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in the

Fourth Federal Reserve District

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Trade and industry in the fourth district continued to expand in October at a greater-than-seasonal rate, but in the first three weeks of November some irregularity was reported in several lines. The increase from September to October was slightly more than the usual seasonal amount, whereas in the entire country just about a seasonal change was recorded, for the Board's adjusted index was 66 per cent of the 1923-1925 monthly average in October, the same as in the preceding month.

In this district, although the expansion in operations in September was somewhat slower than in the entire country, the advance was continued in October at a better-than-average rate, largely because of the volume of automobile parts and material orders that was placed in the period. Some slackening in a few lines was apparent in mid-November; in most cases, however, the changes were seasonal in character, but in a few instances slightly more than that in amount.

There was a greater-than-seasonal increase in employment in October and, compared with the low of August, a gain of about four per cent has been experienced. Improvement in all major lines of activity was reported in the latest month.

The steel industry increased output in October, contrary to the seasonal movement of past years, and operations were maintained in the first three weeks of November at a level slightly under the average for October, almost entirely by automobile material orders. Cleveland mills were producing at 38 per cent of capacity in the third week of November, the highest level for any major producing center. Lack of rail and structural steel buying depressed operations in other sections, particularly Pittsburgh.

Automobile production in October touched a new low for any month since the war, but operations expanded in the first half of November as production of new models was begun.

Production of bituminous coal by mines in this district in October, was only 7.5 per cent below the same month of 1931, whereas output in the ten-month period was down 28.5 per cent. Greater household demand and a slight increase in industrial takings coincided with the heavy shipments of coal from lake ports. As the lake shipping season drew to a close in November, however, a recession in coal production occurred.

Tire production was down seasonally in October and the first part of November and schedules in the latter

month pointed to a smaller output in that period than for ten years.

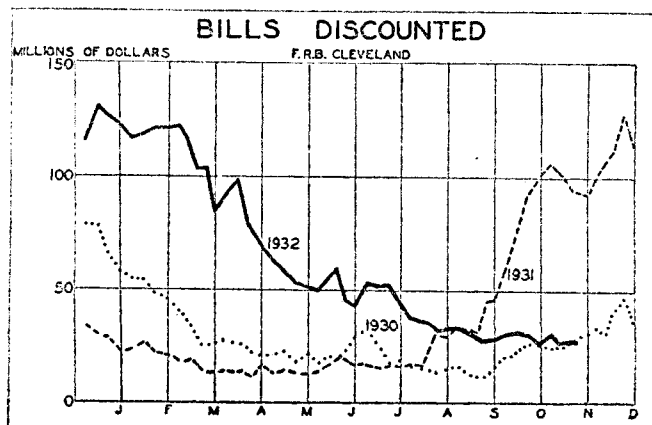
Shoe production was seven per cent above a year ago in October, but the reduction from September was slightly more than seasonal. Clothing demand and production have been fairly well maintained, though irregularities are reported in some cases.

In the miscellaneous industries, glass production was up sharply in October and cement production improved, being above a year ago. The brick and tile industry is very much depressed and activity at china and pottery plants was little changed from September to October. Activity at machine tool, electrical equipment, engineering, etc., plants improved slightly and orders for industrial paints were larger than in September.

The dollar volume of retail trade increased by more than the usual seasonal amount in October and some lines of wholesale trade also improved. The weakness in wholesale prices, however, was somewhat of a disturbing factor; in the past few weeks commodity price indexes have fallen to approximately the levels of mid-summer, due chiefly to weakness in prices of farm products and foods.

Building activity declined less than seasonally in October, but the volume was much below the average of past years. In the first half of November, contracts awarded were only slightly below the same period of 1931 and higher than in the first two weeks of October. Contracts for public works and utilities were responsible for the improvement.

Commercial failures were eight per cent less numerous



in October than a year ago and liabilities of the defaulting concerns were down 40 per cent. So far this year, however, there have been 30 per cent more failures in this district than in the same period of 1931, though the average liability per failure was down materially.

FINANCIAL

A further reduction in the volume of member bank borrowing at the Reserve bank was evident in this district in the five weeks ended November 23 and such direct loans were at about the same level as two years ago. Member bank balances were reduced rather sharply and demand for currency showed a slight increase, approximately seasonal. The volume of credit extended by member banks declined in the period and there was a slight contraction in deposits, largely time deposits.

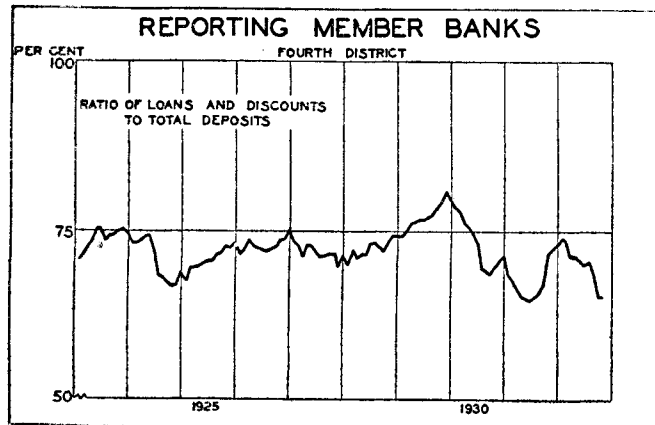
There were three bank suspensions in the district in the first 28 days of November, the same number as occurred in October. Last year there were nine suspensions in November and 49 in October. One sizeable bank reopened in November in this district.

The decline in bank debits in October and the first three weeks of November from a year ago in principal cities of the fourth district was somewhat smaller than in earlier months of the year; check payments in the latest five-week period were about 29 per cent below the same interval of 1931.

The very moderate contraction in savings deposits in recent months in contrast with the heavy withdrawals which occurred in the last half of 1931 have tended to reduce the percentage decline in the comparison of savings deposits with a year ago. On November 1 savings deposits at selected banks were ten per cent lower than on the same date last year; the reduction in October was only 0.1 per cent, or approximately \$1,000,000. Ohio banks showed a slight increase, which was offset by declines at banks in western Pennsylvania.

Reserve Bank Credit. During the five weeks ended November 23, gold reserves of the Federal Reserve Bank of Cleveland increased about \$11,000,000, a movement contrary to the trend of past years at this season. Compared with a year ago, however, gold reserves are down about \$65,000,000.

In the period under discussion, member banks reduced their borrowings about \$4,000,000 to the lowest level since mid-summer of 1931. As shown on the chart on



page 1, bills discounted are \$66,000,000 below the level of last year, when demand for currency was very active, and are at approximately the level of two years ago.

This bank's holdings of other bills and securities showed practically no change in the five weeks, holdings of Government securities remaining at record levels, while acceptance holdings dropped slightly.

Circulation of Federal reserve notes increased about \$3,000,000 in the five latest weeks, the first sizeable advance since July. Normally, note circulation expands at this season, but the upturn so far has been smaller than in preceding years. At \$278,000,000 on November 23, however, circulation was \$33,000,000 below a year ago when the volume was unusually high as a result of the disturbed banking situation, which caused individuals as well as banks to accumulate larger holdings of cash.

Reserve deposits declined rather sharply in the second and third weeks of November as deposits at member banks were reduced. On the latest date reserve deposits were lower than since June and about eight per cent below one year ago. A reduction in the number of member banks was partly responsible for the drop in reserve balances, both from a year ago and in the past month.

Member Bank Credit. Loans and investments of weekly reporting member banks in leading cities of the fourth district declined from the middle of October to the third week of November, reflecting largely a reduction in loans to customers; investment holdings, however, which increased to a record high level in the week of November 9, were reduced in the two ensuing periods.

Comparison of current figures for weekly reporting member banks with those of last month are affected by the suspension of two Pittsburgh banks with loans and investments of \$19,000,000, both of which were included in the weekly reporting group.

Time deposits have declined slightly in recent weeks, but demand deposits, after allowing for the reduction in the number of banks, remained at the highest level since January.

As shown on the accompanying chart the ratio of loans to total deposits has declined quite sharply since January. In October it was at approximately the same level as in the middle of 1931, and about the lowest in the past ten years. The recent reduction is a result of a sharper contraction in loans than in total deposits. Deposits are up substantially from the low point touched in July, whereas loans are at the lowest level in many years.

MANUFACTURING, MINING

Employment Industrial employment in the principal states of this district as well as in the entire country increased from September to October and payrolls expanded generally to a greater degree. In Ohio, employment advanced two per cent in October in contrast with an average decline of that amount in the past five years. In Pennsylvania, as a whole, an increase was reported, but at Pittsburgh a slight reduction in the number of man hours worked was recorded as a result of declines in operations at structural and miscellaneous plants. Foundries and ma-

chine shops increased operations somewhat. In western Pennsylvania, outside Pittsburgh, industrial activity showed strength generally. Part of the increase in employment resulted from the wider distribution of available work among employees in an endeavor to share the work as much as possible, instead of increasing the number of hours worked by each individual.

In Ohio, of the 761 firms reporting to the Ohio State Bureau of Business Research, 375 reported increases and 105 no change from September. All important lines of activity showed increases or less-than-seasonal decreases except the miscellaneous manufacturing group which showed a reduction of two per cent in contrast with a five-year average decline of one per cent. All principal manufacturing centers in the state except Columbus and Youngstown reported an increase in employment from September to October.

Iron and Steel Support from automobile manufacturers, getting into production on new models, imparted a vigor to iron and steel production in the fourth district in late October and the first three weeks of November that was lacking in other producing districts largely dependent upon railroad, building and miscellaneous requirements.

Releases, principally from low-priced car manufacturers, enabled mills at Cleveland to advance their operating rate from 23 per cent to 38 during the period. Pittsburgh producers expanded from 17 per cent to 20, then fell back to 18 in mid-November. Youngstown mills gained fractionally from 19 per cent to 19½, then eased off to 16. Meanwhile, steel production for the country as a whole expanded during this month from 20 per cent to 21, then declined to 19.

By the middle of November, however, it was apparent that automotive releases had reached their peak, although it was thought they would maintain a fair volume into December. Failure of railroad equipment repair, building and other emergency projects, financed by government loans, to mature rapidly was a retarding factor, but a reduction in operations from mid-November to the year-end is not unseasonal. It was hoped in the trade that, because of the low rate of operations which have prevailed this fall, this downward movement would not develop to the extent it had in other years, but releases for automobile steel requirements have been insufficient to offset the decline in demand for other types of steel.

This slightly easier market situation was accompanied by more irregularities in prices. Tin plate, quoted at \$4.75 per 100-pound box for the past year, was reduced 50 cents November 17. Completing the cycle, inaugurated when rails were reduced \$3 a ton, angle bars and spikes have been lowered \$4 per ton and tie plates \$2. Sheets for automotive purposes eased off an average of \$2. In the absence of further demand from consumers, scrap surrendered 50 to 75 cents of the recent advance and both foundry and beehive coke went to slightly lower levels. These price changes are reflected in a decline in the iron and steel composite of the magazine *Steel* from \$29.32 on October 22 to \$28.92 on November 19. Over the same period the scrap composite of this publication went from \$6.96 to \$6.81.

Final statistics on production in October disclose sub-

stantial gains in both pig iron and steel ingots. The October daily rate of coke pig iron output, at 20,795 gross tons, compares with 19,788 tons in September and was the highest since June. The October total of 644,648 tons brought ten-month production of pig iron up to 7,501,135 tons, compared with 16,180,814 tons in the comparable period of 1931. A net gain of four furnaces in blast increased the number of active stacks on October 31 to 50 of a potential 292.

October's daily steel ingot rate of 41,098 tons compares with 37,502 in September and was the best since May. October production was at 19 per cent of capacity, contrasted with 17.3 in September and 14.2 in August. The October total of 1,068,550 tons put production for ten months at 11,236,315 tons, compared with 22,299,860 tons a year ago.

Coal While coal production has shown the usual seasonal recession from the mid-October high point, the decline has been about the same as last year's, despite the sharp rise from the summer low.

Output of bituminous coal in October, both in the fourth district and the entire country, was up sharply from the preceding month and, in the case of some mines, exceeded production in October, 1931. There were 12,380,000 tons of coal produced by mines in this section in October, an increase of 22 per cent from September and represented a reduction of only 7.5 per cent from October, 1931. In the first ten months output was 28.5 per cent below the same period of last year. In the entire country production in October was five per cent below a year ago and the decline in the ten-month period was 32.2 per cent.

Shipments of coal from Lake Erie ports have stopped, but the amount of coal thus shipped in October was only 6.7 per cent less than the volume moved by water in October, 1931, whereas lake shipments for the season were down 26 per cent. More than the usual percentage of coal was shipped from Lake Erie ports this year because of irregularities in rail rates.

The basic factor of strength in the coal industry at the present time is the low level of stocks above ground. Unlike many other raw materials, stocks are at the lowest level for this season in the past ten years, according to the Bureau of Mines. Compared with a year ago, stocks above ground are down 20.3 per cent and even allowing for the current low rate of consumption, stocks in terms of days' supply were 2.6 per cent smaller than a year ago. There was 20.5 per cent less coal on upper lake docks on October 1 than a year earlier. Stocks in retail yards showed the largest discrepancy from a year ago, representing only 40 days' supply on October 1 as against 45 days' supply on the same date last year.

As a result of the colder weather there has been an increased demand for domestic sizes and grades, with a consequent advance in price. The supply of slack and steam coal is still large.

Automobiles The automobile industry came nearer being entirely inactive in October than at any time for which figures are available. The Federal Reserve Board's adjusted index dropped

to 17 per cent of the 1923-1925 monthly average, compared with 21 in September and 28 in October last year. Passenger car production was only 14 per cent of the 1923-1925 average, while truck production was 36 per cent of this same base.

There were only 48,934 cars and trucks made in the month, according to the Department of Commerce, a reduction of 39 per cent from the same period last year. Truck production was off 37 per cent and passenger car 39.5 per cent. In the first ten months the reduction in automobile production from the same interval of 1931 was 45 per cent.

As retail sales of automobiles contracted in recent months, production was curtailed and most factories started to work on 1933 models in October. This was reflected in the parts and steel orders placed at factories in this district which caused their operations to expand in that month. The weekly automobile production index of the *Annalist* also turned up in the closing week of October and advanced more than ten points in the first two weeks of November as output of new models began at several plants. This weekly adjusted index for the latest period was 30 per cent of the 1927-1929 average compared with a low of 14 per cent in late October and 17.8 per cent for the corresponding week last year. Actual output in the latest week, according to *Cram's* reports, was 13,282 cars and trucks as against 8,709 units in the same period of 1931. Many of these new cars are needed to provide dealers with samples prior to the annual shows.

Tires, Rubber

The tire industry usually experiences its lowest production in November and, from indications, output in the past month was lower than in any preceding period of 1932. In addition, it was the smallest for any month in the past ten years, being unusually low, partly because of the over-ordering by dealers in July and September when price increases were anticipated.

Tire production in the first nine months of 1932 was down 18.2 per cent from the same period of 1931. Part of this reduction is a result of the smaller number of cars in use, registrations in 1932 being only 23,500,000 against 25,814,000 in 1931. This, however, is a loss of only nine per cent. The drop in gasoline consumption in 1932, on the basis of figures now available, is estimated at 8.4 per cent, indicating that cars are being driven about as much this year as in 1931, after allowing for the drop in registrations. While the loss in original equipment sales for new automobiles has been large on a percentage basis, actually it has been of only moderate importance so far as total tire production is concerned because original equipment tires represent only about 25 per cent of total tire sales.

The chief reason for the decline, therefore, in the number of tires produced is the increased mileage which is being built in the individual tire. A reliable authority estimates the average life of a balloon tire conservatively at more than 18,000 miles, whereas two years ago it was only 15,900 miles. As the quality of the tire has improved, the demand has declined, and incidentally for other reasons the price has been reduced sharply.

The higher prices, inaugurated in September, to cover the increased cost of raw materials, the Federal tax, etc., were not long maintained, a general reduction approximating 2½ per cent being reported in dealers' prices in early November.

Employment at 22 Ohio rubber factories showed a slight increase in October in contrast with a five-year average decline of three per cent for the period, but the number employed continues ten per cent below a year ago and only 59 per cent of the 1926 monthly average. A decline, largely seasonal, was reported for November.

Crude rubber consumption in October by manufacturers in the United States amounted to 21,018 long tons, compared with 22,491 long tons in September and 22,271 long tons in October, 1931, according to the Rubber Manufacturers' Association. Imports in October, at 35,473 long tons, exceeded consumption by over 60 per cent, being up 20 per cent from September. They were 14 per cent below the same month last year, and down 13.6 per cent in the first ten months. Domestic stocks are still 37 per cent larger than a year ago.

Some recession developed in crude rubber prices coincident with the recent drop in commodity prices, but they still remain about 75 per cent above the June low point.

Clothing

Although irregularities are apparent in the clothing industry, the general trend of operations in October was upward in this district and some companies report the best volume in September and October that has been experienced in over a year. Employment at 42 plants reporting to the Bureau of Business Research was up ten per cent in October from the preceding month and the index was 88 per cent of the 1926 monthly average. This is two points above last year at this time. The number employed at men's clothing factories was 101 per cent of the base period, about the same as last year, but plants making women's and miscellaneous clothing had eight per cent more employees than a year ago.

Throughout the country generally, demand for clothing has been increasing for several months and consumption of raw materials has advanced sharply. Takings of raw wool in September, the latest available, were 95.5 per cent of estimated normal, according to the *Annalist's* index. This was an increase of 142 per cent from the low point in May, after allowing for seasonal changes. Cotton, silk and rayon consumption also have increased sharply in recent weeks, the foremost being 83 per cent of estimated normal in October, an advance of more than 25 points from the low in May. Textile plants, both in this district and the entire country, are operating at the highest level and employing more people than any time in the past year.

So far as clothing sales are concerned, orders for winter garments have fluctuated with the weather. They fell off somewhat in late October, but sales in November, both wholesale and retail, improved.

A few companies introduced their spring lines recently and advance orders on these items in the first ten days were most gratifying. Prices in general are quite low, due to the lower material costs and wage rates prevailing

now than a year ago. Some dissatisfaction regarding collections was reported.

Demand for knitted outerwear has declined in the past month, largely seasonally, but activity in other knitted lines has increased sharply. In the trade, however, this is interpreted as being little more than orders which usually are placed early in the year.

Other Manufacturing Irregularities were quite evident in the trend of operations in the smaller industries of this district in October and the first part of November. Some rather sizeable increases were reported in a few specific lines, but they were offset by declines in other branches.

The most important expansion occurred in the various lines connected with the automobile industry. Production of metal products, parts and accessories increased in October and the first part of November and demand for machine tools expanded as plants retooled in preparation for the new models which will make their appearance from now until the time of the annual shows. Employment at machine tool factories increased four per cent from September to October in contrast with a five-year average decline of one per cent, and special purpose machinery plants increased the number of their employees three per cent. Engineering appliances and specialties were also in greater demand.

Orders for electrical equipment, which improved in September, continued to expand in October and in the latter period were materially above the low point of mid-summer. This was partly seasonal and therefore only slightly affected operations, the larger sales acting as sort of a backlog. There has been no appreciable change in prices of raw materials, wages or finished goods recently.

Employment in the ceramic industry was up five per cent in October, but was only 56 per cent of the 1926 average. The brick and tile branch was very depressed, the number of employees declining 11 per cent in October to only 34 per cent of the monthly average of 1926. Glass production increased sharply, employment being up 30 per cent to 111 per cent of the base period, the advance coming at a time when there usually is little change in the number of workers. Plate glass demand increased because of the larger orders from the automobile industry, but demand from jobbers and mirror manufacturers has fallen off slightly. Sales of glass containers dropped off recently, largely a seasonal development, but sales of flat glass have shown little change. Stocks of window glass in jobbers' hands are the lowest on record, and in October consumption exceeded production. Conditions in the pottery industry have been irregular recently, and operations are around 40 per cent of capacity. There has been no recent change in wages or prices. Collections have improved slightly.

Although this is the dull period so far as consumer paint demand is concerned, there has been a slight increase in orders for industrial paint. Paint sales for the novelty business are fairly good and very slight increases in demand for paints and lacquers for furniture have been observed. Sales of paints for building maintenance

have declined seasonally. One company reported an increase in export sales.

The paper and boxboard industry showed a greater-than-seasonal increase in September and October, but in recent weeks a rather sharp contraction in orders and operations has developed.

Production of shoes in this district in October declined rather sharply from September, but the reduction, 19 per cent, was smaller than a year ago, though somewhat greater than seasonal. Part of the falling-off was the reaction from the relatively high level of September, but despite the decline, output in October was 17.7 per cent above the same month last year. In the first ten months there were 2.9 per cent fewer shoes made at the 29 fourth district establishments than in the same period of 1931.

Irregularities still are quite noticeable, producers of the low and medium-priced footwear, particularly women's enjoying a much larger volume of orders than makers of high grade shoes. The seasonally adjusted daily average index of shoe production in this district was 68 per cent of the 1923-1925 monthly average in October, compared with 78 in September and 55 a year ago.

TRADE

Retail trade in the fourth district, judging by reports from 55 large department stores in principal cities, improved slightly more than the estimated seasonal amount in October, the adjusted index rising five-tenths of a point. Compared with the record low point of August, October sales were up 13 per cent after allowing for usual seasonal changes. This increase in dollar sales occurred despite the fact that the trend of prices during the three-month period was downward, judging by *Fairchild's* index. On November 1 this index was 15 per cent lower than a year ago and 38 per cent below November, 1929. Dollar sales in October at reporting stores were 25 per cent below the corresponding month of 1931, and sales in the first ten-months were 27 per cent smaller than in the same period of the preceding year.

In individual departments sales of furs in October were 2.7 per cent larger than in the same month of 1931. Sales of neckwear and scarfs were down 3.6 per cent from last year and silverware and yard goods sales were off 15 per cent from a year ago. Sales of notions were down 17 per cent and art needlework and art goods sales were ten per cent below one year ago. Most other departments showed reductions approximating the decline in total sales.

The dollar value of stocks increased 4.6 per cent in October, which was slightly less than the estimated seasonal amount and the adjusted index dropped to 57 per cent of the 1923-1925 average, a new low level for this depression. Compared with a year ago the dollar value of stocks was down 24.1 per cent.

Charge sales in October amounted to 57.5 per cent of total sales, approximately the same as a year ago, but slightly under September.

Some improvement in collections was reported in October, when 29.3 per cent of accounts receivable on September 30 were paid during the month. This was partly seasonal, but the collection ratio was seven per cent below

a year ago. Collections on installment accounts were down ten per cent from last year.

Sales of reporting wearing apparel stores, largely women's shops, were off 28 per cent in October and 30 per cent in the first ten months from similar periods of 1931. The dollar value of stocks was off 30 per cent from a year ago.

Chain drug and grocery store dollar sales showed larger discrepancies in October from a year ago than in earlier months of 1932, the former being off 14.5 per cent and the latter 13.3 per cent.

Wholesale Trade A contrary-to-seasonal reduction in the dollar volume of wholesale sales in four reporting lines occurred in October, the composite index being only 51 per cent of the 1923-1925 monthly average compared with 70 per cent a year ago and 56 in September. The largest decline was in grocery sales which were down 14 per cent from September and 26 per cent from a year ago. In the ten-month period the decline in sales was 22 per cent.

Wholesale drug sales dropped three per cent in October and were off 16 per cent from last year. The loss in the January-to-October period from 1931 was 14 per cent.

Dry goods sales improved slightly, but less than in former years, and were still down 32 per cent in October and 37 per cent in the ten-month period. Hardware sales increased about the usual seasonal amount, but were only 45 per cent of the 1923-1925 average and 25 per cent below last year in October and down 26 per cent in the ten-month period.

Collections as a per cent of accounts receivable were down quite sharply in all reporting lines except dry goods where the reduction was slight from last year.

BUILDING

Contracts awarded for new construction in this district in October were valued at \$9,830,000, according to the F. W. Dodge Corporation. This represented a less-than-seasonal decline from September, the falling-off of 6.8 per cent comparing with reductions of four to 32 per cent in seven of the past ten years, increases of 15 to 25 per cent being shown in the other three periods. Compared with preceding years, however, building activity is very depressed. The drop from October, 1931 was 25 per cent, and compared with the average of the past ten years, awards were down almost 80 per cent.

Increases in non-residential building in October over the preceding month, a result of the awarding of six contracts for post offices in Ohio and a slight increase in public utility contracts awarded, were insufficient to offset the reduction in residential and public utility contracts awarded. The latter, however, were above a year ago, the increase being due to contracts awarded for sewerage systems and waterfront developments. Building activity in this section is thus being maintained to some extent by projects financed by public funds, but the total is still much below a year ago because of the drastic curtailment of residential and commercial building.

Total awards in Ohio, eastern Kentucky and West Virginia were larger in October than a year ago, but some

large contracts let in western Pennsylvania last year made the comparison with October, 1932 an unfavorable one.

The value of residential building contracts awarded in October was 60 per cent smaller than a year ago and down 67 per cent in the first ten months of 1932 compared with the same period of 1931.

All contracts awarded were down 54 per cent in the ten-month period, declines being shown by all the four major construction classifications, the largest relative losses being in public utility and residential building.

In regard to the building supply situation, it is anything but favorable. Operations are exceedingly slow and orders are limited chiefly to scattered repair or renovating jobs. Material prices are slightly above the mid-summer lows, but have weakened some recently. There is little incentive for lumber dealers to stock up, and on the few sales that are made collections are very slow.

A decided increase in cement production in this district was apparent in October as several plants resumed operations after being shut down for varying lengths of time. Output was 16 per cent above a year ago, whereas in the first nine months of this year cement production was 53 per cent behind the same period of 1931. Sales have not increased to the extent production has, however.

AGRICULTURE

The 1932 crop year is rapidly drawing to a close and, pending a final check on acreage harvested, production estimates remain about the same as a month ago—from about 5 to 15 per cent below the ten-year average in the states of this district. Rainfall was quite general in October and copious in some sections so that much of the moisture deficiency was made up. Pastures and winter-sown grains were greatly benefited and wells that had been dry for many months were filled with water.

Production estimates of late-maturing crops in this district were revised upward slightly, but the corn crop is still much smaller than the 1931 harvest and also about 16,000,000 bushels, or nine per cent, below the ten-year average harvest. Potato production this past year in the district was only slightly below output in 1931 and about the same as the average of the past ten years, considerable improvement in the crop occurring in the late months.

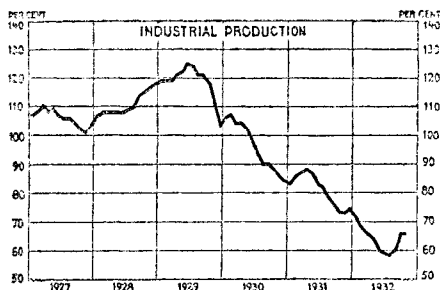
Estimated fruit yields were little changed in October, and, with the exception of the grape crop, were much below average in quantity and condition.

Tobacco production in this section is much below last year's output and about 25,000,000 pounds, or 16 per cent, below the average of the past ten years. In the entire country a greater discrepancy from the average of past years was reported, the falling-off being due to a reduction of acreage as well as in yield per acre. Estimated burley tobacco production was reduced one per cent in October and, though the harvest is nearly 30 per cent below the 1931 yield, burley is the only type to show a larger crop than the average of preceding years. Compared with the five-year average harvest of 1926-1930, the present crop is up 17 per cent.

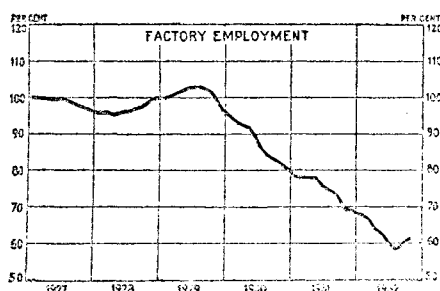
According to indications a large quantity of burley tobacco will be ready for sale when the market opens

Summary of National Business Conditions

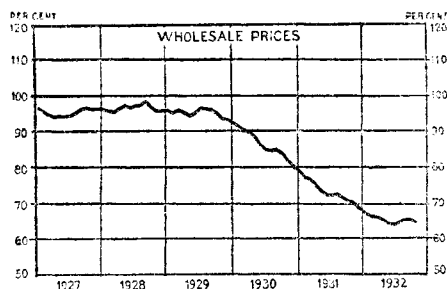
By the Federal Reserve Board



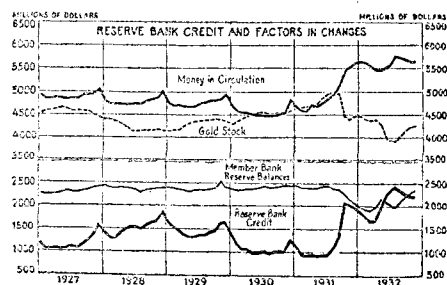
Index of industrial production, adjusted for seasonal variation, (1923-1925 average = 100) Latest figure, October, 66.



Federal Reserve Board's index of factory employment with adjustment for seasonal variation (1923-1925 average = 100) Latest figure, October, 61.3.



Index of United States Bureau of Labor Statistics (1926 = 100) Latest figure, October, 64.4



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

Volume of industrial output, after increasing considerably during August and September, remained unchanged in October. Factory employment and payrolls, reported for the middle of the month, showed a further increase. During October, as in the last three weeks of September, wholesale commodity prices declined, and in the first three weeks of November the general average was at the level of early summer.

Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index, continued in October at 66 per cent of the 1923-1925 average, as compared with a low level of 58 per cent in July. In the textile industries, which had shown a rapid expansion in August and September, there was a slight decrease in consumption of raw materials while output of finished products increased somewhat. Shoe production which also had increased substantially in recent months, showed a seasonal decline. Operations at steel mills expanded from an average of 17 per cent of capacity in September to 19 per cent in October, contrary to seasonal tendency, and, according to trade reports, continued at about this rate through the first three weeks of November. Production of automobiles in October declined further to a new low level. At coal mines activity continued to increase rapidly until the middle of October, but since that time a reduction, largely seasonal in character, has been reported.

Employment in most manufacturing industries increased between the middle of September and the middle of October, and the Board's seasonally adjusted index of factory employment showed an advance from 60 per cent of the 1923-1925 average to 61 per cent. At textile mills working forces increased by considerably more than the usual seasonal amount, and substantial increases were also reported at steel mills, lumber mills and car building shops. In the canning and automobile industries there were decreases in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued at low levels during October and the first half of November.

The Department of Agriculture's estimate of the cotton crop, based on November 1 conditions, was 11,950,000 bales, about 525,000 bales larger than the estimate a month earlier.

Distribution

From September to October volume of freight traffic increased by more than the usual seasonal amount; after the middle of October carloadings declined, reflecting chiefly seasonal developments. Dollar value of department store sales increased by the usual amount in October.

Wholesale Prices

Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, declined from 65 per cent of the 1926 average in September to 64 per cent in October. Weekly figures show declines in the general average from early September through the first week in November, reflecting reductions in the prices of many domestic agricultural products and their manufactures, as well as in the prices of steel rails, copper, coffee, rubber and silk. In the second week of November prices of many leading commodities, including grains, hogs, cotton, silk, zinc, lead, and tin advanced considerably, but later the prices of these commodities declined.

Bank Credit

Volume of reserve bank credit showed little change for the four-week period ending November 16. Member bank balances at the reserve banks increased further by \$75,000,000 and in the middle of November were about \$475,000,000 in excess of legal reserve requirements. This growth in reserve balances reflected an increase of \$60,000,000 in the stock of gold and the issue of additional national bank notes. Demand for currency showed little change during the four-week period.

Loans and investments of reporting member banks in leading cities, outside New York City, and Chicago, declined further between the middle of October and the middle of November, reflecting a further reduction of loans at these banks. In New York City the investments of member banks increased by an amount larger than the decrease in loans, so that total loans and investments of these banks showed a further increase.

Money rates in the open market continued at low levels during October and the first half of November. Rates on 90-day bankers' acceptances were unchanged at $\frac{1}{2}$ of 1 per cent, and rates on prime commercial paper declined from a range of $1\frac{3}{4}$ -2 to a range of $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent.