

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 15

Cleveland, Ohio, February 1, 1933

No. 2

The weeks immediately preceding and following the Holiday season usually are so replete with irregularities that no marked trend in general business activity is discernible in recent weeks. Despite the low level of current operations, the period just passed was little different in this respect from more normal years. On account of inventory taking, year-end adjustments, sales, etc., production in many industries dropped sharply in the last week of December and the first few days of the new year, but operations were resumed in many cases so that by the third week of January the general level of business, in this district and the entire country, was still considerably above the low point touched in mid-summer of 1932.

The chief sustaining element preceding and following the turn of the year, particularly in this district, was the automobile industry, which was engaged in new model production. As a result, steel operations averaged higher in this section than in the entire country for the month ending with the third week of January, and at the close of the period Cleveland mills were producing at 41 per cent of capacity, with other local centers, excluding Pittsburgh, operating at a rate equal to or better than the 18 per cent reported for the entire country.

Industrial employment in Ohio was unchanged in December from the preceding month and in western Pennsylvania there was an increase in the number of hours worked. In the first three weeks of January there was an increase in employment in some sections, particularly where automobile supplies are made. At 51 identical Toledo factories the number of employees was higher than for two years.

Life insurance sales in December in Ohio and Pennsylvania were down 35 per cent from the same month a year earlier, whereas the reduction in the entire year was only 24 per cent. Postal receipts at nine cities in the district were off 12 per cent in December from a year ago.

Building activity contracted sharply in December in this district, awards amounting to only slightly over half the volume reported in November and they were 64 per cent below December, 1931. Residential building was off 75 per cent in December from a year previous and down 66 per cent in the entire year. All other types of building, except public utilities, showed sizeable reductions, both from November and a year ago. A

further decline in building awards was indicated in the reports covering the first two weeks of 1933.

Retail trade in December was down 27 per cent in dollar volume from the same month of 1931 and the reduction in the entire year was 26.6 per cent.

Coal production slackened in the first part of January, partly on account of reduced household demand brought on by moderate weather. Output of fourth district mines in December was 2.5 per cent greater than in the closing month of 1931.

Operations at local tire factories increased in the first part of January—entirely a seasonal expansion in anticipation of dealers adding to their stocks prior to the spring season. Very little buying under the spring-dating plan was done in the closing months of 1932. Most clothing factories were operating at capacity levels in early January on orders for spring delivery. The season started much later than usual.

Reopening of the tobacco auction floors in early January was accompanied by higher prices than prevailed at the beginning of the selling season. Sales have been in good volume and prices are nearly 50 per cent higher than the average price received for the 1931 crop.

FINANCIAL

Changes in the condition of this bank in the month ended January 25 were largely seasonal in character; the downward trend of loans and the tendency of reporting member banks in leading cities to increase their holdings of Government securities continued over the year end. Demand deposits were reduced in mid-January, but time deposits showed little change in the entire period.

There was an increase in the number of bank suspensions in this district (as well as in other sections of the country) in January. For the month up to the 29th there were eight suspensions, seven small non-member state banks and one national bank. In December there were only two bank suspensions in the fourth district.

The number of commercial failures in December was about the same as in November, but was down sharply from a year ago, there being only 197 in the month compared with 262 in December, 1931. Liabilities, however, were up quite sharply compared with both periods.

Check transactions increased in volume by more than

the usual seasonal amount over the year end, debits to individual accounts at banks in 24 principal cities being down 30 per cent in the four weeks ended January 18 from the same period a year previous, compared with a drop of 35 per cent in the entire year.

Savings deposits at selected banks increased 0.6 per cent in December in Ohio, but were slightly reduced at banks in western Pennsylvania. At the beginning of 1933 savings deposits were 7.8 per cent smaller than a year earlier at these banks.

At the Federal Reserve Bank of Cleveland the only change of particular significance in the four weeks ended January 18 was the slight reduction in holdings of Government securities. After remaining practically stable in the last half of 1932, at the record level of \$178,000,000, holdings were reduced \$8,000,000 in the two weeks prior to January 18. The volume of Government securities at other reserve banks was likewise reduced during this period, but the effect of this contraction on member bank reserves more than offset the reduction in note circulation and increased gold holdings so that excess reserves of these banks remain close to \$600,000,000, the bulk of which are centered at New York and Chicago.

Bills discounted for member banks were slightly lower on the latest date than in mid-December and were smaller by \$100,000,000 than a year ago. Loans of \$24,706,000 were extended to 221 banks on January 18, whereas 266 banks were borrowing the larger amount a year ago.

The volume of acceptances held contracted moderately in early January as maturing bills were not replaced in the bank's portfolio. Despite the small volume of discounts and acceptances, the total amount of credit this bank had extended on January 18, at \$198,024,000, was only slightly smaller than the amount outstanding a year ago, the total being buoyed by the large holdings of Government securities.

Circulation of Federal reserve notes, which increased by less than the usual seasonal amount prior to the Holidays, declined after the turn of the year, the reduction from December 21 to January 18 being over \$10,000,000. This was somewhat smaller than the return flow of currency in preceding years, but circulation on January 18, at \$278,376,000, was \$30,000,000 lower than a year ago, though still about \$100,000,000 higher than at the beginning of 1931. Member bank reserve deposits increased slightly in the four latest weeks.

At reporting member banks in leading cities, the volume of credit extended declined over the year end, total loans and investments on January 18, at \$1,874,000,000, comparing with \$1,895,000,000 on December 21. The reduction in loans secured by stocks and bonds amounted to \$11,000,000, or 2.2 per cent, whereas the contraction in "all other" loans in the four weeks was \$8,000,000, or 1.3 per cent. These banks' holdings of other than Government securities dropped \$6,000,000 in the four weeks to \$318,000,000 on the latest date. This compared with \$354,000,000 a year ago. Part of the reduction in the four latest weeks was offset by increased holdings of Government securities of \$4,000,000. On January 18 reporting banks had \$110,000,000 more of

Government securities in their portfolios than on the same date in 1932, an increase of 28 per cent.

Demand deposits at these banks increased slightly over the year end, but a rather sharp reduction in the week ended January 18 reduced these deposits to a lower level than in mid-December. Compared with a year ago demand deposits are down two per cent. Time deposits increased sharply in the first week of January, but surrendered some of the gain in the following period. On the latest date time deposits were higher than in December, though five per cent below early January, 1932.

Year-end condition figures of all member banks in this district have just become available. Total credit extended on December 31 was 7.8 per cent lower than a year earlier and 2.7 per cent below the amount outstanding on September 30. Loans on securities were down 17 per cent in 1932 and "all other" loans 14 per cent. Investments were up 4.5 per cent, holdings of Government securities being up 21 per cent and "all other" investments down ten per cent.

Demand deposits were down 10.3 per cent in the past year and time deposits 6.7 per cent in the same period. In the last quarter, a slight decrease in both types of deposits was shown, but the reduction was less than the drop in credit extended in the period.

The following table shows the principal resources and liabilities of all member banks in this district on designated dates:

All Member Banks—Fourth District

(In Millions of Dollars)

	Dec. 31, 1932*	Sept. 30 1932	Dec. 31 1931
Loans on securities.....	\$ 605	\$ 644	\$ 731
All other loans.....	930	949	1,076
Total loans.....	1,535	1,593	1,807
Investments—U. S. securities.....	591	591	489
" All other securities.....	515	531	569
Total investments.....	1,106	1,122	1,058
Total loans, discounts and investments.....	2,641	2,715	2,865
Demand deposits.....	993	1,007	1,107
Time deposits.....	1,244	1,269	1,334

Number of Banks..... 630 634 655

*Figures subject to revision

MANUFACTURING, MINING

Iron and Steel From the middle of December to the third week in January, iron and steel production followed the seasonal pattern quite closely, although on a lower scale. For the country as a whole, production dipped from an operating rate of 14 per cent in the middle of December to slightly below 12 per cent over the Christmas week-end, then rebounded to 18 per cent by the third week of the new year.

In the Fourth District, the steel rate at Cleveland in the same period declined from 29 per cent to 17 and advanced to 41. Operations at Pittsburgh mills eased from 17 per cent to 10½, only to snap back to 14. Youngstown mills maintained a 14 per cent rate during the last half of December and improved to 19 per cent by January 14 only to recede slightly in the third week.

During the Christmas week-end, because of the drastic shutdowns, the national steel rate undercut even the 12 per cent low of the depression which was registered in the week of July 4, 1932. But December as a whole recorded a steel operating average of 15.02 per cent,

fractionally above the all time low of 14.26 per cent last August.

Chiefly as a result of releases from the automotive industry and an accumulation of rail orders, steel mills at Cleveland have operated at a consistently higher rate than was reported for the entire country, being twice the average most of the time. Youngstown mills have been holding several points above the national average, with the Pittsburgh district about on a parity with it. Automotive consumers have been the largest individual buyers of steel for 60 days, which accounts for the relatively better position of the fourth district. The lack of railroad business, which is tempering the general rise usually occurring at this season, bears hardest upon the Chicago steel producers.

In the middle of January, according to the trade, the outlook for the continuation of the early January rise was good. Producers were confident that they were inaugurating a period of recovery, although recognizing that improvement would be quite slow and perhaps halting. With inventory-taking past, a number of users were free again to take in materials. Tin plate mills were operating at an average of 50 per cent by mid-January, revealing a better condition in the food-packing industry than had been indicated previously.

In mid-January, scrap prices developed some signs of strength, for the first time since October. With the exception of sheets, which were generally reduced \$4 per ton, finished steel prices were holding, as were quotations on pig iron. The movement of the iron and steel composite of the magazine *Steel* was from \$28.91 in the week ended December 17 to \$28.55 in the week ended January 21, the adjustment being entirely due to this weakness in sheets.

Final statistics on 1932 coke pig iron production put the year at 8,674,067 gross tons, compared with 18,263,011 tons in 1931. The 1932 output of open-hearth and bessemer ingots was 13,095,727 gross tons, contrasted with 25,192,715 tons in 1931. Last year was a 19.4 per cent steel year, compared with 38.1 for 1931. At the close of December only 42 blast furnaces, or 12.5 per cent of capacity, were active. The all-time low point was 41 active stacks on August 31. In the first half of January two merchant and one steel stacks resumed production.

Coal Production of bituminous coal at fourth district mines declined slightly from November to December, though output in the latest period, at 11,288,000 tons, was 2.5 per cent larger than in December, 1931. The November-December decline was a trifle smaller than occurred last year at that time, but was somewhat greater than the average change of preceding years and was in conflict with the increase reported in the entire country.

Considerable improvement occurred in coal production in the closing months of 1932, but output for the entire year at mines in this section was 24 per cent below 1931. In the closing week of December a rather sharp contraction occurred in coal production and in the first two weeks of January output was below

the corresponding periods of 1932. Much of the recent decline was due to the very moderate weather for this season of the year which affected household demand, but takings of steam coal continue at very low levels and have shown little change in recent weeks.

Coal prices early in the new year declined somewhat, both on domestic and steam sizes and conditions in the industry, in the mining as well as the distributing fields, continue unfavorable.

Automobiles The automobile industry proved to be the chief support to many manufacturing plants in this district, and particularly to the steel industry, in December and the first part of January. Output of passenger cars and trucks in the closing month of the year was 107,403 units, almost double the number made in November and only 11.6 per cent below output in December, 1931. The November-December increase was contrary to the seasonal trend of past years and the Board's adjusted index rose to 60 per cent of the 1923-1925 monthly average from 31 in November.

This reversal of the usual seasonal trend was not due to any appreciable change in the retail demand for cars which dropped to new low levels in November and increased only slightly in December, but was caused by new model production, manufacturers turning out enough cars to furnish dealers with samples prior to the annual shows which started early in January.

With this task completed, production was curtailed in January, the *Analyst's* adjusted weekly index dropping to 42 per cent by the third week of the month pending a more definite indication as to what the market possibilities might be. Attendance at the winter shows was very encouraging and it is certain that many cars are being driven which should be replaced. Prices are lower than ever before, but the general lack of purchasing power and confidence are two factors which tend to retard commitments.

Output in several lines was quite well maintained, however, and the gradual expansion of Ford's 1933 program accounted for much of the increased activity in the steel industry in mid-January.

As in earlier months of 1932, the commercial branch of the industry made a more favorable showing in December than did the passenger car branch. Output was only ten per cent below the same month of 1931 and the Board's adjusted index was 89 per cent of the 1923-1925 monthly average. In the entire year output was down 43 per cent, compared with a 42 per cent reduction in passenger car production, but operations in the truck industry did not fall below the low point of 1921, whereas passenger car production was lower than since 1918. Style changes and new model introductions do not affect the commercial branch of the industry to any extent.

Tires, Rubber The tire industry of this district was operating at a slightly higher rate in the first half of January than in the two closing months of 1932 when output was very lim-

ited. In November, the latest month for which complete data are available, production was lower than for any month since 1921, but the decline from the corresponding month of the preceding year was eight per cent, according to figures supplied by the *Rubber Manufacturers' Association*. This reduction was smaller than the cumulative decline of 17 per cent shown for the eleven-month period.

The expansion in operations in the first part of January was entirely of a seasonal nature, and, therefore, indicated no change in the trend of tire production. Factories were increasing their inventories in anticipation of the usual dealer stocking-up, but, on the basis of current demand, stocks now are large. As was pointed out last month there has been very little buying under the spring-dating plan. In addition to the reasons previously given for the lack of such buying, the gradual taking over of tire sales by oil companies (which buy only for current needs) at the expense of the independent tire dealer, is a factor.

The tire industry is very much affected by the decline in this year's automobile registrations, estimates of which range from 1,000,000 to 2,000,000 cars. Replacement tires sales are the most profitable to tire companies, and with such a sharp reduction in cars in operation and a decline in gasoline consumption, a further contraction in tire production is looked for by the trade.

December crude rubber consumption was 16,990 long tons, compared with 21,910 tons in November and 21,409 tons in December, 1931. Consumption in the entire year was 313,122 tons, a reduction of ten per cent from 1931. This was lower than since 1923 and for the first year since the war there was less rubber taken by domestic factories than in the rest of the world. Consumption of rubber by plants in foreign countries increased in 1932.

Imports of crude rubber in December were up 5.5 per cent from November, but were down 45.0 per cent from December, 1931. As the year ended stocks were 20.3 per cent higher than on the corresponding date of 1931.

Employment at Ohio rubber factories increased one per cent in December, but was only 59 per cent of the 1926 monthly average and in the entire year averaged eight per cent below 1931.

Clothing

It is rather difficult to appraise accurately conditions in the clothing industry in this district because of the many disturbing elements, such as price differences, changes in buying methods, etc. Production of spring goods was started very late, but it accelerated somewhat in the first part of January. In that period most companies were operating at capacity levels, though some difficulty in obtaining delivery of materials was reported. In part this was due to the method in which material orders now are placed. Instead of ordering woolens ten or twelve weeks ahead as was customary two or three years ago, clothing makers now ask for delivery in two or three weeks, or less.

Judging by employment figures of the Ohio State Bureau of Business Research, operations at clothing factories in December were better than a year earlier, for the employment index was up four per cent, and the one per

cent decline from November was less than the average falling-off in that period of the preceding five years. Compared with the monthly average of 1926, the number employed by the 42 reporting manufacturers was down 12 per cent in December.

The dollar volume of retail sales continues very much below other years and collections are not very favorable. Generally, however, retailers seem to be buying a little more freely of the spring lines than for some time.

Other

In the miscellaneous industries of the district little change other than seasonal occurred in the last part of December or the first half of January. Most companies by the third week of the new year had resumed operations, after Holiday shutdowns, at rates which indicated that some of the gains experienced last fall had not been surrendered by the weakness in December.

The automobile parts and accessory industry continued to operate at a better rate in December than was experienced in earlier months of 1932, though both employment and production were considerably below the level of preceding years. At 40 factories in Ohio, December employment was 58 per cent of the 1926 monthly average, an increase of four per cent from November. According to reports, a further slight expansion was experienced in the first part of January, but this tapered off as new-model production slackened at some factories.

Operations at other plants engaged in the production of metal products receded, employment being down five per cent from November to December in contrast with a five-year average decline of one per cent in that period. In the first two weeks of 1933 a falling-off in sales was reported generally in machinery, electrical equipment, small tools, etc. Early January, however, is a period in which little activity is ever expected.

So far as the paint industry is concerned little occurred in the four weeks ended with mid-January to alter the trend display for some time. This is the dull period of the year and though a fairly large number of orders have been received, the quantities purchased were extremely small. Industrial and maintenance paint sales continue in only limited amounts. A slight increase in paper and boxboard sales was reported in the first half of January from the low level of December. Demand continues light, however, competition is keen and the industry is considerably overproduced.

Interest in the china and glass industry in early January was centered on the annual show at Pittsburgh. Attendance was good, and it was reported that buying was better in the opening days of the exhibit than a year ago. Prices on the new offerings were about ten per cent lower than at the 1932 show. Employment in the entire ceramic industry was up three per cent in December with glass makers reporting an increase of 12 per cent and china and pottery plants ten per cent. This was offset by reductions at brick and tile plants.

Plate glass production expanded in the closing months of 1932, chiefly as a result of increased orders from automobile manufacturers, but this is the dull season of the year for the glass container industry. The accompanying chart shows monthly production of plate glass as reported

by the *Plate Glass Manufacturers of America*, and represents practically the entire industry, and production of glass containers, as reported by the *Glass Container Association*, representing about 83 per cent of the industry. The decline in plate glass production from the peak in 1929 has been much sharper than in glass container production. Monthly average plate glass production in 1929 was 12,542,000 square feet. In the first ten months of 1932 average production was 4,140,000 square feet, a decline of 67 per cent. The reduction in glass container output in the same period was 28 per cent. The relatively greater falling-off in plate glass production was due to the sharp contraction in the automobile and construction industries in the past three years.

December shoe production at 30 establishments in the fourth district was 2.4 per cent greater than in November. The increase was much smaller than occurred at that season of 1931 or 1930, but was in contrast with reductions reported in the three years 1927-29. Compared with a year ago, December production was down 15.8 per cent, whereas the decline in output in the year 1932 from 1931 was only 2.8 per cent. Interest in early January was centered on the national convention and, as in past years, the period preceding this meeting experienced a postponement of buying. The dollar value of shoe sales at fourth district department stores in December was down 22 per cent in the case of women's and children's shoes, and 15 per cent in the case of men's and boys' shoes.

TRADE

Retail The dollar volume of department store sales in this district increased by less than the usual amount in December and was 27 per cent below the corresponding period of 1931. In the first half of the month pre-Christmas buying lagged, but a spurt in sales in the week immediately preceding the Holiday increased the total for the month so that the percentage decline from the closing period of the preceding year was approximately the same as the falling-off in sales in the entire year when they were down 26.6 per cent.

The seasonally adjusted index of dollar sales in this district receded to 53.8 per cent of the 1923-1925 monthly average in December, but even at that level it was above

the low point touched in August. In December, 1931, the index of sales was 73.

Though dollar volume was very depressed in all sections of the district because of the drop in prices and the fact that buying in many cases was done in price classes below those in which it had been customary to purchase in preceding years, the number of transactions held up quite well, according to reports.

Christmas buying this past season apparently was confined to the more practical articles, for sales in the individual departments such as woolen dress goods, shoes, underwear, negligees, domestics, men's furnishings and house furnishings showed smaller declines in dollar volume than the falling-off in total sales.

Less buying was done on credit in December than in either November or December, 1931, the ratio of credit to total sales being 51 per cent compared with 56.1 in November and 52.3 in the closing period of 1931.

The dollar volume of stocks (valued at retail prices) declined by slightly more than the usual seasonal amount in December and at the end of the year, after allowing for seasonal variations, was only 54 per cent of the 1923-1925 monthly average.

Collections declined slightly, only 31.6 per cent of accounts outstanding at the end of November being paid during December, compared with a collection ratio of 32.8 per cent a year earlier.

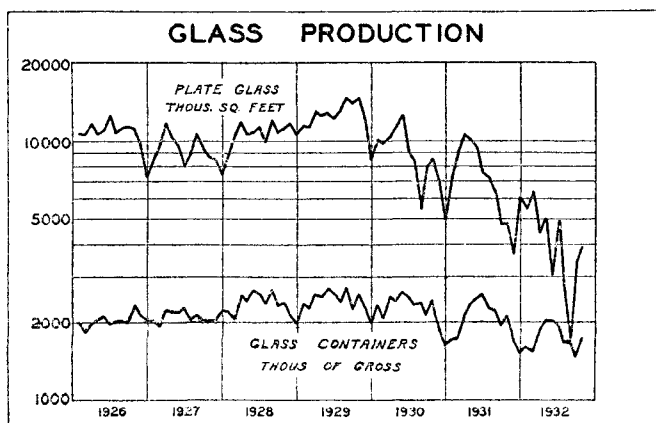
Sales at 46 reporting furniture stores were 37 per cent smaller in December than a year previous and were down 39 per cent in the twelve-month period. Sales of wearing apparel stores were down 30 per cent in both December and the entire year from similar periods of 1931.

Chain grocery sales, per individual unit operated, made a very favorable showing in December, being up 11 per cent from November and only two per cent below December, 1931. For the year, sales were down eight per cent, which is less than the average decline in food prices. December chain drug sales were 12 per cent below the closing month of 1931, and in the year were down 13 per cent. Compared with the base (monthly average of the three years 1923-1925), sales in 1932 were down approximately 25 per cent.

Wholesale All lines of reporting wholesale trade except drugs declined in December, the four per cent reduction in all sales being greater than was reported in 1931 or 1930, but less than the falling-off in preceding years. Dollar sales of 71 firms were only 48 per cent of the 1923-1925 monthly average, a reduction of about 23 per cent from December, 1931.

Compared with the same periods of the preceding year, dollar wholesale grocery sales were down 23 per cent in December and 22 per cent in the year. In the individual cities declines ranged from 17 per cent in Erie, Pennsylvania, to 25 per cent in Akron for the entire year. Stocks were down 17 per cent in value in the past year. Accounts receivable were ten per cent smaller than at the end of 1931.

Dry goods sales showed the most pronounced loss from 1931, being down 33 per cent in December and 35 per cent in the twelve-month period. Hardware sales were



reduced by 25 per cent in volume in both December and the entire year.

Drug sales increased 14 per cent in the closing month of 1932 from November, a seasonal change, and amounted to 80 per cent of the 1923-1925 monthly average, which, however, was eight per cent below December, 1931. In the entire year wholesale drug sales were 15.9 per cent below the volume reported in 1931.

AGRICULTURE

Agricultural conditions continue very unfavorable and evidence for 1932 shows that the situation grew progressively worse as time advanced. This was chiefly due to the downward trend of prices and the large stocks of principal agricultural products. There was a slight increase in prices of farm products last summer, but subsequent declines wiped out the gain and, as 1933 began, farm prices were only about half the pre-war average, whereas the price of goods bought by farmers was still slightly above the pre-war average, so that the ratio of prices received to prices paid for goods was only one-half.

Farm goods are not being sold in any amounts because of the low prices and large stocks; in December, gross income of Ohio farms, according to the Department of Rural Economics, was 33 per cent below the same month of 1931 and was only 37 per cent of the five-year average, 1924-1928.

Regarding the possibilities for the coming crop season, the preliminary report on condition and area of winter wheat sown shows that in the entire country there was a decline of 1.3 per cent in acreage. This was the third successive reduction and the acreage sown this year is the smallest since 1923. In the fourth district, particularly Ohio, acreage planted last fall was considerably larger than was sown in 1931 for harvest in 1932, but it was still below the five-year average 1924-1928.

The condition of the crop on December 1 in this district was about equal to the ten-year average condition of 1920-1929, but was somewhat below the December 1 condition last year. This was quite favorable when compared with the condition reported for the entire country which was the lowest on record back to 1863. On December 1 it was 69 per cent of normal, compared with a ten-year average condition of 83 per cent. According to the Department of Agriculture, "In the past, conditions below average on December 1 have been followed

by more than average abandonment, and below average yields per acre."

COST OF LIVING

In view of the sharp contraction in wages and incomes which has accompanied the general industrial depression of the past three years, the decline in living costs, particularly in 1931 and 1932, has, in some measure offset declining incomes. There is, however, considerable variation in the extent of the decline in the past three years in the various items composing an average budget, as is shown by the accompanying table.

The United States Bureau of Labor Statistics collects cost of living information semiannually for 32 major cities in the United States. Data for Cleveland are available back to 1914, but figures for Cincinnati and Pittsburgh are only available since 1917. As an indication of the cost of living in the fourth district, figures for these three major cities have been combined, and changes over the entire period are shown on the accompanying chart. December, 1917 was taken as 100, since that was the first year for which information for all three cities was available. Estimates for Pittsburgh and Cincinnati were made for years preceding 1917 from the relationship existing between Cleveland figures and those of the other two cities for the years following 1917.

Excluding the war and post-war inflation years, cost of living in these three cities touched its peak in December, 1925, declined very gradually in the four following years and then dropped sharply in 1930, 1931 and 1932. In general, the cost of living is slightly higher in Cleveland than in the other two cities and is lower in Cincinnati than in Pittsburgh. Relative changes, however, in the three centers show little variation from year to year.

Cost of living in these cities at the end of 1932 was 95.2 per cent of the 1917 average, a reduction of 22.5 per cent in the past three years and 35.5 per cent from the peak in June, 1920.

Deflation in living costs is somewhat slower than declines in wholesale prices because of the lag between the reduction in wholesale and retail costs and also because many so-called fixed charges such as rents are carried over from preceding periods. The fall in wholesale prices in the past three years has been about 35 per cent.

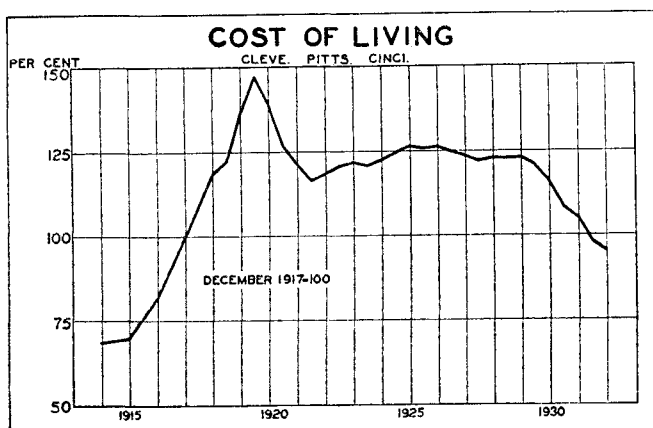
Declines in the various components of this index vary widely. Food costs, which represent about 38 per cent of an average family's expenses, are now lower than at any time in the period covered by the index. The reduction since December, 1929, has been about 40 per cent.

The cost of clothing also has dropped sharply, and at the close of 1932 was 22.7 per cent lower than in 1929 and lower than since 1916.

Rents dropped quite sharply in the past year, being 23 per cent lower in December, 1932, than in 1929, but still 20 per cent above the 1917 base. Rents are lower than since 1919.

Fuel and light costs have declined only about five per cent in the past three years and are still 79 per cent above the base period. The reduction from the peak in 1926 was close to six per cent.

House furnishings costs at the end of 1932 were 27 per cent lower than in 1929, and were lower than since 1916.



Miscellaneous living expenses, which include professional fees, carfare, telephone, tobacco, toilet articles, laundry and amusement costs, have changed only slightly in the past three years, the reduction being about three per cent. These expenses, which represent about 20 per cent of a family's living expenditures, are still nearly 50 per cent above the 1917 base period.

Index of the Cost of Living

Cleveland-Pittsburgh-Cincinnati
Compiled from data supplied by the Bureau of Labor Statistics
December, 1917=100

Date	Food	Clothing	Rent	Fuel & Light	House Furnishings	Miscellaneous	Total
December, 1914	65.7	65.2	91.4	61.8	62.6	68.7	68.9
" 1915	66.6	66.6	91.5	64.7	65.5	69.7	69.9
" 1916	83.0	76.9	92.3	74.0	74.9	81.8	62.1
" 1917	100.0	100.0	100.0	100.0	100.0	100.0	100.0
" 1918	116.8	136.9	104.2	113.0	129.6	117.9	119.0
June, 1919	116.9	150.1	107.9	110.5	137.1	120.3	122.3
December, 1919	124.3	185.2	118.0	116.4	164.6	132.9	136.7
June, 1920	139.0	195.5	126.9	136.2	182.2	147.1	147.7
December, 1920	112.6	175.7	140.6	150.6	177.4	154.5	139.7
May, 1921	90.9	151.9	150.7	141.7	152.0	153.9	126.9
December, 1921	92.5	122.3	148.9	156.4	129.9	150.5	121.1
June, 1922	88.7	114.1	146.7	153.8	121.0	144.9	116.2
December, 1922	91.8	112.3	149.4	168.1	127.0	144.0	118.3
June, 1923	92.4	115.7	152.4	172.9	136.3	144.2	120.2
December, 1923	94.8	116.4	155.6	174.9	136.8	145.2	122.1
June, 1924	90.4	114.7	160.3	168.5	133.2	147.0	120.6
December, 1924	94.7	111.0	160.9	176.4	132.5	149.1	122.4
June, 1925	99.5	110.6	161.7	181.6	131.5	150.1	124.8
December, 1925	104.2	109.7	161.6	190.8	131.2	148.2	126.5
June, 1926	163.0	108.5	161.5	185.7	127.5	148.3	125.4
December, 1926	103.9	107.0	161.8	196.3	126.7	148.6	126.0
June, 1927	102.5	106.5	160.7	187.9	125.4	149.1	124.9
December, 1927	100.3	105.1	160.6	187.8	124.1	149.1	123.8
June, 1928	97.8	105.2	158.4	184.3	120.0	149.7	122.2
December, 1928	99.6	104.0	157.6	185.2	119.7	149.9	122.8
June, 1929	100.2	103.7	156.2	183.9	118.9	150.1	122.7
December, 1929	100.3	103.1	155.5	188.1	118.4	150.5	122.8
June, 1930	95.1	102.3	153.3	184.6	117.4	152.4	120.4
December, 1930	87.5	97.7	152.0	187.0	111.3	151.3	116.0
June, 1931	75.5	90.6	146.5	181.9	103.7	150.5	108.5
December, 1931	71.4	86.5	141.0	184.4	98.5	149.7	105.1
June, 1932	63.0	83.1	128.9	179.5	90.0	148.6	98.1
December, 1932	60.3	79.7	120.2	179.6	86.4	146.3	95.2

Wholesale and Retail Trade

(1932 compared with 1931)

	Percentage Increase or Decrease		STOCKS
	SALES Dec., 1932	SALES Year, 1932	
DEPARTMENT STORES (54)			
Akron	-24.8	-24.2	-5.8
Cincinnati	-25.0	-24.0	-29.3
Cleveland	-23.9	-25.5	-31.4
Columbus	-24.5	-22.3	-21.3
Pittsburgh	-28.9	-29.7	-20.3
Toledo	-28.4	-23.8	-16.3
Wheeling	-22.8	-28.3	-20.9
Other Cities	-31.5	-28.3	-18.1
District	-26.7	-26.6	-22.5
WEARING APPAREL (12)			
Cincinnati	-26.3	-26.1	-28.4
Other Cities	-32.5	-31.5	-32.2
District	-30.4	-29.6	-30.8
FURNITURE (46)			
Cincinnati	-31.4	-40.0	.....
Cleveland	-36.6	-45.8	.....
Columbus	-21.8	-30.8	.....
Dayton	-31.0	-23.8	.....
Toledo	-46.4	-30.7	.....
Other Cities	-48.5	-37.4	.....
District	-36.9	-38.8	.....
CHAIN STORES*			
Drugs—District (4)	-12.2	-13.3	.....
Groceries—District (5)	-2.2	-8.1	.....
WHOLESALE GROCERIES (34)			
Akron	-26.9	-25.2	.....
Cleveland	-24.9	-22.3	.....
Erie	-16.5	-17.8	.....
Pittsburgh	-13.5	-20.6	.....
Toledo	-30.5	-22.6	.....
Other Cities	-19.7	-21.1	.....
District	-23.0	-21.8	-16.7
WHOLESALE DRY GOODS (11)	-33.3	-35.4	-18.5
WHOLESALE DRUGS (13)	-8.0	-15.1	.....
WHOLESALE HARDWARE (15)	-24.6	-25.9	.....

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

	Dec., 1932	% change from 1931	Year, 1932	% change from 1931
Fourth District Unless Otherwise Specified				
Bank Debts—24 cities	\$1,572,000	-30.2	19,060,000	-35.0
Savings Deposits—end of month:				
27 selected banks, O. & Pa.	\$ 636,830	-7.6	643,449 ¹	-13.1
Postal Receipts (9 cities)	\$ 2,921	-12.3	.....	.....
Life Insurance Sales:				
Ohio and Pa.	\$ 76,448	-34.8	951,743	-24.2
Retail Sales:				
Department Stores—54 firms	\$ 21,629	-26.7	170,405	-26.6
Wearing Apparel—12 firms	\$ 949	-30.4	9,376	-29.6
Furniture—46 firms	\$ 482	-36.9	5,382	-38.8
Wholesale Sales:				
Drugs—13 firms	\$ 1,231	-8.0	14,185	-15.1
Dry Goods—11 firms	\$ 826	-33.3	10,114	-35.4
Groceries—34 firms	\$ 2,981	-23.0	39,581	-21.8
Hardware—15 firms	\$ 727	-24.6	10,369	-25.9
Building Contracts—Residential	\$ 737	-75.3	22,355	-66.3
—Total	\$ 5,108	-64.0	127,084	-53.9
Commercial Failures—Liabilities	\$ 8,239	+37.7	85,511	+0.3
—Number	197 ²	-24.8	2,893 ²	+21.9
Production:				
Pig Iron, U. S.	Tons 546	-44.3	8,674	-52.5
Steel Ingots, U. S.	Tons 845	-35.0	13,096	-48.0
Automobiles—Pass. Cars, U. S.	86,199 ²	-11.9	1,135,541 ²	-42.4
—Trucks, U. S.	21,204 ²	-10.3	235,187 ²	-43.6
Bituminous Coal	Tons 11,284	+2.5	113,823	-24.0
Cement—O., W. Pa., W. Va. Bbls.	638	+51.2	6,599	-39.8
Elec. Power—O., Pa., Ky. k.w.h.	1,004 ³	-10.6	10,968 ⁴	-11.6
Petroleum—O., Pa., Ky. Bbls.	1,800 ³	-13.2	21,472 ⁴	+0.2
Shoes	Pairs 5	-15.8	5	-2.8
Thires, U. S.	Casings 1,849 ³	-8.0	30,586 ⁴	-17.3
Bituminous Coal Shipments:				
Lake Erie Ports	Tons .....	.....	25,173	-19.8
Iron Ore Receipts:				
Lake Erie Ports	Tons .....	.....	2,707	-81.7

¹ monthly average
² actual number
³ November
⁴ Jan.-Nov.
⁵ confidential
⁶ not available

Debts to Individual Accounts

(Thousands of Dollars)

	4 weeks ending Jan. 18, 1933	% change from 1932	Year		% change from 1932
			Dec. 31, 1931	Jan. 1 to Dec. 30, 1931	
Akron	41,301	-33.3	581,595	938,109	-38.0
Butler	5,631	-18.4	73,177	104,532	-30.0
Canton	15,640	-17.2	213,168	391,869	-45.6
Cincinnati	218,628	-23.8	2,860,324	3,938,092	-27.4
Cleveland	384,232	-34.5	4,852,456	7,779,468	-37.6
Columbus	83,518	-28.0	1,132,185	1,782,061	-36.5
Dayton	41,601	-15.5	518,480	860,584	-39.8
Erie	17,059	-30.0	244,487	374,004	-34.6
Franklin	1,907	-49.5	31,872	45,075	-29.3
Greensburg	4,106	-46.9	62,463	104,303	-40.1
Hamilton	6,178	-25.6	90,885	130,842	-30.5
Homestead	1,511	-37.4	26,693	45,688	-41.6
Lexington	21,776	-19.0	186,037	233,581	-20.4
Lima	7,021	+0.02	96,189	123,004	-21.8
Lorain	2,573	-24.9	35,492	57,836	-38.6
Middletown	4,810	-13.2	67,791	101,986	-33.5
Oil City	7,559	-18.6	105,088	146,447	-28.2
Pittsburgh	473,810	-30.6	5,963,887	9,057,111	-34.2
Springfield	9,676	-33.1	137,480	208,264	-34.0
Steubenville	4,126	-31.7	60,774	99,089	-38.7
Toledo	66,249	-22.2	855,876	1,487,429	-40.4
Warren	3,534	-18.7	54,074	94,393	-42.7
Wheeling	25,788	-19.9	314,906	437,560	-28.0
Youngstown	19,631	-45.4	313,590	560,068	-44.0
Zanesville	4,659	-35.2	67,347	103,120	-34.7
Total	1,472,524	-29.6	18,976,326	29,204,515	-35.0

Fourth District Business Indexes

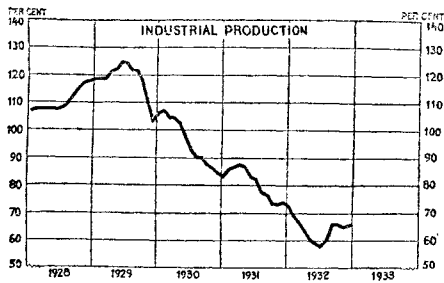
(1923-1925=100)

	Dec., 1932	Dec., 1931	Dec., 1930	Dec., 1929	Dec., 1928
Bank Debts (24 cities)	58	83	124	134	149
Commercial Failures (Number)	135	180	143	96	92
(Liabilities)	187	136	102	185	32
Postal Receipts (9 cities)	113	128	145	148	143
Sales—Life Insurance (Ohio & Pa.)	91	140	126	150	142
—Department Stores (55 firms)	91	123	149	175	174
—Wholesale Drugs (13 firms)	80	83	101	111	138
—Dry Goods (10 firms)	30	46	67	82	88
—Groceries (34 firms)	51	67	80	91	89
—Hardware (14 firms)	34	47	64	81	82
—All (71)	48	62	78	90	94
—Chain Drug (3 firms)**	79	90	97	98	104
Building Contracts (Total)	11	30	35	51	67
(Residential)	4	17	29	33	58
Production—Coal (O., W. Pa., E. Ky.)	62	61	84	96	89
—Cement (O., W. Pa., W. Va.)	53	35	64	78	86
—Elec. Power (O., Pa., Ky.)*	120	134	144	156	149
—Petroleum (O., Pa., Ky.)*	97	112	102	125	106
—Shoes	49	59	44	82	76

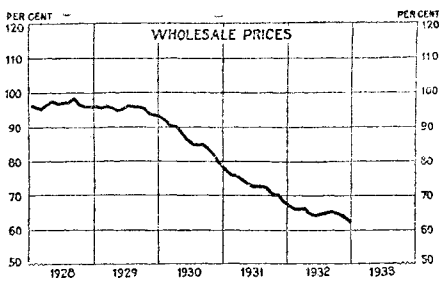
*November.
**Per individual unit operated.

Summary of National Business Conditions

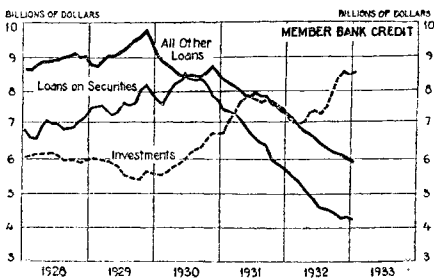
By the Federal Reserve Board



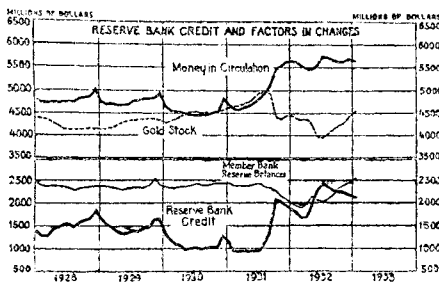
Index of industrial production, adjusted for seasonal variation, (1923-1925 average = 100)
Latest figure, December 66.



Index of United States Bureau of Labor Statistics (1926 = 100) Latest figure, December, 62.6.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first two weeks in January.



Monthly averages of daily figures. Latest figures are averages of first 19 days in January.

Volume of industrial production declined in December by slightly less than the usual seasonal amount, while factory employment and payrolls showed a decrease somewhat larger than is usual at this season. The general level of wholesale commodity prices, after declining in December, showed relatively little change in the first half of January.

Production and Employment

In December the Board's seasonally adjusted index of industrial output showed an increase from 65 per cent of the 1923-1925 average to 66 per cent, the level prevailing in September and October. There was a substantial increase in output of automobiles in connection with the introduction of new models, and lumber production showed a less-than-seasonal decline. In the textile industries there were decreases in output in accordance with the usual seasonal tendency. Activity at steel mills showed a substantial decline in December, followed by a seasonal increase in the first three weeks of January.

Volume of employment in manufacturing industries decreased from the middle of November to the middle of December by somewhat more than the usual seasonal amount. Working forces were reduced in the clothing, leather and building material industries, while at the automobile factories there was a substantial increase in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined by more than the usual seasonal amount in the fourth quarter, following a non-seasonal increase in the third quarter. Contracts awarded in the first half of January showed an increase, as measured by daily average figures, reflecting the award of large contracts in connection with construction of a bridge at New Orleans.

Distribution

Freight traffic decreased in December by an amount somewhat smaller than is usual at this season. Sales by department stores increased by somewhat less than the usual seasonal amount and were smaller than a year ago by 23 per cent, reflecting in part a decline in prices.

Foreign Trade

Value of exports in December was smaller than in December, 1931, by about one-fourth. For the year as a whole the decline was about one-third, reflecting decreases ranging, in the first eleven months, from eight per cent for crude materials to 45 per cent for finished manufactures. Value of imports into this country during 1932 was smaller than in 1931 by 37 per cent.

Wholesale Prices

Wholesale prices of many leading commodities, including nonagricultural as well as agricultural products, declined from November to December, and the monthly index of the Bureau of Labor Statistics showed a decrease from 63.9 per cent of the 1926 average to 62.6 per cent, as compared with 68.6 per cent a year ago. In the first half of January, wheat prices advanced from the low levels reached at the end of December and cotton prices also increased somewhat, while prices of silk, rubber and gasoline declined considerably.

Bank Credit

In the four weeks from December 21 to January 18, the stock of monetary gold increased by \$80,000,000 and there was a seasonal decline of \$130,000,000 in the volume of money in circulation—a considerably smaller decline than usual, reflecting a smaller than usual increase for the Holiday trade in December and some withdrawal of funds accompanying bank suspensions in the middle of January. The reserve funds arising from these two sources were absorbed in part by a reduction of member bank borrowings at the Federal reserve banks and through a decline of \$73,000,000 between January 4 and January 18 in the reserve banks' holdings of United States Government securities. Member bank reserve balances, however, increased further during the four-week period by about \$100,000,000 to a level of \$575,000,000 higher than a year ago. Excess reserves of member banks, which have been in substantial volume for several months, also increased during the period.

Volume of member bank credit continued to decline during December and the first part of January. From the middle of December to January 11, total loans and investments of reporting member banks in leading cities declined by \$165,000,000, to a level about \$350,000,000 above the low point of last summer. The decline was entirely in the banks' loans, while investments showed relatively little change. Money rates in the open market continued at low levels.