MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

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A leveling-off in the sharp advance in most lines of production was reported in this district and other parts of the country in August, but a slowing down at this season is not unusual, in fact it is generally expected. Coming at the present period it affords time for distribution and consumption, which have lagged somewhat behind production in the past few months, to catch up. The accompanying chart shows the Federal Reserve Board's monthly index of industrial production and this bank's index of freight carloadings, adjusted for seasonal variations, based on the average of the three years 1923-1925. The production index in July was 98 (preliminary) compared with 90 in June and 60 in March, a gain in four months of 63 per cent, the sharpest advance for any similar period on record. At the same time the carloadings index, which is one barometer of distribution, rose about 28 per cent. Paralleling this, the index of fourth district department store sales (not shown on the chart) representing goods passing to the consumer, advanced about 25 per cent between March and July.

Despite the slowing down in August, operations are much above a year ago in practically all lines except building. July records compare very favorably with last year in most of the important lines of activity in this district. The following table shows the percentage changes from a year ago in some of the business indicators in the latest month.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Change from Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile production, U.S.</td>
<td>+11.8%</td>
</tr>
<tr>
<td>Building contracts awarded, residential—fourth district</td>
<td>+10.5%</td>
</tr>
<tr>
<td>Cement production—fourth district</td>
<td>+37.6%</td>
</tr>
<tr>
<td>Coal production—fourth district</td>
<td>+19.5%</td>
</tr>
<tr>
<td>Coal shipments—Lake Erie ports</td>
<td>+24.1%</td>
</tr>
<tr>
<td>Commercial failures—fourth district</td>
<td>+46.3%</td>
</tr>
<tr>
<td>Department store sales—fourth district</td>
<td>+12.1%</td>
</tr>
<tr>
<td>Furniture store sales—fourth district</td>
<td>+24.5%</td>
</tr>
<tr>
<td>Wholesale sales—fourth reporting lines—fourth district</td>
<td>+20.2%</td>
</tr>
</tbody>
</table>

In addition to the foregoing, bank debits to individual accounts in 24 cities in July were 2.8 per cent larger than a year ago despite the fact that numerous banks remain closed. Life insurance sales in Ohio and Pennsylvania in July were within two per cent of a year ago, whereas the decline in the first half year was over 15 per cent.

Employment at representative concerns in Ohio in July increased nearly six per cent from June, a contra-seasonal change, and the gain from the low point touched in March amounted almost to 30 per cent. In western Pennsylvania the upturn was not quite so marked, though considerable improvement was reported. Following the adoption of the NRA codes by several industries in August a further bettering of employment conditions was generally reported though, as yet, few figures for the period are available. In Cincinnati a comprehensive survey revealed that between July 31 and the third week of August a 15 per cent improvement in employment occurred.

Agricultural conditions, so far as crops were concerned, grew worse in July and the first half of August. Prices of most farm commodities were considerably above a year ago.

FINANCIAL

Credit and financial conditions in the fourth district showed only minor changes in the five weeks ended August 23. There was a slight increase in loans to member banks by the reserve bank, and little change in total loans and investments of reporting member banks in leading cities. A slight falling-off in deposits at reporting member banks was visible in the period, but savings deposits in July, at 45 banks, increased one per cent, although at the end of the period they were 6.7 per cent smaller than a year ago.

One indication of the improved conditions is found in the record of commercial failures. In July, according to R. G. Dun, there were only 110 defaults reported in the fourth district. This is the smallest number on record...
back to 1932, and was a reduction of 46 per cent from July, 1932. In the first seven months of this year the number of commercial failures was 32 per cent under the same interval of 1932. Liabilities of the defaulting concerns in July totaled $2,568,000, a reduction of 66 per cent from last year.

Bank debits to individual accounts continued to increase in size, and reflect the larger volume of business being done as well as the advance in prices that has occurred in the past three or four months. In the five latest weeks debits at banks in 24 cities were 10.5 per cent ahead of a year ago.

**Reserve Bank Credit.** In the week following July 19, bills discounted for member banks declined slightly, and, at $9,949,000, they were lower than since June, 1930. In the four following weeks, however, a very gradual increase in discounts occurred and on August 23 member bank borrowings were approximately $12,500,000. Usually there is an increase in borrowings at this time of year to finance the shipment of grains to markets.

Government securities amounting to approximately $5,000,000 were purchased by the bank in conjunction with the system's open market operations. On the latest date Government securities, amounting to $190,364,000, represented 83.5 per cent of the total bills and securities held by this bank. Acceptance holdings for many weeks have been only nominal; on August 23 they amounted to $640,000. Little change in the volume of Federal reserve notes and bank notes in circulation occurred in the five latest weeks. There was a decline in the volume of notes outstanding of about $3,000,000, but this was offset by an increase of $3,500,000 in Federal reserve bank notes in circulation. Total deposits, including reserve deposits, were reduced about $10,000,000 in the five most recent weeks, but on the latest date they were still $11,600,000 higher than a year ago.

**Member Bank Credit.** Total loans and investments of weekly reporting member banks in leading cities in the fourth district increased $16,000,000 in the five latest weeks, but the gain was confined largely to investments of United States securities. Total loans were reduced slightly in the period, the increase in loans on securities being done as well as the advance in prices that has occurred in the past three or four months. In the five latest weeks debits at banks in 24 cities were 10.5 per cent ahead of a year ago.

**Government securities amounting to approximately $5,000,000 were purchased by the bank in conjunction with the system's open market operations.**

**Iron and Steel**

From a national average of 57 per cent at the middle of July, steelworks operations slowed down to 48 per cent by the last week of August. In the Cleveland-Lorain district the rate was down from 87 to 72 per cent; at Youngstown, from 68 to 55 per cent; while at Pittsburgh it was down five points to 43 per cent.

Although a decline usually occurs in the summer months, the seasonal interruption to trade has been less acute this year than customary. Shipments on specifications released prior to August 1, when the steel industry initiated a single price policy for large and small buyers, have held up exceptionally well. But new purchasing has tapered, with increasing resistance from important consumers against the elimination of concessions on tonnage. Uncertainties regarding operations in accordance with the NRA program also have tended to restrict further commitments, though clarification of the code is expected by the trade to supply an impetus for terminating the present lag in buying.

Demand for raw materials continues strong. Inquiries from several steelworks for heavy tonnages of basic iron have been withdrawn since the coal labor situation has improved. Largely responsive to the settlement in the Connellsville district, foundry coke has followed furnace coke up 50 cents a ton. Pig iron shipments this month are 25 per cent ahead of those in the comparable period of July. Scrap is active, with supplies light.

With a net gain of 15 active blast furnaces in July, 105 out of the country's 289 stacks were operating at the close of the month, 67 more than in March. Daily output of pig iron for the month averaged 58,108 gross tons, 37.8 per cent more than in June, and the highest since May, 1931. Total output for the month, 1,801,345 tons, was 536,392 tons or 42.4 per cent over June. In the seven months this year, blast furnaces produced 6,246,056 tons, 511,353 tons more than in the comparable period last year. Increased blast furnace activity has reduced ore stocks at furnaces and on Lake Erie docks to 27,772,000 tons on July 31, the lowest for this time of year since 1929. This occurred despite the fact that 4,200,000 tons of ore were shipped down the Great Lakes in the month. Lake boats in service rose from 68 to 185 in the month and compared with 17 a year ago.

A 28 per cent gain in steel ingot production in July lifted the daily average to 128,152 gross tons, the highest since June, 1930. A July increase not only is contrary to the customary seasonal trend, but in this instance follows the 34 per cent gain in June over May. Total output for the month was 3,203,810 tons; the steelworks rate was 58.9 per cent. The country so far this year probably has produced more steel ingots than in all 1932.

![Iron Ore Stocks](http://fraser.stlouisfed.org/)
for the first seven months 12,193,002 tons, within 1,129,-
831 tons of the preceding twelve.

The more recent declining trend, manifest to some ex-
tent in the United States Steel Corporation's unfilled or-
ders, which, after moving up three consecutive months,
dropped 85,546 tons, or four per cent, to 2,020,123 tons
on July 31, was due in part to cancellation of contracts
booked at lower prices and not fully specified as required
by August 1. As a result, figures now more nearly rep-
resent orders of actual consumer demand. Tonnage since
written into new contracts, replacing the old in many in-
stances, exceeds the amounts canceled.

Coal

The coal strike in western Pennsylvania
in early August was most severely felt
in the vicinity of Connellsville and, al-
though mine output was somewhat affected by curtailment
in this center which produces a large volume of coal used
for coke production, output in July for all mines in the
district was up more than seasonally from June. The
13,095,000 tons produced in July in this district was an
increase of 106 per cent from the corresponding period of
1932 and for the year-to-date a gain of 18 per cent
was reported. Production by mid-August had improved to
such an extent that it exceeded the corresponding period
of 1931 and closely approximated that of 1930. The
gain in the latest month at local mines was somewhat
greater than that shown for the entire country. The
strike proved to be of short duration and caused an in-
crease in production in some fields not affected by the
disturbance, so that total output was only slightly af-
fected. Coal prices have increased somewhat and coke
quotations are up 50¢ a ton from the low point touched
earlier this year. Although some increased buying was
reported in July, coal stocks continued about 12 per
cent below a year ago. They are lower at the present
time than since 1920.

A considerable part of the increased activity in the
fourth district mines represented larger shipments of coal
from Lake Erie ports. In July they were up 83 per cent
from the same month a year ago and for the year-to-date
a gain of 50 per cent in the amount of coal shipped to
upper Lake ports was shown.

Employment and the number of hours worked in most
sections increased in July in keeping with the expansion
in production.

Automobiles

With retail automobile sales in the en-
tire country touching new high levels
for the year in early August, according
to preliminary reports, operations in the assembly indust-
ry have been well maintained in the past four weeks,
though the Annalist seasonally adjusted weekly index was
down slightly in mid-August from its peak. In the latest
week, according to Crow's figures, approximately 54,000
cars were manufactured, compared with 21,000 cars in
the corresponding period of 1932, and judging from pre-
cisely, August assemblies will closely approxi-
the corresponding period of 1932 by 26.5 per cent.

In the latest month passenger car production was up
106 per cent from a year ago, while truck production
was up 162 per cent. In the seven-month period the
gains in both groups were approximately the same.

While the improvement in recent months has been
quite general, the report of production by price classes
for the first six months of the year shows that the increase
in output was confined to cheaper cars. Output of cars
which wholesale at less than $500 was up 56 per cent
in the first half year from the same period of 1932, while all
other groups showed losses ranging from seven per cent
in the $1,500 to $2,000 class, to 70 per cent in the $750
to $1,000 class.

Operations at automobile parts and accessory concerns
and steel companies supplying raw materials to the auto-
mobile industry located in this district continued at fairly
satisfactory levels in mid-August, though specifications
were slightly lower than in July.

New passenger car registrations in Ohio and western
Pennsylvania in July were approximately two and one-
half times what they were a year ago. Sales in this
district have shown a very marked improvement in re-
cent months.

Tires

Conditions having little connection with the tire industry, as such, in the past
year have caused erratic movements in
production schedules. In June, 1932, tire output was
increased sharply prior to the enactment of the excise tax
on tires. In May and June this year production sched-
ules were expanded as a result of greater dealer and
consumer demand which preceded the price increase
announcements. Dealer stocks, which were unusually low
this spring were replenished in part and stocks of finished
tires held by manufacturers on June 30 were limited for
that time of year, but 32 per cent higher than in mid-
1932, when stocks dropped to record low levels.

Tire production in June, according to the Rubber Manu-
facturers Association figures which represent 80 per cent
of the entire industry, was 8.1 per cent above the peak
touched last year in June and up 17 per cent from May.
Shipments increased 22 per cent from May to June, but
were 37 per cent below last year when they assumed
record proportions.

July operations, according to reports, made a very fav-
orable showing, compared with last year, but at that time a slump in production developed following the heavy pro-
duction in June, 1932. Some falling-off in output and
sales was reported in August, partly seasonal, but employ-
ment and the number of man-hours worked in both July
and August were much above a year ago. At 20 con-
cerns reporting to the Ohio State Bureau of Business Re-
search, employment in July was 22 per cent above last
year, but only 78 per cent of the 1926 monthly average.
Inventories of crude rubber and cotton fabrics in hands of manufacturers have been reduced sharply in the past three months, and on July 31 crude rubber stocks totaled 326,609 tons, compared with 333,964 tons on June 30 and 396,000 tons, the peak touched on March 31, 1933. Imports of crude rubber in July were 44,286 tons, a sharp increase from the same month of 1932 and earlier months of this year, but for the year-to-date imports were 22 per cent smaller than in the corresponding period of 1932. Crude rubber consumption in July was 50,181 long tons, a gain from the same period of 1932 of 67 per cent.

The third increase in tire prices—ten per cent—in ninety days became effective on July 26 and prices now are about equal to those prevailing a year ago. The total gain since May 1 was about 27 per cent. At the same time crude rubber prices have advanced from a low of less than three cents a pound to about nine cents, and raw cotton has almost doubled in price.

Clothing

Activity at 40 clothing and textile plants in the fourth district increased slightly in July, whereas in most years there is a falling-off in operations in that month. Compared with a year ago, the number employed in July was up 28 per cent and was three per cent greater than the monthly average of 1926. Further improvement in employment occurred in August following the adoption of the NRA code by the clothing and textile industry and pay rolls have shown a corresponding increase.

Inventories of raw materials in hands of clothing manufacturers have expanded substantially in the past two months, but the increase in advance orders made it necessary for them to maintain much larger stocks than were on hand a year ago.

Raw material prices have shown a sharp advance and it is estimated by reporting firms that the higher costs will necessitate a substantial increase in retail clothing prices. Much of the upturn in buying reported recently on the part of retailers is felt to be the results of a movement to cover future commitments before price advances became effective. Retail clothing sales, however, have shown a decided improvement, and at department stores in this district women’s clothing sales in July were 6.4 per cent larger than a year ago, while the dollar value of men’s clothing sales was about equal to that reported in July, 1932.

Other Manufacturing

Most of the smaller industries operating in the fourth district continued to expand operations in July, although that month usually is one of the dullest of the year. In the first part of August, judging from reports, some slackening occurred, partly as a result of uncertainties which developed in the general situation. On the whole, however, operations are much above a year ago and in some cases are equal to levels prevailing in 1931 or earlier.

Automobile parts and Accessories. With the automobile assembling industry fairly active in August, parts and accessory concerns in this district were operating in late July and the first half of August at fairly high levels, compared with earlier months of this year and a year ago at this time. Employment in July at 40 reporting concerns was up 2.9 per cent from June, whereas the five-year average June-to-July change was a drop of 5.5 per cent. Compared with a year ago the number employed was up 32.8 per cent and further gains have been reported in employment since the adoption of the NRA blanket code on August 1.

Partly due to the threat of model changes which always confronts the automobile industry, parts makers have not increased raw material inventories to any extent in the past two or three months.

Brick and Tile. Judging by employment reports from 26 concerns in Ohio, operations at brick and tile factories expanded sharply in July, contrary to the trend of past years. Plant operations, however, continue at very low levels and the number employed on the latest date was still 18 per cent below a year ago.

China, Pottery. According to reports, there has been little more than a normal expansion in raw material inventories at China and pottery plants. Compared with a year ago the number employed in this district was up 70 per cent in July, but in the latest month there was a drop of two per cent reported from June; this compared favorably with a five-year average drop of 11 per cent for this period. In addition to the greater number of employees, there has been a decided increase in the number of hours worked both of which have contributed their share to the larger pay rolls reported.

Electrical Supplies. Further improvement in the electrical machinery, apparatus and supply industry was reported in July and the first part of August. The number of orders received recently was greater than a year ago and the average value of these orders also has increased. An expansion in raw material inventories in the past three months has occurred, some purchasing having been done in anticipation of advancing prices, though this condition apparently is not general. At 30 Ohio factories employment was up 47 per cent in July from a year ago.

Glass. Plate glass production in July in the entire country was 11,250,000 square feet, the highest since May, 1930, and compared with 2,754,000 square feet in July, 1932. Activity in all branches of the glass industry is considerably above last year and employment is more than double what it was a year ago. In addition to this there has been a decided increase in the number of hours worked. Recently there has been an expansion in the demand for table and domestic glassware, but in mid-August there was a falling-off in orders for plate and rolled glass. A modest increase in raw material inventories was generally reported, not so much in anticipation of rising prices as in expectation of greater production.

Machinery. Contrary to the trend of past years employment increased in July and was about 20 per cent above a year ago. The volume of new business reported fell off somewhat in the latter part of August, but operations continue much above last year, the increase being reflected in the number of man-hours worked and the larger pay rolls. Inventories of raw materials have increased somewhat, but correspondents say this is chiefly in accord with the greater consumer demand.
Paint. Paint sales continued to improve in late July, but there was a noticeable slackening in the volume of orders received in early August. Sharply advancing prices in raw paint materials caused manufacturers to increase their stocks.

Paper, Boxboard. A moderate improvement in the paper and boxboard industry was reported in late July and most mills in this section were operating in mid-August at capacity levels. Inventories of raw materials have not increased and there is an acute shortage of waste paper materials. In July, employment at paper concerns was about 95 per cent of the 1926 monthly average and a further improvement occurred in August following the adoption of the NRA code.

Shoes. Shoe production at fourth district plants in July was 55.5 per cent above a year ago and in the first seven months a gain of 28 per cent was reported. Although production of summer shoes was rapidly drawing to a close, orders were still being received in good volume. Many factories report an over-sold condition and quality stocks were attracting more attention than for some time. Raw material inventories have increased in the past three months, the advance being prompted partly by the sharp increase in hide and leather prices. On the latest date hides were quoted at $1.60 a pound, the same as a year ago, compared with a low of 4/$ earlier this year.

TRADE

Retail

After allowing for the fact that department store sales usually decline from June to July, there was an improvement in retail buying in the latest month in the fourth district. Dollar value of sales was 12 per cent larger than a year ago and the adjusted index increased from 62 to 64 per cent of the 1923-1925 monthly average. Part of the rise in dollar sales reflected higher retail prices, the advance from June, according to Fairchild's retail price index, being 5.2 per cent. The increase in current prices from the low of April, judging by this index, was 6.6 per cent, but on the latest date retail prices were 2.8 per cent higher than in July, 1932.

Gains were reported in July compared with a year ago in all but 18 of the 52 important departments for which separate figures are available at 60 reporting stores in this district. The increases were unusually large in all housefurnishing departments, furniture sales at department stores being up 104 per cent and electrical appliance sales being up 155 per cent from last year. At 44 reporting furniture stores, July sales were 71 per cent larger than a year ago. Women's and misses' apparel sales were up about six per cent, about half of which represented higher prices. Sales of linens and domestics were up over 10 per cent and yard goods sales increased six per cent from last year.

A greater percentage of total sales in July were charge purchases than a year ago, installment sales amounting to 8.1 per cent of total sales, whereas last year they amounted to only 3.8 per cent of the total volume. Regular 30-day sales were slightly smaller than a year ago.

Department store buyers increased their stocks slightly in July, contrary to the seasonal trend, and the adjusted index advanced from 51.4 to 55.7 per cent of the 1923-1925 monthly average. Collections in July, as a per cent of accounts receivable at the end of June, improved somewhat from last year.

Wholesale

A contrary to seasonal increase in wholesale trade was shown in all four reporting lines in July and aggregate sales were up 21 per cent from a year ago. Wholesale dry goods sales increased 26 per cent from June and were 154 per cent larger than a year ago. This spectacular gain resulted in a 7.5 per cent increase in sales volume being shown for the first seven months of this year. Hardware sales were 40 per cent larger than a year ago in July, but were down 4.5 per cent in the first seven months. Drug sales were slightly larger in July than last year, but in the seven-month period a decline in dollar volume of 17 per cent was reported. Wholesale grocery sales were smaller in July than in June, but, compared with a year ago, a gain of seven per cent was shown by the reporting firms. For the year-to-date a reduction of 8.8 per cent was shown in dollar sales.

BUILDING

Although there was a rather sharp falling-off in the total volume of building contracts awarded in the fourth district in July, the value of residential contracts reported held up fairly well. With a total value of $2,098,000, residential contracts awarded were 50 per cent higher than in July, 1932, and the loss in the first seven months in residential building was only 15 per cent. Contrasted with this, total building was down 46 per cent in both July and the first seven months. The greater part of the reduction in both periods was due to the decline in public works awards. Contracts for public works in this section in the first seven months were valued at less than $9,000,000, whereas in the same period of 1932 they totaled about $38,000,000.

A further increase in contemplated building, excluding public works and utilities, was reported in July and the total value, approximating $15,000,000, was nearly three times as great as a year ago. Considerable lag, however, in these contemplated projects reaching the contract stage is apparent.

So far as building supplies are concerned, a rather sharp increase in inventories has occurred in the past two or three months. Dealers in most cases partly replaced very depleted stocks, largely because of the fear of higher prices, but these materials are being purchased by contractors and consumers only in limited quantities at the present time.

AGRICULTURE

Abnormal temperatures and a less-than-average amount of rainfall in most sections in July caused the condition of growing crops to decline further in this district and most parts of the country in July and the first half of August. This followed adverse conditions in June and the drought this season has affected a larger area than in 1930. All grain crops are expected to be very small and the drop, according to the Department of Agricul-
ture, will more than offset the large carryover of such products on farms and elsewhere.

Counteracting to some extent the effect of crop failure on farm income, agricultural prices advanced 12 points, or about 19 per cent in July, a gain not equalled since 1917. Some reaction occurred in the last part of that month, but prices in mid-August were still 22 per cent above a year ago although they were only 72 per cent of the pre-war average. Most of the gain was found in the grain and cotton groups, the former in mid-August being 88 per cent above last year, whereas cotton prices were up 29 per cent.

The gain in farm prices has been much more rapid than in all prices and the ratio of prices received for goods to prices paid for articles farmers buy was 72 in July compared with 62 in June and 53 per cent of the pre-war level a year ago.

In Ohio, estimated gross cash income from the State’s principal farm products was up 37 per cent in July, from a year ago, though in the twelve months ended August 1, a reduction of ten per cent from the preceding period was reported.

The following table shows estimated production of principal crops of the entire country and the fourth district based on the August 1 condition, compared with the average harvest in the eight years 1925-1932. On the basis of these six crops, 1933 yields, both in this district and the entire country are indicated to be about 80 per cent of the average of the preceding eight years.

### ESTIMATED CROP PRODUCTION

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<tr>
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<th>Fourth District</th>
<th>United States</th>
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<tbody>
<tr>
<td></td>
<td>1933 (based on August 1 condition)</td>
<td>1933 (based on 1925-32 average year)</td>
</tr>
<tr>
<td>Corn, bu.</td>
<td>125,297</td>
<td>173,928</td>
</tr>
<tr>
<td>Wheat, bu.</td>
<td>87,941</td>
<td>115,536</td>
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<tr>
<td>Oats, bu.</td>
<td>86,162</td>
<td>115,466</td>
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<tr>
<td>Hay, tons</td>
<td>2,910</td>
<td>4,239</td>
</tr>
<tr>
<td>Tobacco, lb.</td>
<td>124,112</td>
<td>137,021</td>
</tr>
<tr>
<td>Potatoes, bu.</td>
<td>14,330</td>
<td>19,692</td>
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Wheat. The yield of winter wheat turned out to be slightly less than was indicated last month, but considering the fact that in many sections of the country the crop was almost a total failure this year the harvest of fourth district farms compares very favorably with preceding periods. It was six per cent larger than the average harvest of the eight years 1925-1932, whereas in the entire country this year’s crop was estimated to be only three-fifths as large as the eight-year average. Acreage yields ranged from 12 bushels in Kentucky to 18 and 19 bushels in Pennsylvania and Ohio, all yields being larger than average. In the entire country the yield was only 12.7 bushels an acre. Ohio ranged second in the production of wheat among the states of the country, being surpassed only by Kansas, where the crop was about one-third smaller than usual.

Concerning world wheat crop prospects, indications are that Europe will harvest the largest crop on record, and in 38 foreign countries, which last year produced 64 per cent of the Northern Hemisphere wheat crop, exclusive of Russia and China, the crop is expected to be about 60,000,000 bushels larger than the 1932 harvest.

Oats. Estimated oat production was further reduced by over 2,000,000 bushels in this district in August and the crop generally is the poorest on record. It is less than half as large as the average harvest of the eight years 1925-1932, while in the entire country it was 55 per cent of this same average. As it became apparent that the crop would be very small oat prices increased sharply and in mid-August they were quoted at 45 cents a bushel, compared with about 18 cents a year ago.

Corn. At the critical stage of its growing period, the corn crop in most sections of the district was very adversely affected by the dearth of rain, and the estimated crop on August 1 was 29 per cent smaller than the eight-year-average harvest. Further damage occurred in August. The crop was in worse condition in the northern part of the district than in southern counties. In the entire country the corn crop is estimated to be about 15 per cent smaller than the average harvest of 1925-1932.

Potatoes. Further declines in the condition of the late potato crop in July reduced the estimated yield to 27 per cent below the eight-year average harvest in the fourth district. In the entire country this year’s crop was expected to be 17 per cent smaller than the eight-year average crop. Considerable dry rot following planting caused poor stands generally and rain is very much needed in most sections.

Tobacco. With weather conditions somewhat more favorable in the southern part of the district than elsewhere, the estimate of the tobacco crop was raised slightly in July and a gain of two per cent was shown from last year’s harvest. Compared with the average of the eight years 1925-1932, a reduction of about ten per cent was forecast. These estimates, however, make no allowance for acreage to be removed under the Agricultural Adjustment Act.

Production of burley tobacco this year is expected to be 280,000,000 pounds, judging by the August 1 condition, compared with 312,000,000 pounds produced in 1932. According to the latest reports from Kentucky, the burley crop is in excellent condition; it has grown fast and some cutting has been done.

Production of Miami cigar-filler tobacco is expected to be 11,931,000 pounds this season, a sizeable reduction from the 21,674,000 pounds harvested in 1932. The August 1 condition was 38 per cent of estimated normal,
compared with 64 per cent a year ago. An acreage reduction plan is now being put into effect whereby 50 per cent of the present crop is being plowed under in an effort to reduce the huge stocks of cigar tobacco on hand.

It is estimated that stocks of cigar tobacco are about six times the annual consumption. With average yields and a 50 per cent acreage reduction it is estimated that total supply at the start of the selling season would be about four per cent less than a year ago.

Fruits. For the entire country the 1933 tree fruit crop is expected to be about ten per cent below the average of recent years. In the fourth district the decline is somewhat larger than that, based on the August 1 condition report. Apples in Ohio and Pennsylvania had an August 1 condition of 31 and 43 per cent, respectively, compared with a ten-year average of 42 and 48. In Kentucky and West Virginia conditions were somewhat better. Considerable shrinkage in the grape crop was caused by wind, drought and heat in July, and indicated yields are below the average of past years and 1932.

### Fourth District Business Statistics (1933 with 1925 = 100)

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<tr>
<td>Bank Debts, 24 cities</td>
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<td>103</td>
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<td>91</td>
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<td>Savings Deposits—end of month</td>
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<td>55</td>
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<tr>
<td>Retail Sales</td>
<td>+2.4</td>
<td>59</td>
<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>Wholesale Sales</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
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<td>Drug Sales</td>
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<td>55</td>
<td>77</td>
<td>89</td>
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<tr>
<td>Grocery Sales</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
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<tr>
<td>Hardware Sales</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
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<td>55</td>
<td>77</td>
<td>89</td>
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<tr>
<td>Building Contracts—Total</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
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<tr>
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<td>69</td>
<td>73</td>
<td>89</td>
<td>96</td>
<td>103</td>
</tr>
<tr>
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<td>73</td>
<td>89</td>
<td>96</td>
<td>103</td>
</tr>
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<td>73</td>
<td>89</td>
<td>96</td>
<td>103</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
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<tr>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
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<tr>
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<td>56</td>
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<td>55</td>
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<td>89</td>
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</tr>
<tr>
<td>Petroleum (10 firms)</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>Groceries—33 firms</td>
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<td>59</td>
<td>55</td>
<td>77</td>
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<td>100</td>
</tr>
<tr>
<td>Hardware—14 firms</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>Building Contracts—Residential</td>
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<td>59</td>
<td>55</td>
<td>77</td>
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<td>100</td>
</tr>
<tr>
<td>Building Contracts—Total</td>
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<td>55</td>
<td>77</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>Commercial Failures—Liabilities</td>
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<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
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<tr>
<td>Commercial Failures—Number</td>
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<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
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<tr>
<td>Production</td>
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<td>66</td>
<td>48</td>
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<td>56</td>
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<tr>
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<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Bituminous Coal—Tons</td>
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<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Cement—O. W. Pa., W. Va.</td>
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<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Electric Power—O. Pa., Ky.</td>
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<td>61</td>
<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Petroleum (10 firms)</td>
<td>-6.1</td>
<td>61</td>
<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Groceries—33 firms</td>
<td>-6.1</td>
<td>61</td>
<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Hardware—14 firms</td>
<td>-6.1</td>
<td>61</td>
<td>66</td>
<td>48</td>
<td>55</td>
<td>56</td>
</tr>
</tbody>
</table>

### Debits to Individual Accounts (Thousands of Dollars)

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Aug. 23, 1933</th>
<th>Aug. 23, 1932</th>
<th>Year-to-date</th>
<th>Year-to-date</th>
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</thead>
<tbody>
<tr>
<td>Bank Debts</td>
<td>-23.8</td>
<td>251,527</td>
<td>419,119</td>
<td>-40.0</td>
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<tr>
<td>Butter</td>
<td>+13.3</td>
<td>46,116</td>
<td>50,282</td>
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<tr>
<td>Cotton</td>
<td>+20.3</td>
<td>141,458</td>
<td>149,096</td>
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</tr>
<tr>
<td>Cincinnati</td>
<td>+9.4</td>
<td>1,778,139</td>
<td>2,037,491</td>
<td>-12.7</td>
</tr>
<tr>
<td>Cleveland</td>
<td>+9.8</td>
<td>2,721,791</td>
<td>3,144,275</td>
<td>-21.9</td>
</tr>
<tr>
<td>Dayton</td>
<td>-1.3</td>
<td>694,755</td>
<td>806,460</td>
<td>-13.9</td>
</tr>
<tr>
<td>Dayton</td>
<td>-1.3</td>
<td>368,029</td>
<td>368,029</td>
<td>-0.8</td>
</tr>
<tr>
<td>Toledo</td>
<td>-1.3</td>
<td>135,990</td>
<td>177,017</td>
<td>-28.8</td>
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<tr>
<td>Hamilton</td>
<td>+2.4</td>
<td>70,473</td>
<td>94,318</td>
<td>-26.7</td>
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<tr>
<td>Homestead</td>
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<td>15,109</td>
<td>20,678</td>
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</tr>
<tr>
<td>Lehigh</td>
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<td>11,065</td>
<td>15,025</td>
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<tr>
<td>Pittsburgh</td>
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<td>14,968</td>
<td>24,783</td>
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</tr>
<tr>
<td>Steubenville</td>
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<td>1,073</td>
<td>1,735</td>
<td>-38.7</td>
</tr>
<tr>
<td>Zanesville</td>
<td>+7.1</td>
<td>35,555</td>
<td>51,572</td>
<td>-30.9</td>
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</table>

### Fourth District Business Indexes (1923-1925 = 100)

<table>
<thead>
<tr>
<th>Index</th>
<th>July, 1933</th>
<th>July, 1932</th>
<th>July, 1931</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Debts (24 cities)</td>
<td>97</td>
<td>103</td>
<td>113</td>
</tr>
<tr>
<td>Commercial Failures (Number)</td>
<td>67</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>Postal Receipts (9 cities)</td>
<td>76</td>
<td>91</td>
<td>111</td>
</tr>
<tr>
<td>Wholesale Dry Goods (10 firms)</td>
<td>56</td>
<td>95</td>
<td>120</td>
</tr>
<tr>
<td>Wholesale Hardware (14 firms)</td>
<td>65</td>
<td>86</td>
<td>103</td>
</tr>
</tbody>
</table>

**Notes:**
- Figures for individual unit operated.
Summary of National Business Conditions
By the Federal Reserve Board

Industrial production increased further from June to July, contrary to seasonal tendency, and in recent weeks has continued at a relatively high level. Since the middle of July there have been reductions in wholesale prices of leading raw materials while prices of many other products have advanced.

Production and Employment
Volume of industrial output, as measured by the Board's seasonally adjusted index, advanced from 91 per cent of the 1923-1925 average in June to 98 per cent in July, which compares with 60 per cent in March. The principal increase in July was at steel plants where activity advanced from 46 per cent of capacity to 59 per cent. Production in the lumber and coal industries was also in larger volume and daily average output of automobiles showed none of the usual seasonal decline. Output at shoe factories and woolen mills continued at an unusually high rate while consumption of cotton by domestic mills decreased somewhat. Cigarette production declined sharply from the high level of May and June. Since the middle of July a decrease has been reported in the output of steel.

Working forces and pay rolls at factories increased considerably between the middle of June and the middle of July. As in other recent months the largest increases were generally at establishments fabricating raw materials into semifinished products.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in July followed by an increase in the first half of August. Total awards during the six weeks were in about the same volume as in the preceding six weeks and in larger volume than in earlier periods this year.

Department of Agriculture estimates as of August 1 indicate harvests generally smaller than a year ago. The cotton crop is forecast at 12,314,000 bales, a reduction of 700,000 bales from last season, reflecting curtailment in acreage as a part of the program of the Agricultural Adjustment Administration, offset in large part by an unusually high yield per acre. The wheat crop is estimated at 500,000,000 bushels, a reduction of 225,000,000 bushels from last year's small harvest, and food crops are expected to be unusually small.

Distribution
Freight traffic increased further from June to July by a substantial amount, but in recent weeks shipments, particularly of miscellaneous freight and grains, have been somewhat smaller. Department store sales declined in July by about the usual seasonal amount; they were larger than a year ago, however, and trade reports for the first half of August indicate an increase in sales.

Wholesale Prices
Wholesale prices of commodities increased further during the first three weeks of July and according to the Index of the Bureau of Labor Statistics, there has been little change in their general levels since that time. Prices of grains, cotton and many imported raw materials, however, were considerably lower in the third week of August than in the middle of July, while prices of textiles were higher, reflecting in part the application of the processing tax on cotton. Prices of leather and coal also advanced during this period.

Foreign Exchange
In the exchange market the value of the dollar in terms of the French franc advanced from a low of 69 per cent of its gold parity on July 18 to 75 per cent at the beginning of August and since that time has fluctuated between 73 and 75 per cent.

Bank Credit
Net demand deposits of weekly reporting member banks in 90 cities declined between the middle of July and the middle of August, owing in large part to further withdrawals of bankers' balances from banks in New York City and elsewhere. The banks' loans decreased by $71,000,000 during the period, reflecting chiefly a reduction in loans to brokers and dealers in securities. Their holdings of United States Government securities, after declining between July 18 and August 9 increased during the week ending August 16 in connection with Treasury financing at that time.

Total reserves of all member banks increased by $81,000,000 during the four-week period ending August 16, reflecting chiefly the purchase of $42,000,000 of United States Government securities by the reserve banks and a return of $23,000,000 of currency from circulation. The growth in member bank reserves, occurring at a time when reserve requirements were being reduced in consequence of a decline in their deposits, brought their excess reserves to a level above $560,000,000.

Money rates in the open market generally continued at low levels.