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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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Although statistical records of business in the fourth district in June revealed a further falling-off in the more important lines of trade and industry, replies received in the first half of July from many correspondents in all parts of the district were more optimistic than for some time.

A survey of about 3,000 organizations made by the Banking and Industrial Committee of the Fourth Federal Reserve District clearly showed that many companies had recently expanded or resumed operations after shutdowns of varying lengths, or contemplated such a step in the very near future. This situation was not to be found in any particular part of the district nor was it limited to any specific lines, but was quite general and found to be especially true of small manufacturing concerns.

The Committee further found "that there is a vast amount of productive business available—if banking accommodation can be extended to finance such productive business". The demands are in no sense in the nature of capital loans, but "represent a need for current accommodation for the manufacture and sale of normal products, predicated in many instances upon orders actually in hand".

The survey further revealed that, based on the bank statements of condition on June 30, 1932, there is credit available for use of commerce and industry, but that "no pronounced improvement can be expected until and unless there is to some degree an increase in the credit available to the small industries".

Savings deposits at 45 selected banks in the district declined only 0.2 per cent in June, the gain shown by the 23 Ohio banks being offset by reductions in western Pennsylvania.

Several lines of activity increased abnormally in June prior to the effective date of the new Federal taxes. This was particularly true of the tire and oil industries. Since that time, however, operations have slackened. Shoe production was up sharply in June and was slightly greater than a year ago, though below other recent years.

The basic industry of the district, iron and steel, and construction were at very low levels in June, and though automobile production was in small volume, the decline from May was less than is usually shown for that period.

Declines in the condition of most agricultural crops occurred in June as the result of dry weather, but improve-

ment in the late crops followed the rains. Sentiment in farm communities improved as the price of farm products advanced, livestock and hog prices being at the highest levels in nearly a year.

FINANCIAL

The banking and financial situation of the fourth district in the month ended July 20 was characterized by an increased demand for reserve bank credit, resulting from an expansion in note circulation. There was a further moderate increase in holdings of Government securities through participation in System purchases, and a decrease in the holdings of acceptances. There were seven bank suspensions in this district in the first 28 days of July as against four in June. Two banks reopened in the month and plans for the reopening of several others are being completed. Savings deposits declined only a small amount, 0.2 per cent in June. Debits to individual accounts in leading cities were down about 35 per cent from a year ago in the latest four weeks.

Reserve Bank Credit. The total volume of reserve bank credit outstanding at the Federal Reserve Bank of Cleveland was \$233 millions on July 20, an increase of \$12 millions since June 22 and of \$137 millions in the past year. The recent increase was about evenly divided between bills discounted for member banks and holdings of Government securities.

The former, after declining to \$43,670,000 in the last week in June, the lowest level since September, 1931, increased \$8 millions in the week ended July 6 and remained at substantially the higher level in the two ensuing weeks. Holdings of Government securities were up slightly less than \$8 millions in the four-week period.

Holdings of acceptances, after increasing in June, declined to \$3,327,000 by July 20, approximately the level of April and May when they were lower than since the middle of 1929.

The increase in discounts was partly occasioned by the greater demand from banks in this district for Federal reserve notes, somewhat of a seasonal movement. The downward trend of this bank's note circulation, evident in the early months of 1932, was reversed on June 29, and the seasonal increase which occurred over the holiday week-end continued in the two following weeks. On July 20 note circulation of this bank, at \$295,230,000,

was higher than since late March and nearly \$100,000,000 higher than a year ago. It is hard to determine the reason for the recent increase because of the many unusual factors in the present situation, including the recently enacted tax on checks, increased postage rates, the greater holiday demand, etc.

Member bank reserve deposits fluctuated somewhat in the four-week period, increasing sharply in the first week of July, but declining in the two following weeks. On the latest date they were practically unchanged from the third week of June. Compared with a year ago, however, reserve deposits were off about \$50,000,000, part of the reduction being a result of the decline in the number of member banks and part the loss in deposits against which reserves are required.

Member Bank Credit. The June 30 condition reports of all member banks in the fourth district show them to be in a more liquid position than at the beginning of the year at the time of the previous call. The accompanying chart reveals the changes in the principal classes of resources and in total deposits in the past three years. Deposit figures are available monthly, but the loans and investment figures are available only on call dates.

In the past six months total loans and discounts of all member banks declined 8.6 per cent, or \$156,000,000. Part of the reduction was due to the suspension of some small member banks, but it mostly represented an actual contraction in the loan accounts. Total investments during the six months increased 0.8 per cent, but the expansion was entirely in holdings of Government securities which were up \$30,000,000, or over six per cent. Investments in other securities were off nearly four per cent in the period. Total loans and investments were off 5.1 per cent in the six months.

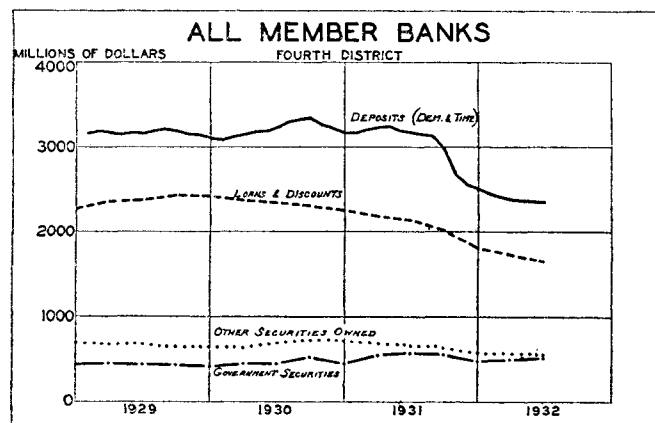
Demand and time deposits were 5.6 per cent smaller in June than in December, 1931, the greater part of the contraction occurring in the first two months of this year.

ALL MEMBER BANKS

(Millions of Dollars)

	June 30, 1932 ¹	Dec. 31, 1931	June 30, 1932
Loans and Discounts	1,652	1,807	2,112
Investments:			
U. S. Gov. Securities	519	489	588
All Other	547	569	669
Total Loans, discounts and investments....	2,718	2,865	3,369
Demand deposits (2)	1,096	1,161	1,519
Time deposits (2)	1,273	1,273	1,661
Number of Banks	640	655	719

¹Preliminary. ²Monthly average of daily figures.



At the reporting member banks in leading cities, further liquidation of bank credit occurred in the four weeks ended July 20, though investments were unchanged in July. Deposits were down slightly, demand deposits showing alternate increases and decreases in the period.

MANUFACTURING, MINING

Iron and Steel

When most iron and steel producers shut down for the July 4 holiday and inventory they succumbed to the inertia of very depleted order books, and the delayed resumption seemed to indicate that the July total would undercut even June which set a new low for pig iron production since 1896 and for steel ingot output since 1904.

The entire industry receded from operating at 25½ per cent of capacity in the third week of May to 16 per cent in the third week of June and to 12 per cent in the ten days following July 4. A rebound to 16 per cent occurred by the third week of July in raw steel production, though some finishing mills remained closed for the entire month following the holiday shutdown.

In the fourth district, the decline in operations was more drastic in the latest period than in other sections of the country. From the third week of June to the third week of July mills at Youngstown declined from 19 to 16 per cent of capacity, at Pittsburgh from 17 to 12, and at Cleveland from 29 to 18 per cent. It was a steady position or slight recovery in other districts that raised the national average to 16 per cent.

Automobile releases for finished steel, so important to mills in this district, tapered off in early July. The fourth district was less affected by the Federal construction program than other districts from the standpoint of structural steel and reinforcing bar orders. As a result of a concentration of business, the tube and pipe works at Lorain were ranking with the new steelworks at Detroit for the distinction of being the most active branch of the industry in this vicinity.

A recent compilation by the magazine *Steel* discloses how far below estimated normal current steel production is running. It was shown that if a trend line were extended from 1900, per capital estimated normal for 1932 would be 1,036 pounds. On the basis of the first five months, 1932 production is indicated to be only 295 pounds. In 1931 actual output was 465 pounds, whereas normal was estimated to be 1,015 pounds. According to the magazine, on the basis of the June rate, the 1932 output of ingots will be lower than since 1900, prior to the advent of the automobile, radio, mechanical refrigerator, long distance pipe line and other major consumers of steel.

The current low level of steel ingot production in the first half of 1932 is clearly shown on the accompanying chart. In the six-month period the industry produced 7,567,769 tons of ingots, only slightly over half the amount produced in the same period of 1931. The June daily rate was 34,511 tons, compared with 42,540 tons in May and 81,837 in June, 1931. The June rate was at less than 16 per cent of capacity.

Pig iron production in June was at the daily rate of 20,888 tons, against 25,282 tons in May and 54,599 tons in

June, 1931. Six months' production was 5,165,156 tons compared with 11,098,122 tons in the same period last year. At the beginning of July only 48 of the country's potential 297 furnaces were in operation.

Although only 155,518 tons of iron ore have been received at Lake Erie ports so far this season, against 2,977,000 tons in the same period of 1931 (also a small amount) stocks of iron ore on hand at furnaces and Lake Erie docks were 32,159,000 tons on July 1, compared with 28,714,000 tons on the same date last year.

Finished steel prices held rather steady in recent weeks, chiefly because there was no test. Pig iron quotations were largely nominal, and producers were reaching outside normal boundaries for business. Scrap prices fell to new low levels. The iron and steel composite of *Steel* eased ten cents to \$29.46 during the month.

Coal Production of bituminous coal in the fourth district in June was only 7,173,000 tons, a reduction of 3.4 per cent from May and of 41 per cent from June, 1931. Output in the latest month was the lowest on record for the district, and in the entire country June production was lower than for 30 years.

In the first half-year, production in the district was down 30 per cent from the first six months last year, whereas in the entire country output was off 24 per cent in the same period. Strike conditions, which still prevail at several fourth district mines, account for the greater falling-off in this section.

Demand from all classes has been very limited so far this year and shipments of coal from Lake Erie ports, up to June 30, were 31 per cent below the same period of 1931. Prices are very low.

Automobiles Although total automobile production in June, at 183,092 units, was 1.2 per cent below the preceding month, the falling-off was less than is usually experienced at that time, and the Board's adjusted index rose three points to 47 per cent of the 1923-1925 monthly average. Compared with the same month last year output was off 27 per cent, the smallest reduction of any month so far this year.

In the first six months production totaled 872,288 units which was 44.5 per cent below output in the same

period of 1931 and less than half the average six-months' production in the past ten years. As shown on the accompanying chart, it is necessary to go back to 1921 to find a half-year in which production was smaller than in the six-month period just passed.

Production declined in the holiday week of early July, but an increase of 12 per cent occurred in the second week of the month as output of all small-car producers expanded. In the latest week, according to *Cram's* reports, 45,760 cars were made, compared with 40,631 in the week before and 60,713 in the corresponding week last year. In past years July activity has been considerably less than in June.

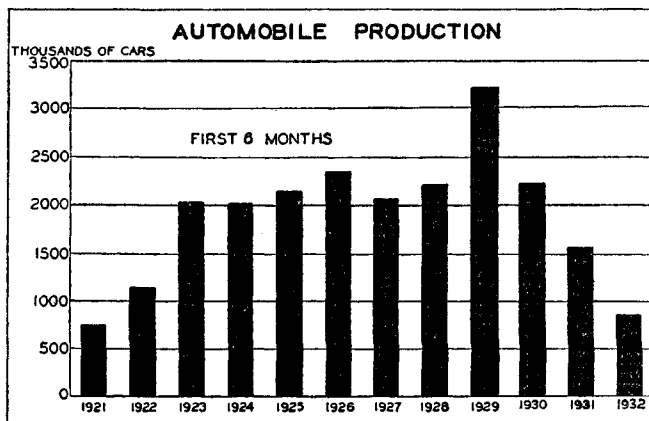
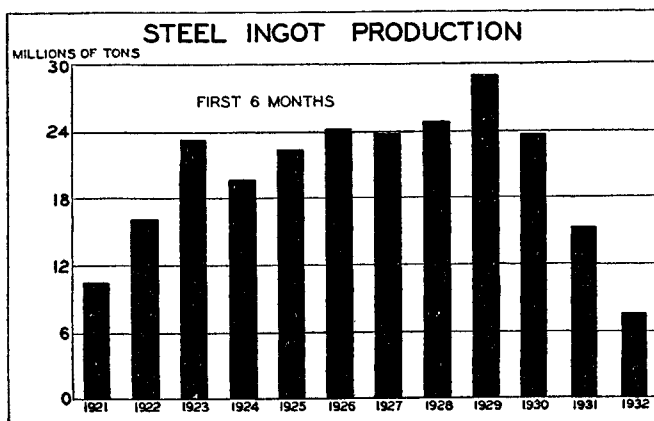
Indications of this slight improvement were found in reports from some of the parts and accessory plants where employment increased in the first part of July, and in the recovery from the holiday slump in the steel industry.

New passenger car registrations in this section in June increased about 11 per cent from May, whereas the preceding five-year average May-to-June change was a decline of 16 per cent. In the first six months registrations were more than 40 per cent below the same period of 1931.

Tires, Rubber As was pointed out last month, demand for tires prior to June 21 assumed record proportions, but, as was expected, a falling-off occurred after that date. Sales to dealers for replacement during June were estimated to be the highest on record, though actual June figures are not yet available. The decline in sales and shipments since June 21, however, has been less drastic than was expected, according to reports from some leading manufacturers.

The early June demand assumed such proportions that sales exceeded production by a good margin and stocks were consequently reduced. Factory operations were unchanged in June and the first part of July in order that plant inventories might be replenished. Except for this unnatural spurt, basic conditions in the tire industry are practically unchanged.

May tire shipments, the latest complete figures available from the Rubber Manufacturers' Association, were considerably higher than for any previous month back to August, 1931. The increase from April was 15.2 per cent, considerably more than seasonal, but shipments were 21 per cent below May, 1931. In the first five months, ship-



ments were off 22.7 per cent from the same period of 1931.

Production of rubber tires increased 8.6 per cent from April to May, but was 32.7 per cent below May, 1931. In the five-month period, production exceeded shipments by about nine per cent, but inventories were nine per cent smaller on June 1 than a year earlier and were further reduced during the month through the large June shipments.

Although employment at Ohio rubber factories was unchanged from June, consumption of crude rubber was up sharply and was the highest for any month since May, 1930. At 39,116 long tons, it was 34 per cent above the preceding month. Despite the fact that imports of crude rubber, which totaled 41,394 long tons in June, were 28.5 per cent larger than in May, they were still 9.6 per cent below June, 1931. In the first half of the year imports were down about ten per cent from the same period of 1931. With consumption of crude rubber reduced, however, domestic stocks on June 30, at 345,702 long tons, were 53 per cent larger than a year ago. World stocks of crude rubber declined 44,000 tons in June, according to reports. Prices of crude rubber worked slightly higher in the first three weeks of July, but on the latest date ribbed smoked sheets were only selling for 2.8 cents a pound.

Clothing Operations at clothing factories of this district were practically unchanged from May to June, based on the employment figures of 41 concerns. In past years, however, a slight increase was experienced at that time. Employment at men's clothing factories increased two per cent in the period, but the gain was offset by declines at factories engaged in the production of women's clothing. In comparison with the 1926 average, employment in the men's clothing branch of the industry is at a much higher level than in other lines.

Sales in June and early July were very limited and advance bookings for fall are lagging, not only below normal, but substantially below last year in some cases. According to reports, however, retail stocks are showing sizeable reductions. Dollar value of women's clothing stocks on June 30 at reporting stores in this district was 25 per cent below a year ago and men's clothing stocks were down 15 per cent in the same period. The reduced volume of sales for so long a time indicate to the manufacturers a growing pent-up demand which at some time must be satisfied. Wholesale prices, both of raw materials and finished products, have dropped considerably and retail prices have declined at a slower rate.

Activity at knitting mills was lower in the second quarter than in the opening three months of the year; in some cases they are now running below 50 per cent of capacity.

The raw material situation in general is quite unfavorable. Large stocks of all types of textiles are on hand and sales and consumption of raw wool and cotton have been very much below other recent years.

Other Manufacturing Although general manufacturing in this district in June continued at very low levels, a number of reports from a wide variety of concerns were received in early July to the ef-

fect that operations were either being resumed after shut-downs of varying durations or an expansion in operations had started or was contemplated in the very near future. These reports, which in most cases meant a greater amount of employment, came from all parts of the district and were from the smaller companies, in general.

Notwithstanding the one per cent decline in Ohio industrial employment in June, when in past years there generally is little change, 422 of the 658 concerns reporting to the Bureau of Business Research either showed increases or no change in employment from the preceding month.

Auto Parts and Accessories. In the preceding five years the average decline in employment at auto accessory plants in June was five per cent while this season the reduction amounted to only two per cent. The number employed, however, is only about 60 per cent of the 1926 monthly average. Excepting one small-car producer, auto manufacturers curtailed operations more than was anticipated. A few reports of increased activity were received in mid-July.

Brick and Tile. A sharp curtailment in operations at local brick and tile yards occurred in June, based on employment figures of 27 concerns which were off 23 per cent from May. Figures from representative plants throughout the country indicate that so far this year both production and shipments were less than half as large as in 1931.

China, Pottery. Potteries in this district were operating only one or two days a week in June in many cases and employment at 11 concerns was 30 per cent below June, 1931.

Electrical Supplies. Basic conditions continue very unfavorable, little change being reported from May to June. Orders for seasonal goods were up slightly in the latter month.

Glass. Irregularities were apparent in June and early July in the several branches of the glass industry. Some companies were operating at fairly satisfactory levels, but others, chiefly those engaged in producing glass for construction use and luxury articles, were operating at very low rates. Total employment in the first six months at 15 concerns averaged seven per cent below the same period of 1931.

Machinery, Machine Tools. A further falling-off in June was reported by most companies engaged in the production of machinery and machine tools, though in a few instances incoming orders in early July were above the same period in June. Employment declined five per cent from May.

Paint. Makers of paint reported an increase in orders following the price reduction in early June and some activity in the industrial field was discernible, though this was spotty. Lead prices, at 2.70 cents a pound, are lower than since 1896.

Paper. Few changes were indicated by the reports cov-

ering June for the paper or boxboard industry. Employment was unchanged from May, but was nine per cent below last year. Production was off a greater amount through part-time operations. Prices on standard grades of paper have been quite firm.

Shoes. Production of shoes by the 26 factories in this district increased 13.8 per cent from May to June and in the latest month exceeded the same period last year by 0.2 per cent. The increase almost wiped out the deficiency in the first five months, for the half-year output was only 0.8 per cent below the same period last year. In the entire country shoe production was down 7.8 per cent in the first six months. Compared with years prior to 1931, output generally is down.

TRADE

Retail Trade Sales at reporting department stores in June declined more than the usual seasonal amount from May and the adjusted index in the latest month was only 61 per cent of the 1923-1925 monthly average. The reduction from June, 1931, was 29.6 per cent in the entire district, a very sizeable falling-off being shown in all principal cities. In the first six months sales were off 25.8 per cent in dollar volume. According to the *Fairchild* index, retail department store prices declined 2.4 per cent in June and on July 1 were 18.3 per cent below the corresponding date last year.

Wearing apparel store sales were down 27.4 per cent in the first half year, the decline in June from the same month of 1931 being 37 per cent. Furniture store sales were off 41.5 per cent in June from a year ago.

Chain grocery and drug sales have held up much better, the reduction in dollar volume at the former being only 7.5 per cent in the first half-year, while sales of the latter were down 13 per cent. In June the reductions from the same month of 1931 were 7.3 and 15.5 per cent, respectively.

The dollar value of all stocks is down sharply from last year, partly as a result of price declines, but physical stocks gradually are being reduced. At department stores, stocks were 15 per cent smaller at the end of June than a year ago. Several individual departments show reductions exceeding 30 per cent in the past year. The index of stocks in June was 63 per cent of the 1923-1925 average.

The percentage of total June sales for cash was greater than in the same month last year by five per cent, and the ratio of installment to total sales was slightly smaller than in June, 1931.

With sales down, accounts receivable also have declined, but the reduction is smaller than in total sales. The ratio of collections in June on accounts receivable at the beginning of the month was 8.4 per cent smaller this year than in 1931.

Wholesale Trade Sales of wholesale drugs and groceries in this district in June increased contrary to the seasonal change shown from May to June in most preceding years. Compared with June, 1931, however, sizable reductions were shown in the dollar volume of all reporting lines. Dry goods sales

were 43 per cent smaller in June and down 37 per cent in the first six months from similar periods of last year. June sales were only 28 per cent of the 1923-1925 monthly average.

Grocery sales were down 16.8 and 20.9 per cent, respectively, in June and the first six months. Hardware sales were off 21 in June and 24 per cent in the six-month period and were only 52 per cent of the three-year average.

Drug sales were 10 per cent smaller in June than a year ago and off 13 per cent in the first half-year. They were 80 per cent of the monthly average of the three years 1923-1925, considerably above the level of the other three reporting lines.

BUILDING

In the first six months of 1932 total contracts awarded in the fourth district, as reported by the F. W. Dodge Corporation, amounted to only \$62,312,000, a reduction from the same period of 1931 of 61 per cent. Compared with the average amount of building done in this section in the preceding nine years the current volume is only 21.7 per cent of that average. In the entire country awards were off 63 per cent in the first six months from the same period of 1931.

Awards in June totaled only \$12,749,000, a reduction of nine per cent from May and of 50 per cent from a year ago. In past years the May-to-June change has been somewhat irregular, five out of nine years showing a reduction ranging from 9 to 33 per cent. In the other four years the increases varied from 4 to 52 per cent.

Residential building in June totaled only \$2,048,000, a drop of 66 per cent from the same month of 1931. In the first half-year residential awards amounted to \$12,435,000, a reduction of 70 per cent from the same period of 1931. In the nine years 1923-1931, residential building averaged more than \$100,000,000 in the first six months.

In the first half of July, as a result of an increase in public works and utility construction, total awards were slightly larger than in the first part of June.

Building costs continue to decline, the index computed by the Federal Reserve Bank in New York being only 81 per cent of the 1926 average in June. The reduction in building material costs has been sharper than in wages, the former being only 71 per cent of the 1926 average in the latest month.

With so little building in process, lumber mills and building supply dealers report only a very limited volume of sales.

AGRICULTURE

The condition of fourth district principal crops declined quite sharply in June chiefly due to unfavorable weather. The general rains which occurred at the close of June and in July were of little benefit to the early grains, potatoes or hay, but the late crops, including tobacco, corn and late potatoes, showed marked improvement.

With the exception of the wheat crop in Ohio and corn in Kentucky, the July 1 condition of principal crops was below the ten-year average in the states wholly or partly included in this district. With acreage of most crops

curtailed, the Department of Agriculture's estimate of production of principal crops in the fourth district, based on the July 1 condition, was considerably below the 1931 harvest, the percentage reductions being greater in all cases except tobacco than the percentage changes shown for the entire country on the following table.

ESTIMATED PRODUCTION OF PRINCIPAL CROPS

(000 omitted)

	Fourth District			United States		
	1932	1931	% change from 1931	1932	1931	% change from 1931
Corn bu.	168,658	206,456	-18.3	2,995,850	2,563,271	+16.9
Wheat, bu.	84,224	56,086	-39.0	736,971	894,204	-17.6
Oats, bu.	53,025	75,247	-29.5	1,217,244	1,112,037	+9.5
Tame Hay, tons	3,863	4,742	-18.5	68,259	64,213	+6.3
Tobacco, lbs....	187,651	248,729	-24.6	1,060,683	1,600,910	-33.7
Potatoes, bu....	17,787	19,771	-10.0	377,769	375,518	+0.6

Not only are the crop estimates below last year's harvest (when fourth district crops were above the average for the entire country and for preceding years) but they are materially below the ten-year average harvest of the district in all cases except tobacco.

Wheat. The July 1 condition of winter wheat was down three points from June 1 in Kentucky, four points in West Virginia, five points in Ohio and ten points in Pennsylvania and was considerably below the ten-year average July 1 condition in all cases. Dry weather, Hessian fly and rust infestation all contributed to the deterioration. The indicated crop for the district is about 11 per cent below the ten-year average, the 155,000 acre, or nine per cent reduction in Ohio from last year accounting for a large part of the decline. Yield per acre in Ohio is indicated three bushels above average while in Pennsylvania the yield is expected to be two bushels below the preceding five-year average.

Oats. The oat crop in this section is very poor and total indicated yield is 34 per cent below the ten-year average and 30 per cent below the 1932 harvest. The acreage sown this year was slightly above that planted in 1931, but poor germination, dry weather and weeds all caused a reduction in condition. Some fields, too short to be cut for grain, are being plowed for buckwheat, while others are being kept for hay. Yields of other small grains promise to be light in this section.

Corn. The corn crop, which is on a slightly smaller acreage than was harvested in this district in 1931, was adversely affected by lack of moisture in June, though was not beyond saving, and the recent rains have caused a marked improvement. Based on the July 1 condition, this year's district crop is 18 per cent below the 1932 harvest and five per cent below the ten-year average. In the entire country the indicated crop is 17 per cent above the 1931 harvest.

Hay and Pasture. With the exception of 1930, the current hay crop is estimated to be the smallest on record in this district and is 36 per cent below the average of preceding years. Reduced acreage and adverse weather contributed to the decline in this section, though in the entire country production is estimated to be six per cent above the 1931 crop. Pastures were very much improved by the rains in July.

Potatoes. Although the acreage planted to potatoes in this district is larger than was harvested in 1931, the estimated crop is ten per cent below last year and 12 per cent below the nine-year average harvest 1923-1931. The rains in July caused some improvement in the late crop, but the July 1 condition was very much below the average of the preceding ten years in the four states of the district. Insect damage is high and the fields are thin and uneven in many sections.

Fruits. All fruits declined in condition during June and, excepting grapes, promise a crop about one-third below the average of preceding years. The "June drop" was heavy in apples and peaches. The grape crop is estimated to be above the five-year average, but below last year's harvest. Damage from dry weather and insects was heavy around Erie, Pennsylvania. The Ohio cherry crop was only about half as large as in 1931, but in Pennsylvania, it was about 50 per cent above the five-year average and about equal to last year's harvest. Estimated production of principal fruits, based on the July 1 condition, is shown on the following table, compared with the harvests of last year and the average of preceding years.

FRUITS

(000 omitted)

	Ohio	Pa.	Ky.	W. Va.	U. S.
Apples, bu.					
1932	4,704	9,150	810	5,215	133,824
1931	14,600	14,000	4,606	12,954	202,415
5 yr. ave. 1924-28.....	7,206	9,372	4,231	7,162	180,262
Peaches, bu.					
1932	944	1,736	66	198	47,716
1931	2,220	2,660	1,280	1,030	76,586
5 yr. ave. 1924-28.....	1,418	1,525	829	622	56,821
Grapes, tons*					
1932	29,067	23,310	1,050	914	2,142,472
1931	31,000	30,600	1,275	1,304	1,621,837
5 yr. ave. 1924-28.....	22,390	18,714	1,034	1,227	2,338,907

*actual tonnage.

Tobacco. The July 1 estimate of tobacco production in this district was 24.6 per cent below the actual harvest of 1931, a considerable reduction from the preliminary estimates. Last year's crop was the largest on record, however, and the current estimate is still 24 per cent above the average crop raised in this district in the nine years, 1923-1931. In the entire country indicated production is 34 per cent below last year's crop and materially below the average harvest of preceding years. The condition of burley tobacco, the type grown extensively in this district, was two points above a year ago on July 1, while the condition of practically all other types, particularly flue-cured, which usually represents nearly half the country's tobacco production, was very much below the July 1 condition last year. Acreage of cigar-leaf tobacco in the Miami Valley is 13 per cent below one year ago and the estimated production is 30 per cent below the 1931 harvest.

Reports from the Blue Grass section of Kentucky are very favorable, transplanting having been completed with little loss and some early tobacco is large enough to be topped. Rains were very beneficial, though some rust was reported. In the hill counties where the greatest acreage reductions have occurred, amounting to 50 per cent in some cases, the crop is in poorer condition.

Prices. The improvement in farm prices, chiefly in livestock, which started about the middle of June and con-

continued to the third week in July, was quite encouraging to local farm communities, even though part of the increase was seasonal. The *Annalist* weekly index of farm prices advanced 11 per cent from June 14 to July 12 and the food products index increased 7.8 per cent in the same period. Livestock prices are higher than for eleven months and, prior to the advance, hog prices had moved down sharply for ten months. Grain prices continued weak during the first three weeks of July.

Fourth District Business Statistics

(000 omitted)

	June, 1932	% change from 1931	Jan.-June, 1932	% change from 1931
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$ 1,596,000	-37.2	10,226,000	-35.8
Savings Deposits—end of month:				
27 selected banks, O. & Pa.....	\$ 647,776	-15.5	654,366 ¹	-14.6
Postal Receipts—9 cities.....	\$ 2,098	-20.1	14,438	-15.5
Life Insurance Sales:				
Ohio and Pa.....	\$ .....	.....	.....	.....
Retail Sales:				
Department Stores—55 firms.....	\$ 13,923	-29.6	86,973	-25.8
Wearing Apparel—13 firms.....	\$ 781	-36.8	5,128	-28.6
Furniture—47 firms.....	\$ 437	-41.5	3,104	-39.0
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,251	-10.4	7,840	-13.5
Dry Goods—11 firms.....	\$ 759	-43.1	5,146	-37.2
Groceries—37 firms.....	\$ 3,733	-16.8	20,426	-20.9
Hardware—15 firms.....	\$ 1,060	-21.0	5,615	-24.4
Building Contracts—Residential.....	\$ 2,048	-66.3	12,435	-69.6
—Total.....	\$ 12,749	-50.0	62,312	-61.0
Commercial Failures—Liabilities.....	\$ 7,895	-28.0	47,099	-0.1
Number.....	296 ²	+114.5	1,564 ³	+32.1
Production:				
Pig Iron, U. S..... Tons	628	-61.7	5,165	-53.5
Steel Ingots, U. S..... Tons	897	-57.8	7,568	-51.4
Automobiles—Pass. Car, U. S.....	160,338	-23.8	731,343	-44.5
—Trucks, U. S.....	22,754	-43.5	140,945	-44.5
Bituminous Coal..... Tons	7,173	-41.2	53,993	-29.9
Cement—O., W. Pa., W. Va. Bbls.	645	-57.1	2,127	-57.3
Elec. Power—O., Pa., Ky... k.w.h.	930 ³	-13.2	5,089 ⁴	-11.9
Petroleum—O., Pa., Ky... Bbls.	2,062 ³	+10.7	9,765 ⁴	+ 2.0
Shoes..... Pairs	8	+ 0.2	8	- 0.8
Tires, U. S..... Casings	3,064 ³	-32.7	14,716 ⁴	-20.1
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	2,687	-35.6	6,112	-31.0
Iron Ore Receipts:				
Lake Erie Ports..... Tons	116	-95.1	156	-94.8
¹ monthly average				
² actual number				
³ May				
⁴ Jan.-May				
⁵ Confidential				

Fourth District Business Indexes

(1923-1925 = 100)

	June, 1932	June, 1931	June, 1930	June, 1929	June, 1928
Bank debits (24 cities).....	59	94	126	129	134
Commercial Failures (Number).....	203	95	112	109	93
(Liabilities).....	179	249	87	79	65
Postal Receipts (9 cities).....	81	101	108	111	114
Sales—Life Insurance (Ohio & Pa.).....	.....	124	146	143	141
—Department Stores (55 firms).....	59	83	91	103	96
—Wholesale Drugs (13 firms).....	80	90	98	108	104
—Dry Goods (10 firms).....	28	50	62	82	77
—Groceries (37 firms).....	64	76	87	94	96
—Hardware (14 firms).....	52	67	80	99	95
—All (74).....	57	72	82	95	93
—Chain Drugs (3 firms)**.....	71	84	85	86	89
Building Contracts (Total).....	27	53	103	112	146
(Residential).....	12	35	64	95	125
Production—Coal (O., W. Pa., E. Ky.).....	40	67	81	91	80
—Cement (O., W. Pa., W. Va.).....	54	125	160	157	142
—Elec. Power (O., Pa., Ky.)*.....	111	128	145	142	127
—Petroleum (O., Pa., Ky.)*.....	112	101	138	121	117
—Shoes.....	71	71	73	88	83

*May
**Per individual unit operated.

Wholesale and Retail Trade

(1932 compared with 1931)

	SALES June, 1932	Percentage Increase or Decrease First six months	STOCKS June, 1932
DEPARTMENT STORES (55)			
Akron.....	-32.5	-25.2	-9.5
Cincinnati.....	-28.1	-23.7	-18.1
Cleveland.....	-22.8	-21.8	-10.7
Columbus.....	-26.5	-22.0	-12.3
Pittsburgh.....	-31.3	-28.7	-15.6
Toledo.....	-31.1	-26.0	-21.7
Wheeling.....	-42.0	-31.0	-16.5
Youngstown.....	-38.3	-32.0	-15.6
Other Cities.....	-34.1	-27.7	-21.4
District.....	-29.6	-25.8	-15.1
WEARING APPAREL (13)			
Cincinnati.....	-36.0	-25.1	-21.2
Other Cities.....	-37.2	-30.5	-30.1
District.....	-36.8	-28.6	-27.2
FURNITURE (47)			
Cincinnati.....	-42.8	-44.1	.....
Cleveland.....	-44.4	-45.2	.....
Columbus.....	-45.3	-29.5	.....
Dayton.....	-18.2	-22.4	.....
Toledo.....	-41.3	-26.7	.....
Other Cities.....	-50.7	-43.4	.....
District.....	-41.5	-39.0	.....
CHAIN STORES*			
Drugs—District (4).....	-15.5	-12.6	.....
Groceries—District (6).....	- 7.3	- 7.5	.....
WHOLESALE GROCERIES (37)			
Akron.....	-17.6	-24.4	.....
Cleveland.....	-19.7	-23.8	.....
Erie.....	-16.7	-17.3	.....
Pittsburgh.....	-19.1	-18.7	.....
Toledo.....	-16.7	-18.5	.....
Other Cities.....	-14.3	-19.9	.....
District.....	-16.8	-20.9	-12.9
WHOLESALE DRY GOODS (11).....	-43.1	-37.2	-30.6
WHOLESALE DRUGS (13).....	-10.4	-13.5	.....
WHOLESALE HARDWARE (15).....	-21.0	-24.4	.....

*Per individual unit operated.

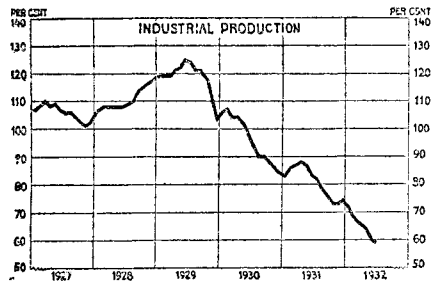
Debts to Individual Accounts

(in thousands of dollars)

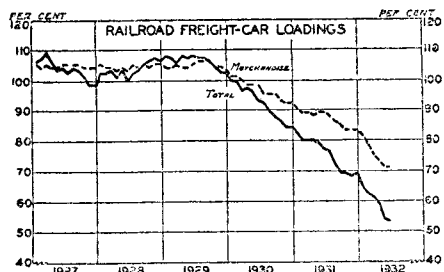
	4 weeks ended July 20, 1932	% change from 1931	Year-to-date Dec. 31, 1931	Year-to-date Jan. 1 to July 22, 1931	% change from 1931
Akron.....	47,430	-38.6	355,812	546,620	-34.9
Butler.....	6,287	-14.9	42,561	60,934	-30.2
Canton.....	16,889	-54.0	125,632	253,082	-50.4
Cincinnati.....	228,952	-25.2	1,727,194	2,373,090	-27.2
Cleveland.....	402,628	-36.4	2,948,794	4,590,017	-35.8
Columbus.....	89,534	-33.5	685,710	1,123,494	-39.0
Dayton.....	39,498	-46.1	311,118	553,412	-43.8
Erie.....	18,792	-37.8	150,696	214,115	-29.6
Franklin.....	2,584	-27.1	20,042	26,555	-24.5
Greensburg.....	5,278	-33.6	38,197	60,521	-36.9
Hamilton.....	6,830	-38.2	55,007	76,513	-28.1
Homestead.....	2,408	-34.9	16,463	26,709	-38.4
Lexington.....	13,510	-29.6	114,747	142,364	-19.4
Lima.....	8,257	-15.9	55,254	73,704	-25.0
Lorain.....	2,709	-43.3	21,575	33,579	-35.7
Middletown.....	4,931	-30.7	40,605	62,797	-35.3
Oil City.....	8,820	-23.6	63,002	84,813	-25.7
Pittsburgh.....	467,116	-32.2	3,619,249	5,345,428	-32.3
Toledo.....	10,870	-33.0	83,210	128,640	-35.3
Steubenville.....	4,420	-46.1	37,387	58,533	-36.1
Springfield.....	64,976	-45.4	516,629	1,020,853	-49.4
Warren.....	3,497	-58.7	31,200	61,203	-49.0
Wheeling.....	24,729	-28.3	186,279	255,435	-27.1
Youngstown.....	21,566	-59.8	191,258	361,702	-47.1
Zanesville.....	4,902	-45.1	39,729	62,210	-36.1
Total.....	1,507,413	-34.9	11,477,350	17,596,323	-34.8

Summary of National Business Conditions

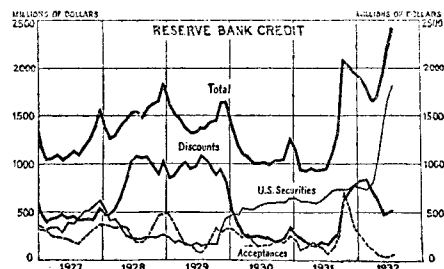
By the Federal Reserve Board



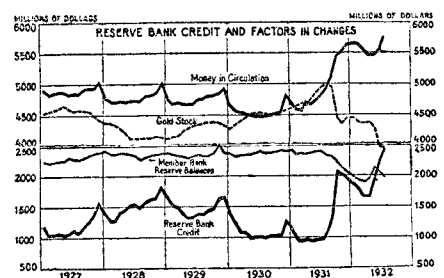
Index of industrial production, adjusted for seasonal variation. (1923-1925 average = 100) Latest figure, June, 59.



Indexes of daily average number of cars loaded; adjusted for seasonal variation. (1923-1925 average = 100) Latest figures, June, total, 53, merchandise, 71.



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



Monthly averages of daily figures. Latest figures are averages of first 20 days in July.

Industrial activity decreased further from May to June by somewhat more than the usual seasonal amount and there was a considerable reduction in factory employment and payrolls. The general level of commodity prices advanced between the middle of June and the middle of July, reflecting chiefly a rise in the prices of livestock and meats.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 60 per cent of the 1923-1925 average in May to 59 per cent in June. There were large decreases in output in the steel, coal, and meat-packing industries, while at automobile factories daily average production showed a smaller decline than is usual at this season, and at woolen mills activity increased contrary to seasonal tendency. Consumption of cotton by domestic mills showed the usual seasonal decline.

At manufacturing establishments there was a further reduction of 3.6 per cent in number of employees and of 7.8 per cent in earnings between the middle of May and the middle of June. Decreases in employment were general, with the exception of the automobile and tobacco industries and of seasonally active industries, such as vegetable and fruit canning and the manufacture of ice cream. The largest decreases were in the steel, textile, chemical and machinery industries and at railway repair shops.

Daily average value of building contracts awarded, as reported by the F. W. Dodge Corporation, declined in June but increased in the first half of July.

Department of Agriculture estimates as of July 1 indicate a corn crop of 3,000,000,000 bushels, the largest since 1923; a winter wheat crop of 432,000,000 bushels, 45 per cent smaller than last year and 21 per cent less than the five-year average; a spring wheat crop of 305,000,000 bushels, three times as large as last year and slightly larger than the average; and a tobacco crop one-fifth smaller than usual.

Distribution

Volume of railroad freight traffic declined somewhat further in June and value of merchandise sold by department stores decreased by more than the usual seasonal amount.

Wholesale Prices

The level of prices in wholesale markets, after declining steadily during May, was relatively stable early in June, and after the middle of the month there was an advance which continued through the second week in July. Prices of several leading commodities, including livestock and meats, cotton, and sugar, increased considerably during June and the first half of July, but later showed some recession. Prices of wheat declined to unusually low levels and markets for copper and lead continued weak.

Bank Credit

Volume of reserve bank credit continued to increase between the middle of June and the middle of July, reflecting principally further purchases of United States Government securities by the reserve banks. In addition, member banks obtained reserve bank funds through an increase in the monetary stock of gold and a decline in deposits held with the reserve banks by foreign central banks. Funds released from these sources were absorbed by an increase in the demand for currency which also caused the member banks to draw on their balances with the reserve banks and to increase their discounts somewhat. The demand for currency which for the period amounted to \$270,000,000, was caused by banking disturbances, largely in the Chicago district, by seasonal requirements at the turn of the month and the Fourth of July holiday, and by increased use of cash to avoid the tax on checks.

Loans and investments of reporting member banks, after fluctuating widely during June, declined in the first two weeks of July, and on July 13 totaled \$18,475,000,000, about \$540,000,000 less than on June 1. There was a further decline in loans, while the banks' investments in United States Government securities, after increasing substantially during the period of Treasury financing in mid-June, declined gradually, but on July 13 were still \$90,000,000 larger than six weeks earlier.

Money rates in the open-market declined further during June and the first half of July. At the Federal Reserve Bank of New York buying rates for bankers' acceptances maturing within 90 days were reduced from 2½ to 1 per cent on June 24. On the same day the bank lowered its discount rate from 3 per cent to 2½ per cent, and on the following day the rate at the Chicago bank was reduced from 3½ per cent to 2½ per cent.