well as in other types of construction; part of the decrease in the value of awards reflects reductions in building costs.

Distribution

Car loadings of merchandise and of miscellaneous freight showed none of the usual seasonal increase in February, while sales at department stores remained unchanged, as is usual at this season.

Wholesale Prices

Wholesale commodity prices as measured by the index of the Bureau of Labor Statistics, declined further from 67 per cent of the 1926 average for January to 66 per cent for February. Between the first week of February and the third week of March, there were increases in the prices of cotton, livestock and meats, while prices of grains, nonferrous metals and imported raw materials, including silk, sugar and rubber, declined considerably.

Bank Credit

In the banking situation the important developments in February and the first half of March were a considerable reduction in the number of bank suspensions and a return flow of currency from the public to the banks. The country's stock of monetary gold declined in February, but increased somewhat in the first half of March. Member bank reserve balances, after decreasing almost continuously since last summer, showed a slight increase for the first two weeks in March. Purchases of United States Government obligations by the Federal reserve banks beginning in March were accompanied by a considerable decline in member bank indebtedness to the reserve bank.

Loans and investments of member banks in leading cities continued to decline until the middle of March when there was a substantial increase, owing largely to the bank's purchases of United States Government securities, issued on March 15. Demand and time deposits of these banks decreased further during February, but showed little change in the first half of March.

Open market rates on acceptances and commercial paper declined during February and the first half of March. During this period yields on treasury and other high-grade bonds declined to the lowest point since early December, but after the middle of the month yields on high-grade corporate bonds increased somewhat.