



MONTHLY BUSINESS REVIEW

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Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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The improvement in general business activity discernible in the first half of September continued in the latter part of the month and the first half of October, both in the fourth district and the entire country. The expansion in most lines was greater than seasonal and was encouraging since, at this time in the three preceding depression years, the trend of general business was downward despite the fact that there is usually some improvement in the fall.

The accompanying chart shows the extent of the advance in industrial production in the entire country, based on the Federal Reserve Board's index, and in distribution, as reflected by this bank's weekly index of carloadings, both seasonally adjusted on a 1923-1925 base. Industrial production advanced from a low point of 58 in July to 60 in August and 66 in September. Carloadings rose from a low of 48 in the first week of August to 58.4 in mid-October, after allowing for the fact that normally in the fall of the year there is an expansion in loadings as movement of coal, crops, miscellaneous freight, etc., reach their peak. Carloadings in the latest week were only 14.6 per cent below the corresponding week of 1931, whereas the loss for the year to date was 26.4 per cent. Some increase in the use of electric power was reported in this section, but the declines from a year ago continue to be larger than in other parts of the country.

The improvement in this district was somewhat slower than in the entire country because of the dependence of so many local factories on the automobile industry, which

showed a contraction in September and the first part of October and was operating at the lowest level for this season since the war.

The downward trend of employment was reversed in September, however, both in the district and the entire country and payrolls expanded slightly in the month and the first part of October. The greatest increases were reported in the metal products, stone, clay and glass, textile and shoe industries, with reductions at rubber and automobile factories.

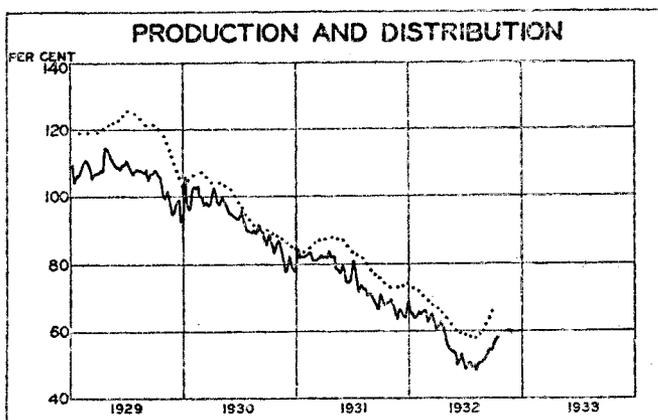
A sizeable increase in fourth district department store sales was recorded in September, the seasonally adjusted index advancing from 51 to 57 per cent of the 1923-1925 monthly average. Wholesale sales also improved, though dollar value of both continues to be about 25 per cent below a year ago.

In the financial field the contrary-to-seasonal reduction in money in circulation continued in late September and the first part of October, indicating that hoards were still being reduced. Credit extended by member banks in leading cities of the country was increased largely through holdings of Government securities, though the volume at banks in this district was little changed in the four latest weeks. At all reserve banks, member bank indebtedness was reduced sharply and reserve balances were increased as a result of gold imports and a return flow of currency, though little change in the four latest weeks was recorded in these items at the Federal Reserve Bank of Cleveland.

Iron and steel production increased by considerably more than the usual seasonal amount in September and the improvement continued at a moderate rate in the first half of October, though output is still very much below former years. Coal production increased sharply in September, output being 18 per cent below the same month of 1931, whereas the nine-month reduction was 31 per cent. The improvement continued in the first two weeks of October.

The value of building contracts awarded in this district in the third quarter was larger than in the second quarter, though usually there is a seasonal decline. The favorable trend also was apparent in the first part of October, though the value of awards is still very much below the average of past years.

Clothing production in early October was at the highest level in many months and shoe production in September was above the same month last year.



Solid line—weekly index of car loadings, Federal Reserve Bank of Cleveland. Broken line—monthly index of industrial production, Federal Reserve Board. Both curves adjusted for seasonal variations. (1923-1925 = 100)

Despite the increases in the various lines, there were few indications in September of any expansion in inventories, other than seasonal. Department store stocks at the month-end were smaller than at the close of August and most orders, either from wholesalers, jobbers or retailers, are for immediate delivery and chiefly for current needs.

FINANCIAL

Changes in condition of reporting member banks in leading cities of this district in the four weeks ended October 19 consisted largely of an increase in holdings of Government securities and a drop in loans. There was little change in the demand for credit from the reserve bank. Three small banks were closed in the first 28 days of October, compared with four in September, but two suspended banks resumed operations in the month and two new banks were organized to take over the business of banks previously closed. In the three months August to October deposits of reopened banks amounted to \$25,741,000, while deposits of banks suspended in that period totaled \$2,191,000. In addition, deposits (figures for which are not available at the present time) of newly organized banks which took over some assets and liabilities of previously suspended institutions, should be added to the former figure. Reorganization plans of other suspended banks are being pushed forward.

Savings deposits at selected banks in western Pennsylvania increased slightly in September, but the decline of 0.2 per cent in savings deposits at Ohio banks caused a slight reduction in the combined figure. Compared with a year ago savings deposits were down 13 per cent on September 30.

There were 220 commercial failures in this district in September, an increase of 33 per cent from the same period of 1931. In the first nine months failures were 36 per cent more numerous than in the corresponding interval of last year. Liabilities of the defaulting concerns have not shown so large an increase, being up only seven and six per cent, respectively, in September and the first nine months from similar periods of 1931.

Reserve Bank Credit. On October 19, total bills and securities of the Federal Reserve Bank of Cleveland were about \$2,300,000 higher than in the third week of September, the increase being entirely in loans to member banks. Last year at this season, when bank failures were at their peak, member banks were borrowing approximately \$100,000,000, but these loans have gradually been reduced until on the latest report date they are only \$30,000,000, slightly above the low point of the year reached on September 21. Credit extended to member banks in this district at present is evenly divided between country and city banks, but the decline in the past year has been more pronounced in the case of banks in leading cities whose borrowings dropped \$50,000,000 to only \$15,000,000, whereas country banks reduced their borrowings \$12,000,000 from \$27,000,000 a year ago.

Holdings of acceptances and Government securities remained unchanged in the past four weeks. Practically no offerings of the former have been made to the reserve banks despite the very low buying rate that has pre-

vailed. At this season of the year reserve bank holdings of acceptances, which are extensively used to finance crop movements, are usually at or near the high point of the year. In recent months member bank demand for short-term liquid investments has been very great, accompanied by unusually low short-term interest rates.

The decline in hoarding, which is evident throughout the country, was quite apparent in this district in the four latest weeks. Normally, at this season, there is a slight increase in demand for currency as reflected in circulation of Federal reserve notes, but between September 21 and October 19 a reduction of about \$9,000,000 in Federal reserve note circulation occurred. There was only a slight increase in new national bank note circulation in the period, as permitted by a provision of the Federal Home Loan Bank Act. At \$275,000,000 on the latest date, circulation was \$21,000,000 lower than a year ago and \$50,000,000 lower than at the beginning of 1932.

Reflecting irregular movements in deposits at member banks, reserve deposits increased over \$3,000,000 to \$146,866,000 on October 5, the highest since the first week in January. In the two following weeks a slight reduction occurred and, compared with a year ago, reserve deposits were down about \$14,000,000, a result of the recent falling-off in deposits at member banks.

Member Bank Credit. The volume of credit extended by reporting member banks in leading cities fluctuated somewhat in the four weeks ended October 19, increasing at times of Treasury financing as member bank investment portfolios were expanded, but contracting slightly in the second and third weeks of October as the decline in loans exceeded the increase in investments. Despite the decrease, total credit extended, at \$1,932,000,000 on October 19, was \$29,000,000 above the low point touched on September 14. For some time the volume of credit outstanding has been maintained through purchases of securities, largely Government bonds, though investments in other securities increased slightly in the four latest weeks.

Since the first of the year reporting member banks in this district have increased their investments in Government securities by over \$100,000,000, or about 28 per cent. At the same time total loans have declined by slightly more than \$150,000,000, and other investments by about \$20,000,000, a net reduction in total credit extended of about \$70,000,000, or 3.5 per cent.

Member bank purchases of Government securities offset a large part of the decline in loans and other investments in the first eight months of the year and have accounted for most of the increased volume of credit extended since the early part of September. Though yields on these securities are unattractive, member bank credit thus is being indirectly supplied to many users.

Demand deposits of reporting member banks increased in the closing week of September and the first two weeks of October to \$350,000,000, which was \$24,000,000 above the low point of August, a sizeable increase in view of the fact that loans have declined continually during the period. A rather sharp reduction of \$8,000,000 was reported in the week of October 19.

Time deposits, which had worked upward gradually from the low point of July to a peak in late September, were reduced quite sharply in October to the lowest level yet recorded in this depression.

MANUFACTURING, MINING

Employment The downward trend of employment in this district was reversed in September, judging by figures that are available, and the upward movement continued in the first part of October. The index of Ohio industrial employment, as compiled by the Ohio State Bureau of Business Research, was two per cent higher in September than in August, whereas the average change from August to September in past years is a decline of one per cent. This is the first month in which there has been a greater-than-seasonal improvement since the depression began in 1929. Of 840 cooperating firms, 373 showed an increase and 128 reported no change in September. In the various sections of the district, employment in Cincinnati, Cleveland, Toledo, and Stark County, showed a greater-than-seasonal increase. Akron and Columbus reported just about the usual change, while at Pittsburgh a decline was shown. In Pennsylvania, as a whole, employment increased four per cent and payrolls eight per cent in the month.

In many industries the number of hours worked increased so that payrolls were larger in September than in August by more than the usual seasonal amount, but they were still very much smaller than a year ago.

For the United States, as a whole, the seasonally adjusted employment index of the Federal Reserve Board advanced to 60.3 per cent of the 1926 monthly average in September. The low point touched in July was 58.3.

Iron and Steel The improvement in the iron and steel industry, which set in immediately following Labor Day, continued through the third week of October. By easy stages, production of steel, for the country as a whole, expanded from 17 per cent to about 20 per cent during the past month. Fourth district producers contributed to this rise, operations at Youngstown mills advancing from 16 to 19 per cent and Pittsburgh mills from 16 per cent to 17, while Cleveland producers remained steady at 23 per cent.

This betterment resulted almost entirely from an increased flow of orders from small and moderate-sized consumers, the demand being largely for purposes of immediate consumption, but also including a slight amount for inventories.

A very cautious attitude was evidenced by automobile manufacturers in the extremely gentle rise in the activity of fourth district mills from September 15 to the third week of October. The tendency was, as production on 1933 models began, to produce only a minimum for dealer and January show requirements. Numerous building projects financed directly or indirectly by public funds were maturing, but the steel requirements were slow reaching the rolling stage. Most promise for the immediate future was in connection with the railroads.

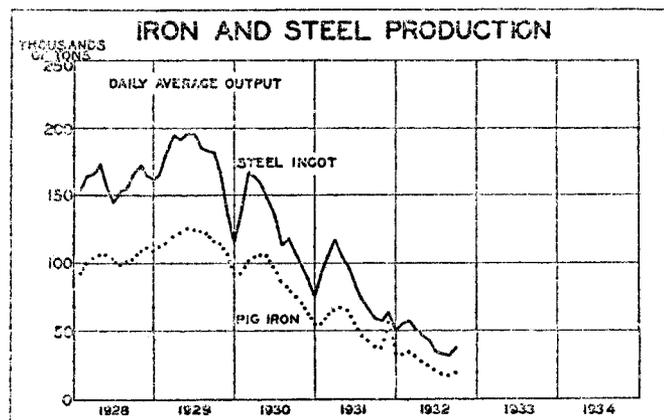
A very favorable expansion in the iron and steel situation was reflected in statistics covering September operations, but some of the significance is lost because of the very low level from which improvement began. The daily average rate of production of both pig iron and steel ingots increased for the first time since February and it was higher than since June in the case of pig iron and since May in the case of steel. A net gain of five in the number of furnaces actively in blast in September, to 17 out of a potential 295 in the entire country, presaged a further gain in pig iron production in October.

Steel ingot production, at 37,502 tons a day, was 21.6 per cent higher than in August and the gain contrasted with a slight decrease at that time in most past years. Despite the increase, unfilled orders expanded slightly for the second consecutive month. Total production for the period, 975,067 tons, was 36.9 per cent below September, 1931, whereas output in the first nine months, 10,167,765 tons, was more than 50 per cent smaller than in the same period of last year.

Pig iron production, which was 11¾ per cent greater in September than in August, was still 49 per cent below the same month of 1931. The increase from the preceding month was contrary to seasonal and, with the exception of February, was the first advance since April, 1931. The daily average rate was 19,788 gross tons, compared with 17,035 tons in August and 38,947 tons in September, 1931. Production in the first nine months was 6,856,487 tons as against 15,008,033 tons in the same period last year.

The iron and steel composite of the magazine *Steel*, which remained at \$29.32 on October 22, the same as a month earlier, did not reflect the \$3 reduction in the price of rails which had been \$43 a ton since 1922. The scrap composite, due to a slight technical reaction, eased from \$7.12 to \$6.96.

Coal From a low point in early July, production of bituminous coal in the entire country has increased sharply until in mid-October output was only 3.2 per cent below the corresponding week of 1931. October is usually the month of highest coal production and this year, according to reports, orders for coal shipped by boat on the Great Lakes, which were much smaller than usual in earlier months of the year, have increased recently and overlap demand for



consumer coal for heating. Industrial demand for coal has not shown much change recently and there is little evidence of any buying for stock piles.

Coal prices, particularly on domestic grades, have advanced recently, but the market for steam grades is quite dull.

In the fourth district, output in September was 10,128,000 tons, an increase of over 25 per cent from August, considerably more than the usual seasonal amount. Compared with a year ago production was still down 18 per cent, and was only 56 per cent of the monthly average in the three years 1923-1925; in the first nine months of this year coal production was 31 per cent below the same period of 1931.

Shipments of coal from Lake Erie ports amounted to 3,822,000 tons in September, a reduction of 19 per cent from last year. For the year to date such shipments were down 30 per cent.

Automobiles Curtailment of automobile production in September and the first three weeks of October was unusually sharp and output dropped to the lowest level for that time of year since the war. Unusually early preparations for the annual automobile shows and introduction of new models caused nine plants to be closed or operated on very irregular schedules in the first part of October, and actual output, according to *Cram's* reports, was only 11,181 cars and trucks in the latest weekly period. Allowing for seasonal changes, the *Annalist* index was 16.6 per cent of estimated normal, the lowest point yet touched. Assemblies of new models are very slow getting under way.

Retail sales, though being very depressed, were larger in September, on the basis of preliminary returns, than production, and the reduction from August was slightly less than the usual seasonal amount. Commercial car sales, after allowing for seasonal variations, showed an increase of about eight per cent in September.

The trend of production in September, so far as truck and passenger car output was concerned, was irregular. According to the Department of Commerce, passenger car output totaled 64,748 units as against 75,907 in August and 109,228 in September, 1931. The reduction from a year ago was 40.7 per cent and in the first nine months output was off 45 per cent. The falling-off from August was slightly more than seasonal and the Board's adjusted index was 21 per cent of the 1923-1925 monthly average, a drop of one point from August.

Truck production, however, increased quite sharply in September, output being 19,393 units against 14,417 in August. This caused the seasonally adjusted index to advance from 36 per cent of the 1923-1925 average in August to 49 in September. Compared with a year ago the number of commercial cars made was down 38 per cent in the month and 46 per cent in the nine-month period.

Manufacturers of parts and automobile steel in this district received a few orders for new-model material, but volume orders are almost unheard of. Operations of local concerns continue at from 25 to 50 per cent of capacity.

Tires, Rubber

Replacement tire sales in September, according to reports from principal manufacturers, were larger than expected, the gain from the preceding month being about 20 per cent, whereas sales in September are usually smaller than in August.

The tire industry in the past few months has been very much affected by the price situation. August sales were 46 per cent below the same month last year, based on shipments made by companies representing 80 per cent of the industry. This reduction was larger than might have been expected because of the heavy replacement sales in June in anticipation of the price increase which actually did not materialize until September 12. Dealers stocked very heavily at that time, replacement sales amounting to over 8,500,000 tires in June. This September price advance no doubt had some effect on sales during the month, particularly the early part, and stocks of dealers were enlarged to some extent. It is generally felt in the trade that the trend of tire prices is upward.

In the first part of October sales were showing a seasonal decline and demand for original equipment was very limited as activity in the automobile industry dropped to the lowest level since the war.

Consumption of crude rubber by manufacturers in the United States amounted to 22,491 long tons in September. This was an increase of 0.5 per cent from August, but was 5,000 tons below imports of 29,509 tons. Imports were 13.8 per cent below August, 1932, and down 27 per cent from September a year ago. Domestic stocks on September 30 were estimated to be 365,789 tons, an increase of 43.8 per cent from the same date in 1931.

Employment at Ohio rubber concerns declined six per cent from August, in contrast with a five-year average drop of three per cent. Five companies showed an increase, but reductions were reported by the majority of organizations cooperating with the Ohio State Bureau of Business Research.

August production figures (the latest available) for 80 per cent of the tire industry, as reported by the Rubber Manufacturers' Association, show that production was 21 per cent below August, 1931, and in the eight months was down 18 per cent. Inventories of manufacturers on August 31 were 25 per cent smaller than a year previous. Stocks are lower for this time of year than since 1924.

Rubber prices have declined in recent weeks and in mid-October were barely one-half cent above the all-time low, touched in June. It is reported that the price advance in August and September caused an increase in native production. The fact that imports continue in excess of consumption is one of the chief causes of price weakness.

Clothing Textiles

Production of clothing at plants in this district continued at the highest rate for many months in the latter part of September and the first half of October. Most plants were operating full time and some were working overtime in order to keep up with demand. Inability to get the required materials from textile mills in sufficient quantities has been hampering operations to some extent. Employment at

42 Ohio concerns increased 14 per cent in September, in contrast with an average increase of two per cent in the preceding five years. Compared with the same month a year ago, the number employed was still down ten per cent.

The upturn in clothing production is partly seasonal in character and should have developed about two months earlier. It apparently has not been the result of any marked change in consumer buying, for dollar sales of men's clothing in September in this district were 31 per cent below the corresponding month of 1931 and women's clothing sales were off 26 per cent in the same period. The fall in prices in the past year accounts for a considerable part of the decline, possibly 15 or 20 per cent, according to *Fairchild's* index, but actual unit sales continue to lag. A moderate seasonal increase in sales was reported, but it has amounted to little more than that.

Manufacturers report little evidence of retailers increasing inventories, but they are obliged to replenish moderately to take care of current business. Orders are chiefly for immediate delivery, indicating that stocks are low.

Wholesale prices of finished clothing have advanced in some instances as a result of the firming in textiles and raw materials.

Other Manufacturing Reports from some of the smaller industries of the fourth district revealed that a slight expansion had occurred in operations in September and that the upward movement was continued in the first part of October. While, in most cases, the increases were seasonal in character and only slightly more than that in amount, the present trend is altogether different from what it was at this time in the preceding three years of depression. Conditions are still spotty and far from normal, but the fact that even seasonal improvement has been felt was encouraging to producers in this section.

Employment in the metal trades in most principal cities of the district increased in September, though slight reductions were reported at Pittsburgh and Columbus. For the state of Ohio the increase was four per cent from August in contrast with a five-year average drop of two per cent. One large automobile parts manufacturer said that October payrolls would exceed September by 85 per cent. While there is no noticeable tendency for buyers to stock up, orders for immediate delivery have expanded somewhat. Opening of railroad repair shops in many localities resulted in some buying of material for this type of work. Engineering specialties and machinery were in slightly better demand in September than a month ago.

Rehabilitation projects and replacement of worn out equipment is reported to have caused a slight increase in the demand for electrical materials, and buying of electrical consumers' goods was better in September than in August.

Paint manufacturers are somewhat divided in their opinions. Requirements of the trade changed only slightly in the first half of October, though sales continue to be larger than in the summer months. Little tendency for dealers to stock up is apparent, partly because of the fluctuations in prices of raw materials, particularly pig lead. A moderate increase in demand for industrial paints, which indicated greater activity at plants making articles to which

paint is applied, was reported, but a seasonal drop in demand for paints used for maintenance was felt.

Purchases of paper and boxboard expanded in September, one large company reporting sales of the latter 69 per cent above July, the low point. Orders for high-grade paper improved in September, but a slackening in the first half of October was noticed.

In the stone, clay and glass industry, employment was five per cent higher in September than in August, while in preceding years little change occurred at that time. Operations continue very much below past years, but sales in September were up slightly more than the usual seasonal amount. Plate and window glass sales are irregular, the former being depressed by the low level of operations in the automobile industry and the better class of building. Rolled glass demand increased in September. Buyers insist on immediate delivery indicating that stocks are low. The price situation has improved considerably. Demand for pottery and chinaware has changed only slightly in the past month. Little advance buying in preparation for Christmas is discernible. Brick and tile production continues at very low levels; recently, however, the price situation showed some improvement.

Although conditions in the shoe industry have been improving for some time, September was the first month since February in which output of the 29 establishments in this district exceeded the same month of 1931. Production was two per cent greater than in August, whereas the average change in the preceding nine years was a reduction of almost eight per cent. Compared with last year, production was up 3.5 per cent in September, but was down 4.7 per cent in the nine-month period. There is little evidence that retailers are increasing their stocks and prices continue quite steady. Hide prices were weaker in October, but substantially above the low point touched earlier this year.

TRADE

Retail trade, as reflected by sales of 55 department stores in this district, increased considerably more than the usual seasonal amount and the adjusted index advanced from a record low of 51 in August to 57.2 per cent of the 1923-1925 monthly average in the latest period. This was the first greater-than-seasonal increase since early spring and in all cities except Cleveland, where an unusual situation prevails, sales in September showed a smaller reduction from the same month of 1931 than the percentage loss for the year to date.

According to *Fairchild's* index, retail prices showed no change in September from the preceding month, the first halt in the downward trend of prices in this depression. Slight increases were even recorded for house furnishings, women's apparel and yard goods. The generally recognized fact that prices were unusually low, and that, with wholesale prices advancing, they probably were at the bottom, the slight increase in employment and payrolls, the depleted condition of consumers' goods and favorable weather all contributed to the larger amount of retail purchases during the month.

Sales in September were 25 per cent below the same month of 1931, but prices are reported to be down about 16 per cent in the same period. The reduction in the first nine months was 27 per cent.

Except in a few individual cases there was no evidence of expanding department stores stocks. On September 30 they were valued at 24.5 per cent less than on the same date of 1931, the 7.8 per cent increase from August being less than seasonal and the adjusted index dropped to 57.5 per cent of the 1923-1925 monthly average, a new low point.

Charge sales increased slightly more than seasonally, but the ratio of credit to total sales was still smaller than a year ago, the reduction being more pronounced in the case of installment sales than in regular charge sales.

The percentage of all accounts receivable on August 31 which were collected in September was about on a par with the preceding month and only slightly below last year. It amounted to only 26 per cent, however, with the collection ratio on 30-day accounts being 29.6 per cent.

Wholesale sales in the four reporting lines increased in September by slightly more than the average August-to-September change in past years. Despite the improvement, which was well distributed, dollar sales for all lines were only 56 per cent of the 1923-1925 monthly average and were about 23 per cent below the same month of 1931.

BUILDING

Public works and utility contracts let in this district in September accounted for over half the total value of building in the period. Highway construction, undertaken partly as a relief for unemployment, was more active than in the same month of 1931. Other public construction was of minor importance.

Total contracts awarded in this district in September were valued at \$10,551,000, a reduction of over \$2,000,000 from August, and of 45.5 per cent from the corresponding month of 1931. Residential building held up rather well, compared with August, but was less than half what it was in September last year and totaled only \$2,212,000. In the first nine months of this year residential building has fallen behind the same period of 1931 by 67 per cent. All construction was down 56 per cent in the nine-month comparison.

The value of building started in this district in the third quarter was higher than awards in the second quarter and the figures for the first half of October continued to show a favorable movement. Awards in the latter period were larger than in the same interval of 1931 and were about on a par with the September figures. Relatively large awards for public and non-residential construction buoyed up the total figure.

Little change is reported by dealers in this district either in the consumer demand for lumber or in purchases to replenish stocks. Price increases on low grade soft lumber and some hardwoods were made, but higher grade soft lumber prices remain unchanged. Buying of lumber for other than building purposes increased in September.

AGRICULTURE

Drought conditions, which have prevailed throughout most of the fourth district this summer, were alleviated by general rains in the closing week of September and early October. Sowing of winter wheat was retarded

somewhat because of the dry condition of the soil, but it was in full swing in early October. Although weather conditions might have affected the acreage planted, the August intention report of the Department of Agriculture showed that farmers in this district had in mind planting a larger acreage of winter wheat than was sown a year ago. In Ohio the increase was reported to be 157,000 acres, but this was offset to some extent by reductions in Kentucky and Pennsylvania. Compared with the five-year average, the intentions' report showed a considerable reduction, both in the states of the district and the entire country.

Prospective yields of principal crops were revised upward by the October 1 crop report of the Department of Agriculture, the increase in September being greater in the states of the fourth district than in the entire country. Acreage yields in Ohio were advanced 2.7 per cent in the month, but were still about five per cent below the ten-year average. Kentucky yields, which were increased one per cent in the month, were also five per cent below average. The estimate of West Virginia crops was raised 2.3 per cent in September, but the October 1 figure was 18 per cent below the ten-year average. In Pennsylvania, crops improved one per cent in the month, but they were still more than 11 per cent below the ten-year average 1919-1928.

The fourth district corn crop was estimated to be 160,914,000 bushels, on October 1, an increase of about four per cent in the month, but still 22 per cent below the large crop harvested last year. Corn matured somewhat earlier than usual this year and harvesting was completed under quite favorable conditions. In some sections of the district the crop is inclined to be a little light and chaffy because of forced maturity.

The potato crop was materially benefited by the rains and yields are turning out to be better than expected in several sections of this district where estimated production on October 1 was 19,156,000 bushels, slightly less than last year's crop, but an increase of seven per cent from a month ago. The Ohio crop is estimated to be larger than the one harvested a year ago, but the relatively poor crop in Pennsylvania reduced the district figure. Harvesting was retarded by rains in October and considerable insect damage is reported.

Pastures improved slightly in September, but at 52 per cent of normal in Ohio, 39 per cent in Pennsylvania, 47 per cent in West Virginia and 73 per cent in Kentucky, the October 1 condition was from seven to 44 per cent below the ten-year average October 1 condition. Milk production was down slightly from last year, despite more grain feeding.

Apple prospects declined in September, both in this district and the entire country. Disease and insects have done considerable damage due to neglect in regard to spraying because of insufficient funds. This, together with dry weather and failure to follow the usual practice in fertilizing, was responsible for much of the undersized, low grade and unmarketable fruit. The total crop in Ohio is estimated to be 57 per cent of an average crop with condition only 34 per cent of estimated normal. The crop in Pennsylvania on October 1 was 49 per cent, and in West Virginia 33 per cent of normal. In the

entire country indicated production was 133,824,000 bushels as against 202,415,000 bushels in 1931.

Grape prospects improved somewhat in September, particularly in the Lake Erie belt, and estimated yield in Ohio was 31,938 tons on October 1, compared with 31,000 tons harvested last year and 22,390 tons, the five-year average. The Ohio crop, with a condition of 89 per cent of normal, was much better than the crop in any other state.

Tobacco Tobacco in this district was cut and housed under quite favorable conditions and present indications point to a crop much superior in quality and color to last year's crop. In general, however, this year's harvest is short because of the drought, and the leaves are thinner than usual, thus affecting the yield. The Government estimate of burley production was reduced 12,000,000 pounds in September to 338,023,000 pounds on October 1. This compared with 456,181,000 pounds harvested in 1931, but was still about 20 per cent above the average harvest of the five years 1926-1930. Indicated acreage yield of burley tobacco was 769 pounds.

Production of Miami Valley cigar leaf tobacco is estimated at 21,533,000 pounds, almost identical with the average harvest, but only two-thirds as large as the 1931 crop.

As the selling season approaches, there is a general feeling of optimism among growers and tobacco men in regard to prices. This is based, of course, on the fact that the tobacco crop for the entire country is very small, 37 per cent below last year's harvest and 22 per cent under the five-year average; that the burley crop is much smaller than last year (it still exceeds the annual disappearance of this type); and that the quality of the leaf is high.

Wholesale and Retail Trade

(1932 compared with 1931)

	Percentage Increase or Decrease		
	SALES Sept., 1932	SALES First 9 months	STOCKS Sept., 1932
DEPARTMENT STORES (54)			
Akron	-22.6	-26.0	-12.0
Cincinnati	-17.2	-24.2	-29.6
Cleveland	-32.1	-25.7	-22.5
Columbus	-20.3	-22.3	-22.3
Pittsburgh	-26.6	-30.3	-26.2
Toledo	-5.6	-23.5	-19.9
Wheeling	-23.5	-31.2	-22.5
Youngstown	-23.6	-32.3	-21.2
Other Cities	-20.8	-28.1	-30.7
District	-24.9	-27.2	-24.5
WEARING APPAREL (12)			
Cincinnati	-16.4	-27.5	-35.6
Other Cities	-24.4	-31.9	-37.8
District	-21.8	-30.3	-37.0
FURNITURE (45)			
Cincinnati	-37.7	-44.7	.....
Cleveland	-40.8	-47.3	.....
Columbus	-32.1	-31.9	.....
Dayton	-34.8	-26.9	.....
Toledo	-20.3	-28.2	.....
Other Cities	-25.7	-41.8	.....
District	-36.2	-40.7	.....
CHAIN STORES*			
Drugs—District (4)	-14.5	-13.3	.....
Groceries—District (5)	-10.7	-8.6	.....
WHOLESALE GROCERIES (37)			
Akron	-24.9	-24.6	.....
Cleveland	-11.2	-22.4	.....
Eric	-34.2	-22.0	.....
Pittsburgh	-27.2	-21.2	.....
Toledo	-27.5	-21.5	.....
Other Cities	-24.3	-21.4	.....
District	-22.1	-21.9	-12.4
WHOLESALE DRY GOODS (11)			
District	-28.2	-37.1	-32.4
WHOLESALE DRUGS (13)			
District	-18.2	-15.9	.....
WHOLESALE HARDWARE (15)			
District	-30.4	-26.5	.....

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Sept., 1932	% change from 1931	Jan.-Sept., 1932	% change from 1931
Bank Debits—24 cities	\$ 1,400,000	-38.3	14,647,000	-35.8
Savings Deposits—end of month:				
27 selected banks, O. & Pa.	\$ 629,879	-12.4	647,129 ¹	-14.4
Life Insurance Sales:				
Ohio and Pa.	\$ 65,277	-13.2	727,631	-15.5
Retail Sales:				
Department Stores—54 firms	\$ 13,203	-24.9	120,378	-27.2
Wearing Apparel—12 firms	\$ 732	-21.8	6,082	-29.7
Furniture—45 firms	\$ 403	-36.2	4,061	-40.7
Wholesale Sales:				
Drugs—13 firms	\$ 1,041	-18.2	9,944	-15.9
Dry Goods—11 firms	\$ 1,000	-28.2	7,367	-37.1
Groceries—37 firms	\$ 3,613	-22.1	30,510	-21.9
Hardware—15 firms	\$ 839	-30.4	7,835	-26.5
Building Contracts—Residential	\$ 2,212	-51.6	18,266	-67.7
“ “ —Total	\$ 10,551	-45.5	98,360	-56.0
Commercial Failures—				
Liabilities	\$ 4,619	+ 7.1	65,976	+ 5.9
Commercial Failures—Number	220 ²	+33.3	2,266 ²	+36.2
Production:				
Pig Iron, U. S.	Tons 593	-49.2	6,365	-54.4
Steel Ingots, U. S.	Tons 975	-36.9	10,168	-50.9
Automobiles—Pass. Cars, U. S.	64,748 ²	-40.7	966,703 ²	-45.3
“ —Trucks, U. S.	19,393 ²	-38.1	120,325 ²	-45.9
Bituminous Coal	Tons 10,128	-17.7	78,619	-31.0
Cement—O., W. Pa., W. Va.	Bbls. 792	-25.5	4,151	-53.2
Electric Power—O., Pa., Ky. k.w.h.	958 ³	-12.6	7,970 ⁴	-11.5
Petroleum—O., Pa., Ky.	2,023 ³	+14.3	15,816 ⁴	+ 5.2
Shoes	5	+ 3.5	5	- 4.7
Tires, U. S.	2,479 ³	-21.0	24,638 ⁴	-18.0
Bituminous Coal Shipments:				
Lake Erie Ports	Tons 3,822	-18.7	16,403	-30.0
Iron Ore Receipts:				
Lake Erie Ports	Tons 549	-80.9	1,794	-85.4

¹monthly average
²actual number
³August

⁴Jan.-Aug.
⁵confidential

Fourth District Business Indexes

(1923-1925=100)

	Sept., 1932	Sept., 1931	Sept., 1930	Sept., 1929	Sept., 1928
Bank Debits (24 cities)	52	84	106	126	118
Commercial Failures (Number)	151	113	101	101	109
“ (Liabilities)	105	98	62	79	84
Sales—Life Insurance (Ohio & Pa.)	78	90	100	113	96
“ —Department Stores (55 firms)	58	76	93	108	105
“ —Wholesale Drugs (13 firms)	73	89	103	114	107
“ — “ Dry Goods (19 firms)	38	54	77	108	106
“ — “ Groceries (37 firms)	62	79	95	103	104
“ — “ Hardware (14 firms)	41	61	76	92	90
“ — “ All (74)	56	73	90	104	103
“ —Chain Drugs (3 firms)*	66	77	84	89	93
Building Contracts (Total)	22	41	72	155	142
“ (Residential)	13	27	42	73	94
Production—Coal (O., W. Pa., E. Ky.)	56	88	87	97	87
“ —Cement (O., W. Pa., W. Va.)	66	88	160	160	188
“ —Elec. Power (O., Pa., Ky.)*	114	131	137	158	135
“ —Petroleum (O., Pa., Ky.)*	100	96	163	124	115
“ —Shoes	93	99	82	110	110

*August.
**Per individual unit operated.

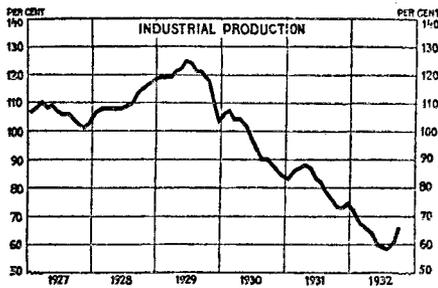
Debts to Individual Accounts

(Thousands of Dollars)

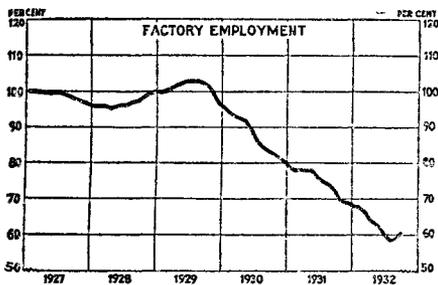
	4 weeks ending Oct. 19, 1932	% change from 1931	Year-to-date Dec. 31, 1931 to Oct. 19, 1932	Year-to-date Jan. 1 to Oct. 21, 1931	% change from 1931
Akron	41,711	-48.6	487,827	791,723	-38.4
Butler	6,763	-34.7	60,744	86,663	-29.9
Canton	16,162	-45.6	175,240	350,389	-50.0
Cincinnati	215,896	-30.0	2,384,002	3,276,829	-27.2
Cleveland	376,718	-41.3	4,058,801	6,466,808	-37.2
Columbus	80,325	-33.8	941,664	1,512,038	-37.7
Dayton	40,503	-34.1	433,403	749,185	-42.2
Eric	17,076	-44.7	204,145	308,381	-33.8
Franklin	2,188	-39.9	27,149	37,584	-27.8
Greensburg	4,772	-43.4	52,301	83,749	-37.6
Hamilton	6,671	-39.0	75,254	110,176	-31.7
Homestead	1,678	-61.6	22,224	38,749	-42.6
Lexington	11,675	-19.3	150,376	189,575	-20.7
Lima	8,046	- 9.4	79,367	103,969	-23.7
Lorain	2,744	-40.3	29,955	49,140	-39.0
Middletown	4,844	-31.0	55,533	85,935	-35.4
Oil City	7,852	-39.6	88,011	123,013	-28.5
Pittsburgh	435,812	-41.6	4,969,210	7,447,121	-33.3
Springfield	9,158	-37.4	114,471	176,101	-35.0
Steubenville	4,108	-46.3	51,110	83,401	-38.7
Toledo	72,954	- 7.0	731,900	1,303,092	-43.8
Warren	5,646	-30.0	44,954	82,187	-45.3
Wheeling	23,694	-33.4	259,596	361,030	-28.1
Youngstown	25,366	-40.6	263,251	507,194	-48.1
Zanesville	5,241	-33.9	56,111	86,303	-35.0
Total	1,427,603	-38.0	15,816,599	24,410,335	-35.2

Summary of National Business Conditions

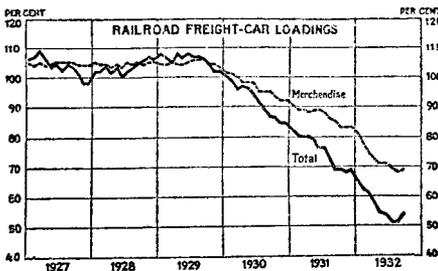
By the Federal Reserve Board



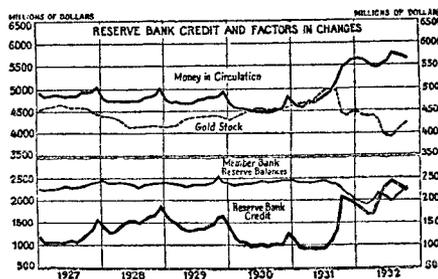
Index of industrial production, adjusted for seasonal variation, (1923-1925 average = 100) Latest figure, September 66.



Federal Reserve Board's index of factory employment with adjustment for seasonal variation (1923-1925 average = 100) Latest figure, September 60.3.



Indexes of daily average number of cars loaded, adjusted for seasonal variation (1923-1925 average = 100) Latest figures, September, total 54, merchandise 69.



Monthly averages of daily figures. Latest figures are averages of first 22 days in October.

Industrial activity and shipments of commodities by rail increased from August to September by considerably more than the usual seasonal amount. There was also a more than seasonal increase in the volume of factory employment and payrolls. The general level of prices, after advancing for three months, showed a decline beginning in the early part of September.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, based on the 1923-1925 average, increased from a low point of 58 in July to 60 in August and 66 in September. The advance in September reflected chiefly large increases in activity at textile mills, shoe factories, meat packing establishments, and coal mines. In the steel industry, where activity had shown none of the usual seasonal increase in August, operations expanded considerably during September and the first three weeks of October to about 20 per cent of capacity. Daily average output of automobiles and lumber in September showed little change from recent low levels.

Factory employment increased from 58.8 per cent of the 1923-1925 average in August to 60.3 per cent in September, according to the Board's seasonally adjusted index. Considerable increases were reported in the cotton, woolen, silk, hosiery and clothing industries, and smaller increases at car building shops, foundries, cement mills, and furniture factories. In the automobile, tire and electrical machinery industries, employment declined.

During the three months ending with September, value of building contracts awarded, as reported by the F. W. Dodge Corporation, was about the same as in the preceding three months, although awards are usually smaller in the third quarter. In the first half of October the daily average of contracts declined somewhat.

Distribution

Volume of freight car loadings increased by considerably more than the usual seasonal amount in September, reflecting chiefly larger shipments of coal and miscellaneous freight. Department stores increased from the low level of August by somewhat more than the usual seasonal percentage.

Wholesale Prices

Wholesale and commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, showed little change from August to September. During August and early September there was a general advance in prices followed by a decline which continued through the first half of October, when the average was two per cent below the high point in early September and one per cent above the low point of early summer. Substantial decreases occurred after the beginning of September in the prices of many domestic agricultural commodities, including cotton, grains and livestock, and also in prices of gasoline, nonferrous metals, and imported raw materials; while prices of wool, worsted yarns, coal, and lumber increased during this period.

Bank Credit

During September and the first three weeks of October there were further additions to the reserve funds of member banks, arising from increases in the country's stock of monetary gold, from an unseasonal return flow of currency, and from issues of additional national bank notes. Member bank indebtedness to the reserve banks declined by more than \$100,000,000 from September 7 to October 19, and their reserve balances increased by \$180,000,000.

During September and the first two weeks of October reporting member banks in leading cities showed a further growth in investment holdings, largely of United States Government securities, but to some extent of other investments. Loans of reporting banks declined further in September; in the early part of October loans at banks in New York City showed an increase. There was a considerable growth in Government deposits and in bankers' balances during the period; time deposits also increased.

Money rates in the open market declined to lower levels during the first half of October, the rate on prime commercial paper being reduced from a range of 2-2½ to a range of 1¾-2 per cent, and the rate on 90-day bankers' acceptances from ¾ of one per cent to ½ of one per cent. Rates for call loans on stock exchange collateral declined from 2 per cent to 1 per cent.