

MONTHLY BUSINESS REVIEW

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Following Labor Day there was a slightly greater than seasonal change in some lines of trade and industry, and throughout the month there was a definite improvement in financial conditions.

Commodity and security prices both showed an upward trend during the month. There was some recession in commodity prices in mid-September, though much of the gain from the recent record low levels was maintained. This increase in raw commodity prices is reported to have caused considerable buying of manufactured goods on the part of both retailers and wholesalers in the first half of September to replenish depleted stocks. The accompanying chart shows the index of stocks of 34 manufactured products as computed by the Department of Commerce. At 104 per cent of the 1923-1925 monthly average in July, the latest month for which information is available, the index was lower than for any similar month since 1923. The decline from the 1929 and 1930 levels has been quite marked. Additional evidence that stocks are low is revealed by the index of the dollar value of department store stocks in this district, which on August 31 was only 58 per cent of the 1923-1925 monthly average, no allowance being made for change in prices.

Some of the larger wholesalers of the district have received a greater volume of orders than for many months and in most instances the expansion was said to be considerably more than seasonal. Retailers also reported more buying, attributing the increase in part to more favorable weather, but stating that the improvement is

greater than has occurred in past years at this time. Carloadings in the past few weeks have increased more than seasonally.

In the financial field, hoarding appears to be decreasing and it is reported that there are fewer applications for loans from the Reconstruction Finance Corporation. At the Federal Reserve Bank of Cleveland, as at other Federal reserve banks, discounts for member banks have declined, reflecting chiefly further gold imports, the issue of new national bank notes, and the return of currency from hoarding. Though loans made by reporting member banks in leading cities continue to contract, deposits, both demand and time, are above the low levels touched a few weeks ago.

Industrial operations in August in this district were at very low levels and employment established a new low record. Iron and steel production increased slightly in the first three weeks of September at the principal centers of the district. The automobile industry continues to lag and orders for parts, accessories and materials have been very limited, thus affecting operations at many plants in this section. Demand for machine tools, particularly repair parts, improved in the first three weeks of September.

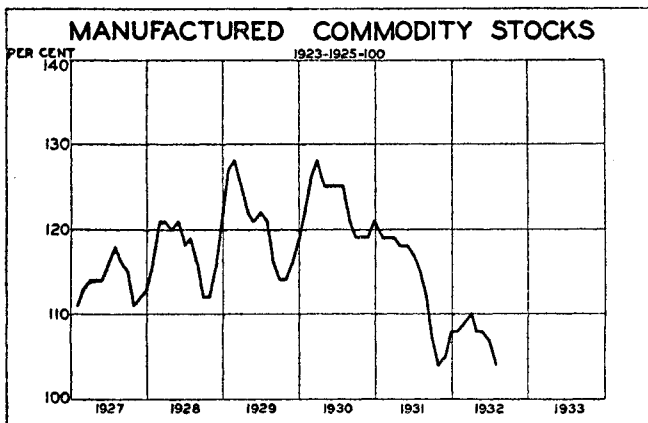
The clothing, textile and shoe industries increased activity at a greater-than-seasonal rate in August and early September in response to larger orders, and production at china and pottery plants was at a considerably higher rate in mid-September than a month earlier.

Activity at coal mines has been increasing for several weeks at a more-than-seasonal rate. The value of building contracts awarded in August was higher than in July, contrary to the trend of past years, though a falling-off occurred in the first half of September.

Agricultural prospects declined in this section in August on account of unfavorable weather. Yields of all principal crops are now estimated to be below the average of past years.

FINANCIAL

Financial developments in the month ended September 24 were favorable in some respects, particularly in that they reflected a return of a more confident feeling regarding the banking situation. Savings deposits at selected banks were reduced 0.8 per cent in August, but the decline was thought to represent withdrawals for actual needs



since hoarding apparently is on the wane. Bank debits to individual accounts in August showed a slightly smaller loss from the same month of 1931 than did earlier months of this year. The number of commercial failures in August was still much above last year, but the average liability of the defaulting concerns was down in the month. In the first eight months liabilities were 5.4 per cent larger than in the same period of 1931, whereas the number of failures was up 36.4 per cent.

Reserve Bank Credit Demand for loans from the Federal Reserve Bank of Cleveland declined in the five weeks ended September 21, the number of borrowing banks being reduced from 268 to 250 in the period and the volume of discounts for member banks dropping 20 per cent to \$28,000,000, the lowest since July, 1931. The number of applications for loans from the Reconstruction Finance Corporation also showed a falling-off in the past five weeks, and coupled with the former indicated an improvement in general conditions at the banks in this district.

During this period demand for currency declined by \$6,000,000, although there is ordinarily an increase of about \$10,000,000 at this season. This indicates a substantial return of currency from hoarding. At the same time, the volume of notes of the Federal Reserve Bank of Cleveland in circulation declined by \$10,000,000 the greater falling-off in this form of currency reflecting principally the issue of new national bank notes and their substitution for Federal reserve notes in circulation. In addition to the reduction in note circulation, deposits at member banks have increased slightly in recent weeks despite the fact that the contraction in loans continued.

Holdings of acceptances and Government securities of this bank were practically unchanged in the five-week period, a very slight increase in the former being shown. The total volume of reserve bank credit outstanding declined to the lowest level since May, but, \$209,410,000 on September 21, it was still about \$74,000,000 higher than a year ago because of the fact that Government securities held were \$106,000,000 higher on the latest date than in September, 1931.

Member Bank Credit Loans and investments of reporting member banks in leading cities of the fourth district were further reduced in the four weeks ended Sep-

tember 14, but increased sharply in the following week through purchases of \$35,000,000 of Government securities at the time of the September Treasury financing. At \$477,000,000, holdings of Government securities were slightly below a year ago. Investments in other than Government securities were reduced \$4,000,000 to \$331,000,000 in the five-week period ended September 21, banks evidently selling some of their holdings, thus taking advantage of the recent rise in bond prices which has added substantially to the market value of bank investments since the first of June. From the low point of that date bond averages have risen almost 25 per cent, with prices of rail bonds showing even greater appreciation. Total investments, at \$808,000,000 on the latest date, were down about \$54,000,000 from a year ago.

Loans on securities continue to contract, the reduction in the five latest weeks being \$5,000,000 and, at \$514,000,000 on September 21, they were more than \$100,000,000 lower than a year ago and down about one-third from the peak in the fall of 1929. "All other" loans declined rather sharply in late August and the first three weeks of September and, at \$612,000,000 on September 21, they were \$16,000,000 lower than on August 17 and down about \$130,000,000 from a year ago, a reduction of over 17 per cent. From the 1929 peak, these loans, fluctuations in which are regarded as representing largely changes in commercial loans, have been reduced slightly more than 25 per cent.

Total credit extended by these reporting banks, at \$1,934,000,000 on September 21, was up \$13,000,000 from August 17, but was down about \$275,000,000 from a year ago.

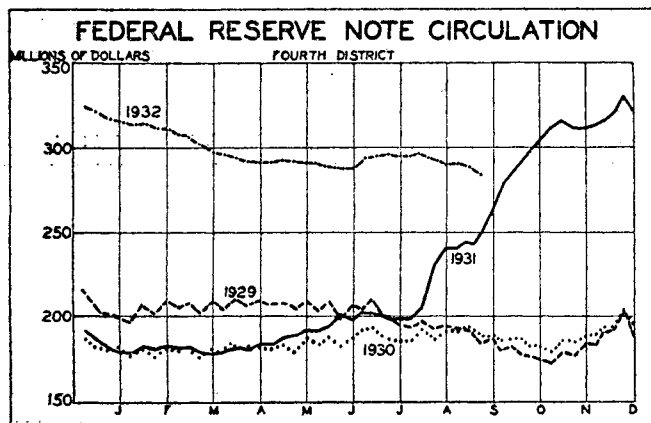
Despite the continued downward movement in loans of member banks, deposits were higher on September 21 than five weeks earlier. Demand deposits fluctuated somewhat, but on the latest date, at \$841,000,000, were \$15,000,000 above the low point of August 10. Time deposits held the gain which occurred in July and early August, and showed a slight increase in Mid-September. At \$821,000,000 on the latest date, they were higher than since May, although time deposits were 17 per cent smaller than a year ago.

MANUFACTURING, MINING

Iron and Steel

There was a seasonal gain in steel operations between the middle of August and the middle of September, and improved sentiment in the industry was reported by the trade press. Immediately after Labor Day the increase in operations was somewhat short of expectations, but by the third week in September operations had increased to 17 per cent of capacity. There have been larger purchases of raw material during recent weeks, and a broader inquiry for finished products. Scrap steel has retained all of its price advance. Improvement following Labor Day was somewhat short of expectations, but organized efforts to finance projects requiring large tonnages of steel were maturing and operations increase to 17 per cent of capacity by the third week of the month.

Sales of pig iron by Cleveland furnace interests in the month ended September 15 totaled 35,000 tons, and ship-



ments in the first half of September were double the August rate. Between September 15 and 19 two merchant stacks in the greater Pittsburgh district resumed operation. Commitments of Pittsburgh, Youngstown and Cleveland district steelmakers for steel scrap were heavy, and on the rising market dealers sometimes covered at a loss.

In the finished steel markets, greater interest was displayed by consumers, but the gain in bookings was slight—only sufficient to raise the general level of steelmaking to about 17 per cent of capacity. Early in September automobile manufacturers took prices on fourth quarter materials, indicating demands on a parity with the last quarter of 1931. In general, prices on heavy finished steel and pig iron were firm; on flat-rolled products some easiness developed. Indicating the trend of prices, the iron and steel composite of the magazine *Steel* declined from \$29.34 on August 13 to \$29.24, only to recover to \$29.32 by September 17. The scrap composite of this publication rose from \$6.16 to \$7.12 during the month.

In August, the production of both pig iron and steel ingots declined, but the rate of loss was checked. The August daily rate of 17,045 gross tons of pig iron compared with 18,394 tons in July. The month's output of 528,413 tons gave eight months of 1932 a total of 6,263,155 tons, against 13,839,597 tons in the corresponding period of 1931. The August ingot rate was 30,830 gross tons daily, contrasted with 31,701 tons in July, and the eight-month totals for 1932 and 1931, respectively, for open-hearth and bessemer steel are 9,192,704 and 19,164,269 tons. Pig iron capacity was engaged 12.1 per cent in August, and steel ingot capacity 14.26 per cent. For the first eight months of 1932 steel production averaged 20.44 per cent of capacity; a year ago it was 43.58 per cent.

Coal

Production of coal in August, both in the fourth district and the United States, increased more than seasonally from July, but continued below other years. The expansion from July was 25.3 per cent, which compares with an average increase of 6.4 per cent in the preceding nine years, and in 1930 and 1931 there was a falling-off in production from July to August. The month's output in this district, however, was only 8,062,000 tons, a reduction of 32.9 per cent from the same period of 1931, and was less than half the average August production in the nine years of 1923-1931.

The improvement was more noticeable in Ohio and eastern Kentucky than in western Pennsylvania because of the reduction in freight rates on coal moving to the lake ports. Roads operating in the Pennsylvania district were denied the right to reduce their rates. Shipments of coal from Lake Erie ports improved slightly in August, but were still 30 per cent below a year ago. In the season to September 1, shipments were down 32.8 per cent from the same period of 1931.

Increased railroad activity, expanding industrial operations and power production and more buying for home consumption this winter caused a moderate improvement in sales of bituminous coal in the first half of September, and there has been a slight firming of prices of coal at the mines, particularly on the domestic grades. Steam coal prices are weak because of the large supply.

Automobiles

Production of automobiles declined quite sharply as the month of August progressed and one factory after another either curtailed or stopped operations. Output in the month, according to the Department of Commerce, was only 90,324 cars and trucks, compared with 111,139 in July and 187,197 units in August, 1931. Output in the latest month was the smallest for any period so far this year, and the Federal Reserve Board's index, which is adjusted for seasonal variations, was only 23 per cent of the 1923-25 monthly average, the lowest level yet touched in the present depression. In July the index was 33 and in August, 1931, it was 52 per cent. In the first eight months total production was 1,072,886 units, slightly more than half the output in the same period of 1931.

Passenger car production was 75,907 units in August, a reduction of 51 per cent from last year; in the eight-month period the decline from the same interval of 1931 amounted to 45.5 per cent. The Board's seasonally adjusted index was 22 per cent of the 1923-25 monthly average. Truck production declined more in August from the same month last year than did passenger car output, but the adjusted index was 36 per cent of the three-year average.

Although in most past years there has been little change in production from August to September, some plants are reported to have resumed operations after Labor Day. *Cram's* weekly estimate of assemblies, however, (computed on a slightly different basis than the Department of Commerce figures) was smaller in the first half of the month than in August, and totaled only 24,758 units in the week ended September 17. Orders received by some of the principal material and parts concerns in this district indicate little change from the recent low levels and many plants are operating only one or two days a week.

New passenger car registrations in the entire country in July were 103,323, compared with 148,738 in June. The reduction was greater than seasonal, but registrations in the latest period exceeded production, or rather factory sales, by over 8,600 units.

Tires, Rubber

Production of tires and rubber products in August declined rather sharply from July judging from reports on employment, rubber consumption and general activity at plants in the fourth district. Employment at 21 concerns was six per cent less in August than in the preceding month, the drop being greater than the five-year average decline of two per cent. Compared with a year ago, the number employed in August was down ten per cent.

In the first half of September a slight improvement in orders was reported by some companies, a contrary-to-seasonal movement, but little change in the entire month's sales was expected. Operations in early September were down about the usual seasonal amount from August. The increased sales volume in the first part of September was accounted for by the price situation, it being generally felt that the advance in raw cotton and rubber prices would be followed by an increase in prices of finished goods. This occurred on September 12, when major manufacturers and mail order houses announced advances of 11 to 15 per cent. The attempt to raise prices this

amount last June, when the new Federal taxes were imposed, failed because of lack of cooperation.

Rubber consumption was down in August, amounting to 22,372 long tons, compared with 28,272 long tons in July and 27,586 tons in August, 1931, according to the Rubber Manufacturers Association. With imports larger than consumption by 12,000 tons in August, though 10.8 per cent below imports in August, 1931, stocks of crude rubber in the United States increased 3.3 per cent in the month. On August 31, at 357,342 tons, they were 48.4 per cent above a year ago.

Tire production and inventory figures have not reflected actual conditions for several months, changes in these two items being largely a result of unusual circumstances. There has been little variation in the demand for tires, either for replacement or for original equipment, for some time past. In July, the latest month for which complete data are available, production was down 35.9 per cent from June and was off 26.6 per cent from July last year. Shipments were 76.8 per cent smaller in July than in June and down 56 per cent from the same month of 1931. With production considerably in excess of shipments, inventories were increased about 25 per cent in the period, but on the latest date they were about 35 per cent smaller than a year ago, and represented 2.6 months' supply on the basis of current consumption.

Although rubber prices continued upward in August, the reaction in security and commodity prices in the second week of September resulted in a decline which wiped out nearly half the gain from the record low point of 2.56 cents established earlier this year. On September 20 ribbed smoked sheets were quoted 3 9/16 cents a pound.

Clothing, Textiles In August and the first half of September the most pronounced improvement occurred in the clothing and textile industries that has been experienced for many months. Buying was extensive in practically all lines and prices of wool, cotton and silk were advanced. Textile mills increased or resumed operations which had long been curtailed or shut down. Textile jobbers experienced a much greater-than-seasonal demand for goods and some difficulty regarding delivery has been reported because of the depleted condition of stocks generally.

Sales of cotton cloth, reported by the Association of Cotton Textile Merchants, were 282 per cent of August's output and unfilled orders increased 113 per cent in the period. Cotton consumption in August, according to the Department of Commerce, was up 44 per cent from July and only five per cent below a year ago. The downward trend in wool and wool goods which has continued for nearly four years was reversed in August when appreciable gains were recorded. Increased use of wool fabrics for women's clothing and the greater popularity of knit clothing has materially benefited the wool industry.

Local clothing manufacturers reported a substantial improvement in September and orders received in the first two weeks by some companies were more numerous and larger than in any similar period in the past year. Though retail sales have shown little change, buyers are anticipating their needs and are replenishing depleted stocks before prices are advanced further. There has

been no material change in the number employed, but the number of hours worked has increased and most plants are operating full-time.

Knitting mills, makers of both outer and underwear, report a radical change in operations, and more activity was shown in early September than for many months. Price advances in cotton and wool, coupled with the fact that the fall season is at hand and the recent popularity of knitted women's clothing caused jobbers and retailers to place larger orders than for some time.

Shoes Although normally there is a seasonal increase in shoe production from July to August, the expansion in the latest month, 30.7 per cent, was considerably greater than the average July-to-August increase of the preceding nine years, and was the largest since 1926.

Sharply advancing hide and leather prices and recently announced higher shoe prices, coupled with the usual seasonal demand, caused a spurt in buying of cheap and medium-priced footwear, though in mid-September a tendency to order some of the better grades was apparent.

Production at 29 factories in this district was 11 per cent less in August than in the same month of 1931, and in the first eight months was down six per cent, but recent reports indicate that sales in September were in such volume as to cause manufacturers further to increase their operations. In the cheaper lines, unfilled orders are quite general and large, and the supply of low-priced leather is limited.

Prime hides in mid-September were quoted at 8 1/4 cents a pound, compared with a low of 3 3/4 cents touched earlier this year. A slight reaction occurred along with the decline in other prices, but on the latest date an increase of more than 100 per cent was still shown.

Other Manufacturing In some of the smaller industries of the fourth district a slight increase in activity was also reported in the latter part of August and the first two weeks of September. Operations at some small plants scattered throughout the district were resumed after Labor Day following shut-downs of varying lengths, but at others very limited activity still prevailed.

Industrial employment in this district touched a new low level in August. In Ohio a decline of five per cent from July was reported in contrast with an average July-August drop of one per cent. Employment at 873 firms was 61 per cent of the 1926 average, a reduction of 19 per cent from a year ago. Over half of the reporting concerns, however, showed no change or an increase in August compared with July. In western Pennsylvania, outside Pittsburgh, a slight improvement was shown, but in all major cities of the district a reduction in the number employed was reported in August.

An encouraging increase in the number of orders received by makers of china and dinnerware in the first part of September caused production to be stepped-up at most potteries. The number of men employed in mid-September was much greater than in August and inquiries for samples and designs were encouraging. In all branches

of the glass industry, practically no change in operations occurred in the past month. A seasonal increase in orders for window glass developed, but buying is hand-to-mouth. Stocks of window glass are the lowest on record.

Paint concerns were more active in the first half of September than a month ago, the number of hours worked by employees being increased until one plant, at least, was working 24 hours a day. The number of orders recently received has increased, though the size of the average order is small. Demand has been chiefly from small miscellaneous concerns. Higher lead and zinc prices have stimulated buying of raw materials.

With activity at the automobile plants quite limited generally, operations at parts and accessory factories were little changed in September from the preceding month. A sizable expansion in the demand for machine tools, particularly repair parts, indicated that factories were resuming or were planning to resume operations, and a slight increase in orders of electrical apparatus was reported, but hardware and foundry products are still being ordered in limited quantities.

Although a slight falling-off in employment in the paper industry occurred in August, a moderate improvement in orders, slightly greater than seasonal, was reported in early September, particularly for boxboard.

Some increased purchases of raw materials not needed for current operations were reported by various industrial concerns, coincident with the reversal of the downward trend of commodity prices.

TRADE

Further declines in retail trade in August were reflected by reports received from large department stores located in the principal cities of the district. In past years the average July-to-August change was an expansion of about 12 per cent, but this year daily average sales in August were up only 3.5 per cent and the seasonally adjusted index dropped from 55 to 51 per cent of the 1923-1925 monthly average. One year ago it was 76, the reduction in dollar sales between the two periods being 32.1 per cent. In the first eight months of 1932 sales were 27.5 per cent smaller than in the same period of 1931.

Retail prices in August were reduced only one-half of one per cent and some of the major groups showed slight increases for the first time in this depression, according to *Fairchild's* indexes, with piece goods, domestics and hosiery advancing during the month.

Reports covering the first half of September revealed an increase in buying which was greater than seasonal. Normally, following Labor Day, there is a spurt in retail sales and this year with commodity prices advancing, favorable weather, etc., sales were more encouraging than for some time. There was a better demand for higher-priced merchandise in many departments, with less "price-shopping" evident.

Little buying to replenish depleted department store stocks was apparent in August, however, an actual decline of two per cent being shown from July whereas in past years an increase of almost three per cent usually occurred. The seasonally adjusted index dropped from

61 to 58 per cent of the 1923-1925 monthly average and was 20.5 per cent lower on September 1 than a year ago.

The volume of credit sales increased slightly from July to August, when compared with total sales, but they continued to be smaller than in the same month of 1931. Collections in August on accounts outstanding at the end of July showed a smaller decline from last year than did those of the preceding month. Collections are behind about 10 per cent. The ratio of basement store sales to total sales continues to run slightly above a year ago.

Chain grocery sales in August were down more from the corresponding period of 1931 than in the preceding months of this year, though the reduction was slightly smaller than in July. Chain drug sales in August were 14 per cent smaller than a year ago and were down 13 per cent in the first eight months.

Although slight increases from July to August were shown by all reporting wholesale lines except hardware, the expansion was less than seasonal in all cases. In the first half of September, however, a very perceptible improvement was generally reported with larger and more numerous orders being received than for many months. A more optimistic feeling was prevalent in wholesale and jobbing circles than has been apparent for some time. Some wholesalers, particularly dry goods, reported difficulty getting supplies from manufacturers. Retailers are reported to have placed some orders for material not immediately needed because of the recent upward movement in commodity prices.

BUILDING

Construction activity in August, both in the fourth district and the entire country, increased from July, contrary to the seasonal movement of past years. In the first half of September, however, a falling-off was shown by the figures of the F. W. Dodge Corporation.

In this district, total contracts awarded in August were valued at \$12,964,000, a slight increase from the July amount, but 25.8 per cent below awards in August, 1931, and 74 per cent below the average August total in the preceding ten years. The average July-to-August change in the ten years 1922-1931 was a reduction of 13 per cent. The falling-off in the value of contracts let in the first eight months of 1932 from the same period of 1931 was 57 per cent.

On a percentage basis, residential building increased about 60 per cent from July to August, but the total volume, \$2,218,000, is still quite insignificant. It was 62.5 per cent below the same month last year and 84 per cent below the average of the preceding ten years. The July-August improvement was in the construction of small homes and therefore a little encouraging. Contemplated projects reported in August were up quite sharply from July, particularly in the residential and commercial classes, but the total volume is still only two-thirds what it was a year ago.

Lumber and building supply dealers reported a very slight improvement in the first part of September from the same period of the preceding month. More orders were received by some companies, chiefly as a result of the upward movement of prices and the better situation which has recently prevailed in the lumber indus-

try as a whole. Orders received by lumber mills throughout the country exceeded production by 58 per cent in the latest week. Stocks at mills are now reported below "normal." Cement shipments were larger in August than in the preceding month.

AGRICULTURE

Although crop prospects for the country as a whole improved slightly in August, conditions in this district were not favorable to the maturing crops and indicated yields declined quite sharply. Combined yield per acre of 33 important crops was reduced four per cent in Ohio during the month, 4.8 per cent in West Virginia, 0.6 per cent in Kentucky and 0.2 per cent in Pennsylvania. Compared with the ten-year average yield of these 33 crops, the current year's production in the entire country is reported to be down 4.5 per cent. In Ohio, the reduction is 7.6 per cent, Pennsylvania 12.4 per cent, Kentucky 6.1 per cent, and West Virginia 20.1 per cent.

Generally, August was a hot month in this section and it is still extremely dry in most localities. Many farmers are hauling water for livestock, and, due to poor pasture, cattle are being fed supplementary rations. Milk production in many herds has fallen off and hens are not laying so well as a year ago.

The accompanying diagram shows that, as a per cent of the average harvest of the seven years 1925-1931, estimated 1932 production of five of the six principal crops of the fourth district was much below average. In the entire country three of the chief crops were better than average, one only slightly below average and two down considerably. The discrepancy from the average of the seven-year period was much greater in the fourth district than in the entire country.

The corn crop in this district did not receive the much-needed rain during August, and the production estimate was reduced 9.5 per cent in the period. The September 1 condition indicated a harvest of only 154,607,000

bushels in this section, compared with a crop of 206,456,000 bushels harvested in 1931, a reduction of about 25 per cent. In the entire country the crop improved about one per cent during August and, on September 1, was estimated to be 2,854,000,000 bushels, an increase of almost 300,000,000 bushels from last year's harvest and of more than 200,000,000 bushels from the five-year average harvest.

The oat crop of the district turned out somewhat better than expected, an increase of 8.5 per cent in estimated yield being made in August. Compared with previous years, however, the crop is very small, though in the entire country it is about average.

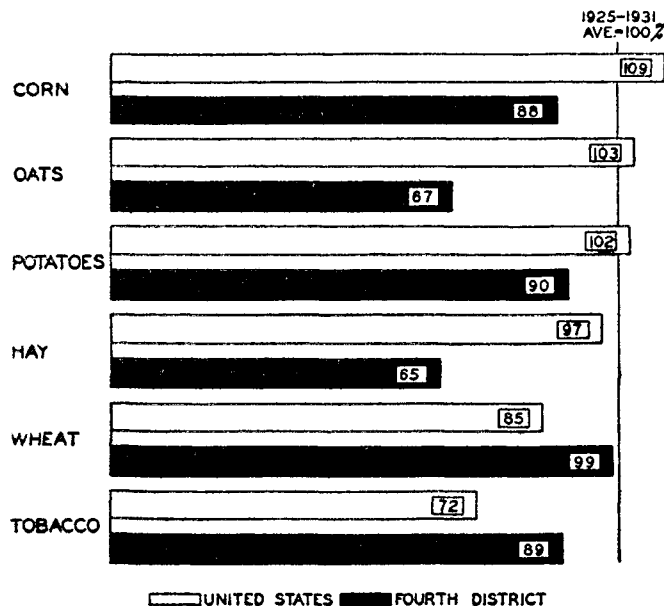
Production estimates of other small grains were further reduced in August and the September 1 condition of barley and buckwheat was materially below last year and the average of the preceding ten years, both in the district and the entire country. Although the estimated hay crop for the entire country is slightly larger than the harvest of 1931, yield per acre in this section this year is estimated to be 20.8 per cent below a year ago. Very few fields produced a second crop of timothy or a third crop of alfalfa and both generally were quite short. Pastures are very poor for this season of the year and need rain very badly.

The potato crop of the district is estimated to be only slightly under the harvest of 1931, but about 10 per cent below the average production of the preceding seven years. Extensive reductions in condition and estimated yields per acre resulted from the precipitation deficiency and the percentage of the crop which will grade U. S. No. 1 no doubt will be much smaller than usual.

Fruit prospects declined in August in this section and the condition of the apple crop on September 1 in Ohio was only 36 per cent of estimated normal as against 94 last year and 49 per cent, the ten-year average. Estimated yield in Ohio is about one-third as large as it was in 1931 and about 30 per cent below the ten-year average. Conditions are somewhat more favorable in Pennsylvania, but are less favorable in Kentucky and West Virginia. The condition of the grape crop changed only slightly in August in Pennsylvania, but declined about 10 per cent in Ohio in the period. Compared with last year's large crop, estimated 1932 production is down 23.8 per cent in Pennsylvania and five per cent in Ohio. In both cases, however, estimated production is considerably above the average of the five years 1924-1928. In the entire country, the crop is reported to be 29 per cent above last year's short crop, but 10 per cent below the average of past years.

Tobacco. Only slight changes in the condition of the tobacco crop occurred in August, the estimate for the district being lowered slightly while prospects for the entire country improved somewhat.

Condition of the burley crop as a whole, regardless of state divisions, increased from 61 per cent of estimated normal on August 1 to 64 per cent on September 1, but compared with 81 per cent of normal on September 1, 1931. Indicated production of burley tobacco, the principal type raised in this territory, was estimated on September 1 to be 350,879,000 pounds. This is 23 per cent below the crop harvested in 1931, but is 22 per



Estimated 1932 production, based on the September 1 condition, as a per cent of the average harvest of the years 1925-1931.

cent larger than the average crop of the five years 1926-1930.

With stocks of burley tobacco about 151,000,000 pounds higher on July 1 than a year ago, the total supply of tobacco (storage stocks plus current production) at the opening of the sales season, from indications, will be about 50,000,000 pounds greater than a year ago. As a single type, the burley crop is in an unfavorable position, but when taken together with other competing types the situation is not so dark.

Estimated production of all types of tobacco on September 1 was 1,027,947,000 pounds, a drop of almost 600,000,000 pounds, or 36 per cent, from last year, and of 27 per cent from the average harvest of the five years 1926-1930. The reduction in flue-cured tobacco, raised chiefly in the Carolinas and Virginia, was very sharp, amounting to more than 50 per cent from the five-year average harvest.

The opening of auction markets in the flue and fire-cured districts was characterized by somewhat higher prices than were received last year, partly because of the small crops. In Georgia the average price received in the first week was \$10.15 a hundred pounds, compared with \$7.33 for the opening week in 1931. The improvement was confined entirely to the lower grades, the better grades bringing approximately the same as a year ago.

The increase in the price of low and medium grade tobacco is said to result from the fact that stocks of these grades have been materially reduced by the recent more general distribution of ten-cent cigarettes.

By mid-September much of the crop in this district had been cut. The weather has been quite favorable for curing and a rather high quality leaf is expected.

Wholesale and Retail Trade

(1932 compared with 1931)

	Percentage Increase or Decrease	
	SALES	STOCKS
	Aug. 1932	Aug. 1932
DEPARTMENT STORES (54)		
Akron.....	-29.6	-9.1
Cincinnati.....	-28.4	-26.6
Cleveland.....	-30.5	-8.8
Columbus.....	-21.7	-24.2
Pittsburgh.....	-38.3	-22.4
Toledo.....	-11.1	-27.2
Wheeling.....	-36.0	-24.0
Youngstown.....	-41.6	-23.9
Other Cities.....	-34.4	-27.4
District.....	-32.1	-20.5
WEARING APPAREL (12)		
Cincinnati.....	-49.2	-32.3
Other Cities.....	-44.1	-36.0
District.....	-46.1	-34.7
FURNITURE (46)		
Cincinnati.....	-48.3	-45.3
Cleveland.....	-54.2	-48.0
Columbus.....	-37.3	-31.9
Dayton.....	-47.0	-26.1
Toledo.....	-37.9	-28.9
Other Cities.....	-45.7	-44.1
District.....	-49.2	-41.3
CHAIN STORES*		
Drugs—District (4).....	-14.0	-13.1
Groceries—District (5).....	-10.4	-8.3
WHOLESALE GROCERIES (37)		
Akron.....	-17.2	-24.6
Cleveland.....	-20.6	-23.7
Eric.....	-25.3	-19.9
Pittsburgh.....	-15.5	-20.4
Toledo.....	-23.2	-20.6
Other Cities.....	-19.8	-21.0
District.....	-20.4	-7.8
WHOLESALE DRY GOODS (11)	-36.9	-39.0
WHOLESALE DRUGS (13)	-16.0	-15.2
WHOLESALE HARDWARE (15)	-31.4	-26.8

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

	Aug. 1932	% change from 1931	Jan.-Aug. 1932	% change from 1931
Fourth District Unless Otherwise Specified	1,430,000	-33.6	13,247,000	-35.5
Bank debits—24 cities.....	631,140	-14.2	649,285 ¹	-14.7
Savings Deposits—end of month: 27 selected banks, O. & Pa.....	71,737	-14.9	662,354	-15.7
Life Insurance Sales: Ohio and Pa.....	9,642	-35.4	83,923	-27.0
Retail Sales: Dept. Stores—54 firms.....	475	-40.1	4,870	-28.8
Wearing Apparel—12 firms.....	363	-49.2	3,674	-41.3
Furniture—46 firms.....	985	-16.0	9,953	-15.2
Wholesale Sales: Dry Goods—11 firms.....	719	-36.9	6,367	-38.3
Groceries—37 firms.....	3,257	-20.4	26,901	-21.9
Hardware—15 firms.....	782	-31.4	7,189	-26.8
Building Contracts—Residential.....	2,218	-62.5	16,054	-69.1
Commercial—Total.....	12,964	-25.8	87,809	-57.0
Commercial Failures—Liabilities.....	6,431	+46.0	61,107	+5.4
Number.....	277 ²	+71.0	2,044 ³	+36.4
Production: Pig Iron, U. S..... Tons	528	-58.7	6,263	-54.7
Steel Ingots, U. S..... Tons	832	-51.5	9,193	-52.0
Automobiles—Pass. Car, U. S.....	75,907 ²	-51.2	901,393 ³	-45.5
Trucks, U. S.....	14,417 ²	-54.6	170,931 ³	-46.6
Bituminous Coal..... Tons	8,062	-32.9	68,491	-32.6
Cement—O. W. Pa., W. Va. Bbls.	650	-49.8	3,359	-56.9
Electric Power—O., Pa., Ky. k.w.h.	962 ²	-11.6	7,012 ⁴	-11.3
Petroleum—O., Pa., Ky. bbls.	1,952 ²	+7.4	13,373 ⁴	+0.9
Shoes..... Pairs	8	-11.0	8	-6.0
Tires, U. S..... Casings	2,903 ²	-26.6	22,159 ⁴	-17.7
Bituminous Coal Shipments: Lake Erie Ports..... Tons	3,542	-30.7	12,582	-32.8
Lake Erie Ports..... Tons	619	-80.8	1,245	-86.8

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

Debits to Individual Accounts

(In Thousands of Dollars)

	5 weeks ending Sept. 21, 1932	% change from 1931	Year-to-date		% change from 1931
			to Dec. 31, 1931	to Jan. 1, 1932	
Akron.....	48,159	-47.1	446,116	710,502	-37.2
Butler.....	6,603	-23.4	53,981	76,309	-29.3
Canton.....	18,139	-52.6	159,078	320,685	-50.4
Cincinnati.....	238,409	-27.8	2,168,106	2,968,410	-27.0
Cleveland.....	385,772	-43.2	3,682,083	5,825,041	-36.8
Columbus.....	96,386	-31.2	861,339	1,390,623	-38.1
Dayton.....	43,530	-42.4	392,900	687,751	-42.9
Eric.....	18,774	-45.9	187,069	277,505	-32.6
Franklin.....	2,717	-38.8	24,961	33,946	-26.5
Greensburg.....	5,377	-38.5	47,529	75,319	-36.9
Hamilton.....	7,446	-42.3	68,583	99,239	-30.9
Homestead.....	2,106	-49.1	20,546	34,379	-40.2
Lexington.....	13,403	-26.2	138,701	175,101	-20.8
Lima.....	9,122	-26.3	71,321	95,084	-25.0
Lorain.....	3,014	-52.6	27,211	44,540	-38.9
Middletown.....	5,814	-36.9	50,689	78,914	-35.8
Oil City.....	9,996	-29.1	80,159	110,012	-27.1
Pittsburgh.....	477,257	-35.8	4,533,398	6,700,644	-32.3
Springfield.....	12,419	-33.0	105,313	161,469	-34.8
Steubenville.....	5,474	-45.0	47,002	75,757	-38.0
Toledo.....	76,386	-17.6	658,946	1,224,679	-46.2
Warren.....	4,531	-28.5	39,308	74,120	-47.0
Wheeling.....	28,752	-31.1	235,902	325,439	-27.5
Youngstown.....	26,040	-53.6	237,885	464,475	-48.8
Zanesville.....	6,457	-28.4	50,870	78,377	-35.1
Total.....	1,552,083	-37.1	14,388,996	22,108,320	-34.9

Fourth District Business Indexes

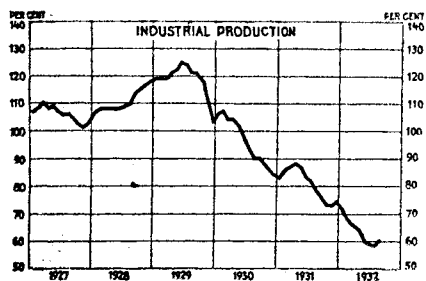
(1923-1925 = 100)

	Aug. 1932	Aug. 1931	Aug. 1930	Aug. 1929	Aug. 1928
Bank Debts (24 cities).....	53	79	100	131	114
Commercial Failures (Number).....	190	111	99	80	107
“ (Liabilities).....	146	100	72	46	96
Sales—Life Insurance (Ohio & Pa.).....	86	101	112	126	115
“ —Department Stores (55 firms).....	43	64	75	86	80
“ —Wholesale Drugs (13 firms).....	69	83	95	113	111
“ —Dry Goods (10 firms).....	28	45	61	95	95
“ —Groceries (37 firms).....	56	70	97	106	101
“ —Hardware (14 firms).....	37	56	74	92	89
“ —All (74).....	49	65	86	102	99
“ —Chain Drugs (3 firms)**.....	70	81	91	95	94
Building Contracts (Total).....	27	37	71	130	106
“ (Residential).....	13	34	47	84	83
Production—Coal (O., W. Pa., E. Ky.).....	45	66	82	100	89
“ —Cement (O., W. Pa., W. Va.).....	54	108	167	170	182
“ —Elec. Power (O., Pa., Ky.)*.....	115	130	136	151	123
“ —Petroleum (O., Pa., Ky.)*.....	106	98	116	130	113
“ —Shoes.....	90	101	99	115	130

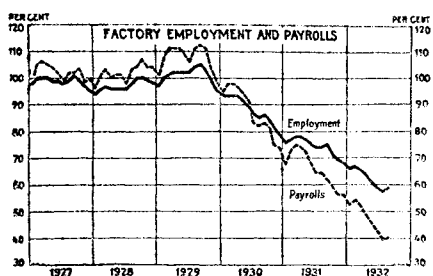
*July
**Per individual unit operated.

Summary of National Business Conditions

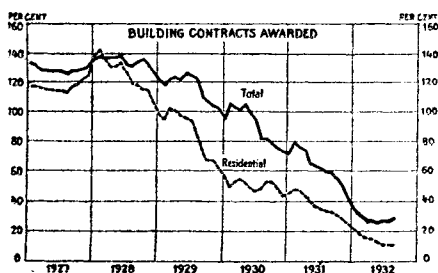
By the Federal Reserve Board



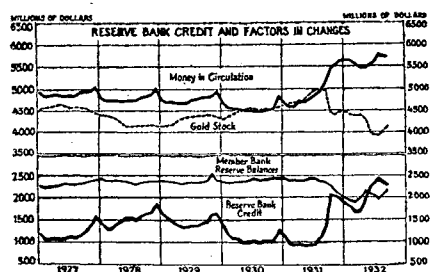
Index of industrial production, adjusted for seasonal variation, (1923-1925 average = 100)
Latest figure, August, 60.



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 = 100) Latest figures, August, Employment, 58.6; payrolls, 40.1.



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 figures, August, total, 29; residential, 11.



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

Volume of industrial production increased from July to August by considerably more than the usual seasonal amount, reflecting chiefly expansion in activity at textile mills. Wholesale prices advanced during August and the general level prevailing in the first three weeks of September was somewhat higher than in other recent months. There was a further growth in the country's stock of monetary gold and a non-seasonal return flow of currency to the reserve banks.

Production and Employment

Industrial output increased substantially in August and the Board's seasonally adjusted index showed an advance from 58 to 60 per cent of the 1923-1925 average. Activity at cotton, woolen, silk and rayon mills increased from the low level of other recent months by considerably more than the usual seasonal amount, and there was also a substantial increase in activity at shoe factories. Output of automobiles, however, declined further and production in the steel and lumber industries showed none of the usual seasonal increase in August. During the first three weeks of September there was a slight advance in steel output.

Employment at factories increased slightly more than is usual at this season. There were large additions to working forces in the textile, clothing and leather industries, while in the automobile, tire and machinery industries and at car-building shops the number employed decreased further. Aggregate wage payments increased less than seasonally.

Building contracts awarded up to September 15, as reported by the F. W. Dodge Corporation, indicate that for the third quarter the total value of contracts will be about the same as for the second quarter, whereas usually awards for the third quarter are smaller. Currently, contracts for public works are a considerably larger part of the total than they were at the beginning of the year and residential contracts are a smaller part.

Department of Agriculture crop estimates based on September 1 conditions indicate little change in prospects during August. Indicated crops of wheat and tobacco are considerably smaller than in other recent years, while the corn crop is the largest since 1925. The cotton crop is estimated at 11,300,000 bales, a decrease of about 6,000,000 bales from the large crop of a year ago.

Distribution

Volume of merchandise and other freight handled by the railroads increased seasonally during August, while during the corresponding period a year ago no increase was reported. Department store sales of merchandise increased from July to August by somewhat less than the usual seasonal amount.

Wholesale Prices

Wholesale commodity prices advanced from 64.5 per cent of the 1926 average in July to 65.2 per cent in August, according to the monthly index of the Bureau of Labor Statistics. During August prices of many leading commodities including textile raw materials and finished products, wheat, hides, non-ferrous metals, sugar, rubber and coffee increased substantially. In the first half of September there were declines in the prices of many of these commodities, while prices of wool and woolen goods, cattle and hides advanced.

Bank Credit

During the recent weeks further growth in monetary gold stock, a return flow of currency from hoards, and new issues of national bank notes have resulted in additions to the reserve funds of member banks. These banks have employed a part of the funds in further reducing their borrowings at the reserve banks, and have accumulated a part as reserve balances, which at the present time are more than \$300,000,000 in excess of required reserves. Reserve bank holdings of United States Government securities and of acceptances remained practically unchanged during the four weeks ending September 14, while the total reserve bank credit declined by \$43,000,000 through the reduction of discounts for member banks.

Loans and investments of reporting member banks in leading cities showed little change between the middle of August and the middle of September. A further decline of more than \$150,000,000 in loans by banks outside New York city during the past four weeks was offset in large part by continued increase in investment holdings, chiefly at member banks in New York city. There was a considerable growth in deposits of reporting member banks, reflecting in part larger balances held by city banks for the account of other banks.

Money rates in the open market remained unchanged at low levels during August and the first half of September.