



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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What change has occurred in this district in the past month seems to have resulted more from the upward movement of security and commodity prices than from any actual advance in the trade or industrial situation. There is as yet almost a complete absence of signs of any expansion in basic industries, though in several quarters there are indications that conditions are slightly better. The situation in farm communities, however, improved as a result of the advance in prices. In some scattered sections and industries the number of inquiries has increased materially since the first of August and it is felt that, because of the low stocks of manufactured goods, should the rise in prices be maintained, a larger part of these inquiries will result in actual orders than for some time past.

The advance in the wholesale price of some commodities from the low point touched earlier this year has been quite pronounced on a percentage basis, though actual recovery in dollars is still somewhat limited. More real strength throughout the whole list of prices has been shown in the past two months than at any time during the depression. The average increase in general commodity indexes was about four per cent from the lows of June to the third week of August. Individual commodities of particular interest to this district showed the following percentage advances from the low points established earlier this year: rubber 43 per cent; cotton 55 per cent; beef 48 per cent; hogs 55 per cent; hides 85 per cent; coffee 25 per cent; tin 25 per cent; wool 8 per cent and petroleum 21 per cent. Some irregularity was apparent in the third week of August, slight declines being shown in grain, livestock, and rubber prices, but considerably more than half the recovery from the low points has been maintained.

In the industrial situation, iron and steel production continue at low levels and automobile output is down sharply from the June peak. Building activity is still very limited and tire production in July was less than in June.

Retail trade was very much depressed in July. Department store sales were 35 per cent below a year ago down 27 per cent in the first seven months. Wholesale trade was at unusually low levels.

Petroleum production was greater in June and the first half-year than in similar periods of 1931, and there

were fewer commercial failures in July than in June. Bank debits continue to run about 35 per cent below 1931.

FINANCIAL

The trend of member bank credit continued downward in the four weeks ended August 17 and, because of the slowing-down of purchases of Government securities and the reduction in discounts, the volume of reserve bank credit outstanding declined. The contraction in deposits was at a much slower rate than has been apparent for several months; time deposits actually increased for five consecutive weeks. Savings deposits at selected banks declined 1.5 per cent in July and were 16.5 per cent below a year ago. There were two bank suspensions in the district in the first 26 days of August, compared with seven in July. Three banks reopened for business in the month and plans for the reopening of others are progressing.

Reserve Bank Credit. At the Federal Reserve Bank of Cleveland gold reserves increased about \$16,000,000 in the eight weeks prior to August 17, but on the latest date they were approximately \$100,000,000 lower than a year ago. These changes reflected chiefly variations in total bills and securities which declined about \$16,000,000 from the high point touched on July 20. At \$217,000,000 on August 17, they were just \$100,000,000 higher than on the corresponding date in 1931. The past year's increase was entirely due to larger holdings of Government securities which, however, were up less than \$2,000,000 in the four weeks ended August 17.

Borrowings by member banks in this district were reduced about \$17,000,000 between July 20 and August 17, and, at \$35,705,000 on the latest date, were \$95,000,000 below the high point established early in the year. One year ago discounts for member banks were \$30,000,000.

The volume of acceptances held was practically unchanged from a month ago and, notwithstanding that a favorable rate prevails on acceptances in comparison with other short-term money rates, the volume offered to the reserve banks has been very limited for some time.

Circulation of this bank's Federal reserve notes eased off slightly in the four weeks ended August 17, whereas in most past years a slight increase was shown at that time. The volume of notes outstanding, however, is still

much higher than it has been in recent years, and is over \$60,000,000 above a year ago. It was in August last year that note circulation began to increase sharply as anxiety concerning the banking situation became more pronounced. From the high point of January 6, note circulation is down more than \$30,000,000, or about ten per cent, in this district.

Member bank reserves were increased \$2,500,000 in the four latest weeks as deposits, particularly time, worked upward. Barring more or less minor fluctuations, member bank reserve deposits have shown considerable stability since early months of 1932. The changes in the principal items of reserve bank credit in the past year are shown below.

	In Millions of Dollars		
	August 17, 1932	August 19, 1931	Change from 1931
Loans to member banks	36	31	+ 5
Government securities	178	72	+106
Acceptances	3	14	- 11
Total Earning assets	217	117	+100
Total deposits	150	213	- 63
Federal reserve note circulation.....	293	231	+ 62
Total reserves	255	354	- 99

Member Bank Credit. Reporting member banks in leading cities of this district continued to show a contraction in loans, both collateral and "all other," in the four weeks ended August 17. Loans on securities dropped \$6,000,000 to \$519,000,000 in the period, and on the latest date were more than \$100,000,000 less than a year ago. Practically one-third of the collateral loans outstanding in October, 1929, have since been liquidated. "All other" loans have been reduced 25 per cent in the same period and at \$628,000,000 on August 17, were \$13,000,000 lower than on July 20. Since the beginning of the year the liquidation in "all other" loans, changes in which usually are regarded as fluctuations in commercial borrowing, has been at a more rapid rate than in security loans.

The \$20,000,000 drop in loans at reporting member banks in the four weeks was offset by an increase in investments of that amount, but the expansion was entirely due to larger holdings of Government securities which were up \$27,000,000 in the period. Investments in other stocks and bonds dropped \$7,000,000 in the four weeks. Compared with a year ago reporting member banks' holdings of Government securities are down about 7.5 per cent and those of other securities 10.9 per cent.

The liquidation in total credit extended by the reporting

member banks in this district from the peak in September, 1930, to the present time, has been approximately 17 per cent. Total deposits at these banks have declined 24 per cent in the same period, almost two years.

One of the most favorable signs which has developed in recent weeks is the gradual increase in time deposits. From the all-time high point reached in July, 1931, time deposits were reduced at a fairly steady rate until the second week of July, 1932, when they amounted to only \$811,000,000. Since that date, time deposits have increased each week, the gain for the five-week period being \$8,000,000.

Demand deposits in the four weeks ended August 17 increased slightly, though the movement was irregular, and consisted of alternate increases and decreases.

MANUFACTURING, MINING

Iron and Steel Sentiment in iron and steel improved perceptibly in the month ended August

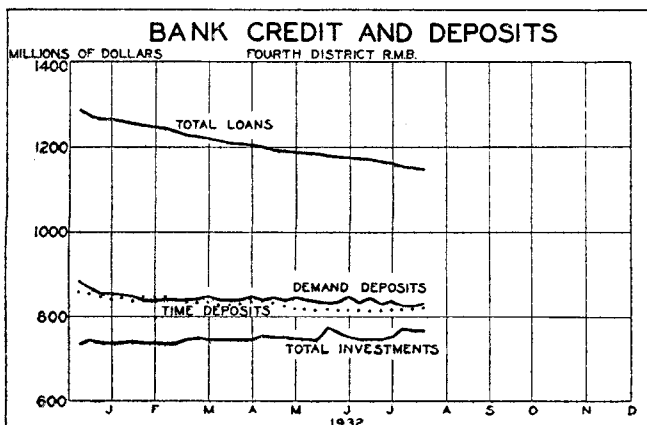
15, sympathetic with the rise in the security markets and in general morale, but a natural lag prevented this improvement from showing up immediately in production. Therefore, the fractional decline in steel-making during the month from 16 per cent to 15, with a slight gain at Pittsburgh virtually neutralizing recessions at Youngstown and Cleveland, was of little significance.

Much of the easiness in production in the month ended August 15 was due to weakness in the automobile industry, which was approaching the usual dead spot at the conclusion of current models just preceding a start on new ones. By the middle of August, however, the usual preliminary work on new series was under way. This was accentuated as manufacturers acquired confidence, as a result of the better sentiment which prevailed generally. Unusual hopes were being built up for a fair automobile market in the remainder of the year, with the certainty this would be reflected in production inasmuch as new-car inventories generally are low.

There also was a strong underlying current that some railroad business would develop in the early fall. This prompted, in the first part of August, a noteworthy acceleration in demand for pig iron and scrap. Considerable significance was attached to the fact that much of this marked bulge in sales and inquiry, especially for pig iron, originated from small consumers who were apprehensive in regard to prices and were disposed to stock moderately at present levels. Scrap prices advanced 50 cents to \$1.50 a ton, with dealers reluctant to sell and the supply drying up, as usual in a rising market.

Prices of heavy finished steel—bars, plates and shapes—held firmly, but sheets, tin plate and other flat-rolled products developed weakness. These reductions were most marked as producers bid for specific business. Reflecting this weakness in the flat-rolled lines and a reduction in pig iron in the East, where foreign iron is competitive, the iron and steel composite of the magazine *Steel* dropped 12 cents during the month to \$29.34, as of August 13. The scrap composite, however, rose 3½ per cent to \$6.16 during the month.

July production statistics disclosed pig iron capacity



being operated at 13 per cent and steel ingot at 14.66. The daily rate of 18,394 gross tons of pig iron and 31,701 tons of open-hearth and bessemer ingots set new lows for the last 30 years. Seven-month output of ingots was 8,360,302 gross tons, compared with 17,447,440 tons, a year ago; for pig iron the seven-month comparison is 5,734,742 tons for 1932 and 12,560,392 tons for 1931. As of July 31 only 46 blast furnaces were active, a decline of one during the month.

Coal Production of bituminous coal at mines in this district in July was 6,436,000 tons, a reduction of over ten per cent from the preceding month. In the entire country, coal production increased 0.5 per cent from June to July and the expansion continued in the first two weeks of August. The upturn was largely seasonal and represented chiefly buying for household use.

Compared with a year ago, output of local mines was down 49 per cent in July and 32.6 per cent in the first seven months. The decline in the entire country was 38 per cent in July and 26 per cent in the seven-month period.

The coal movement from Lake Erie ports is still very limited, but the falling-off, on a percentage basis, is less than the decline in soft coal production in this district. July loadings were 38 per cent below the same month of 1931 and in the first seven months of the year they were down 34 per cent.

Of considerable significance to local producers was the reduction in freight rates on Ohio coal moving to lake ports. This has curtailed purchases of coal, for present and future use, until other carriers decide whether or not they will meet the lower rates.

Coal stocks in hands of industrial consumers on July 1 totaled 26,300,000 tons, a reduction of 12.6 per cent in the past year. Based on the current rate of consumption, present reserves, in terms of days' supply, are greater than a year ago. It is estimated that there is sufficient coal above ground to last 41 days, as against 33 days' supply one year ago.

Prices remain very low and have shown only a slight seasonal improvement in the past month.

Automobiles A sharp contraction in automobile production occurred in the last half of July and the first part of August, and output for the former month was only 111,139 passenger cars and trucks. The falling-off from June to July was 39.3 per cent and the Federal Reserve Board's index, which is adjusted for seasonal variation, dropped from 47 per cent of the 1923-1925 monthly average in June to 32 per cent in July.

Compared with a year ago, output in July was off 49 per cent, the decline in passenger car production being 48.6 per cent and in truck production 52.1 per cent. In the first seven months passenger car output, at 826,048 units, was 45 per cent under the same period of 1931, while truck production, at 157,379 units, was down 45.4 per cent from the first seven months of last year.

According to *Cram's* weekly reports, the falling-off in the first part of August reduced output to 26,705 units in

the second week of the month and the *Annalist's* weekly adjusted index dropped below 30 per cent for the first time this year. The decline in production was due to a slackening of consumer demand generally and, in the case of a few manufacturers, to shutdowns preparatory to the introduction of new models. One major plant engaged in producing low-priced cars was closed in mid-August until after Labor Day. This will tend further to reduce output.

Retail buying dropped sharply in July, registrations in the first 31 states to report being 34 per cent fewer than in June and off 48 per cent from July last year.

The fact that automobile production, after allowing for seasonal changes, reached its peak so far this year in June and declined quite sharply in July and August, was one of the chief reasons why industrial conditions in this district remained at very low levels during the period. Steel buying was reduced and tool, parts and accessory, plate glass, rubber and tire, etc., companies, all very dependent on the automobile industry, experienced a falling-off in specifications.

Several companies are looking forward to somewhat higher operations this fall, based on the increase in inquiries for material recently, but very few actual orders have yet been placed.

Rubber, Tires Crude rubber prices, along with many other raw commodities, increased quite sharply in July and the first part of August. Ribbed smoked sheets advanced from a recent all-time low of 2.56 cents a pound to 3.68 cents a pound by the third week of August, an increase of over 40 per cent. The upturn was not due to any appreciable change in the domestic stock situation or consumption, though the supply of raw rubber on the plantations was slightly reduced. It was helpful to the rubber companies, however, all of which are forced to carry very large stocks and which have suffered large losses in the past few years through write-downs of inventories to current values.

Domestic stocks of crude rubber on July 31 were about 346,335 long tons, as against 345,702 tons a month earlier. The increase from a year ago was 47.5 per cent. Imports of 31,078 tons in July were 35 per cent smaller than in June and 24 per cent below the corresponding month last year. In the first seven months of 1932 imports were 11.9 per cent below the same period of 1931.

Final statistics for June, as compiled by the Rubber Manufacturers Association, bear out the contention made last month that shipments were at record levels and manufacturers' inventories showed almost a corresponding decline.

Production of tires increased more than 50 per cent from May to June at factories representing 80 per cent of the industry and was almost as large as in the corresponding month of 1931. Output, however, was only slightly more than half the shipment of 8,315,000 casings, and inventories were reduced more than 50 per cent in the month. The shipments were made chiefly in the first 21 days of June and were by far the largest on record. Manufacturers inventories at the end of June amounted

to less than half a month's supply, whereas normally producers have on hand from two to three months' supply. One large company reports that collections on the June sales have been unusually poor.

Preliminary reports regarding employment, rubber consumption and production in July from various sources indicated a falling-off in output during the month, but the change in employment was not very pronounced. At 20 concerns reporting to the Ohio State Bureau of Business Research, ten showed increases, eight decreases and two no change from the previous month, with a net decline of one per cent for all companies. The employment index, based on a 1926 average of 100, was 64 in July. The reduction from June was largely through the scaling-down of hours worked.

Rubber consumption in July was 28,272 long tons, as compared with 39,116 tons in June, a drop of 27.7 per cent. In July last year consumption was 31,937 tons, or 11.5 per cent more than in the latest month. The effect of the over-shipment of tires to dealers in June no doubt will be felt by manufacturers for some time, for gasoline consumption has declined recently, indicating that mileage of automobile travel has been reduced.

Clothing, Textiles

The improvement in general business sentiment and the firming of commodity prices had somewhat of a favorable effect on the clothing industry in the first part of August as the fall producing season opened from 30 to 60 days later than usual. There has been a noticeable increase in demand for women's dress goods and orders for woolen goods were more numerous in August after declining in July. Most orders are still for immediate delivery, but it is felt that, if the recent price increase holds, additional orders will materialize. Wool consumption in June, the latest month for which figures are available, was considerably higher than in May.

According to reports of the Ohio State Bureau of Business Research, employment at 42 concerns in July declined seven per cent from June in contrast with a three per cent average falling-off shown in the preceding five years. The number employed was 75 per cent of the 1926 monthly average, a reduction of 14 per cent in the past year. The June-to-July decline at factories making men's clothing was only one per cent. A seasonal upturn occurred in August, however, and some companies are now operating full time.

Orders continue much below last year and retailers are buying only enough to supply actual needs. Prices of both men's and women's apparel have declined 25 per cent in the past year and a half, according to *Fairchild's* retail price index, and are about 20 per cent lower than a year ago.

Operations in the knit goods industry increased quite sharply in August, to near normal levels, in some cases, and orders for fall delivery have been received in good volume. In view of the higher raw material prices the tendency at this time seems to be to order larger quantities pending a rise in the cost of finished goods.

Other

Manufacturing

Operations in miscellaneous industries of the fourth district continued at low levels in July and were effected materially by the tapering-off in the automobile industry. Sentiment, however, was very much improved in early August and several concerns reported a marked increase in the number of inquiries. Due to the slight advance in prices and the generally depleted stocks of manufactured goods, quite a few producers seem to be confident that a larger number of orders will result from these inquiries than have been attained for some time. Employment continues at very low levels, being about 60 per cent of the 1926 monthly average. In Ohio the June-to-July decline in manufacturing employment was three per cent, the same as the average falling-off in the five years, 1927-1931.

With automobile production curtailed in August, as model changes were being effected in some cases, a slump in orders for machine tools, parts, accessories, steel, glass, etc., developed in July. An increase in both orders and inquiries was reported about the middle of August, but the volume of operations is still very limited. Employment at 46 parts and accessory concerns was down three per cent from June to July and was only about 60 per cent of the 1926 average and even some of those employed are working short hours.

Employment in the machinery and machine tool, apparatus and electrical supply industries declined more than seasonally in July. No particular change from the generally low level of operations was reported in the first three weeks of August, though indications of a restoration of confidence was evident in the increase in inquiries.

Paint companies reported a better feeling generally, but state that this has not resulted in any change in the volume of orders received. Sales so far this year have been from 20 to 25 per cent below the same period of 1931.

In the stone, clay and glass industry the four per cent decline in employment reported in July compared with an average drop of seven per cent in the same period of the preceding five years. Of the 68 reporting concerns, 27 showed increases, 33 decreases and eight no change from June to July. Some makers of china and dinnerware experienced a greater-than-seasonal increase in orders in the first half of August over the same period of July. Wage scales of pottery workers were reduced 10 per cent in the new agreement covering the next two years.

Sales of window glass in July were under June and for the year to date were about 40 per cent below the high point. Sales of automobile glass and containers are also at low levels. Manufacturers stocks are down about 50 per cent from the peak and are still being reduced. Prices have been fairly stable so far this year, but are very low.

In the paper and boxboard industry July operations and sales were the lowest of the present depression, with many mills running at about 50 per cent of capacity. Employment was about 80 per cent of the 1926 average at 13 concerns, though the number of hours worked was much below this level.

Production of shoes at 27 establishments in this district in July was reported to be 5.4 per cent below June,

a contrary-to-seasonal change. In seven of the preceding nine years, an increase, which averaged 13 per cent for the entire period, was shown. Compared with a year ago, production was down 27 per cent in July, but the falling-off in the first seven months was only 5.7 per cent.

Producers and wholesalers reported a better sentiment generally in August, however, and an improvement in collections. Orders are chiefly for small quantities, mostly for the medium and low-priced lines, but salesmen state that less resistance to buying is apparent than a month or two ago.

TRADE

There was a considerable decline in retail trade in this district in July, judging by the reports received from the principal department stores. Dollar sales in the month were 35.5 per cent smaller than in July a year ago, and the reduction from June was much greater than seasonal. The daily average seasonally adjusted index dropped from 61 per cent of the 1923-1925 monthly average in June to 55 per cent in July, the lowest level yet touched in this depression or on record back to 1919. Sales in the first seven months of 1932 were 27 per cent below the same period of 1931.

Part of the June-to-July drop represented a further reduction in retail prices, but the falling-off between these two months, according to *Fairchild's* index, was only 1.5 per cent, the smallest since May. Compared with a year ago, prices are down about 18 per cent. Current department store prices are reported to be 40 per cent below November, 1929.

The dollar value of retail stocks dropped 10 per cent from June to July, a greater-than-seasonal reduction. On August 1 they were 19 per cent below a year ago and only 61 per cent of the 1929-1925 monthly average.

A smaller proportion of total sales were charge sales in July than either a year ago or in the preceding month. Credit sales were 51.5 per cent of total sales in the latest month, compared with 56.5 per cent in June and 55.6 in July, 1931.

Collections in July on accounts outstanding at the end of June amounted to only 28 per cent, compared with 31 per cent in the same month last year.

The dollar value of chain grocery sales, per individual unit operated, was 12 per cent smaller in July than in the same month last year and off five per cent from June. In the first seven months there was a reduction of eight per cent from the same period of 1931. Food prices, according to the Index of the Bureau of Labor Statistics, were nearly 20 per cent lower in July than a year ago.

Chain drug sales were down 15.8 per cent in July from a year ago, but up three per cent from June. The decline in the first seven months was 13 per cent from the same period of 1931.

All four reporting lines of wholesale trade experienced a greater-than-seasonal falling-off in sales from June to July, and the combined index in the latest month was only 47 per cent of the 1923-1925 monthly average, as against 57 per cent in June and 69 per cent a year ago, no allowance being made for seasonal variations. Dry

goods sales were down 49 per cent from last year in July and 39 per cent in the seven-month period. Hardware sales were 37 per cent below July, 1931, and off 26 per cent in the first seven months of this year. The reduction from a year ago in wholesale grocery sales was 29 per cent in July and 22 per cent in the January-to-July period. Wholesale drug sales were down 27 per cent in July and 15 per cent in the first seven months.

BUILDING

Although the dollar value of all building contracts awarded in this district in July, according to the *F. W. Dodge Corporation*, was slightly smaller than in June and 54 per cent below a year ago, the decline was entirely in the residential field and less than seasonal. Awards for non-residential building in the month were up somewhat from June to July, a contrary-to-seasonal movement, but in the latest period were more than 50 per cent below the same month of 1931.

Residential contracts let in July declined from June, and, being valued at \$1,401,000 in the latest month, were 73 per cent below July last year. In the first seven months of 1931 residential building was 70 per cent below last year's very disappointing figure.

Public utility awards made a good gain over the June total and the decline from a year ago was only about 13 per cent. July contracts for public works were smaller than in June and 30 per cent below a year ago. In the seven-month period public work awards were valued at nearly 50 per cent less than in the same interval of 1931.

July awards for all construction were larger than in June in Pittsburgh, Cleveland, Cincinnati, Columbus, Toledo, Wheeling and Youngstown, an improvement contrary to the change shown in most past years.

Building activity in this district in the first seven months of 1932 had a total value of \$74,845,000. This was 78 per cent below the average value (\$339,758,000) of contracts awarded in the similar period of the preceding ten years. Building supply dealers are very much depressed, but some reported an improvement in sentiment and an increase in inquiries in the past few weeks, partly as a result of the upturn in prices and the hope that operation of the Home Loan Banks will relieve pressure on the building and loan associations.

Employment in the construction industry in Ohio was only 37 per cent of the 1926 average in July, based on 162 reports received by the Bureau of Business Research. This represented the number on payrolls and made no allowance for part-time employment.

The index of total building costs was only 80 per cent of the 1926 average in July, wages being 93 per cent of this same average and materials, 70 per cent.

AGRICULTURE

The rise in general commodity prices which manifest itself in July and continued with greater impetus in August was largely responsible for the better sentiment exhibited throughout the country. Much of the upturn was the result of an increase in farm prices, which, in the

month ended July 15, amounted to about 10 per cent, the sharpest in a single month for over three years. In mid-July farm prices were 57 per cent of the five-year pre-war average, as against 52 per cent in June, the low point so far in this depression. Compared with a year ago, however, prices were still down 28 per cent.

During the month ended July 15, seven of the nine subgroup indexes of farm prices increased, only grains and the group of unclassified items showing declines. Since that date, however, prices of grains, cotton, eggs and dairy products improved, while livestock prices lost some of the June and July gain, though they remained substantially above the low point.

The recent rising tendency was largely due to reduced current supplies as in livestock products and to reduced prospective crops in the case of some grains and cotton.

Although the August 1 crop report of the Department of Agriculture indicated widespread declines in crop prospects for the entire country during July, conditions were such locally that a slight improvement was shown in the principal crops of the fourth district. Compared with a year ago, however, crop prospects are much lower locally than in the United States. Yields are expected to be about 25 per cent below last year in this section, but the 1931 crops were, in most cases, of record size in the district. In the entire country yield per acre of principal crops is expected to average 6.5 per cent below last season and 4.5 per cent below the average of the period 1919-1928. August 1 indicated yield per acre of 31 important crops combined, expressed as a percentage of the ten-year average yield, 1919-1928, for Ohio was 96.4; Pennsylvania, 87.4; Kentucky, 94.5; West Virginia, 84.7; and for the entire country, 95.4.

Rains were badly needed in some sections of the district, while in others recent precipitation was too great.

Wheat. The estimate of wheat production for the district was increased three per cent in July. The crop turned out better than was expected in the northern counties, but yield per acre varied from ten bushels in Kentucky to 20.5 in Ohio, where over 90 per cent of the district's crop is raised. This compared with a record yield of 24.5 bushels last year and 16.5 bushels, the ten-year average. Outside of Ohio the crop was very much below the average of preceding years, having been affected by blight, drought, etc.

Total estimated wheat production for the entire country is 723,000,000 bushels, a reduction of 13 per cent from the 1924-28 average production. Forecasts of production in 32 countries which last year produced 93 per cent of the Northern Hemisphere wheat crop, were 3,064 million bushels as against 3,073 million bushels a year ago. The increase which in part offset the decline in the United States crop was entirely in countries which in the past found it necessary to import some of the wheat consumed. Meager reports from Russia indicate that grain harvesting so far this season is much below anticipations.

Oats. The oat crop estimate remained unchanged in July, and was much below average in this section. Yield per acre in Ohio was ten bushels below average and 12.5 bushels, or 33 per cent, below last year.

Corn. The estimated corn crop was reduced six per cent in July in the entire country, but because of the very large acreage, the 2,996,000,000 bushel forecast was seven per cent above average. In the fourth district the crop estimate was increased 1.3 per cent to 170,928,000 bushels, still about 17 per cent below last year's record crop, but above the average of preceding periods. Insufficient moisture in late July and early August was a disturbing factor, for the crop in mid-August was still in the critical period.

Potatoes. The estimated late potato crop of the district was somewhat larger on August 1 than a month earlier, but rains were badly needed and insect and blight damage was increasing. In the entire country a reduction in condition was reported in July.

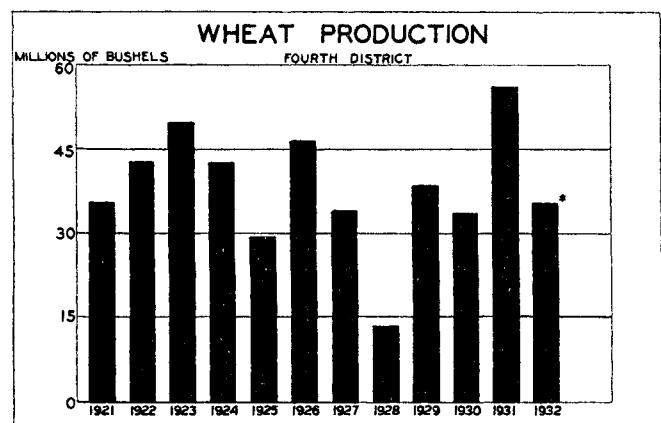
Tobacco. Tobacco prospects for the entire country were reduced 41 million pounds by adverse weather in July. All states contributed to the decline, and if the forecast of 1,019,975,000 pounds is obtained, the crop will be the smallest, save one, since 1913. The district crop was estimated on August 1 to be 122,335,000 pounds (the July figures were incorrectly reported by the Board) a reduction of 30 per cent from the record harvest of last year and only about two million pounds above the five-year average harvest of 1924-1929.

The reduction in this district in July was about seven per cent and was due to unfavorable weather conditions. Dry weather in July caused some crops to be cut prematurely, but the copious rains occurring in Kentucky in early August caused the crop to improve in some sections. In others it was so heavy that considerable damage was done. Rust and leafspot are reported in some sections.

The condition of all air-cured tobacco (chiefly burley) on August 1 was 60 per cent of estimated normal, compared with 72 per cent a year ago.

The most favorable factor, so far as tobacco growers in this district are concerned, is the very small crop of flue and fire-cured tobacco that is being harvested and sold. The August 1 condition indicated a reduction of almost 50 per cent from last year in production of the types of tobacco grown in the southeastern states and an even greater loss from the five-year average harvest.

Stocks of all types of tobacco are large and the small crop this year should be helpful in this respect.



*Estimated on basis of Aug. 1 condition

Small grains and hay production estimates were reduced in July, so far as this section was concerned, and with the exception of rye, the yields per acre are considerably below average. Fruit prospects increased in Ohio in July, but declined in other sections of the district. The grape crop is in better-than-average condition, though a smaller crop than in 1931 is indicated.

Fourth District Business Statistics

(000 omitted)

	July, 1932	% change from 1931	Jan.-July, 1932	% change from 1931
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$ 1,591,000	—35.3	11,817,000	—35.7
Savings Deposits—end of month: 27 selected banks, O. & Pa.....	636,940	—15.7	651,877 ¹	—14.7
Retail Sales:				
Department Stores—54 firms.....	9,627	—35.5	96,496	—26.9
Wearing Apparel—13 firms.....	475	—40.1	5,603	—29.7
Furniture—46 firms.....	287	—48.6	3,339	—39.8
Wholesale Sales:				
Drugs—13 firms.....	1,037	—27.4	8,877	—15.4
Dry Goods—11 firms.....	502	—48.9	5,648	—38.5
Groceries—37 firms.....	3,218	—28.5	23,643	—22.0
Hardware—15 firms.....	792	—37.0	6,407	—26.2
Building Contracts—				
Residential.....	1,401	—72.9	13,836	—69.9
Building Contracts—Total.....	12,533	—53.9	74,845	—59.9
Commercial Failures—				
Liabilities.....	7,877	+22.6	54,976 ²	+ 2.7
Commercial Failures—Number	203 ²	+32.7	1,767 ²	+32.2
Production:				
Pig Iron, U. S..... Tons	572	—60.9	5,737	—54.4
Steel Ingots, U. S..... Tons	793	—58.0	8,360	—52.1
Automobiles—Pass. Cars U. S.....	94,705 ²	—48.6	826,048 ²	—41.0
Automobiles—Trucks, U. S.....	16,434 ²	—52.1	157,379 ²	—45.4
Bituminous Coal..... Tons	6,436	—49.1	60,429	—32.6
Cement—O., W. Pa., W. Va..... Bbls.	582	—61.7	2,709	—58.3
Elec. Power—O., Pa., Ky..... k.w.h.	961 ³	— 7.6	6,050 ⁴	—11.3
Petroleum—O., Pa., Ky. Bbls.	2,076 ³	+11.2	11,841 ⁴	+ 3.5
Shoes..... Pairs	8	—27.7	8	— 5.7
Tires, U. S..... Casings	4,540 ³	— 0.2	19,256 ⁴	—16.2
Bituminous Coal Shipments: Lake Erie Ports..... Tons	2,928	—38.5	9,040	—33.6
Iron Ore Receipts: Lake Erie Ports..... Tons	470	—85.3	626	—89.9

¹ monthly average ⁴ Jan.-June
² actual number ⁵ confidential
³ June

Fourth District Business Indexes

(1923-1925 = 100)

	July, 1932	July, 1931	July, 1930	July, 1929	July, 1928
Bank Debits (24 cities).....	59	91	122	143	121
Commercial Failures (Number).....	139	105	115	98	90
" (Liabilities).....	179	146	55	45	74
Postal Receipts (9 cities).....	..	96	103	113	102
Sales—Life Insurance (Ohio & Pa.).....	..	105	134	134	116
" —Department Stores (55 firms).....	41	63	69	79	79
" —Wholesale Drugs (13 firms).....	66	91	96	109	103
" —Dry Goods (10 firms).....	19	37	50	68	68
" —Groceries (37 firms).....	55	77	89	100	89
" —Hardware (14 firms).....	39	62	73	96	91
" —All (74).....	47	69	80	94	88
" —Chain Drugs (3 firms)**.....	73	87	87	91	91
Building Contracts (Total).....	26	57	101	126	118
" (Residential).....	8	30	55	85	109
Production—Coal (O., W. Pa., E. Ky.).....	36	70	83	96	80
" —Cement (O., W. Pa., W. Va.).....	48	126	164	178	153
" —Elec. Power (O., Pa., Ky.)*.....	114	124	134	144	121
" —Petroleum (O., Pa., Ky.)*.....	112	101	124	112	109
" —Shoes.....	66	91	89	103	100

*June.
 **Per individual unit operated.

Wholesale and Retail Trade

(1932 compared with 1931)

	SALES July, 1932	Percentage Increase or Decrease SALES First seven months	STOCKS July, 1932
DEPARTMENT STORES (54)			
Akron.....	—31.6	—26.1	—13.1
Cincinnati.....	—31.5	—24.5	—22.9
Cleveland.....	—39.2	—23.9	—10.6
Columbus.....	—26.8	—22.6	—24.7
Pittsburgh.....	—39.1	—29.8	—19.4
Toledo.....	—29.9	—26.5	—23.3
Wheeling.....	—35.9	—31.6	—18.9
Youngstown.....	—33.6	—32.2	—27.0
Other Cities.....	—33.3	—28.0	—24.7
District.....	—35.5	—26.9	—18.9
WEARING APPAREL (13)			
Cincinnati.....	—33.1	—25.8	—29.2
Other Cities.....	—43.6	—31.8	—31.9
District.....	—40.1	—29.7	—30.9
FURNITURE (46)			
Cincinnati.....	—51.8	—44.9	....
Cleveland.....	—54.4	—46.0	....
Columbus.....	—47.5	—31.4	....
Dayton.....	—29.9	—23.2	....
Toledo.....	—41.7	—28.0	....
Other Cities.....	—48.8	—43.9	....
District.....	—48.6	—39.8	....
CHAIN STORES*			
Drugs—District (4).....	—15.8	—13.0	....
Groceries—District (6).....	—11.6	— 8.1	....
WHOLESALE GROCERIES (37)			
Akron.....	—32.0	—25.5	....
Cleveland.....	—26.0	—24.1	....
Erie.....	—28.4	—19.1	....
Pittsburgh.....	—33.4	—21.0	....
Toledo.....	—30.3	—20.3	....
Other Cities.....	—28.3	—21.2	....
District.....	—28.5	—22.0	—10.5
WHOLESALE DRY GOODS (11).....	—48.9	—38.5	—35.2
WHOLESALE DRUGS (13).....	—27.4	—15.4	....
WHOLESALE HARDWARE (15).....	—37.0	—26.2	....

*Per individual unit operated.

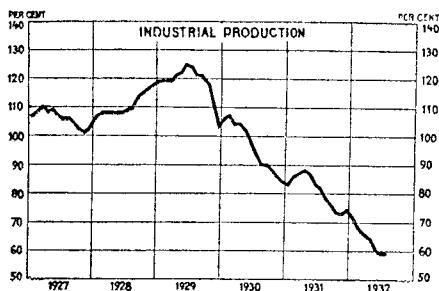
Debts to Individual Accounts

(In Thousands of Dollars)

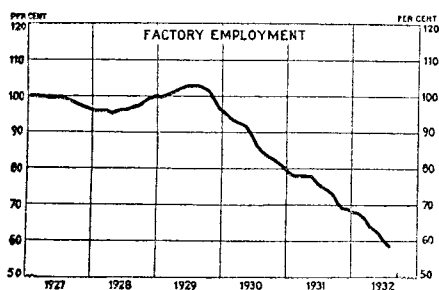
	4 weeks ending Aug. 17, 1932	% change from 1931	Year-to-date Dec. 31, 1931 to Aug. 17, 1932	Year-to-date Jan. 1 to Aug. 17, 1931	% change from 1931
Akron.....	42,145	—42.1	397,957	619,432	—35.8
Butler.....	4,817	—28.7	47,378	67,690	—30.0
Canton.....	15,307	—47.8	140,939	282,390	—50.1
Cincinnati.....	202,503	—23.6	1,929,697	2,638,202	—26.9
Cleveland.....	347,517	—37.5	3,296,311	5,146,201	—35.9
Columbus.....	79,243	—37.6	764,953	1,250,454	—38.8
Dayton.....	38,252	—34.9	349,370	612,130	—42.9
Erie.....	17,599	—38.6	168,295	242,784	—30.7
Franklin.....	2,202	—25.4	22,244	29,508	—24.6
Greensburg.....	3,955	—34.6	42,152	66,573	—36.7
Hamilton.....	6,130	—37.6	61,137	86,330	—29.2
Homestead.....	1,977	—44.0	18,440	30,241	—39.0
Lexington.....	10,551	—27.6	125,298	156,945	—20.2
Lima.....	6,945	—22.9	62,199	82,712	—24.8
Lorain.....	2,622	—43.1	24,197	38,186	—36.6
Middletown.....	4,270	—38.2	44,875	69,704	—35.6
Oil City.....	7,161	—35.5	70,163	95,914	—26.8
Pittsburgh.....	436,892	—28.6	4,056,141	5,957,257	—31.9
Springfield.....	9,684	—32.2	92,894	142,925	—35.0
Steubenville.....	4,141	—43.1	41,528	65,811	—36.9
Toledo.....	65,931	—40.7	582,560	1,131,979	—48.5
Warren.....	3,577	—45.6	34,777	67,781	—48.7
Wheeling.....	20,871	—26.2	207,150	283,723	—27.0
Youngstown.....	20,587	—55.9	211,845	408,341	—48.1
Zanesville.....	4,684	—34.5	44,413	69,358	—36.0
Total.....	1,359,563	—33.6	12,836,913	19,642,571	—34.6

Summary of National Business Conditions

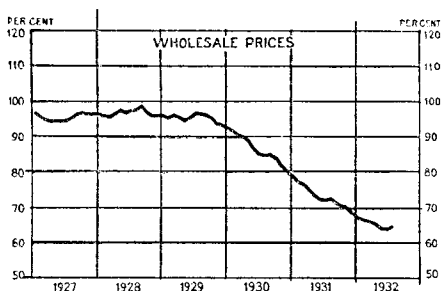
By the Federal Reserve Board



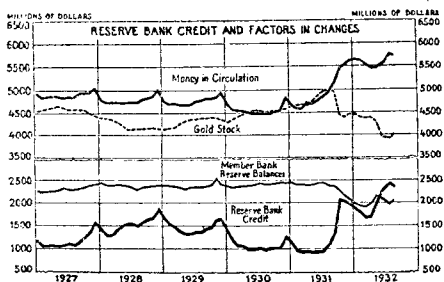
Index of industrial production, adjusted for seasonal variation. (1923-1925 average = 100) Latest figure, July, 59.



Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average = 100) Latest figure, July, 58.3.



Index of United States Bureau of Labor Statistics, (1926 = 100) Latest figure, July, 64.5.



Monthly averages of daily figures. Latest figures are averages of first 21 days in August.

Volume of Industrial output declined seasonally from June to July, while factory employment and payrolls decreased by more than the usual seasonal amount. In July the general level of wholesale prices was about one per cent higher than in June, and in the first half of August prices of many leading commodities advanced considerably. Reserve bank credit declined somewhat in the four weeks ending August 17, reflecting chiefly a substantial growth in the country's stock of monetary gold.

Production and Employment

Industrial production decline by about the usual seasonal amount in July and the Board's index, which is adjusted to allow for the usual seasonal variations, remained unchanged at 59 per cent of the 1923-1925 average. Activity decreased seasonally in the steel industry; by slightly more than the usual seasonal amount in the lumber, cement, newsprint and meatpacking industries; and by substantially more than the seasonal amount in the automobile and lead industries. Output of shoes, which ordinarily increases in July, declined. At woolen mills activity increased by a substantial amount, and at silk mills there was a seasonal increase in production. Activity at cotton mills decreased, as is usual in July, while sales of cotton cloth by manufacturers increased considerably. Output of coal increased from the low level prevailing in June.

Reports on the volume of factory employment and payrolls showed substantial declines from the middle of June to the middle of July. In the machinery, women's clothing, and hosiery industries, and at railroad repair shops, the number employed decreased by considerably more than the usual seasonal amount, and at shoe factories the increase reported was smaller than usual. In the woolen goods industry a substantial increase in employment was reported.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, continued at a low level during July and the first half of August.

Prospects for many leading crops, including corn, spring wheat, potatoes, and tobacco, were reduced somewhat during July, according to the Department of Agriculture. The estimated total wheat crop, based on August 1 conditions, is 723,000,000 bushels, a decrease of about 175,000,000 bushels from last year's large crop, reflecting a reduction of 350,000,000 bushels in the winter wheat crop, offset in part by an estimated increase of 175,000,000 bushels in the spring wheat crop. The first official cotton estimate, as of August 1, was 11,300,000 bales, as compared with crops of 17,100,000 last season and 13,900,000 in the year before. The indicated production of corn is 2,820,000,000 bushels, substantially larger than the crops of the last two seasons and slightly larger than the five-year average.

Distribution

Volume of freight traffic decreased somewhat from June to July, and value of department store sales was substantially reduced.

Wholesale Prices

The general level of wholesale prices, as measured by the monthly index of the Bureau of Labor Statistics, advanced from 63.9 per cent of the 1926 average in June to 64.5 per cent in July. Between the middle of July and the third week of August prices of livestock and meats, which had previously advanced considerably, declined somewhat, while price increases were reported for many other leading commodities, including wheat, textile raw materials and finished products, nonferrous metal, hides, sugar, coffee and rubber.

Bank Credit

The total volume of reserve bank credit outstanding, which had increased by \$850,000,000 between the end of March and the third week of July, declined by \$95,000,000 in the four weeks to August 17, and in the same period member banks increased their reserve balances by \$45,000,000. These changes reflected chiefly the addition of \$95,000,000 to the country's stock of monetary gold and an inflow to the banks of \$30,000,000 in currency.

Total loans and investments of reporting member banks in leading cities were \$250,000,000 larger on August 17 than four weeks earlier. Total loans of these banks continued to decline throughout the period, while their investments increased substantially, reflecting an increase in holdings of United States Government securities in connection with Treasury financing operations. Time deposits increased by \$95,000,000 and net demand deposits by \$85,000,000.

Money rates in the open market remained at low levels. Successive reductions brought the prevailing rates on prime commercial paper to a range of 2-2¼ per cent in the first part of August.