

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 15

Cleveland, Ohio, September 1, 1933

No. 9

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 35 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.

Automobile production, U. S.	+118.6
Building contracts awarded, residential—fourth district.....	+ 49.8
Cement production—fourth district	+ 82.6
Coal production—fourth district	+195.9
Coal shipments—Lake Erie ports	+ 83.1
Commercial failures—fourth district	- 46.3
Department store sales—fourth district	+ 12.1
Furniture store sales—fourth district.....	+ 70.5
Iron ore receipts—Lake Erie ports	+504.9
Pig iron production, U. S.	+218.0
Steel ingot production, U. S.	+296.9
Wholesale sales—four reporting lines—fourth district.....	+ 21.2

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

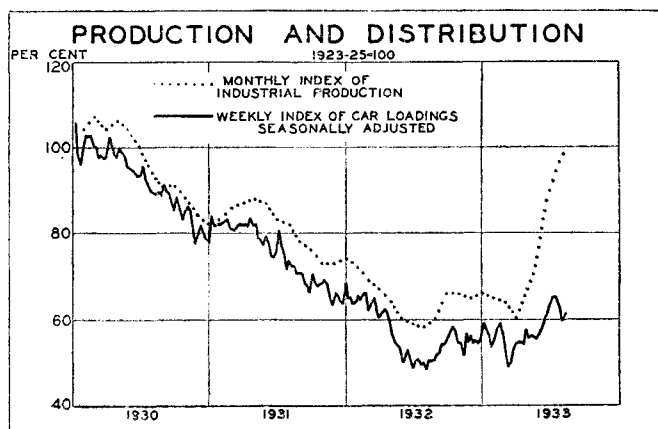
improvement was reported. Following the adoption of the NRA codes by several industries in August a further bettering of employment conditions was generally reported though, as yet, few figures for the period are available. In Cincinnati a comprehensive survey revealed that between July 31 and the third 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 41 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



Solid line—weekly index of car loadings, F. R. B. of Cleveland (1923-1925 = 100). Latest figure: Week ending August 12, 61.3. Broken line—monthly index of industrial production, Federal Reserve Board (1923-1925 = 100). Latest figure: July, 98. Both curves adjusted for seasonal variation.

back to 1923, 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 33 per cent under the same interval of 1932. Liabilities of the defaulting concerns in July totaled \$2,668,000, 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 93.5 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 \$3,600,000 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 more than offset by the decline in "all other" loans.

In most weeks since June 14, when payment of interest on demand deposits became illegal, there has been a decline in these deposits at reporting member banks, and in the five latest weeks the reduction was \$27,000,000. Part of the loss in demand deposits in this period again represented a shift in deposits from demand to time accounts, for time deposits increased \$16,000,000 in the five latest weeks. Due to an expansion in Government deposits, there was a slight increase in total deposits in the period.

MANUFACTURING, MINING

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 66 to 53 per cent; while at Pittsburgh it was down five points to 43 per cent.

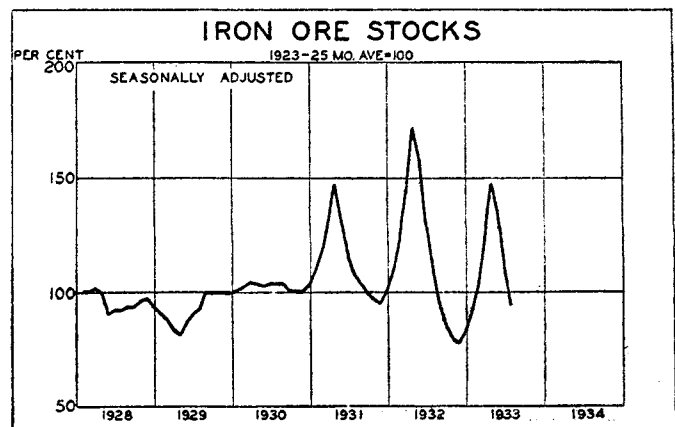
Although a decline usually occurs in the summer

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 6,246,095 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 4,300,000 tons of ore were shipped down the Great Lakes in the month. Lake boats in service rose from 69 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;



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 extent in the United States Steel Corporation's unfilled orders, which, after moving up three consecutive months, dropped 86,546 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 represent orders of actual consumer demand. Tonnage since written into new contracts, replacing the old in many instances, exceeds the amounts canceled.

Coal The coal strike in western Pennsylvania in early August was most severely felt in the vicinity of Connellsville and, although 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 13,005,000 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 increase in production in some fields not affected by the disturbance, so that total output was only slightly affected. Coal prices have increased somewhat and coke quotations are up 50c 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 entire country touching new high levels for the year in early August, according to preliminary reports, operations in the assembly industry 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 *Cram's* figures, approximately 54,000 cars were manufactured, compared with 21,000 cars in the corresponding period of 1932, and judging from present indications, August assemblies will closely approximate those of July.

According to the Department of Commerce, 238,088 cars and trucks were assembled in July, compared with 109,143 in July, 1932, a gain of 114 per cent. Compared with June there was a decline in assemblies of eight per

cent, but this was much less than seasonal and the Federal Reserve Board's adjusted index advanced from 66 to 70 per cent of the 1923-1925 monthly average. Output in July was the highest for that month since 1930. The gains from a year ago in recent months have been unusually large and the cumulative production figures for the first seven months of this year now exceed 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 automobile 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 recent months.

Tires, Rubber

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 schedules 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 Manufacturers 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 favorable showing, compared with last year, but at that time a slump in production developed following the heavy production in June, 1932. Some falling-off in output and sales was reported in August, partly seasonal, but employment and the number of man-hours worked in both July and August were much above a year ago. At 20 concerns reporting to the Ohio State Bureau of Business Research, 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 333,954 tons on June 30 and 396,000 tons, the peak touched on March 31, 1933. Imports of crude rubber in July were 44,290 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 38 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, com-

pared 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 very 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 2,734,000 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 15c a pound, the same as a year ago, compared with a low of 4¼c 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 9.6 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 135 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 40 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 ad-

justed 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 39 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
(000 omitted)

	Fourth District			United States		
	1933 (based on August 1 condition)	1925-32 average harvest	% 1933 of 8- year average	1933 (based on August 1 condition)	1925-32 average harvest	% 1933 of 8- year average
Corn, bu.	125,297	173,928	72.0	2,273,019	2,653,442	85.7
Wheat, bu.	37,941	35,836	105.9	499,671	824,737	60.6
Oats, bu.	36,162	81,846	44.2	666,745	1,214,121	54.9
Hay, tons	3,940	5,530	71.2	64,910	70,431	92.2
Tobacco, lbs.	124,112	137,921	90.0	1,299,154	1,383,160	93.9
Potatoes, bu.	14,330	19,692	72.8	292,668	351,927	83.2

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 av-

erage 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.

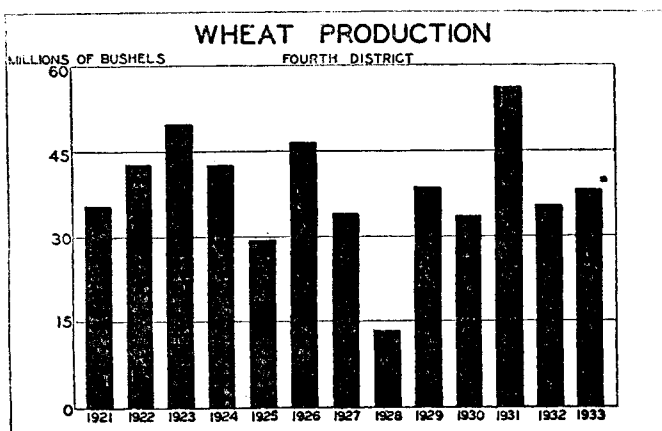
Corn. At the critical stage of its growing period, the corn crop in most sections of the district was very adversely affected by the dearth of rain, and the estimated crop on August 1 was 29 per cent smaller than the eight-year-average harvest. Further damage occurred in August. The crop was in worse 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 380,000,000 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,



*August 1 production estimate.

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.

Wholesale and Retail Trade

(1933 compared with 1932)

	SALES July, 1933	Percentage Increase or Decrease SALES First 7 months	STOCKS July, 1933
DEPARTMENT STORES (48)			
Akron.....	+38.3	-6.1	-2.2
Cincinnati.....	-0.3	-12.8	-15.6
Cleveland.....	+32.1	-6.4	-14.7
Columbus.....	-0.3	-15.9	-12.6
Pittsburgh.....	+4.4	-14.8	-7.9
Toledo.....	+9.8	-13.9	-10.1
Wheeling.....	+11.9	-12.5	-7.9
Other Cities.....	+10.0	-14.7	-19.5
District.....	+12.1	-12.3	-11.1
WEARING APPAREL (11)			
Cincinnati.....	-7.1	-16.5	-13.4
Other Cities.....	+0.9	-28.2	-30.5
District.....	-1.7	-24.4	-24.8
FURNITURE (44)			
Cincinnati.....	+31.8	-6.3	.....
Cleveland.....	+89.3	+4.1	.....
Columbus.....	+54.5	-4.6	.....
Dayton.....	+19.8	-15.4	.....
Toledo.....	+110.3	-11.8	.....
Other Cities.....	+105.1	+0.2	.....
District.....	+70.6	-2.9	.....
CHAIN STORES*			
Drugs—District (4).....	-5.4	-15.0	.....
Groceries—District (5).....	+15.7	-1.9	.....
WHOLESALE GROCERIES (33)			
Akron.....	+9.0	-10.5	.....
Cleveland.....	+2.4	-8.6	.....
Erie.....	-18.1	-21.0	.....
Pittsburgh.....	+13.1	+4.0	.....
Toledo.....	-6.5	-23.6	.....
Other Cities.....	+17.5	-3.5	.....
District.....	+7.1	-8.8	-15.1
WHOLESALE DRY GOODS (10)			
.....	+154.1	+7.5	+23.5
WHOLESALE DRUGS (13)			
.....	+0.8	-17.2	.....
WHOLESALE HARDWARE (14)			
.....	+40.1	-4.5	.....

*Per individual unit operated.

Debts to Individual Accounts

(Thousands of Dollars)

	5 weeks ending Aug. 23, 1933	% change from 1932	Year-to-date Dec. 29, 1932 to Aug. 23, 1933	Year-to-date Dec. 31, 1931 to Aug. 24, 1932	% change from 1932
Akron.....	38,962	-23.8	251,527	419,119	-40.0
Butler.....	6,951	+13.3	46,116	50,282	-8.3
Canton.....	24,676	+30.5	141,458	148,096	-4.5
Cincinnati.....	269,647	+9.4	1,778,339	2,037,493	-12.7
Cleveland.....	459,472	+9.8	2,721,791	3,484,275	-21.9
Columbus.....	105,742	+8.4	694,755	806,460	-13.9
Dayton.....	44,586	-4.8	299,363	368,029	-18.7
Erie.....	20,011	-5.5	125,990	177,057	-28.8
Franklin.....	2,680	no change	17,089	23,308	-26.7
Greensburg.....	4,037	-15.5	30,042	44,258	-32.1
Hamilton.....	8,128	+10.3	50,432	64,318	-21.6
Homestead.....	1,941	-16.4	12,682	19,308	-34.3
Lexington.....	15,480	+19.2	119,063	133,371	-10.7
Lima.....	6,245	-26.8	44,696	65,383	-31.6
Lorain.....	2,850	-8.6	17,532	25,374	-30.9
Middletown.....	7,156	+28.8	44,593	47,297	-5.7
Oil City.....	7,151	-19.8	46,938	73,645	-36.3
Pittsburgh.....	611,488	+14.9	4,007,481	4,346,838	-7.8
Springfield.....	11,825	-0.1	74,434	97,843	-20.9
Staubenville.....	5,836	+19.2	34,836	43,694	-20.3
Teledo.....	94,084	+16.9	549,461	621,049	-11.5
Warren.....	6,075	+38.3	36,059	36,458	-1.1
Wheeling.....	32,011	+14.7	205,769	221,732	-7.2
Youngstown.....	35,913	+43.8	190,232	220,751	-13.8
Zanesville.....	6,022	+3.7	40,302	47,144	-14.5
Total.....	1,828,968	+10.5	11,583,980	13,622,587	-15.0

Fourth District Business Indexes

(1923-1925=100)

	July, 1933	July, 1932	July, 1931	July, 1930	July, 1929
Bank Debts (24 cities).....	60	59	91	122	143
Commercial Failures (Number).....	75	139	105	115	98
(Liabilities).....	61	179	146	55	45
Postal Receipts (9 cities).....	..	..	96	103	113
Sales—Life Insurance (Ohio & Pa.).....	85	87	105	134	134
—Department Stores (47 stores).....	48	41	63	69	79
—Wholesale Drugs (12 firms).....	68	66	91	96	109
— Dry Goods (10 firms).....	52	20	39	52	72
— Groceries (33 firms).....	59	55	77	89	100
— Hardware (14 firms).....	56	40	62	73	98
— All (69).....	59	47	69	80	96
—Chain Drugs (3 firms)**.....	69	73	87	87	91
Building Contracts (Total).....	14	26	57	101	126
(Residential).....	12	8	30	55	85
Production—Coal (O., W. Pa., E. Ky.).....	72	36	70	83	96
—Cement (O., W. Pa., W. Va.).....	88	48	126	164	178
—Elec. Power (O., Pa., Ky.)*.....	133	114	124	134	144
—Petroleum (O., Pa., Ky.)*.....	93	112	101	124	112
—Shoes.....	102	69	91	89	103

*June
**Per individual unit operated

Fourth District Business Statistics

(000 omitted)

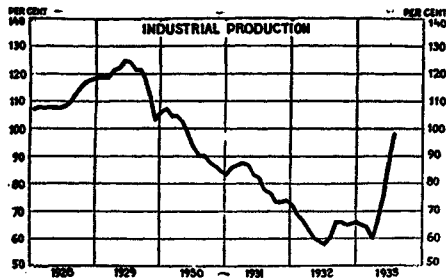
	July, 1933	% change from 1932	Jan.-July, 1933	% change from 1932
Fourth District Unless Otherwise Specified.....	1,636,000	+2.8	9,864,000	-16.5
Bank Debts—24 cities.....	622,797	-6.7	1	.....
Savings Deposits—end of month: 41 banks, O. & Penna.....	71,264	-2.1	501,169	-15.1
Life Insurance Sales: Ohio and Penna.....	10,332	+12.1	80,849	-12.3
Retail Sales: Department Stores—48 firms.....	429	-1.8	3,893	-24.4
Wearing Apparel—11 firms.....	498	+70.5	3,247	-2.9
Furniture—44 firms.....	1,011	+0.8	7,101	-17.2
Wholesale Sales: Drugs—13 firms.....	1,263	+154.1	5,969	+7.5
Dry Goods—10 firms.....	3,420	+7.1	21,323	-8.8
Groceries—33 firms.....	1,087	+40.1	5,949	-4.5
Hardware—14 firms.....	2,098	+49.8	11,778	-14.9
Building Contracts— Residential.....	6,724	-46.3	40,382	-46.0
Commercial Failures— Liabilities.....	2,668	-66.1	36,695	-33.3
Commercial Failures... Number.....	110 ²	-45.8	1,183 ²	-33.1
Production: Pig Iron, U. S..... Tons	1,819	+218.0	6,258	+9.0
Steel Ingots, U. S..... Tons	3,203	+296.9	12,193	+43.4
Automobiles—Pass. Car. U. S.....	195,023 ²	+105.9	1,044,257	+26.4
Trucks..... U. S.....	38,065	+163.6	195,941	+26.8
Bituminous Coal..... Tons	13,005	+105.9	71,130	+17.7
Cement—O., W. Pa., W. Va.....	1,063	+82.6	3,235	+19.4
Electric Power—O., Pa., Ky.....	1,115 ³	+16.0	5,870 ⁴	-3.0
Petroleum—O., Pa., Ky..... Bbls.	1,725 ³	-16.9	10,239 ⁴	-13.5
Shoes..... Pairs	3	+55.5	3	+28.1
Tires, U. S..... Casings	4,880 ³	+8.1	16,837 ⁴	-12.6
Bituminous Coal Shipments: Lake Erie Ports..... Tons	5,369	+83.4	13,595	+50.4
Iron Ore Receipts: Lake Erie Ports..... Tons	2,843	+504.9	3,826	+511.2

¹not available
²actual number
³June
⁴first six months

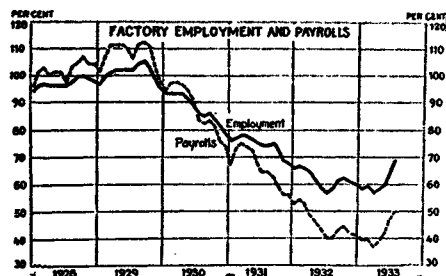
⁵confidential

Summary of National Business Conditions

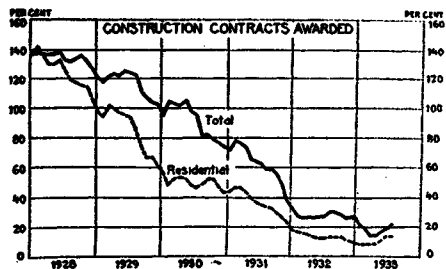
By the Federal Reserve Board



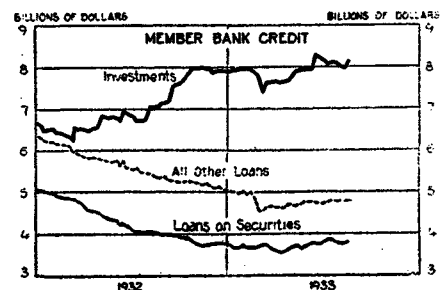
Index of industrial production, adjusted for seasonal variation (1923-1925 = 100). Latest figure, July, preliminary, 98.



Indexes of factory employment and pay rolls, without adjustment for seasonal variation (1923-1925 = 100). Latest figure, July, employment, 68.9; pay rolls, 49.9.



Indexes based on three-month moving averages of F. W. Dodge data for 37 eastern states, adjusted for seasonal variations (1923-1925 = 100). Latest figure, July, total, 22; residential, 13.



Wednesday figures for reporting member banks in 90 cities. Latest figures are for Wednesday, August 16.

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 19 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 \$550,000,000.

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