

# MONTHLY BUSINESS REVIEW

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in the

**Fourth Federal Reserve District**

**Federal Reserve Bank of Cleveland**

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The statistical records of business in this district in April and the first part of May continued drab and irregular generally, though a slight contrary-to-seasonal increase was reported in some of the most important industries in this district. Further progress was made in the banking situation and member bank indebtedness to the reserve bank declined sharply. Member bank credit extended continued to recede, but deposits have moved almost horizontally for several weeks.

Steel operations, which touched an extremely low level in April, worked upward in the first three weeks of May and in the latest period averaged 25.5 per cent of capacity. Operations at Cleveland in the latest week were at 38 per cent, but Youngstown and Pittsburgh mill activity lagged somewhat. This recent expansion is contrary to the usual trend. It was due primarily to increased demands from automobile manufacturers, chiefly those engaged in the production of small cars, but there have also been slight increases in orders for pipe, structural steel and tin plates.

The coal industry failed to reflect the expansion in steel operations and bituminous output sank to the lowest level in many years. This was partly a result of shutdowns caused by disputes over wages and working conditions. In the first month of the lake shipping season coal loadings at Lake Erie ports were seven per cent below a year ago. Coal stocks generally are low.

Department store sales increased at a more than seasonal rate in April, but were still 29 per cent below the same period a year ago, when some Easter buying fell in that month. The cool weather has retarded seasonable sales and demand for clothing and textiles has been particularly dull. A sharp curtailment occurred in operations at clothing manufacturing plants in April and the fall selling season was over a month late getting under way.

Wholesale trade generally declined in April, part of which was seasonal. Drug sales have held up better than other lines. Collections are reported slow in many instances.

Sales of replacement tires increased in early May as gasoline consumption expanded seasonally; still demand continues below last year. Dealers' tire stocks on April 1 were lower than since 1926, but manufacturers are carrying a larger supply of tires than a year ago.

General manufacturing industries in the district reported little change in April from the low level of the

past few months. Employment was off about two per cent from March, a greater-than-seasonal decline.

Agricultural conditions in this section are above the average for the entire country with winter wheat prospects much better than the average of the preceding five years. Fruit prospects are fair with little frost damage reported. Crop growth was somewhat retarded by the cool weather in May, but the rains overcame the effects moisture shortage earlier this spring.

## FINANCIAL

Changes in condition of reporting member banks and this reserve bank in the month ended May 18 show in part the effects of the aggressive open market policy of the reserve system which has continued now for over six weeks. There was only one bank suspension in the fourth district up to May 27, and one large bank was reopened, partly with the aid of the Reconstruction Finance Corporation. Borrowings of member banks declined sharply and their position on the whole has changed in the past three months from one of heavy indebtedness to the reserve bank to a position where borrowings are much nearer the average of preceding years. Withdrawals from deposit accounts continue at a slow rate, but the size of the debits indicate that they are more a result of actual need than of uncertainty regarding banking conditions.

Savings deposits at 45 selected banks in this district were reduced 0.6 per cent in April, and were 16 per cent below one year ago on May 1.

**Member Bank Credit.** The contraction in total member bank credit in this district continued, up to the 18th of May, at approximately the rate apparent since the beginning of the year. As in earlier weeks of the period, the reduction was chiefly due to a falling-off in collateral and "all other" loans; investments have worked upward at a moderate rate recently.

The reserve system's purchases of Government securities have tended to make money conditions easy, resulting in lower short-term interest rates, an accumulation of excess reserves at New York, etc. Some of the latter found their way to interior centers, the movement being aided by the transfer of funds for operation of the Reconstruction Finance Corporation. Although loans of reporting member banks in this district continued downward in the face of very little change in either demand or time de-

posits, investments of these banks increased slightly in recent weeks, chiefly through the purchase of Government securities. The fact that the decline in loans has been at a more rapid rate than the falling-off in deposits enabled member banks to reduce their indebtedness to the Federal Reserve bank of Cleveland quite sharply in the past four weeks.

The contraction in reporting member bank credit in the past year has amounted to about 13 per cent and in deposits to 21 per cent; nevertheless, the distribution of principal types of assets and liabilities, on a percentage basis, has changed but little, as is shown in the following table.

Reporting Member Banks in Leading Cities

	Percentage of Total		Per cent decline in actual figures
	May 18, 1932	May 20, 1931	
Collateral Loans .....	28.0	29.1	-16.6
All Other Loans .....	33.3	32.9	-11.9
Investments—Governments .....	20.9	20.7	-12.3
"—All Other .....	17.8	17.3	-10.6
Total Loans & Investments .....	100.0	100.0	-13.1
Demand Deposits .....	50.0	52.3	-24.8
Time Deposits .....	49.0	47.4	-18.8
Government Deposits .....	1.0	0.3	+260.0
Total Deposits .....	100.0	100.0	-21.3

**Reserve Bank Credit.** The volume of credit extended by this bank fluctuated somewhat in the four weeks ended May 18, and on the latest date was about \$9,000,000 higher than in mid-April. The increase resulted entirely from participation in the System's open market purchases. In the past four weeks this bank's holdings of Government securities increased nearly \$34,000,000 to an all-time high record of \$126,768,000. Since the first week of March these holdings have expanded 85 per cent, the sharp upward movement being shown on the accompanying chart. Although the funds released by these purchases were immediately available, chiefly in New York, balances were gradually transferred to banks in this district (and elsewhere) and they in turn were able to reduce their indebtedness to the Federal Reserve Bank of Cleveland, a drop of over 50 per cent occurring in this item in about two months. The decline in the latter part of April and the first three weeks of May was at a sharper rate than in the preceding four weeks. As in other periods of large-scale buying of Government securities, it takes several weeks before the effects of such purchases are widely felt.

Holdings of acceptances were practically unchanged in the four latest weeks, but the volume, in comparison with total earning assets, is insignificant. They amounted to only \$3,104,000 on the latest date as against \$17,000,000 in 1931.

Gold reserves of this bank increased in late April, but declined in early May, and on the latest date, at \$269,000,000, were about \$8,000,000 lower than on April 20 and more than \$40,000,000 below a year ago.

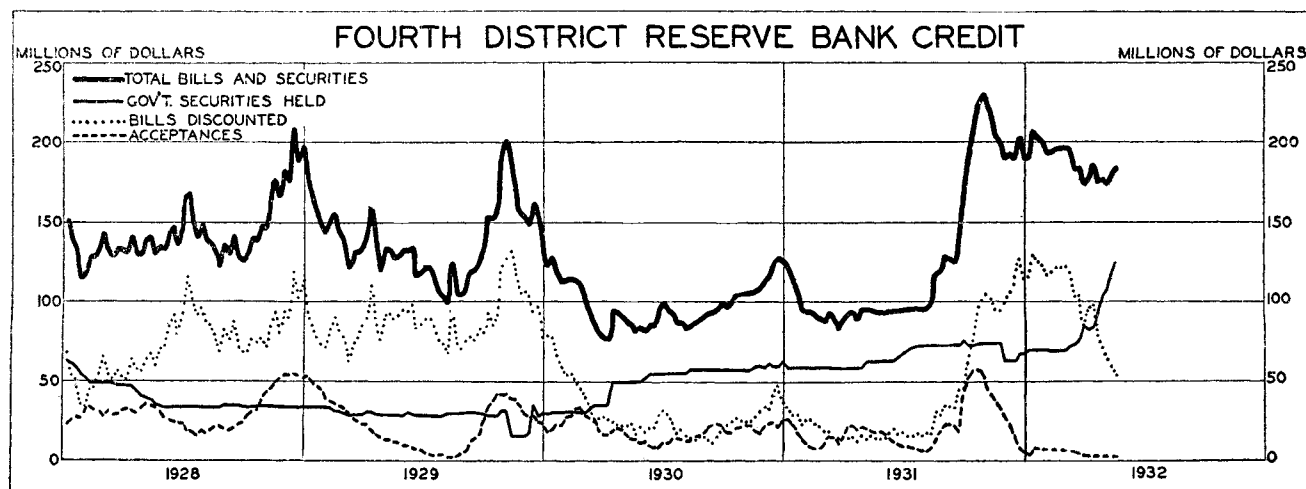
Circulation of this bank's Federal reserve notes continued to recede in the latter part of April at the rate apparent in the first three months of the year, although in the first three weeks of May a slight upward movement was evident. In normal years note circulation tends to increase in spring and early summer; but, partly because of the very high level to which circulation advanced in late 1931 coincident with the anxiety over the banking situation and partly because there has been practically no spring expansion in business, the general trend of note circulation has been downward so far this year. At \$292,000,000 on May 18, note circulation was still over \$100,000,000 higher than a year ago.

Collateral pledged to secure Federal reserve notes in circulation included Government securities on May 11 for the first time. This was in accordance with one of the provisions of the Glass-Steagall Bill. The law requires that Federal reserve notes in circulation be secured by 40 per cent gold, the rest, to 100 per cent, being made up of eligible paper or gold. The decline in the amount of eligible paper at the reserve banks, as a consequence of the falling-off in discounts and acceptances and recently in gold holdings, in the face of the large volume of note circulation made it necessary (in order that the operating margin of gold be maintained at a level which would insure efficient functioning of the banks) to permit the reserve banks to substitute some of their increased holdings of Government securities as collateral to secure note circulation.

#### MANUFACTURING, MINING

##### Steel

Steel production staged a very moderate rally in the first three weeks of May, rising from the slump of the preceding month and regaining the rate of activity of early March. For the country as a whole, steelmaking operations ad-



vanced from 22 per cent on April 15 to 25½ per cent in the third week of May. Meanwhile, Pittsburgh mills were holding at about 21 per cent, but Youngstown producers increased from 20 per cent to 26, and Cleveland from 20 to 38 per cent.

This advance resulted chiefly from the limited improvement in the automobile industry, which has been confined almost entirely to cars in the lower-priced class. Schedules of most manufacturers in the medium and high-priced lines were somewhat smaller than a month ago, but the low-priced cars were being produced at the highest rate since September, 1931.

A more stable price situation has been apparent recently, except for pig iron, but the steel price structure was approaching a test period with wages and salaries generally reduced 15 per cent beginning May 16. An advance of \$2 per ton in sheet bars for the third quarter was expected to discourage sheet mills from making concessions.

During the month bessemer iron at Pittsburgh and malleable iron at Youngstown declined 50 cents a ton. Scrap prices grew progressively weaker at Pittsburgh, Youngstown and Cleveland. Reflecting this softer price situation in raw materials, *Steel's* iron and steel composite receded from \$29.74 in mid-April to \$29.58 by May 21.

Daily production of both pig iron and steel ingots in April declined to the lowest point since July, 1921. Normally in April production is at or near peak levels, but so far in 1932 output has been very disappointing. In most past years there has been a seasonal decline in May, but up to the present time in this abnormal year the trend of iron and steel production has been contrary to seasonal movements and operating figures covering the first three weeks of May indicate a slight increase for that month.

For pig iron, the April daily rate was 28,524 gross tons, compared with 31,194 tons in March and 66,986 tons in April, 1931. For ingots, the April daily rate of 47,685 tons contrasted with 52,253 tons in March and 104,711 tons last April. In both pig iron and ingots, the gains over previous low marks of this depression were surrendered. In the first four months of 1932 total output of steel ingots was 5,571,478 tons, against 10,677,124 tons in the same period of 1931. For pig iron the four-month total was 3,754,736 tons; a year ago it was 7,465,023 tons. On April 30, active blast furnaces numbered 59, a net loss of one from March 31.

#### Coal

Production of bituminous coal in April, both in this district and the entire country, declined sharply from the preceding month. The reduction was 25 per cent in the fourth district and 37 per cent in the entire country. The average March-to-April change of past years has been a contraction of about ten per cent.

Compared with a year ago output of local mines was down 25 per cent in April and was 20 per cent below the average April production of the preceding ten years. In the first four months, coal production in this district was 26 per cent below the same period of last year.

Industrial demand is very limited and with the advent of warmer weather household orders have declined. The

lake shipping season began in a rather moderate way, loadings in April at Lake Erie ports amounting to 1,197,000 tons, a reduction of seven per cent from the same month of 1931. Stocks of bituminous coal at upper lake ports are quite large and, with movement of iron ore sharply curtailed, lake coal shipments are expected to be light this summer. Coal prices continue weak.

#### Automobiles

After allowing for usual seasonal changes, automobile production expanded at a moderate rate each week since the middle of April, the *Annalist's* weekly index, based on *Cram's* figures being 40.7 per cent of the 1927-29 average, compared with 32.7 in mid-April, the low point so far this year. Actual output was 44,587 units in the week ended May 14, as against 75,720 cars and trucks in the corresponding period last year. The recent gain was the result of expanding operations at factories engaged chiefly in production of small cars, part of which was offset by reduced schedules at plants making higher-priced machines.

The upturn has had a very beneficial effect on operations of steel mills, particularly at Cleveland, and also has aided some of the auto parts and accessory producers in this district, though the volume of orders placed so far is very small in comparison with preceding years.

New car sales in April, based on reports from 37 states, were 20.2 per cent higher than in March, but 37 per cent below a year ago. The upward movement was smaller than has occurred at this season of past years. Normally more sales are made in April than in any month of the year.

Because of the increase in production in the latter half of April, motor car output in the entire month was more than seasonally higher than in March, the Federal Reserve Board's adjusted index advancing from 28 to 32 per cent. In April a year ago the index was 77 per cent of the 1923-25 monthly average. According to the Department of Commerce 148,013 cars and trucks were made in April, an increase of 24 per cent from March, but a reduction of 56 per cent from the 336,939 cars and trucks turned out in April, 1931. April passenger car production was 58 per cent below the corresponding month of 1931 and the number of trucks manufactured was down 46 per cent in the same period.

In the first four months of this year automobile production was only slightly more than half as large as in the same period of 1931. Truck production in the four-month period was down 46 per cent and passenger car output was off 50.6 per cent.

#### Rubber Tires,

Sentiment in the rubber industry in the first half of May improved slightly as demand for replacement tires increased. Most if not all the upturn, was seasonal, however, and demand continues below a year ago.

March and April production was somewhat disappointing from the volume standpoint based on actual output of tires in March as reported by the Rubber Manufacturers' Association and rubber consumption and employment in April.

March production of tires (80 per cent of the industry)

was 2,947,000 casings, a slight contrary-to-seasonal reduction from February, and 21 per cent below March, 1931. Output in the first quarter was 10.7 per cent under the corresponding period of last year. Production so far this year has exceeded shipments by somewhat more than the usual amount, the excess for the first quarter being 25.6 per cent, compared with four per cent in 1931 and 13 per cent in 1930. Stocks in hands of manufacturers at the end of March represented 3.3 months' supply at the current rate of sales, compared with about 2.3 months' supply on the same date last year.

Part of this increase, however, represents a transfer of stocks, usually carried by dealers, to manufacturers. Average stocks of tires, per dealer, (based on 24,000 reports to the Department of Commerce) on April 1 totaled 66.2 casings, compared with 78.4 tires a year ago. This was the lowest average stock since 1926, and inventories of inner tubes constituted a new low record. Total stocks of independent dealers were estimated at 4,650,000 casings, a reduction of 840,000 from a year ago. Inventories of mass distributors were practically unchanged on April 1 from the same date in 1931.

Employment at 22 rubber manufacturing concerns in this district was unchanged in April from the preceding month, whereas the average change of the past five years for this period was an increase of one per cent. April consumption of crude rubber by manufacturers was estimated 6.7 per cent under March and 22.1 per cent below April, 1931.

Imports of crude rubber in April declined, being 12.7 per cent below March and 20.6 per cent below a year ago. This is the first sizeable reduction in imports and reflects in part a curtailment of tapping on plantations which followed the recent abandonment of all restriction discussions. Despite the falling-off in imports, they still exceed current consumption and stocks of crude rubber in the United States on May 1, at 343,098 long tons, were over 9,000 tons larger than a month earlier and more than 50 per cent above a year ago.

Crude rubber prices advanced sharply in early May coincident with the announcement of a proposed tariff on rubber, but soon declined to new low levels of less than three cents a pound in the third week of the month.

#### Clothing

Although this normally is the dull season for clothing manufacturers, spring production having ceased and the fall season not yet having opened, the reduction in April this year was greater than the average falling-off of preceding periods. The number of persons employed dropped nine per cent from March to April and was 11 per cent below 1931, at 47 factories in this district. Employment in the men's clothing industry was off eight per cent in April, but in the first four months of 1932 averaged about the same as in the corresponding period of 1931.

Salesmen are now on the road with fall samples, but the season started at least a month later than usual, chiefly because of unsettled conditions, including the downward movement of prices, which as yet seems unabated.

Dealers and retailers continue to operate on very limited stocks and hesitate about placing orders, either for

immediate or future delivery. The arranging of credit is disturbing and collections are slow.

*Fairchild's* retail price index showed rather sharp declines in both men's and women's apparel in April. Prices average from 15 to 25 per cent below a year ago.

#### Other

##### Manufacturing

Operations in April were generally lower than in March, contrary to the seasonal movements of past years. Total industrial employment declined about two per cent and in Ohio was 19 per cent lower than a year ago. A slight increase in automobile production in May caused a moderate expansion in operations at some parts and accessory companies, but the general level of activity is very much below the average of recent years for this season.

**Auto Parts, Accessories.** Irregularities were apparent in the auto accessory industry in April and the first half of May, some companies reporting an increase in operations, while others showed declines. April employment at 61 concerns cooperating with the Ohio State Bureau of Business Research dropped four per cent from March, in contrast with a five-year average March-to-April increase of three per cent.

**Brick and Tile.** A slight upturn in operations at brick and tile plants was reported in April, but it was below seasonal proportions. At 28 concerns the number employed was only 40 per cent of the 1926 average and was about 30 per cent lower than a year ago. Decline in large building and road construction has affected demand for these materials.

**China, Pottery.** A sharp drop in demand for china and pottery in April resulted in a reduction of 12 per cent in employment, compared with a five-year March-to-April increase of one per cent. Collections are slow, but somewhat improved from a month or two ago.

**Electrical Supplies.** A further tapering-off in operations at electrical apparatus and supply houses was reported in April, employment declining two per cent in contrast with an average increase of three per cent in other years.

**Glass.** A slight increase in demand from the automobile industry in April was more than offset by declines in other fields. Glass production was reduced in April, employment falling 20 per cent from March. In the preceding five years an average increase of one per cent was shown. The ten per cent price increase made in February has been maintained generally, but orders for plate and rolled glass have been small. Makers of moulded glassware reported a hesitancy on the part of buyers to place orders. The backwardness of the season has affected demand for glass food containers.

**Hardware, Machinery.** An increase in machine tool orders was experienced in the entire country in April, the first upward movement since December. Unfilled orders on May 1 were about 25 per cent larger than April shipments. The upturn, however, was not general in this district, many concerns reporting a contraction, both in orders and operations. Hardware sales improved slightly, but they are very much below normal.

**Paint.** Ordinarily at this season paint sales are at or near peak levels, but production so far this year has

been about 25 per cent below the same period of 1931. The decline in the number of orders received has been much smaller. Retail purchases of household paints have been in small quantities, with much less exterior house paint being sold than in other years. Dealers stocks continue low and hand-to-mouth buying is evident everywhere. Sales of automobile paints and lacquers for repainting machines have increased sharply, but orders from manufacturers, though having advanced slightly, are much below other years.

**Paper, Printing.** Production of fine paper declined in April and employment in this district dropped two per cent in contrast with stability in other years at that time. The number employed averaged eight per cent lower in the first four months of 1932 than in the same period of 1931.

**Sheet Metal.** Concerns in this class showed a contrary-to-seasonal falling-off in operations as building activity lagged, and demand for metal containers failed to expand in usual amounts in preparation for the canning season.

**Shoes.** Production of footwear in April declined somewhat more than the usual seasonal amount at factories in this district. The reduction was 25 per cent, as against 13 per cent in the two preceding years. Output was 14 per cent below April, 1931, and a large part of the increase shown in the first quarter was wiped out, production being only two per cent higher in the first four months of the year than in the same period of 1931. Factories engaged in producing the cheaper grade shoes, which enjoyed a higher level of activity in the first quarter than makers of higher-priced footwear, reported a falling-off in April.

### TRADE

**Retail Trade** The expansion in department stores sales from March to April was considerably more than seasonal and the daily average seasonally adjusted index advanced from 61 to 67 per cent of the 1923-25 monthly average. March dollar sales were particularly low on account of the cool weather which prevented the influence of Easter exerting its full force on buying of spring goods. This was evidently deferred until April, though sales in this month were 28.8 per cent below the corresponding period of last year. Easter was in April last year, however, and sales in that month therefore were increased because of that fact. In the first four months sales were down 24 per cent from the same period of 1931.

The falling-off in sales in all the principal cities showed little variation from the district decline and in the various departments the smallest reductions from a year ago were, toilet articles, —8.6 per cent; neckware and scarfs, —6.0 and china and glassware, —14.0 per cent.

Declining prices continue to be an important factor in the reduction shown in dollar sales, though the falling-off in *Fairchild's* index in April was one of the smallest for any month of the current depression. The decline was only one per cent from March, but in the past 16 months this index has dropped 22.5 per cent. The reduction in prices of women's wear continues at a faster rate than in men's wear.

The dollar value of department store stocks receded in

April, contrary to seasonal movements of past years, and touched a new low level for the period since 1919. A revised index of stocks at department stores in this district is shown on the accompanying chart. The seasonally adjusted index in April was only 64.6 per cent of the 1923-25 monthly average, a decline of 16 per cent in the past year.

Sales so far this year have declined at a more rapid rate than stocks and the cumulative stock turnover rate or ratio of sales to average stocks was only .81 in the first four months of 1932 against .91 in the same period of 1931.

The ratio of credit to total sales in April was the same as in March, but was 6.5 per cent below a year ago. Collections in April on accounts outstanding on March 31 were about seven per cent below a year ago, with collections on installment accounts down about ten per cent.

Sales at reporting wearing apparel stores were down 28.6 per cent in April from the same month of 1931 and stocks were off about 30 per cent in the same period.

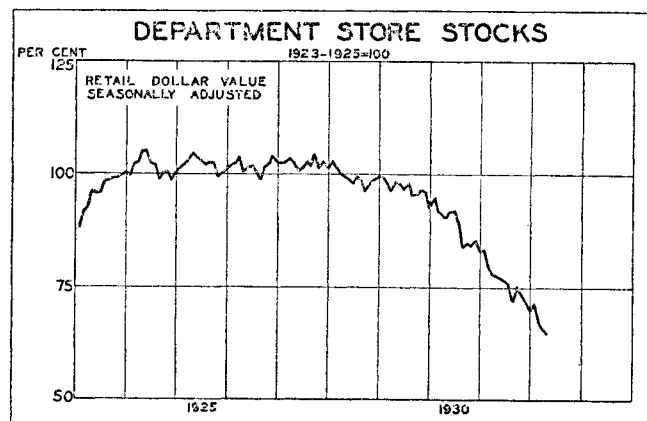
Chain grocery sales, per individual unit operated, were 8.5 per cent lower in April than a year ago and off about eight per cent in the first four months. Chain drug sales dropped quite sharply in April and were 14 per cent under the same month of 1931. In the four months, sales were down eleven per cent.

### Wholesale Trade

All reporting lines of wholesale trade except hardware declined in April from the preceding month. The reduction was of a seasonal nature in drugs and dry goods sales, but contrary to seasonal movements of past years in grocery sales. The combined index of dollar sales of the four lines was only 55 per cent of the 1923-1925 monthly average, as against 75 per cent a year ago.

Wholesale drug sales declined 13 per cent from March to April and in the latest month were 17.5 per cent lower than in 1931. Compared with other reporting lines drug sales have held up very well; in April they were 81 per cent of the 1923-25 monthly average. Dry goods sales in April were only 34 per cent of this same average and grocery and hardware sales were 58 and 51 per cent respectively of sales in the base period.

Collections generally are slow and the dollar value of stocks is much below last year at this time.



### BUILDING

Building activity in this section in April was only slightly higher than in March, the upturn 0.2 per cent, being much less than seasonal and less than the increase reported in the 37 eastern states. Compared with a year ago, contracts awarded were off 70 per cent in this section in April and 64 per cent in the first four months. This latter decline is about the same as was reported for the entire country in the same period, construction undertakings of all descriptions amounting to only about one-third of those during the first four months of 1931. Total contracts awarded in April amounted to \$10,927,000 in the fourth district, while the average value of contracts awarded in April in the past ten years was \$53,342,000.

Each of the four major types of construction, except public works, showed losses in April from March and declines were reported in all groups from a year ago.

Residential building has been very disappointing, amounting to only 20 per cent of last year's volume in April and 30 per cent in the first four months. Declines were general in all residential building types.

Non-residential building started in April was down about 33 per cent from March and showed a loss of about 70 per cent from last year. Public buildings showed a slight increase from April, 1931, but all other types were down sharply.

Public works construction in April was off about 30 per cent from a year ago, but a sizeable gain in highway construction raised the April figure well above the March level. Construction of public utilities was practically at a standstill and in April as well as the first four months was only a fraction of what it was in similar periods of preceding years.

Figures for individual cities show a larger volume of building permits issued in Cleveland in the first four months of 1932 than in the same period of 1931, and only moderate declines at Cincinnati and Middletown. Most other cities reported losses exceeding 50 per cent from a year ago.

Contemplated construction reported continues to decline, but, as for the past two years, residential planning is higher than the rate of contract-letting, indicating an accumulated demand for housing which is being held up by disturbing conditions in the industrial and financial fields.

Building supply and lumber dealers have experienced no change in the demand for materials in the past month and they report considerable difficulty regarding collections and financing of what few orders are received. Cement production increased slightly in April, but was 63 per cent below a year ago. The decline in public works and utilities construction particularly has affected demand for cement.

### AGRICULTURE

The early growing season was somewhat retarded in this section by cool weather in April and the first part of May. Though precipitation was below normal in April, heavy and frequent rains in early May interfered with the planting of corn in some sections, but nearly all oats were sown prior to the inclement weather. Pastures

have improved with recent rains, though cool weather has retarded growth. Fruit prospects are only fair.

**Winter Wheat.** Prospects for winter wheat in the states of the fourth district seem unusually good, based on the May 1 condition report of the Department of Agriculture. This is in contrast with the report covering the entire country, which indicates a very small crop, chiefly because of the very poor prospects in the western and central states. A harvest of only 440,781,000 bushels this year is indicated by the May 1 report. With one exception, this is the smallest crop raised since the war and is 44 per cent below the unusually large harvest of 1931. Domestic consumption in 1930-31, the latest crop year for which complete figures are available, was greater than this year's indicated crop. Abandonment of acreage because of winterkilling, etc., was 16.6 per cent in the entire country as against a ten-year average of 12.0, and 5.0 per cent in 1931. Condition on May 1 was only 75.1 per cent of estimated normal compared with a ten-year average of 83.8 per cent and 90.3 per cent one year ago.

In the states included wholly or partly in the fourth district, abandonment of acreage was below the average of both preceding years and the entire country. It amounted to only one per cent in Ohio and Pennsylvania, 1.5 per cent in West Virginia and six per cent in Kentucky.

Ohio wheat, with a May 1 condition of 92 per cent of normal, was more promising than in any of the major producing states. Condition in Pennsylvania and West Virginia was 90 per cent of normal, and in Kentucky 87 per cent.

Indicated production in Ohio was 31,939,000 bushels, about 5,000,000 greater than the average harvest in the five years 1924-1928. Only two other states, Kansas and Oklahoma, show larger prospective crops, though in these two states the indicated crops are very much smaller than in preceding years. In most sections of the district the wheat crop never looked better. The stand is generally heavy and blight or Hessian fly damage is reported in very few fields.

**Rye.** The rye crop in this section improved in April and indications on May 1 were for a large crop. The local crop was in better-than-average condition.

**Hay and Pasture.** The cool, dry weather in early spring retarded growth of hay and pastures, though rains in May alleviated this condition. The May 1 condition was about three points below normal in Ohio, Pennsylvania and Kentucky, and down eight points in West Virginia. Indications point to a slightly larger crop of hay in this section than in 1931. Stocks of hay on farms on May 1 were much larger than a year ago and the five-year average in this district. In the entire country stocks were below average, but larger than in 1931.

**Fruits.** Frost damage to fruit crops apparently has been less than was reported a month ago, though fruit trees are not expected to bear so heavily this season because many were over-burdened with fruit last year and trees rarely bear bumper crops in two succeeding periods.

**Tobacco.** Preparation of ground for the new tobacco crop was hampered somewhat by wet weather in April, but more progress was made in early May. Tobacco plants

are growing rather slowly on account of the cool weather, and insect damage has been more pronounced than usual. No shortage of plants appears likely, however. Although preliminary estimates pointed to sizeable reductions in acreage of tobacco to be planted (14 per cent in the burley type), recent operations in the main burley district indicate a much smaller reduction, according to observations of one authority.

**Canning Crops.** Indications point to considerably smaller acreages of all principal canning crops, except tomatoes. Stocks of this crop are fairly well depleted, but carryover of other crops is large.

**Wholesale and Retail Trade**

(1932 compared with 1931)

	Percentage		
	SALES Apr., 1932	Increase or decrease SALES First four months	STOCKS Apr., 1932
<b>DEPARTMENT STORES (55)</b>			
Akron.....	-27.6	-21.2	+ 3.6
Cincinnati.....	-28.2	-22.6	-21.6
Cleveland.....	-23.3	-22.0	-11.1
Columbus.....	-27.3	-19.2	-16.4
Pittsburgh.....	-31.9	-27.5	-16.5
Toledo.....	-32.4	-22.4	-22.7
Wheeling.....	-31.9	-25.0	-15.0
Youngstown.....	-35.4	-29.0	-18.4
Other Cities.....	-29.0	-24.4	-20.3
District.....	-28.8	-24.2	-16.0
<b>WEARING APPAREL (13)</b>			
Cincinnati.....	-23.3	-19.1	-21.0
Other Cities.....	-31.4	-26.9	-34.8
District.....	-28.6	-24.2	-30.3
<b>FURNITURE (48)</b>			
Cincinnati.....	-40.3	-44.4	
Cleveland.....	-48.7	-44.9	
Columbus.....	-36.8	-24.2	
Dayton.....	-32.8	-17.2	
Toledo.....	-23.4	-21.9	
Other Cities.....	-42.8	-38.8	
District.....	-41.6	-37.0	
<b>CHAIN STORES*</b>			
Drugs—District (4).....	-14.2	-10.9	
Groceries—District (6).....	- 8.5	- 7.9	
<b>WHOLESALE GROCERIES (37)</b>			
Akron.....	-28.0	-25.0	
Cleveland.....	-27.6	-24.7	
Erie.....	-19.4	-15.8	
Pittsburgh.....	-21.9	-16.2	
Toledo.....	-17.4	-17.2	
Other Cities.....	-22.9	-20.9	
District.....	-23.5	-21.2	-17.3
<b>WHOLESALE DRY GOODS (11)</b> .....	-40.6	-35.4	-26.1
<b>WHOLESALE DRUGS (13)</b> .....	-17.5	-13.5	
<b>WHOLESALE HARDWARE (15)</b> .....	-30.2	-26.0	-23.5

\*Sales per individual unit operated.

### Debits to Individual Accounts

	4 weeks ending May 18, 1932	% change from 1931	Year-to-date Dec. 31, 1931 to May 18, 1932	Year-to-date Jan. 1 to May 20, 1931	% change from 1931
Akron.....	47,110	-36.3	252,062	377,829	-33.3
Butler.....	6,082	-30.4	29,183	43,412	-32.8
Canton.....	15,415	-53.9	88,975	177,309	-49.8
Cincinnati.....	230,868	-29.1	1,230,933	1,686,371	-27.0
Cleveland.....	372,644	-34.3	2,106,305	3,238,471	-35.0
Columbus.....	94,838	-43.6	484,492	815,050	-40.6
Dayton.....	41,697	-42.3	222,455	397,534	-44.0
Erie.....	21,594	-30.0	108,951	147,978	-26.4
Franklin.....	2,502	-32.7	14,391	18,361	-21.6
Greensburg.....	4,693	-42.2	27,109	44,150	-38.6
Hamilton.....	8,133	-26.8	38,550	54,054	-28.7
Homestead.....	2,242	-39.4	11,428	18,797	-39.2
Lexington.....	13,120	-19.4	85,955	104,922	-18.1
Lima.....	7,733	-19.0	37,574	52,850	-28.9
Lorain.....	2,489	-52.4	15,635	23,545	-33.6
Middletown.....	5,779	-35.1	29,114	45,761	-36.4
Oil City.....	8,135	-36.5	42,802	58,273	-26.5
Pittsburgh.....	523,086	-31.3	2,589,832	3,826,039	-32.3
Springfield.....	10,443	-39.9	60,074	89,733	-33.1
Steubenville.....	4,606	-43.0	27,297	40,038	-31.8
Toledo.....	75,599	-46.1	370,342	731,924	-49.4
Warren.....	4,018	-52.3	23,148	45,002	-48.6
Wheeling.....	24,871	-27.2	131,958	176,883	-25.4
Youngstown.....	26,328	-44.4	137,638	251,899	-45.4
Zanesville.....	5,273	-38.1	27,995	43,849	-36.2
Total.....	1,559,298	-34.6	8,194,203	12,509,224	-34.5

### ***Fourth District Business Statistics***

(000 omitted)

Fourth District Unless Specified	April, 1932	% change from 1931	Jan.-Apr., 1932	% change from 1931
Bank Debits—24 cities.....\$	1,736,000	—36.2	7,047,000	—35.5
Savings Deposits—end of month:				
27 selected banks, O., W. Pa.....\$	650,944	—15.1	657,976 <sup>1</sup>	—14.1
Postal Receipts—9 cities.....\$	2,537	—15.0	10,128	—13.6
Life Insurance Sales:				
Ohio and Pa.....\$	78,113	—27.6	359,514	—11.5
Retail Sales:				
Department Stores—55 firms.....\$	16,523	—28.8	57,639	—24.7
Wearing Apparel—13 firms.....\$	1,062	—28.6	2,192	—29.2
Furniture—48 firms.....\$	596	—41.6	2,084	—37.0
Wholesale Sales:				
Drugs—13 firms.....\$	1,276	—17.5	5,417	—13.5
Dry Goods—11 firms.....\$	911	—40.6	3,537	—35.4
Groceries—37 firms.....\$	3,374	—23.5	13,507	—21.2
Hardware—15 firms.....\$	1,032	—30.2	3,445	—26.0
Building Contracts—Residential.....\$	1,921	—79.9	8,094	—70.3
“Total.....\$	10,927	—70.4	35,491	—63.7
Commercial Failures—Liabilities.....\$	8,027	+72.7	32,494	+7.5
“Number.....	212 <sup>2</sup>	+27.7	1,028 <sup>2</sup>	+20.2
Production:				
Pig Iron, U. S.....Tons	853	—57.8	3,757	—49.7
Steel Ingots, U. S.....Tons	1,240	—54.4	5,572	—47.8
Automobiles—pass. cars, U. S.....	120,872 <sup>2</sup>	—57.9	413,184 <sup>2</sup>	—50.6
“trucks, U. S.....	27,141 <sup>2</sup>	—45.7	90,543 <sup>2</sup>	—46.2
Bituminous Coal.....Tons	8,841	—25.1	39,395	—25.7
Cement—O., W. Pa., W. Va. Bbls.	309	—62.7	1,011	—53.8
Elec. Power—O., Pa., Ky.....k.w.h.	1,079 <sup>2</sup>	—10.5	3,193 <sup>2</sup>	—11.6
Petroleum—O., Pa., Ky.....Bbls.	1,947 <sup>2</sup>	—3.0	5,686 <sup>2</sup>	—18.3
Shoes.....Pairs	5	—14.2	8	+2.1
Tires, U. S.....Casings	2,947 <sup>2</sup>	—21.2	8,832 <sup>2</sup>	—10.7
Bituminous Coal Shipments:				
Lake Erie Ports.....Tons	1,197	—7.2	1,323	—4.4
<sup>1</sup> Monthly average	<sup>3</sup> March			
<sup>2</sup> Actual number	<sup>4</sup> Jan.-Mar.			
	<sup>5</sup> Confidential.			

## Building Operations

(Value of Permits)

	April, 1932	% change from 1931	Jan-April, 1932	Jan.-April, 1931	% change from 1931
Akron.....	228,080	-38.7	448,701	740,473	-39.4
Canton.....	12,640	-87.7	19,165	292,291	-93.4
Cincinnati.....	574,070	-66.5	5,464,640	6,250,365	-12.6
Cleveland.....	512,850	-35.3	5,849,625	5,527,100	+ 5.8
Cleve. suburbs:	356,429	-88.2	1,258,182	5,580,487	-77.5
Columbus.....	211,650	-50.3	479,950	1,761,750	-72.8
Covington, Ky.....	7,355	-66.9	43,797	112,700	-61.1
Dayton.....	84,512	-48.5	249,829	546,525	-54.3
Erie.....	79,675	-57.3	251,377	669,472	-62.5
Hamilton.....	10,230	-64.2	38,495	91,673	-58.0
Lima.....	4,925	-50.2	19,970	35,364	-43.5
Mansfield.....	14,540	-81.3	113,170	389,575	-71.0
Middletown.....	4,976	-47.9	33,309	35,223	- 5.4
Pittsburgh, Pa.....	221,854	-88.3	1,035,620	4,241,488	-75.6
Portsmouth.....	12,000	-63.6	33,000	148,000	-77.7
Sandusky.....	1,515	-90.9	10,415	45,210	-77.0
Springfield.....	2,396	-99.7	35,969	942,457	-96.2
Stuebenville.....	9,590	-20.1	21,370	43,350	-50.7
Toledo.....	62,056	-69.7	159,482	1,039,295	-84.7
Warren.....	5,480	-88.5	15,920	106,940	-85.1
Wheeling, W. Va.....	44,774	-21.9	104,864	255,746	-59.0
Youngstown.....	28,900	-83.4	51,823	560,257	-90.8
Total.....	2,556,037	-75.0	15,819,433	29,453,741	-46.3

### *Fourth District Business Indexes*

(1923-1925 = 100)

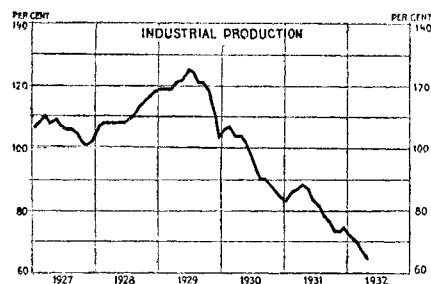
	April, 1932	April, 1931	April, 1930	April, 1929	April, 1928
Bank Debits (24 cities).....	64	100	122	139	124
Commercial Failures (Number).....	145	114	93	108	86
“ “ (Liabilities).....	182	105	58	58	160
Postal Receipts (9 cities).....	98	115	129	123	119
Sales—Life Insurance (Ohio and Pa.).....	93	129	155	145	127
“ —Department Stores (55 firms).....	68	97	89	90	75
“ —Wholesale Drugs (13 firms).....	81	99	106	112	109
“ — “ Dry Goods (10 firms).....	34	59	78	88	78
“ — “ Groceries (37 firms).....	58	76	90	90	85
“ — “ Hardware (14 firms).....	51	73	85	103	89
“ — “ All (74).....	55	75	89	95	87
“ —Chain Drugs (3 firms)**.....	74	87	86	82	88
Building Contracts (Total).....	23	77	98	108	147
“ —Residential.....	11	56	74	110	142
Production—Coal (O. W. E. Ky.).....	49	65	65	66	66
“ —Cement (O. W. Pa. W. Va.).....	90	69	121	117	110
“ —Elec. Power (O. Pa., Ky.)*.....	129	144	147	143	135
“ —Petroleum (O. Pa., Ky.)*.....	105	109	129	109	112
“ —Shoes.....	64	74	68	91	73

\*March.

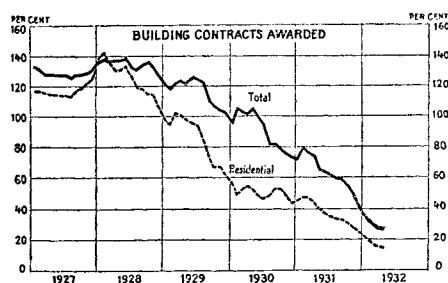
\*\*Per individual unit operated.

## Summary of National Business Conditions

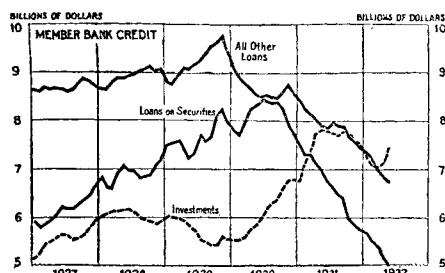
### By the Federal Reserve Board



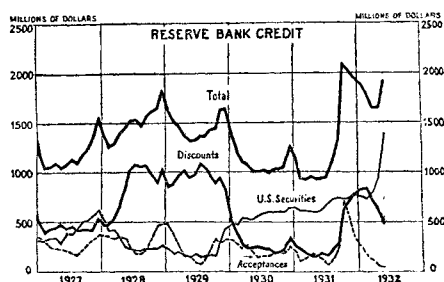
Index of industrial production, adjusted for seasonal variation. (1923-1925 average = 100)  
Latest figure, April, 64.



Indexes based on three-month moving averages of F. W. Dodge data for 37 eastern states, adjusted for seasonal variation (1923-1925 average = 100) Latest figure, April, Total, 26, Residential, 14.



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



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 23 days in May.

Industrial activity and factory employment declined substantially from March to April, although usually little change occurs at this season. Purchases of Government securities by the Federal Reserve banks have continued during April and the first three weeks of May and there has been a considerable growth in the reserve of member banks.

### Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, decreased from 67 per cent of the 1923-1925 average in March to 64 per cent in April. Reductions in activity were reported for many leading industries, with sharp declines at cotton and woolen mills and at bituminous coal mines; in the automobile industry output increased from the low level of March by more than the usual seasonal percentage and in the steel industry, where activity had declined from early February to the middle of April, production increased somewhat between the middle of April and the third week of May.

The number of wage earners employed at manufacturing establishments declined further between the middle of March and the middle of April and there was a substantial reduction in factory payrolls. Large decreases in employment were reported for the iron and steel, machinery and textile industries, while the volume of employment in the food and leather industries showed the usual seasonal changes.

Daily average value of building contracts awarded during April and the first half of May, as reported by the F. W. Dodge Corporation, showed a seasonal increase over the first quarter. A substantial increase was reported for public works and public utilities, while residential building continued at the low level of the first quarter, showing none of the usual seasonal expansion.

### Distribution

Freight-car loadings of merchandise showed little change in volume from March to April, continuing at the level prevailing since January, although increases are usual during this period. Sales by department stores increased considerably in April.

### Wholesale Prices

Wholesale prices of commodities declined from 66 per cent of the 1926 average in March to 65.5 per cent in April, according to the Bureau of Labor Statistics, and in the first three weeks of May further decreases in the prices of many leading commodities were reported. Downward movements in textiles, nonferrous metals and imported raw materials, as well as in most domestic agricultural products except wheat, were offset in part by increases in the prices of coffee, petroleum and petroleum products.

### Bank Credit

Further purchases of United States Government securities by the Federal reserve banks were made during April and the first three weeks in May, and on May 18 total holdings were \$1,466,000,000. The funds placed in the market through these purchases between April 6 and May 18 were used to the extent of \$170,000,000 in a further reduction of member bank indebtedness to the reserve banks; and to the extent of \$122,000,000 in meeting a demand for gold from abroad; at the same time member banks accumulated reserve balances considerably in excess of legal requirements. During May the demand for currency, which had declined in April, increased somewhat, contrary to usual seasonal movement.

Loans and investments of reporting member banks in leading cities, which had declined continuously until the middle of April, showed little net change between April 13 and May 18. The banks' investments increased by nearly \$300,000,000, chiefly in New York City; while loans declined by about an equal amount. There was also a growth in net demand deposits, which reflected in part an increase in bankers' balances deposited in New York City banks.

Money rates in the open market continued easy. Rates on commercial paper were reduced about one half per cent to a range of  $2\frac{3}{4}$ -3 per cent for prime names, and the offering rate on 90-day bankers' acceptances, which had advanced to  $1\frac{1}{4}$  per cent in the first week of May, declined on May 11 to the previously prevailing rate of  $\frac{7}{8}$  of one per cent.