



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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Changes in trade and industry in the fourth district and the United States in the month ended March 25 were largely a result of the unprecedented financial developments in the period. Local business, however, felt the effect of the curtailment of credit facilities somewhat earlier than in other sections of the country because the Michigan bank holiday, which was declared on the 14th of February, was partly responsible for the reductions in the automobile assembly industry. This in turn was soon reflected in a disappearance of orders or cancellations of releases for materials, parts, etc., a large share of which is supplied by manufacturers located in this district. The restrictions upon deposit withdrawals, adopted by most banks of the fourth district beginning the 27th of February, caused a further contraction in activity, and the complete banking holiday declared by the President, starting March 6, resulted in an almost complete cessation of buying.

The somewhat limited information at hand covering March operations in various lines of the district indicates, that, as banks were permitted to open after the 13th of March, the number of inquiries and orders received increased sharply and operations at many plants were stepped up to the levels prevailing prior to the holiday.

The upward movement of most commodity prices in and immediately following the bank holiday period, and the present low level of manufactured stocks no doubt were factors partly responsible for the increased buying. In this connection the accompanying chart, showing an index of manufactured commodity stocks, seasonally adjusted, prepared from data compiled by the Department of Commerce, is enlightening. This index includes stocks of 34 important manufactured commodities for which figures are available at regular intervals. In January this adjusted index was 97.7 per cent of the monthly average of the three years 1923-1925, the lowest level since early 1923, and about 23 per cent below the peak of late 1930.

In the steel industry daily average production in February increased slightly more than the usual seasonal amount, but operations in the first half of March dropped to a level only slightly above the low point of the summer of 1932. A rather sharp recovery, particularly in the centers manufacturing automobile steel, was reported in the third week of the month.

Coal production in January and February was greater

in this district than in the same months last year, but a contraction was experienced in the first half of March. The number of inquiries increased in the third week, but few actual sales were reported.

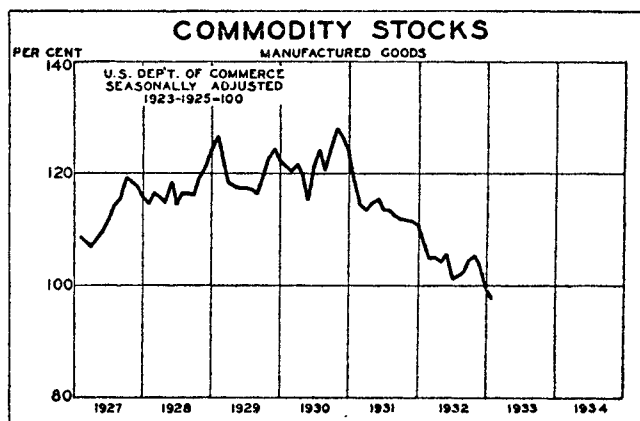
Shoe and clothing production was quite well-maintained in February and early March, most plants being engaged in the production of spring goods. Shoe factories in this district made 12 per cent more shoes in February than in the corresponding period of 1932.

Life insurance sales continue to lag behind last year by about 20 per cent, and postal receipts were down 12 per cent in February at nine large centers despite the fact that a higher postage rate prevails now than a year ago.

Bank debits to individual accounts in February at 24 cities of the district were 14.6 per cent behind the same period of 1932, the smaller drop than was shown in January being due to the large withdrawals in the latter part of the month.

Commercial failures in this district in February numbered 200, compared with 256 in the corresponding month of 1932. The reduction of 22 per cent was about the same as was reported for January. Liabilities of the defaulting concerns were down sharply, being 40 per cent smaller than a year ago.

In the retail field, the dollar value of department store sales in February was up slightly more than seasonally from the preceding month, but was still 26 per cent below the same month of 1932. Wholesale sales in the four reporting lines showed larger reductions in February



Monthly Index of Manufactured Stocks of 34 commodities. (Department of Commerce 1923-25 = 100.) Seasonally adjusted—Federal Reserve Bank of Cleveland.

from the corresponding month of 1932 than were reported in January. Both retail and wholesale trade were quite sharply curtailed in the first part of March.

FINANCIAL

Financial developments in the past month have been more far-reaching in their effects and have occurred with greater rapidity than in any similar period for which information is available. Between February 14 and March 4, disbursements of currency by the Federal Reserve Bank of Cleveland, as shown on the accompanying chart, exceeded receipts every day but one, indicating that banks in this district were being called upon for more and more cash during that period. The decline in the daily figures following the 27th was due to limitations placed on withdrawals by banks throughout the district. Shipments on March 4 exceeded receipts by almost \$35,000,000 and money forwarded to banks in this district in the period February 14 to and including March 4 exceeded receipts in the same period by \$131,756,000. During the bank holiday period the daily net change was purely nominal, but as banks were granted licenses to reopen the flow of currency was completely reversed and the excess of receipts over shipments (shown above the line) has averaged over \$6,000,000 a day since the 13th of March, and between the 13th and 25th totaled \$74,277,000.

The financial situation became acute in this district somewhat earlier than in some other sections of the country because of the drain on banks in principal cities of the district to provide funds for business in Michigan where a bank holiday had been declared on February 14, and because of the transfer of large commercial accounts to other parts of the country, chiefly New York. Individual withdrawals also were quite heavy in the latter part of February and savings deposits at selected banks throughout Ohio were 6.1 per cent smaller at the end of February than at the beginning of the month.

Since the largest withdrawals occurred in commercial accounts which can be transferred with ease from one section of the country to another it was thought wise, for the protection of the depositors, to restrict all withdrawals to a certain per cent of the total amount in the account; such limitations were placed on withdrawals by most banks in this district in the closing days of Feb-

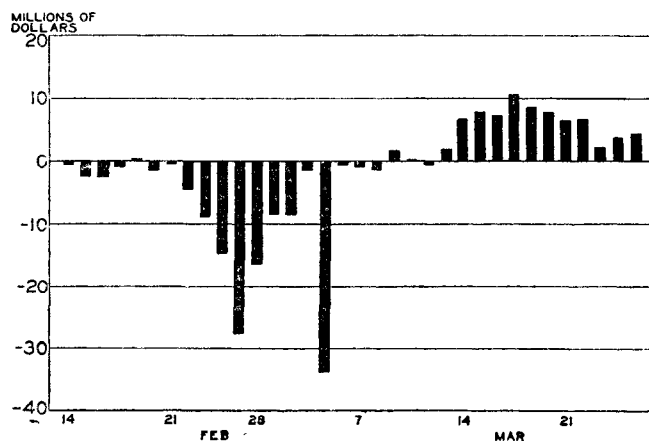
ruary, though a few banks continued to pay on demand. In order that the hardship resulting from these restrictions might be lessened somewhat, banks generally accepted new deposits which were made payable in full on demand, such deposits being kept in cash or invested in Government securities.

As public apprehension increased and spread to other parts of the country, and the demand for gold for hoarding from the reserve banks assumed unusual proportions, it was found necessary to declare a national bank holiday. When banks were licensed to reopen, beginning March 13, (by the Secretary of the Treasury if they were members of the Federal Reserve System, and by the State banking departments if they were non-member state banks) for 100 per cent operations with the exception of the restrictions of the President's Executive Order of March 10, the flow of currency was entirely reversed and bank deposits were sharply increased.

So far as the fourth district was concerned, up to and including March 25, 469 member banks of the Federal Reserve System, out of a total of 631 were licensed to reopen 100 per cent. Non-member state banks licensed in this district numbered 579, according to the best reports obtainable, out of approximately 780 non-member state banks located in this district. Many of the national banks not licensed have had conservators appointed for them and in the case of several member banks reorganizations plans are under consideration.

The effects of many of these changes are clearly discernible in the condition figures of the Federal Reserve Bank of Cleveland, weekly fluctuations in which are shown graphically on the bottom of the next page.

Chart I shows weekly changes in total gold reserves and total earning assets so far this year. Fluctuations in this bank's gold reserves occur largely through the inter-district movement of funds as a result of check payments, transfers, etc., which are settled through the gold settlement fund. For several weeks prior to February 22 changes in gold reserves were of minor significance. The gain in the week ended March 1 was largely a result of transfers for the Government's account. The \$44,000,000 net loss in gold reserves in the following week was mainly through gold transfers and in part represented the rediscount of \$25,000,000 for the Federal Reserve Bank of New York and the purchase of \$40,000,000 in Government securities which also resulted in a transfer of gold to the account of the New York bank. In addition, however, rather heavy gold withdrawals by individuals at the Federal Reserve Bank of Cleveland and its branches by exchange for currency occurred, and gold reserves of this bank were reduced to \$226,383,000 by March 8. In the two weeks ended March 22 gold reserves expanded \$110,000,000, to the highest level since 1931. The bulk of the increase again was through transfers as rediscounts were cancelled and \$40,000,000 in Government securities were sold. But the return flow of gold from individuals depositing through member banks and directly with the reserve bank, which followed the passage of the Emergency Act of March 9, was sizable. Between March 9 and March 25 gold coin held by the reserve bank and branches increased 98.5 per cent and on the latest date such holdings were almost double the



Daily excess of cash receipts over disbursements, or vice versa, of the Federal Reserve Bank of Cleveland and branches, February 14 to March 25, 1933.

average of the past several years. Between March 8 and 22 the Federal Reserve System gained over \$500,000,000 in gold from individual and other sources.

Total bills and securities of this bank increased at an almost unprecedented rate between February 21 and March 8, the advance being \$141,000,000. At \$371,325,000, total earning assets were \$67,000,000 above the previous record high point reached in 1920. The increase, as shown on Chart II which shows the division of earning assets into the three principal classes, was largely in discounts for member banks in this district. As both demand and time deposits at member banks were sharply reduced the need for cash at the individual banks increased. Member bank reserve accounts were reduced sharply in payment for Federal reserve notes; then to build up their reserve accounts banks were obliged to increase their discounts, which jumped from \$46,000,000 to \$119,000,000 in two weeks. Following the reopening of licensed banks, as cash was returned and deposits increased, discounts dropped sharply to \$60,000,000.

This bank's holdings of United States Government securities were increased \$40,000,000 temporarily in the week ended March 8, but they were reduced to \$176,000,000 by March 22.

As previously mentioned Federal reserve notes in circulation, shown on Chart III, increased sharply, an advance of \$77,000,000 occurring between February 21 and March 1 as member banks anticipated large individual cash withdrawals and thus increased their cash on hand far beyond normal levels. Circulation was further expanded by almost \$40,000,000 in the first half of March to an all-time record level of \$424,000,000. In the week ended March 22 notes of this bank in circulation declined \$47,000,000 as deposits at licensed banks increased and the need for large currency supplies no longer existed. On the latest date there was \$619,000 of the new Federal reserve bank notes of this bank in circulation. In addition to retiring currency and thus being able to reduce discounts, member banks increased their reserve deposits from a low of \$107,000,000 on March 1 to \$152,000,000 on March 22. At the latter level, member bank reserves were higher than since late

1931, but they included about \$12,000,000 in special accounts representing segregated deposits at member banks.

The reserve ratio of gold reserves to note and deposit liabilities combined dropped from 56 per cent to 41 per cent between February 21 and March 8, but increased to 60 per cent by March 22 as gold reserves increased sharply and notes were retired at a rapid rate, particularly in the latest week.

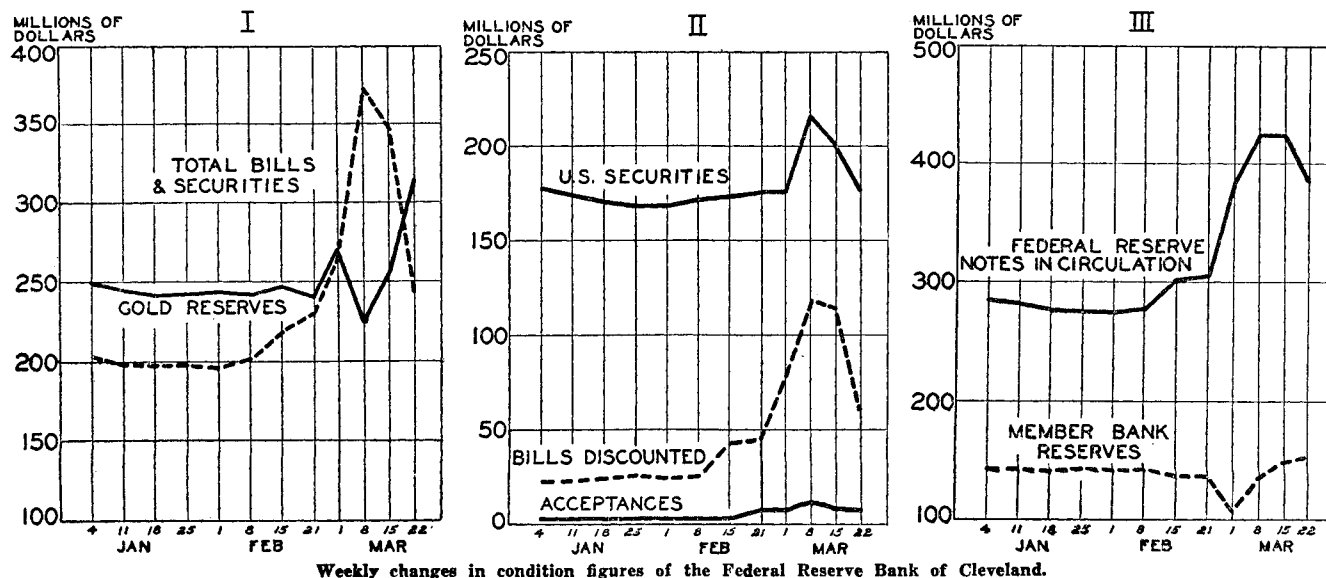
MANUFACTURING, MINING

Iron and Steel

Viewing the iron and steel situation chronologically, the year opened with capacity engaged about 12 per cent; demand that flowed chiefly from the automotive industry and miscellaneous consumers lifted activity to 19 per cent by the last week of January; no support being forthcoming from the railroads or the building industry, this rate hung at 19 to 20 per cent through the first three weeks of February; then with the declaration of the State bank holiday in late February, and the closing of all banks in early March, automotive requirements declined perceptibly until iron and steel activity came to rest at 13½ per cent in the week ended March 11. In the week ended March 18 recovery to 15 per cent followed, with evidence of continuing gains.

Because the iron and steel industry of the fourth district is so dependent upon automotive orders the virtual collapse of automobile production was felt more severely locally than in other districts. During the week ended March 11 practically all releases were suspended, but their reinstatement the following week was an indication of improvement.

Immediately following the bank holiday greatly increased interest in their forward requirements was manifested by important consumers, many seeking coverage to October 1. In most cases this was refused. The history of past depressions is that prices of iron and steel do not rise appreciably until about seven months after the low point of production has been passed. As yet the low of August, 1932, has not been equalled.



Indicating their own confidence in the situation, efforts at stabilization of prices, especially in the flat-rolled lines, were seriously pursued in March. Otherwise, the only advances registered were in scrap, which is always volatile and sometimes barometric. Typical of the price situation, the iron and steel composite of the magazine *Steel* opened the year at \$28.83, declined to a low of \$28.27 in the week ended February 11, then recovered to \$28.35 in the week ended March 18.

The February daily coke pig iron rate of 19,752 gross tons compared with 18,348 tons in January and 33,122 tons in February, 1932. The two-month total of pig iron for 1933 is 1,121,852 tons, compared with 1,931,987 tons for January and February, 1932. The February daily ingot rate of 44,378 gross tons contrasted with 38,704 tons in January and 58,308 tons last February. The two-month total for steel ingots is 2,071,377 tons, against 2,917,160 tons a year ago.

Coal

Although coal production in the entire country in February was slightly below output in the same month of 1932, production of fourth district mines in the latest month was 2.9 per cent ahead of a year ago and only slightly under January's output. In the past ten years the average January-February change was a decline of 10 per cent. A sharp curtailment in mine operations occurred in the last week of February and early March, but some recovery was evident in the last half of the month as business resumed.

In the first two months of the year bituminous coal production in this district amounted to 19,930,000 tons, an increase of 3.6 per cent from the corresponding period of 1932. In the entire country coal production was slightly smaller in January and February than in the same months last year.

Coal prices have not changed in the past few weeks and continue at very low levels. In this connection the Supreme Court's approval of the marketing association of coal dealers, of which many participants are local producers, was regarded in the trade as a constructive step, particularly so far as it affects prices. Announcement of the formation of similar organizations in other sections of the fourth district followed the Court's decision. The main weakness these organizations are attempting to overcome is the destructive competition which has resulted from the fact that production capacity is far in excess of current demands and has been for some time.

According to reports, an unusual number of inquiries for future coal requirements were received in the latter part of March, but few actual orders have been placed. Stocks of coal above ground show little change from a month ago.

Automobiles

The banking holiday affected the principal automobile centers somewhat earlier than other parts of the country and production schedules were curtailed in February and dropped to unusually low levels in the first half of March

for that season of the year. This had a very pronounced effect on many of the most important lines of business in this district. Operations in the steel industry, limited as they were, had been maintained chiefly by releases from the automobile industry. Tire, glass, parts, accessory, etc., manufacturers of this section likewise were affected by the reduction at the assembly plants.

Despite the curtailment in the latter part of February, output for the entire month, according to the Department of Commerce, was 106,814 units, a drop of nine per cent from last year, and which compared with 130,114 cars and trucks turned out in January. The falling-off in February almost nullified the gain shown in January (compared with the first month of 1932) and output for the two-month period was only 0.1 per cent ahead of the same interval of the preceding year.

Passenger car production in February totaled 91,492 units, a reduction of 28 per cent from last year. Truck production, at 15,322 units, was down 34 per cent from February, 1932.

Retail buying ceased almost entirely in early March and, as a result, manufacturers curtailed schedules until only 10,633 cars and trucks were assembled in the week ended March 18, according to *Cram's* reports. The *Analyst* seasonally adjusted index dropped to 10.8 per cent of the 1927-29 base period, a new low level. The decline from the December peak in this index has been almost continuous, because normally in the first quarter of the year production of cars is expanding in anticipation of increased spring sales. So far this year the upturn was confined to a few weeks and recently output has been showing a downward trend.

Rubber, Tires

Most rubber and tire plants in this district continued to operate on a very restricted basis in February and curtailed production even further in early March, but activity was increased in the third week in several instances as a result of the improved confidence and feeling which followed the bank reopenings. Difficulties regarding prices are still evident, further reductions being announced by some companies in the last half of March.

Employment at 20 factories in this district in February was 59 per cent of the 1926 monthly average, unchanged from January, but down ten per cent from last year. This does not reflect the fact that many plants are operating only two or three days a week and are thus spreading the available work among a greater number of workers.

Final tire production figures for January were 14.5 per cent above those for December, but, compared with the opening month of 1932, a reduction of 35 per cent was shown. Shipments in January exceeded production so that stocks were reduced, but in terms of current consumption, they were still above a year ago.

The price of crude rubber firmed somewhat along with gains in other commodities, but at three cents a pound in late March, it was still below the cost of production. Im-

ports of crude rubber in February dropped sharply to 18,875 long tons, compared with 31,110 tons in January, and 30,546 tons in February, 1932. Consumption of rubber by factories in this country was 20,462 long tons in the latest month, compared with 30,012 tons a year ago. Crude rubber stocks dropped slightly in February, but at the month-end were still 22.2 per cent above the same date of 1932.

Clothing, Textiles The effect of the bank holiday on the clothing and textile industry was first evident in the cancellation of many orders placed for spring delivery. This was a natural reaction in view of the fact that retail trade was very much depressed; people were not buying when they did not know their exact financial situation. This, however, was quickly followed by a more favorable buying movement on the part of retailers in an effort to protect themselves against rising prices. Advance buying in a volume not seen for many months was reported in mid-March.

Advancing prices appeared first in the raw material markets, particularly cotton; with the Exchange closed raw cotton, in over-the-counter sales, advanced almost 35 per cent. Wool and silk prices were higher after the regular selling agencies reopened than prior to the holiday. Most prices receded slightly in the closing days of the month.

This, of course, is normally one of the busiest seasons of the year for clothing manufacturers, and the employment index of the Ohio State Bureau of Business Research, at 91 per cent of the 1926 monthly average in February, was five per cent higher than in January and three per cent above a year ago. The number employed at men's clothing factories was up four per cent in February from the preceding month, but was down one per cent from last year.

Manufacturers reported stocks of finished goods as being very satisfactory for this season of the year, but expressed considerable anxiety regarding collections and the credit ratings of their customers.

Production of wool textiles and cotton goods proceeded almost uninterruptedly during the bank holiday and the latter, according to the *Annalist* index, touched a new high for this year in mid-March.

Shoes Production of footwear at fourth district factories increased quite sharply in February, the 32.5 per cent expansion being considerably more than seasonal. It was the most extensive increase for this time of year on record, the average change in the past ten years being an expansion of about eight per cent. Compared with a year ago, output was up 12.3 per cent in February and 10.1 per cent in the first two months. Local plants turned out more shoes in February than in any corresponding period since 1929.

Activity at factories was temporarily interrupted in early March because incoming orders were very much curtailed. Stocks are low, however, so that any change in buying should be reflected in factory operations.

Raw hide prices advanced sharply following the resumption of trading on the Exchange, though most activity was in futures.

Other Manufacturing Most of the smaller lines of business in the fourth district were affected by the bank holiday, and postponement of shipments, or cancellations of orders were quite general. The resumption of more normal credit conditions stimulated buying generally in mid-March and operations at most factories were stepped up at least to the levels prevailing before the banking disturbances became general.

Auto parts, Accessories. Because the bank holiday started in Michigan over two weeks before it became nationwide, operations were curtailed in the automobile industry somewhat earlier than in others. Granting of a receivership to the largest manufacturer of cars located in the fourth district also affected operations in this field. As a result employment at parts and accessory plants declined three per cent between January 15 and February 15 and was further reduced in the ensuing weeks. The average January-February change in the preceding five years was an increase of six per cent in the number of men employed. Many plants closed down completely in early March as cancellation or curtailment of orders developed, but by the third week of March, an anticipated increase in the assembling of cars was indicated at parts and accessory plants in this district which called back their employees and stepped up production quite sharply.

Ceramics. The china and pottery industry was only slightly affected by the general financial situation and in the third week of March was operating close to sixty per cent of capacity. Employment increased nine per cent in February, compared with an average change of five per cent in the preceding five years. According to reports, orders were received in a quite surprising volume during the bank holiday, though, of course, collections were very slow. Activity at brick and tile plants increased slightly, but it was still quite limited.

Glass. Demand for flat glass in late February and the first part of March was limited, excluding the rush orders from the West, but orders for containers increased sharply. The employment index of the Ohio State Bureau of Business Research was 131 per cent of the 1926 monthly average in February, approximately the same as a year ago; the increase from January was slightly less than seasonal.

Electrical Supplies. Orders for electrical supplies and equipment fell off in February and early March, but a definite improvement was reported in the third week of the month. Employment in February at 23 reporting concerns was 86 per cent of the 1926 monthly average, a reduction of 21 per cent from a year ago.

Machinery, Machine Tools. Demand for machinery and tools was quite limited in late February and early March. Prices have remained steady and inventories of tools are very low.

Paint. The major recent development in the paint industry was the advance in raw material prices. Pig lead has risen \$7.00 a ton and zinc has advanced \$12.00 a ton from its low on February 17. This has caused increased buying of raw materials. Sales of finished paint products fell off quite sharply in the past four weeks.

Paper. Indications of increasing prices and a better demand for paper, particularly the cheaper grades, were reported in mid-March. The number employed in February at ten reporting factories was 87 per cent of the 1926 monthly average, a drop of nine per cent from a year ago.

TRADE

Retail Dollar sales at reporting department stores increased in February, the expansion being slightly more than the average January-February change in past years. The seasonally adjusted index rose from 54.1 per cent of the 1923-1925 monthly average in January to 54.7 per cent. This increase occurred despite the fact that retail prices of department store goods worked lower in the month, a drop of 1.7 per cent being shown by *Fairchild's* index, and general industrial activity in this district was affected by the curtailment of automobile material orders in the latter part of the period.

Compared with a year ago, sales in February were down 25.9 per cent in the entire district, the reductions in the individual cities ranging from 21 per cent at Toledo, to 28 per cent at Pittsburgh, and 32 per cent at Wheeling. In January the decline in the entire district from the first month of 1932 was 26.7 per cent. Basement sales were down 23.4 per cent from last year and the ratio of all basement sales to total sales at 30 stores was 18.2 per cent in February compared with 17.7 per cent a year ago. The ratio of credit to total sales was 55.3 per cent in February, a reduction of 3.7 per cent from a year ago. Installment sales increased quite sharply from the preceding month, chiefly because of the special furniture sales in the period.

The dollar value of stocks at department stores increased two per cent in February, a less-than-seasonal advance, and the adjusted index dropped from 53.9 per cent of the 1923-1925 monthly average to 52.4 per cent.

Collections held up quite well in February, the ratio of payments received during the period to the total accounts receivable at the beginning of the month being 29.1 per cent, a reduction of only two per cent from a year ago.

Retail furniture sales at 44 reporting furniture stores throughout the district were 37.6 per cent smaller than a year ago and in the first two months were down 32.5 per cent. Sales reported for the furniture departments of department stores were down 36 per cent from last year.

Retail chain drug store sales fell off sharply in February, a reduction of 26 per cent from a year ago being reported. For the first two months a decline of 18 per cent was indicated. Chain grocery sales were down 5.6 per cent in February and 7.7 per cent in the first two months from similar periods of 1932.

Wholesale Sales in three of the four reporting lines of wholesale trade were smaller in February than in January, and the per cent declines in all lines from February, 1932, were larger than the reductions in January sales compared with a year ago.

Combined sales were only 40 per cent of the monthly average of the three years 1923-1925, a drop of almost 25 per cent from the same month last year. In the individual lines wholesale grocery sales were down 23 per cent in February from a year ago and off 19.5 per cent in the first two months. Hardware sales were down 24 and 21 per cent, respectively, in the same periods. Drug sales, which for most of the depression held up quite well, were down 25 per cent in February and 18 per cent in the two-month period from similar intervals of 1932. And dry goods firms, whose dollar sales have been very sharply reduced partly because of the decline in prices of commodities entering into the manufacture of these products, reported a reduction in sales of 29 per cent in February and of 23 per cent for the period since the beginning of the year.

According to reports, a further reduction in all lines of wholesale trade occurred in the first part of March, but in the latter part of the month increased activity was apparent.

BUILDING

The dollar value of contracts awarded in this district in February declined quite sharply from January, though usually there is little change between the two months. Compared with the monthly average of the three years 1923-1925, building activity amounted to only 7.6 per cent with residential building equaling 5.2 per cent of that average and non-residential 9.0 per cent.

For the first two months of this year total awards were valued at \$7,708,000, a reduction from the same period of 1932 of 44 per cent. Residential building contracts awarded amounted to \$1,869,000 in the same period, a drop of 52 per cent from the first two months last year.

The general let-down in business in early March was not very noticeable in the construction industry in this district, though in most years there is an increase in operations, which, however, is somewhat dependent on weather conditions. The value of contracts awarded in the first two weeks of March was higher than in the same period of February, but about half what it was a year ago. Lumber and building supply dealers reported February as the worst month on record, but the number of inquiries for materials which developed after the end of the bank holiday was somewhat gratifying. Many dealers and producers are reported to be withdrawing price lists and raising quotations already made. Stocks generally are very low.

New construction contemplated in this district is quite scarce; the value of proposed projects reported in February was \$11,131,300 in this section, compared with \$14,771,000 in January, and \$14,536,500 in February last year.

In the principal cities of the district gains in February from the preceding month were reported at Pittsburgh, Akron, Cleveland, Columbus, Dayton and Toledo, while a reduction was reported for Erie, Wheeling, Canton, Cincinnati and Youngstown.

The index of building costs, as compiled by the New York Federal Reserve Bank, was 80 per cent of the 1926 monthly average, unchanged from January.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Feb. 1933	% change from 1932	Jan.-Feb. 1933	% change from 1932
Bank Debits—24 cities.....	\$ 1,367,000	—14.6	\$2,851,000	—22.8
Savings Deposits—end of month: 27 selected banks, O. & Pa.....	599,322	—9.0	1,228,969 ¹	—7.2
Postal Receipts—9 cities.....	2,136	—12.3	4,491	—9.2
Life Insurance Sales: Ohio and Pa.....	\$ 70,742	—20.2	145,543	—21.6
Retail Sales: Department Stores—53 firms....	9,525	—25.9	18,853	—24.2
Wearing Apparel—11 firms....	448	—28.3	930	—28.6
Furniture—44 firms.....	351	—37.6	653	—32.5
Wholesale Sales: Drugs—13 firms.....	979	—25.4	2,106	—18.1
Dry Goods—10 firms.....	630	—29.0	1,227	—23.3
Groceries—33 firms.....	2,484	—23.1	5,233	—19.5
Hardware—14 firms.....	569	—24.1	1,152	—21.4
Building Contracts—Residential.....	899	—54.5	1,869	—52.0
Building Contracts—Total.....	3,634	—46.0	7,708	—43.6
Commercial Failures—Liabilities.....	5,292	—39.7	11,243	—38.9
Commercial Failures—Number.....	200 ²	—21.9	451 ²	—22.0
Production: Pig Iron, U. S.....tons	554	—42.5	1,121	—42.1
Steel Ingot, U. S.....tons	1,065	—27.0	2,071	—29.0
Automobiles—Pass. Cars, U. S.....	91,492 ²	—2.8	199,889 ²	+3.6
Trucks, U. S.....	15,322 ²	—34.3	37,039 ²	—15.5
Bituminous Coal.....tons	9,897	+2.9	19,930	+6.1
Cement—O., W. Pa., W. Va. Bbls.....	166	—22.8	380	—17.6
Elec. Power—O., Pa., Ky. k.w.h.....	1,055 ³	—3.1	...	...
Petroleum—O., Pa., Ky. Bbls.....	1,771 ³	—8.5	...	...
Shoes.....Pairs	4	+12.3	...	+10.1
Tires, U. S.....Casings	1,812 ³	—34.8	...	...
¹ monthly average			² actual number	
³ January			⁴ confidential	

Debts to Individual Accounts

(Thousands of Dollars)

	4 weeks ending March 22, 1933 ¹	% change from 1932	Year to date Dec. 29, 1932 to March 22, 1933	Year to date Dec. 31, 1931 to March 23, 1932	% change from 1932
Akron.....	20,003	—56.4	104,663	163,724	—36.1
Butler.....	4,876	—13.2	16,469	19,464	—15.4
Canton.....	11,783	—35.6	46,854	59,104	—20.7
Cincinnati.....	181,043	—21.6	648,417	820,907	—21.0
Cleveland.....	243,105	—36.6	1,038,570	1,445,356	—28.1
Columbus.....	70,285	—24.6	245,784	320,880	—23.4
Dayton.....	20,558	—53.4	106,021	144,088	—26.4
Erie.....	9,435	—54.3	44,386	71,675	—38.1
Franklin.....	1,680	—33.9	5,784	9,950	—41.9
Greensburg.....	2,974	—40.1	12,160	18,928	—35.8
Hamilton.....	4,357	—36.0	16,711	24,406	—31.5
Homestead.....	1,237	—42.7	4,414	7,652	—42.3
Lexington.....	10,305	—22.7	53,619	66,047	—18.8
Lima.....	3,211	—58.2	17,948	23,172	—22.5
Lorain.....	1,611	—47.2	6,806	10,549	—35.5
Middletown.....	4,222	—27.1	14,091	18,153	—22.4
Oil City.....	3,938	—51.3	19,569	27,234	—28.1
Pittsburgh.....	435,219	—7.2	1,427,509	1,775,422	—19.6
Springfield.....	7,717	—39.1	28,418	41,108	—30.9
Steubenville.....	3,191	—48.0	12,169	19,006	—36.0
Toledo.....	55,158	—20.7	198,677	244,784	—18.8
Warren.....	3,164	—35.1	11,048	14,280	—22.6
Wheeling.....	14,548	—41.9	66,091	87,036	—24.1
Youngstown.....	16,330	—29.7	58,531	90,550	—35.4
Zanesville.....	3,738	—26.1	13,400	19,045	—29.6
Total.....	1,133,688	—25.0	4,218,109	5,542,520	—23.9

¹Figures somewhat distorted by recent financial developments.

Fourth District Business Indexes

(1923-1925 = 100)

	Feb. 1933	Feb. 1932	Feb. 1931	Feb. 1930	Feb. 1929
Bank Debits (24 cities).....	50	59	86	102	122
Commercial Failures (Number).....	137	175	138	115	114
Commercial Failures (Liabilities).....	120	199	161	69	66
Postal Receipts (9 cities).....	82	94	106	119	113
Sales—Life Insurance (Ohio & Pa.).....	85	106	114	152	132
—Department Stores (53 firms).....	45	58	74	82	88
—Wholesale Drugs (13 firms).....	65	87	96	102	107
—Dry Goods (10 firms).....	24	34	47	70	79
—Groceries (33 firms).....	43	56	67	81	82
—Hardware (14 firms).....	28	38	52	75	78
—All (70).....	40	53	65	81	84
—Chain Drug (3 firms)**.....	60	76	81	81	80
Building Contracts (Total).....	8	14	35	76	76
—Residential.....	5	12	29	43	59
Production—Coal (O., W. Pa., E. Ky.).....	55	53	71	86	95
—Cement (O., W. Pa., W. Va.).....	14	18	34	63	69
—Elec. Power (O., Pa., Ky.)*.....	126	130	151	165	156
—Petroleum (O., Pa., Ky.)*.....	96	105	106	128	107
—Shoes.....	95	85	74	81	101

*January. **Per individual unit operated.

Wholesale and Retail Trade

(1933 compared with 1932)

	Percentage Increase or Decrease	SALES Feb. 1933	SALES First 2 months 1933	STOCKS Feb. 1933
DEPARTMENT STORES (53)				
Akron.....	—21.5	—19.8	—18.8	
Cincinnati.....	—26.3	—24.4	—25.1	
Cleveland.....	—23.8	—20.9	—25.5	
Columbus.....	—24.4	—22.3	—18.4	
Pittsburgh.....	—27.8	—26.7	—23.5	
Toledo.....	—20.5	—21.0	—28.4	
Wheeling.....	—32.0	—26.1	—20.0	
Other Cities.....	—28.4	—27.5	—23.1	
District.....	—25.9	—24.2	—24.8	
WEARING APPAREL (11)				
Cincinnati.....	—12.6	—23.1	—19.5	
Other Cities.....	—36.2	—31.4	—25.8	
District.....	—28.3	—28.6	—23.9	
FURNITURE (44)				
Cincinnati.....	—36.9	—30.2	....
Cleveland.....	—31.8	—30.5	....
Columbus.....	—62.1	—41.3	....
Dayton.....	—31.1	—28.5	....
Toledo.....	—39.9	—40.8	....
Other Cities.....	—28.5	—27.6	....
District.....	—37.6	—32.5	....
CHAIN STORES*				
Drugs—District (4).....	—25.7	—18.0	....
Groceries—District (5).....	—5.6	—7.7	....
WHOLESALE GROCERIES (33)				
Akron.....	—23.3	—27.3	....
Cleveland.....	—26.3	—22.5	....
Erie.....	—31.4	—20.2	....
Pittsburgh.....	—14.2	—14.3	....
Toledo.....	—30.2	—26.5	....
Other Cities.....	—18.6	—14.2	....
District.....	—23.1	—19.5	—25.0	
WHOLESALE DRY GOODS (10).....	—29.0	—23.3	—18.6	
WHOLESALE DRUGS (13).....	—25.4	—18.1	....
WHOLESALE HARDWARE (14).....	—24.2	—21.4	....

*Per individual unit operated.

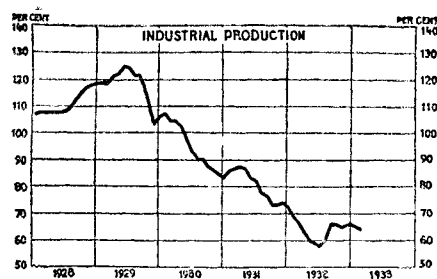
Condition of Federal Reserve Banks

(In millions of dollars)

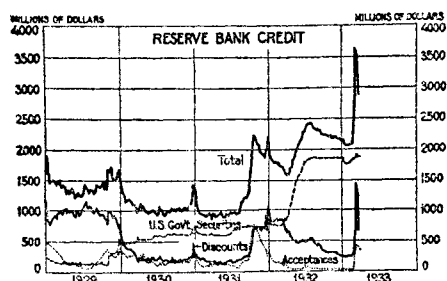
	Federal Reserve Bank of Cleveland			Federal Reserve System		
	Mar. 22, 1933	Feb. 21, 1933	Mar. 23, 1932	Mar. 22, 1933	Feb. 21, 1933	Mar. 22, 1932
Gold Reserves.....	316	241	276	3,192	3,118	3,007
Bills Discounted.....	60	46	104	671	327	666
Acceptances.....	7	8	4	352	174	82
United States Securities	177	177	76	1,864	1,834	835
Total bills and securities	244	231	184	2,893	2,340	1,589
Federal Reserve Notes in Circulation.....	386	306	301	3,916	3,000	2,573
Federal Reserve Bank Notes in Circulation.....	1	...	...	9	...	...
Total Deposits.....	159	146	147	2,155	2,399	1,983
Reserve Ratio.....	59.7	55.8	65.5	55.5	61.2	70.6

Summary of National Business Conditions

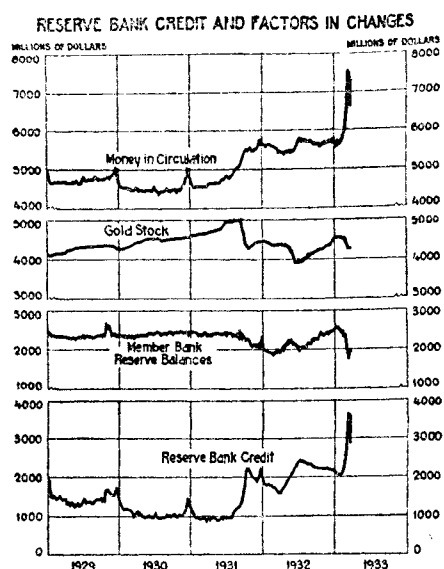
By the Federal Reserve Board



Index of industrial production, adjusted for seasonal variation (1923-1925 average = 100)
Latest figure, January, revised, 65, February, 64.



Weekly figures (Wednesday) for 12 Federal reserve banks. Latest figures are as of March 22, 1933.



Weekly figures, Wednesday series. Latest figures are as of March 22, 1933.

The course of business in the latter part of February and the first half of March was largely influenced by the development of a crisis in banking, culminating in the Proclamation on March 6 of a national banking holiday by the President of the United States. Production and distribution of commodities declined by a substantial amount during this period, but showed some increase after banking operations were resumed in the middle of March.

Production and Employment

Volume of output at factories and mines, which usually increases at this season, showed little change from January to February, and declined considerably in the first half of March. In the steel and automobile industries output decreased between the middle of February and the middle of March; subsequently some of the automobile plants which had been closed resumed operations, while activity at steel mills showed little change. In February output at cotton and woolen mills continued at the level prevailing in January, while at silk mills activity declined. Shoe production increased by more than the usual seasonal amount.

Reports from important industrial states indicate that factory employment increased between the middle of January and the middle of February, as is usual at this season.

Construction contracts awarded up to March 15 as reported by the F. W. Dodge Corporation, indicate that for the first quarter of the year the total value of contracts will show a considerable decline from the fourth quarter of 1932.

Distribution

Freight traffic, which usually increases at this season, showed little change from January to February, on a daily average basis, and declined considerably in the first two weeks of March. Department store sales in the country as a whole were at about the same rate in February as in January, but were substantially smaller in areas affected by suspension of banking operations; early in March sales were sharply reduced but with the reopening of banks showed some increase.

Wholesale Prices

Wholesale commodity prices declined somewhat further in February. In the early part of March the commodity exchanges were closed; when they reopened on March 15 and 16, prices of grains, cotton, silk, nonferrous metals, hides and sugar were substantially above those prevailing at the beginning of the month; subsequently prices of many of these commodities declined somewhat.

Bank Credit

During February member banks in leading cities were subjected to withdrawals of deposits on a large scale, reflecting in part withdrawals of balances by interior banks from their city correspondents, and in part withdrawals of currency by the public. As a consequence, net demand deposits of these banks declined by \$1,306,000,000 during the month, and their time deposits by \$360,000,000. In order to meet these withdrawals the banks reduced their loans by \$539,000,000, partly through the sale of acceptances to the reserve banks, and their investments by \$363,000,000. They also increased considerably their borrowings at the reserve banks. March figures for member banks are incomplete.

At the Federal reserve banks the banking crisis manifested itself between February 1 and March 4 in a domestic demand for \$1,833,000,000 of currency, including about \$300,000,000 of gold and gold certificates and in a foreign demand for about \$300,000,000 of gold. As a consequence, the reserve ratio of the Federal reserve banks declined from 65.6 per cent to 45.0 per cent. This reflected a loss of \$655,000,000 in reserves and an increase of \$1,436,000,000 in Federal reserve note circulation, offset in part by a decrease of \$486,000,000 in deposit liabilities.

Between March 4 and March 22 there was a return flow to the reserve banks of \$558,000,000 of gold coin and gold certificates and of \$319,000,000 of other currency, and the reserve ratio advanced to 55.5 per cent. Discounts for member banks, which had increased to \$1,432,000,000 by March 4 declined to \$671,000,000 on March 22. Money rates in the open market advanced during the banking crisis, and on the resumption of business after the banking holiday, rates were at considerably higher levels than those prevailing on March 3. Subsequently rates declined as more funds became available to the market. On March 3, the discount rate of the Federal Reserve Bank of New York was raised from 2½ to 3½ per cent, and on March 4 there was similar increase at the Federal Reserve Bank of Chicago. The New York reserve bank's buying rate on bills was raised by successive steps from ½ of 1 per cent on February 26, for bills of the shorter maturities, to 3¼ per cent on March 3. On March 13 the rate for these maturities was raised to 3½ per cent, subsequently the rate was reduced and on March 22 was 2 per cent.