

# MONTHLY BUSINESS REVIEW

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Fourth Federal Reserve District

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Compared with last year at this time, there is no doubt but what business activity, employment, pay rolls and dollar volume of retail trade in the fourth district show marked improvement, but, with the exception of employment and pay rolls, there has been quite a decline from the peak touched in the summer months of this year and preliminary reports in late October indicate some reduction in the number employed.

The steel industry, after advancing in early summer to a peak for this year of about 60 per cent of capacity, receded at a quite rapid rate and in the latest week averaged somewhat less than 35 per cent. Current operations, however, were at a higher rate than last year at this time. Distribution of freight now shows a smaller increase from last year than in previous weeks and though the gain in electric power consumption in this area from the corresponding period of 1932, as shown on the accompanying chart, has been smaller recently than in July and August, a quite favorable comparison with last year is still noticeable. Automobile production and activity in allied industries has fallen off recently, the drop being partly seasonal as the period of new-model production is at hand.

Retail trade, as reflected in sales at department stores throughout the district, did not show the expansion from August that has occurred in past years and the seasonally adjusted index dropped from 72.6 to 67.8 per cent of the 1923-1925 monthly average. Compared with a year ago, however, dollar sales were up about 17 per cent, though much of the gain represented higher prices. Shoe production, building activity, cement output, shipments on the Lake, etc., all receded from August to September.

This almost general decline occurred at the season of the year when some expansion is usually expected, but it was not regarded as being extraordinary following such a sharp advance as developed in the early summer months. Part of the production occurring in the summer period was for future needs, goods being contracted for because of fear of higher prices, etc. As a result it has been necessary recently to curtail production until purchasing power and absorption of goods increased.

The continued gain in employment and pay rolls in September at better-than-seasonal rates in contrast with the drop in sales and production indicates that the gap between these elements has been narrowed appreciably and

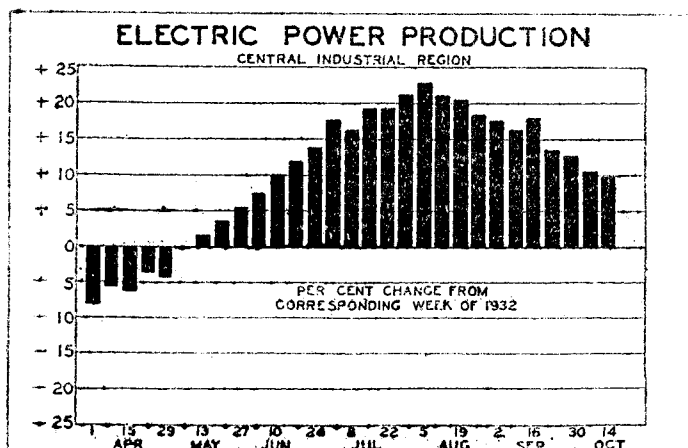
in recent weeks the falling-off in production in several lines has been less precipitate than a few weeks ago.

The increase in employment recently has been greater than in pay rolls for hours worked have been lessened in many cases so that jobs for some of the unemployed might be provided. Also, as production declined in September, the number of hours of operation were reduced instead of curtailing working forces. In Ohio, industrial employment increased three per cent from August to September and averaged 31 per cent better than a year ago. In the past five years no change in employment was recorded between these two months.

## FINANCIAL

Changes in condition of weekly reporting member banks in leading cities of the fourth district and of the Federal Reserve Bank of Cleveland in the four weeks ended October 18 were of minor importance. The volume of credit extended was reduced slightly and notes in circulation were practically unchanged in the four latest weeks, though they remained somewhat above a year ago at this season. Borrowings of member banks from the reserve bank touched a new low level for a number of years. The rediscount rate was reduced from 3 to 2½ per cent on October 21.

Savings deposits at selected banks throughout the district increased slightly in September, a gain of 0.3 per cent being shown for the period. Compared with a year ago, savings at these banks were still down 5.3 per cent.



but the comparison with the preceding year is now more favorable than in earlier months of 1933.

The number of commercial failures continues much below last year and in September they were only 80 per cent of the monthly average of the three years 1923-1925; compared with 1932, there was a 47 per cent decline in number. Liabilities of the defaulting concerns were down even more sharply, being only half as large as in September last year, and 53 per cent of the three-year base period.

Sales of life insurance in Ohio and Western Pennsylvania in September were down seasonally from August and were still slightly below a year ago at this time. The one per cent decline, however, compared with a falling-off of 12 per cent in the first nine months from the corresponding period of 1932.

Debits to individual accounts at banks in 24 centers of the district declined in dollar volume in September, but they were still 4.3 per cent ahead of the corresponding period of 1932. In the four weeks ended October 18, they were 0.2 per cent smaller than in the same interval of the preceding year. For the year to date debits were down 12 per cent from 1932.

At reporting member banks in leading cities of the district the volume of credit extended declined, both through a liquidation of investments and a contraction in loans. The volume of loans secured by stocks and bonds was down in late September and early October, but was unchanged in the two latest weeks. "All other" loans increased in the week ended October 4, but they were further reduced to a new low level in the two following weeks.

Member bank investments in Government bonds increased to new high levels on October 11, but some selling occurred in the following week. A moderate reduction in investments in other than Government bonds occurred in the four latest weeks.

A rather sharp increase in demand deposits was apparent at the reporting banks in the four weeks ended October 18, a gain of \$19,000,000, or 3.8 per cent, occurring in the period. Prior to this advance the trend of demand deposits had been generally downward since the payment of interest on demand deposits was prohibited by the Banking Act of 1933.

In contrast, time deposits were reduced \$9,000,000 in the latest period, but the net result is that total deposits on the latest date were higher than at any time since the banking holiday. The gain at these reporting banks totaled \$110,000,000, or 12.3 per cent, from March to the present time.

At the Federal Reserve Bank of Cleveland the decline in gold reserves in the four latest weeks as a result of fall trade movements was somewhat smaller than in preceding years at this season, and such reserves continue somewhat above a year ago. Credit extended directly to member banks in the district dropped below \$10,000,000, for the second time this year, the lowest level on record since the formative years of the bank.

Holdings of acceptances were practically unchanged in the four latest weeks, but about \$10,000,000 of government securities were added to the large volume already acquired through the System's purchases. Total earning assets have increased gradually in recent weeks.

the decline in discounts and acceptances being insufficient to offset the increase in holdings of Government securities. Compared with a year ago, total bills and securities, at \$219,000,000, were up about \$8,000,000.

An increase of about \$15,000,000 in the volume of Federal reserve bank notes in circulation in the four latest weeks was offset by a decline of \$16,000,000 in Federal reserve notes. Compared with a year ago there was a gain of \$31,000,000 in total notes in circulation.

Reserve and total deposits increased about \$10,000,000 in the four latest weeks and excess reserves of member banks in September averaged over \$26,000,000 more than were required. This was a reduction of about \$5,000,000 from the preceding month, but was much above a year ago.

## MANUFACTURING. MINING

### Iron and Steel

Steel production in the United States for the week ended October 23 stood at 34 per cent, a net loss of seven points since the middle of September, most of which occurred in the latest week. In the same period operations at fourth district mills declined generally; in the Cleveland-Lorain district the steelworks rate fell from 60 to 33 per cent as automobile requirements were reduced: operations at Youngstown, after advancing from 45 to 57 per cent, dropped back to 51; and at Pittsburgh the rate of production rose five points to 40 per cent in early October, but receded to 35 per cent in the latest week. Heavy specifications against contracts, delivery on which had to be made prior to October 15 under the steel code, were responsible for the advance in output. In the third week of the month there was a general decline in production.

Beginning in August, the national average dropped for seven consecutive weeks, from 54 per cent to 38 per cent at the close of September. It remained at this level the first week in October. Then an influx of specifications on third quarter contracts, the majority of which were booked at lower prices than prevail today, lifted the rate to 40 per cent, but with the fifteenth of the month passed, there was a general decline.

Late in September came the announcement of a \$2 a ton advance in plates and shapes, and \$3 a ton in steel bars for fourth quarter. Consumers, however, had a few days in which they could cover requirements for the next three months before these advances became effective. Specifications on new contracts have been light, and there has been little buying at the advanced prices. Public works programs have stimulated only a mild improvement in steel requirements. The automotive industry, which stocked heavily on third quarter contracts, is beginning the changeover in models. A decision has not been reached at this time on the suggestion that rail prices be reduced to \$35 a ton or less, and little buying of rail materials has been reported.

Fewer operations were suspended because of labor difficulties late in October than early in the month. With coal stocks above ground quite limited, the situation in that industry, particularly in the coke fields, was causing some concern. Fuel costs have increased recently.

Despite a reduction of 15 per cent from August,

the daily rate of pig iron production in September was almost three times that of September, 1932. Last month's daily average was 50,264 gross tons, compared with 59,137 tons in August and 19,788 tons in September a year ago. The month's total of 1,507,931 tons increased output for the first nine months of 1933 to 9,587,291 tons, against only 6,856,487 tons in the comparable period of 1932. A net loss of nine in the month left 89 stacks active out of 289 as of September 30.

Production of steel ingots in September fell 17 per cent to a daily average of 88,884 gross tons from 107,430 tons in August. Total output in September was 2,310,982 tons. Compared with 1932, steel production figures for the first three quarters show up well for the current year. The average daily rate for nine months in 1933 was 74,698 tons, compared with 44,229 tons in the same period of 1932 and the per cent of capacity engaged was 34.36 for 1933, and 20.45 for 1932. Total production in 1933 to date, 17,404,595 tons, is now well ahead of the entire year 1932.

### Coal

Due to unfavorable conditions in the coal industry in western Pennsylvania and to a lesser extent in West Virginia and Kentucky, production of bituminous coal in this district in September was down 25 per cent from August. Output, at 10,645,000 tons, was only five per cent above a year ago, while for the first nine months of 1933 production was 22 per cent ahead of the corresponding period of the preceding year. In some sections of Pennsylvania mining of coal ceased entirely and for the first time on record back to 1880 no coke was produced in the Connellsville region for over two weeks in late September and early October. Coal production usually increases from August to September; the gain last season, one of the largest recorded in recent years, amounted to 25.6 per cent.

Industrial stocks of coal increased somewhat more than seasonally in late summer partly because of the prospect of higher prices which became effective under the coal code adopted October 2. Despite the increase, however, stocks, measured in terms of day's supply, were smaller than a year ago, though they were higher than in 1929 and 1930. Cessation of mining operations reduced stocks appreciably in late September and the first part of October, according to reports.

The effects of the coal code are not expected to develop immediately although higher prices of coal and higher wages are both specified. Due to conditions in the industry, quotations on bituminous coal at the mine were not available in mid-October. While no coal shortage is expected in the trade, industrial stocks have been declining, though current requirements are not so great as they were a few weeks ago. Household demand, however, is on the increase.

Coal shipments from Lake Erie ports were down slightly from August to September, but in the latest month they were still 32 per cent higher than a year ago. For the year to date 24,244,000 tons have been shipped from Lake Erie ports, a gain of 48 per cent from the corresponding period of 1932.

### Automobiles

Production of automobiles in September, according to the Department of Commerce, was 196,082 units. This was a decline of 17 per cent from August, slightly more than the average falling-off in past years, but it was the first reduction of any size since the opening months of the year. September output was still considerably above the corresponding period of the two preceding years, the gain from September, 1932, being 133 per cent. In the first nine months of this year 1,672,767 cars and trucks have been turned out, an increase of 45 per cent from the corresponding period of last year.

Demand for passenger cars has been well maintained in recent months and output in September, at 160,200 units, was 149 per cent above a year ago. Truck production also compared favorably with last year's output, but was down from the August peak.

A falling-off in both production and sales generally occurs at this season of the year and this fall output is being affected unfavorably by conditions in the tool and die industry which has delayed work on new models. Retail sales, on the other hand, have held up remarkably well and in September and October, according to preliminary reports, buying of cars exceeded production. Dealer's stocks, which for several months have been kept in line with demand, are now being reduced at an accelerated pace. With production at a much lower rate in October than in September, and new model preparation delayed, the dealer stock situation is very favorable.

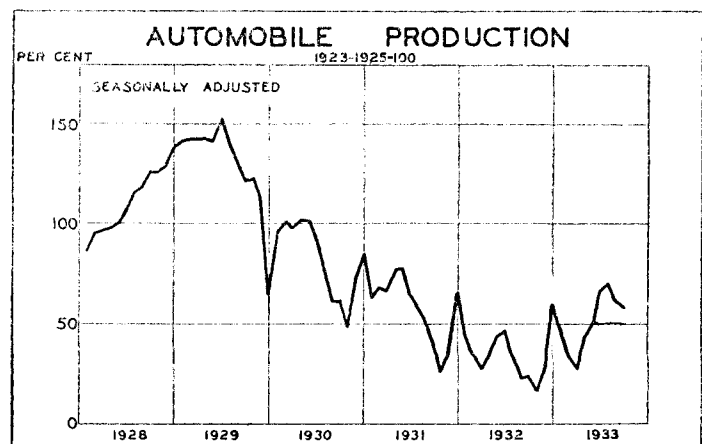
New passenger car sales in Ohio and Western Pennsylvania numbered 12,580 in September. This compared with 17,770 in August and 5,417 in September, 1932.

The delay in new model production has adversely affected operations at parts and accessory plants in this district, for orders on material for old models have declined sharply and specifications on new parts, etc., have been delayed. However, tool and die makers in this district have benefited; automobile assemblers have found it necessary to place tool and die orders outside the Detroit area.

### Tires

### Rubber

The contraction in tire production which started in late August continued through September at a more-than-seasonal rate and was still under way in mid-October, according to reports received. The recent decline was accentuated by the fact that in June and July overproduc-



tion, partly speculative, occurred and now this apparent-ly is being absorbed by the trade.

With the peak of the automobile travel season passed and new car production declining prior to model change-overs, a season of normally declining output is at hand. Orders placed in the fall for delivery next spring have not been so important in the past few years. Dealers buy- ing being more for immediate needs only.

Despite the falling-off, tire output in August, the lat- est figures available, and rubber consumption in Sep- tember, were considerably above a year ago. According to figures of the Rubber Manufacturers' Association which represent 80 per cent of the entire industry, August pro- duction was 62 per cent above a year ago and the gains in recent months have been large enough to offset the losses reported earlier in the year. Eight-month pro- duction was 3.1 per cent above the same period of 1932 and inventories in hands of manufacturers on September 1 were about the same as a year ago.

Crude rubber consumed in September was down 29.6 per cent from August, but at 35,686 tons, it was 50 per cent above a year ago. Imports in the latest month were up quite sharply from a year ago and exceeded con- sumption by 12,000 tons, though for the year to date rubber used by industry has exceeded imports, and stocks as of September 30 were somewhat below a year ago. Crude rubber prices declined slightly, along with other commodities in the latest month, and on October 20 standard smoked sheets were quoted at 6.88 cents a pound. This compared with 3.4 cents last year at this time.

Employment in the rubber industry, based on reports from 21 concerns to the Ohio State University Bureau of Business Research, was 1.5 per cent less in mid-September than a month previous, but the decline contrasted with an average falling-off of 3.1 per cent in the past five years. Compared with last year at this time the number employed was up 42 per cent and factories are maintain- ing their working forces by reducing the number of op- erating hours.

**Clothing** A contrary-to-seasonal decline in pro- duction was reported at clothing fac- tories in this district in September, compared with the preceding month. Employment also exhibited a downward trend, a drop of 7.7 per cent be- ing reported at 41 concerns, compared with a five-year average increase of 2.1 per cent. In contrast with a year ago, however, the number of employees at clothing and textile factories was up 23 per cent in this section and for the year to date has averaged 17 per cent better than in the corresponding period of 1932.

The sharp increase in prices in recent months was attributed to be responsible for part of the decline in de- mand at retail outlets, which, in turn, has affected pro- duction. According to the *National Industrial Conference Board's* cost of living index, clothing prices advanced eight per cent from August to September and in the latest month they were 24.5 per cent higher than in May. Com- pared with a year ago the price increase amounted to 18 per cent, but current prices are still 22 per cent lower than in September, 1929.

Dollar value of women's clothing sales at fourth dis-

trict department stores in September was 13 per cent above a year ago, a smaller gain than the average price increase in the period. Men's clothing sales, however, were up 49 per cent in the period, but prices of men's clothing have increased somewhat more sharply than women's wear, for prices of wool have advanced at a faster rate than some of the other raw materials used in the manufacture of clothing. Demand for wool textile fabrics continues at a high rate and mills were employ- ing more in mid-October than in mid-September. Orders for spring goods, which call for delivery from November to March, so far have been received in very satisfactory volume. Prices are up sharply from a year ago.

**Other Manufacturing** Increased employment and declining production again characterized the more important manufacturing lines of this district in the four weeks ended in mid-October. The reemployment, however, which in most cases was largely attributable to the various codes recently adopted, necessitated in many instances a reduction in the num- ber of hours worked. As a result, total pay rolls have increased in recent weeks, but the average pay per em- ployee in some cases has been reduced. Compared with earlier months of this year and a year ago at this time, the situation is much improved.

**Automobile Parts and Accessories.** The decline in au- tomobile assemblies in September and early October ad- versely affected operations at local parts and accessory companies, though tool and die makers in this territory experienced an increased demand as a result of unsettled labor conditions in Detroit. The delayed work on new models slowed up the placing of orders for materials used in production. Employment at 38 automobile parts companies in this section in mid-September was 60 per cent above a year ago and up 2.1 per cent from August, the latter gain being contrary to seasonal. This high level, however, was maintained by reducing the number of hours worked, so that pay rolls do not show so favor- able a comparison with last year.

**Brick and Tile.** The lag in public construction getting under way was reflected in a decline in operations at brick and tile plants in this territory, a falling-off in employ- ment of ten per cent being shown from mid-August to September 15. This was considerably more than sea- sonal and on the latest date the number employed was 22 per cent below a year ago.

**China, Pottery.** Some increase in employment and pay rolls was reported by china and pottery companies in the past month and the gain was attributed chiefly to ex- panding business, for the industry code had not yet been adopted. In mid-September the number employed was up 7.5 per cent from August and was 59 per cent above a year ago. Further improvement was reported in later weeks. Demand for tableware has increased, but prices are up only slightly, though raw material costs have risen. Inventories of finished goods have not expanded appreciably.

**Electrical Supplies.** A continued upturn in demand for and production of electrical appliances and machinery was reported in September and early October. The de- cline in sales of consumers goods was more than offset by some large orders for capital equipment financed part-

ly through Government channels. Employment in September was up sharply, contrary to the seasonal trend of past years, and was 55 per cent above a year ago. Larger inventories of both raw and finished goods were reported.

**Glass.** Demand for plate glass dropped sharply in late September and early October coincident with the decline in automobile production. The demand for window glass, though far below normal, was about on a par with previous months. This was in contrast to a decline generally expected in the trade. While little building is being done, reopening of factories, etc., that had long been idle, and replacement of glass in residences, accounted for a large part of the recent sales. Production is much above last year at this time. Conditions in the glass container branch of the industry were somewhat less favorable than a month ago.

**Hardware, Machine Tools.** Increased demand for machine tools, but a drop in hardware sales was reported in September and early October, and employment in the early period was up contrary to the seasonal trend of past years. Compared with September, 1932, the number on pay rolls was up from 40 to 50 per cent in most cases, but due to few hours worked, wage payments do not show so favorable a comparison.

**Paint.** A contrary to seasonal decline in demand for paint was generally reported in September and stocks made up in the summer months for fall requirements have not been moving into consumer's hands as expected; consequently inventories are higher than a year ago. The number of sales has held up quite well, but orders are for small quantities. Raw material prices have declined recently, but retail prices remain unchanged.

**Paper.** A rather marked falling-off in demand for most grades of paper and boxboard was reported in late September and the first part of October, coincident with the drop in retail trade and other fields. Prices have been maintained and stocks of raw and finished goods are quite satisfactory. In mid-September employment was up more than seasonally from August and was about 20 per cent above a year ago.

**Shoes.** A decline in September from the exceedingly high rate of production at fourth district factories in preceding months was reported. The 25 per cent reduction in output was the largest for this season of the year back to 1923, and, compared with a year ago, the increase in fourth district production was only 1.5 per cent. In the first nine months local factories produced 26 per cent more shoes than in the corresponding period of 1932. A slowing-down in retail demand in September was reflected in wholesale buying and production. Prices on finished goods are firm and somewhat higher than a year ago, but recently there was a reduction in prices of raw materials.

## TRADE

**Retail** Dollar value of retail sales at reporting department stores in the fourth district increased from August to September less than seasonally, and the corrected index dropped from 72.6 to 67.8 per cent of the 1923-1925 monthly average. Compared with a year ago dollar sales were up approximately 17 per cent, but most of the gain rep-

resented higher prices. According to *Fairchild's* index, retail prices on October 1 were 4.2 per cent higher than a month previous, and the gain from the low point this year was 23.5 per cent. Compared with a year ago prices have advanced on an average of 14.5 per cent.

The increases in sales from the corresponding periods of last year have been large enough in recent months to offset much of the decline recorded in the opening months of 1933, and dollar sales in the first nine months of this year were only two per cent smaller than in the corresponding period of 1932.

So far as particular cities of the district are concerned, the most pronounced gains in September sales were recorded at Akron, Cleveland, Wheeling, Pittsburgh and Toledo. In the individual departments sales of domestics were up 54 per cent, infants' wear 43 per cent, hosiery and underwear 33 per cent, women's apparel 34 per cent, men's furnishings 59 per cent, men's clothing ten per cent and yard goods 18 per cent from a year ago.

Dollar value of stocks on September 30 was 17 per cent higher than at the end of August, the gain being greater than seasonal. The adjusted index, at 62.5 per cent of the 1923-1925 average, compared with a low of 48.8 per cent in April and was 10 per cent above last year at this time. From the low this spring stocks have increased proportionately more than have retail prices.

There was a slight increase in the proportion of credit to total sales in September from the preceding month although installment buying declined seasonally. Collections, as a per cent of accounts receivable, were about the same as in August, but showed considerable improvement from a year ago.

Dollar sales at reporting women's apparel shops in September were 2.5 per cent above a year ago, although in the first nine months showed a reduction of about 14 per cent from the corresponding period of 1932.

Retail furniture stores reported an increase of 56 per cent in sales from last year and a gain of 12 per cent in the first nine months. Furniture departments of department stores showed a gain of 40 per cent in sales in September.

Dollar sales of chain grocery stores per individual unit operated were 10.9 per cent higher in September than in the corresponding month of 1932, but the gain in the nine months' period was only one per cent.

**Wholesale** Dollar sales in all of the reporting wholesale lines in the fourth district, except drugs, were smaller in September than in August, contrary to the seasonal trend of past years, although the falling-off in dry goods sales was slight. Compared with a year ago the following increases were shown by reporting groups: wholesale grocery 0.2, dry goods 7.9, drug 3.6, and hardware 28.0 per cent. For the year to date dry goods sales were up 12 per cent and hardware sales four per cent while a decline of six per cent in grocery sales and 13 per cent in drug sales was recorded.

**Building** Building contracts awarded in the fourth district showed a decline from August to September contrary to the trend exhibited in the entire country where rather large

gains were reported as a result of increases in publicly-financed projects.

Total contracts awarded in this section in September were valued at \$8,318,000 compared with \$12,039,000 in August, and \$10,551,000 a year ago according to the *F. W. Dodge Corporation*. The decline from last year was 21 per cent, whereas in the first three quarters contracts awarded were off 38 per cent from the first nine months of 1932. Although contracts awarded for other than public works and utilities were off only slightly from August to September, contracts for public works increased, while awards for public utilities totaled only about \$250,000 in this section, compared with over \$3,000,000 in August.

Of some significance, however, so far as outlook for the final quarter of 1933 is concerned, was the large amount of contemplated new construction reported in September. In this section it amounted to over \$50,000,000 against less than \$30,000,000 in August and about \$10,000,000 in September, 1932. Gains from August in contemplated work were reported in all classifications, but an unusually large increase was shown in residential building and there was a sizeable gain in the non-residential field. Public work contemplated in September was almost double the August volume and was more than five times as large as a year ago. Publicly-financed construction, which has been rather slow reaching the contract stage, is gradually taking form, now that Federal funds have been made available for approved projects.

Building costs increased in September due to higher prices for materials, but labor costs have shown little change.

Demand for lumber and building materials receded in September, though prices on common grades strengthened considerably as a result of orders for Federal projects. The lumber code became operative in mid-October.

## AGRICULTURE

Another growing season has passed and, though conditions very favorable to the maturing of late crops were generally reported in September, the increase in estimated yields was insufficient to raise them to the average of past years, particularly in this section and other northern states. Moisture conditions in September in the fourth district were more favorable than in any previous month of this season and the average temperature was above normal in most sections. Frost damage was slight.

The price situation, so far as farm products and the buying power of agriculturalists are concerned, was less favorable in October than in July. In addition, prices of goods farmers buy have been increasing more rapidly than the prices received for products sold. In mid-October purchasing power, or the ratio of prices received to prices paid, was 61 per cent of the pre-war average, compared with 71 in July.

Prices of grains declined quite sharply in the second week of October, and actual prices received were much below the parity price which is determined by present

prices of goods farmers buy in relation to the pre-war average price of the commodity.

In the entire country the improvement in September of prospects for most late-maturing crops was sufficient to cause the estimates of yields per acre to rise to within 4.8 per cent of last year's harvest. It was still 8.5 per cent below 1931 and 6.2 per cent below the average yield of the past ten years. The principal shortage is found in feed grains, the latest estimate of which is 25.5 per cent below last year and 20.8 per cent below the ten-year average. Including stocks of grains carried over from preceding years, (the corn crop carryover is the largest on record back to 1926) the total available supply of feed grains is about nine per cent below the average of the past five years.

### Principal Crops

October 1, 1933, estimate compared with 1932 harvest  
(000 omitted)

	Fourth District			United States		
	Oct. 1, 1933 Estimate	1932 Harvest	% change	Oct. 1, 1933 Estimate	1932 Harvest	% change
Corn, bu. ....	150,113	158,549	-5.3	2,291,398	2,875,570	-20.3
Wheat, bu. ....	37,959	35,958	+5.6	514,816	726,382	-29.1
Oats, bu. ....	36,640	55,920	-34.5	698,531	1,238,231	-43.6
Hay, tons .....	3,969	3,826	+3.7	67,327	69,794	-3.5
Tobacco, lbs. ....	137,092	121,582	+12.8	1,413,373	1,015,512	+39.2
Potatoes, bu. ....	15,254	19,465	-21.6	307,382	357,679	-14.1

As shown in the foregoing table, despite very unfavorable growing conditions in the fourth district this past season, estimated production of principal crops compared more favorably with the 1932 harvest, except in the case of tobacco and potatoes, than in the entire country, and the tobacco crop in 1932 was almost a complete failure in the southern states, which accounts for the large increase in United States production from last year. As the season progressed estimated harvest of all principal fourth district crops except wheat and oats were revised upward, the most marked improvement being shown in corn and tobacco.

Mild weather in September was very beneficial to the corn crop which was planted later than usual in most sections of the district and, while estimated output was only five per cent below the 1932 harvest, last year's crop was not a large one, being over 20 per cent below the 1931 harvest. The condition of the crop was equal to or better than the ten-year average in all states of the district except Ohio, in the northern part of which the crop was quite severely affected by draught.

Early potatoes were quite poor this year, particularly in the fourth district, but the late crop was helped materially by the September rains. The October 1 condition in Ohio was 50 per cent of estimated normal, compared with a ten-year average condition of 71; in Pennsylvania the October 1 condition of 64 contrasted with 73, the ten-year average.

Pastures showed marked improvement in September and on October 1 were in better condition than for several years at this season. In Pennsylvania the October 1 condition of 81 per cent of normal compared with 74 per cent, the ten-year average. In Ohio, October 1 condition was 75, as against 52 a year ago and 78, the ten-year average.

Late-maturing apples improved slightly in condition following the September rains, but the crop as a whole

is much smaller than in preceding years. During September the grape crop in the Erie belt suffered some loss from rotting on the vines and uneven ripening. Harvest was delayed in anticipation of a better market, and while prices are higher than a year ago, they are somewhat below expectations.

The tobacco-cutting season was longer than usual because of the difference in the dates the crop was set. By mid-October, however, most of the crop had been housed and was curing fairly well, though some houseburn and dark tobacco was reported as a result of unfavorable weather at curing time. Fourth district production of all types raised locally was estimated to be 137,092,000 pounds, an increase of 12.8 per cent from last year's harvest, but was slightly below the ten-year average crop of 146,031,000 pounds. Most types of tobacco improved in condition in September and estimated burley production, the most important type raised in this district was forecast at 424,347,000 tons, a gain of approximately 25 per cent from last year's harvest. In the cigar-leaf section, on the basis of acreage planted, output is estimated at about 14,000,000 pounds compared with 21,000,000 pounds last year, but the campaign of the Agricultural Adjustment Administration caused considerable acreage to be destroyed and output is expected to be materially below the estimate, though actual figures have not yet been released. Payments for crops destroyed are expected to be fairly large and the excessive stocks stand to be reduced further. A processing tax on tobacco amounting to about ten cents a thousand cigarettes became effective on October 1 to help pay for the tobacco destroyed.

As the selling season approaches the price situation is clouded by the large stocks carried over from past years and the sizeable crop.

### Wholesale and Retail Trade

(1933 compared with 1932)

	SALES Sept. 1933	Percentage Increase or Decrease First 9 months	STOCKS Sept. 1933
<b>DEPARTMENT STORES (49)</b>			
Akron.....	+39.8	+ 3.9	+18.5
Cincinnati.....	+ 5.1	- 6.0	+18.3
Cleveland.....	+22.9	+ 2.7	+ 4.4
Columbus.....	+ 4.2	-11.1	+13.4
Pittsburgh.....	+19.2	- 6.4	+11.9
Toledo.....	+18.2	- 6.1	+ 0.5
Wheeling.....	+23.9	- 4.5	+12.1
Other Cities.....	+12.0	- 7.9	+ 0.7
District.....	+16.9	- 4.3	+10.4
<b>WEARING APPAREL (11)</b>			
Cincinnati.....	- 0.5	- 9.0	+ 9.0
Other Cities.....	+ 3.7	-19.1	+ 5.0
District.....	+ 2.5	-15.9	+ 6.3
<b>FURNITURE (44)</b>			
Cincinnati.....	+21.6	+ 1.7	....
Cleveland.....	+62.6	+21.9	....
Columbus.....	+28.9	+ 2.5	....
Dayton.....	+14.0	- 7.5	....
Toledo.....	+81.8	+ 5.2	....
Other Cities.....	+123.3	-25.0	....
District.....	+55.6	+12.0	....
<b>CHAIN STORES*</b>			
Drugs—District (4).....	+ 2.7	-12.2	....
Groceries—District (5).....	+10.9	+ 1.0	....
<b>WHOLESALE GROCERIES (33)</b>			
Akron.....	-12.2	- 9.0	....
Cleveland.....	- 3.2	- 3.3	....
Erie.....	- 8.7	-18.1	....
Pittsburgh.....	+18.8	+ 7.9	....
Toledo.....	- 8.5	-19.8	....
Other Cities.....	+ 5.9	- 0.3	....
District.....	+ 0.2	- 4.9	- 6.1
<b>WHOLESALE DRY GOODS (10)</b>			
.....	+ 7.9	+11.9	+20.6
<b>WHOLESALE DRUGS (13)</b>			
.....	+ 3.6	-13.1	....
<b>WHOLESALE HARDWARE (14)</b>			
.....	+28.0	+ 3.9	....

\*Per individual unit operated.

### Fourth District Business Statistics

(000 omitted)

	Sept. 1933	% change from 1932	Jan.-Sept. 1933	% change from 1932
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$ 1,460,000	+ 4.3	12,869,000	-12.1
Savings Deposits—end of month:				
41 Banks, O. & Pa.....	\$ 629,249	- 5.3	1	1
Life Insurance Sales:				
Ohio and Pa.....	\$ 64,535	- 1.1	642,953	-11.6
Retail Sales:				
Department Stores—49 firms.....	\$ 14,889	+16.8	111,149	- 4.3
Wearing Apparel—11 firms.....	\$ 697	+ 2.5	5,319	-15.9
Furniture—44 firms.....	\$ 634	+55.4	4,614	+12.0
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,174	+ 3.6	9,371	-13.1
Dry Goods—10 firms.....	\$ 1,072	+ 7.9	8,124	+11.9
Groceries—33 firms.....	\$ 3,600	+ 0.2	28,745	- 4.9
Hardware—14 firms.....	\$ 1,074	+28.0	8,140	+ 3.9
Building Contracts—Residential.....	\$ 1,884	-14.8	15,688	-14.1
.....—Total.....	\$ 8,313	-21.2	60,739	-38.2
Commercial Failures—Liabilities.....	\$ 2,331	-49.5	42,817	-35.1
.....—Number.....	116 <sup>2</sup>	-47.3	1,417 <sup>2</sup>	-37.5
Production:				
Pig Iron, U. S..... Tons	1,508	+154.3	2,587	+39.8
Steel Ingots, U. S..... Tons	2,311	+133.0	17,405	+68.3
Automobiles—Pass. Cars..... U. S.	160,900 <sup>3</sup>	+148.5	1,400,301 <sup>3</sup>	+44.8
Automobiles—Trucks..... U. S.	35,182 <sup>3</sup>	+81.3	272,466 <sup>3</sup>	+44.6
Bituminous Coal..... Tons	10,645	+ 5.1	96,005	+22.1
Cement—O., W. Pa., W. Va. Bbls.	527	-33.5	4,703	+13.3
Elec. Power—O., Pa., Ky., k.w.h.	1,156 <sup>4</sup>	+20.8	8,174 <sup>4</sup>	+ 2.6
Petroleum—O., Pa., Ky. Bbls.	1,888 <sup>4</sup>	- 6.7	13,993 <sup>4</sup>	-11.5
Shoes..... Pairs	8	+ 1.5	8	+25.8
Tires, U. S..... Casings	3,995 <sup>4</sup>	+61.7	25,403 <sup>4</sup>	+ 3.1
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	5,052	+32.2	24,244	+47.8
Iron Ore Receipts:				
Lake Erie Ports..... Tons	4,205	+665.9	11,959	+566.6

<sup>1</sup>not available

<sup>2</sup>August

<sup>3</sup>confidential

<sup>4</sup>actual number

<sup>5</sup>first 8 months

### Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended Oct. 18, 1933	% change from 1932	Year to date to Oct. 20, 1933	Year to date to Oct. 19, 1932	% change from 1932
Akron.....	33,446	-19.8	214,804	500,016	-57.0
Butler.....	6,974	+ 3.1	58,749	62,328	- 5.7
Canton.....	17,535	+ 8.5	178,799	178,790	+ 0.01
Cincinnati.....	208,476	- 3.4	2,175,954	2,447,872	-11.1
Cleveland.....	354,067	- 6.0	3,391,980	4,175,834	-18.8
Columbus.....	89,703	+11.7	873,649	964,877	- 9.2
Dayton.....	33,546	-17.2	367,088	443,488	-17.2
Erie.....	16,667	- 2.4	156,471	209,336	-25.3
Franklin.....	2,255	+ 3.1	21,603	27,735	-22.1
Greensburg.....	3,812	-20.1	37,472	53,587	-30.1
Hamilton.....	6,883	+ 3.2	64,279	77,194	-16.7
Homestead.....	1,486	-11.4	15,728	22,746	-30.9
Lexington.....	15,821	+35.5	145,282	156,013	- 7.2
Lima.....	4,718	-41.4	53,570	80,967	-33.8
Lorain.....	2,178	-20.6	22,016	30,636	-28.1
Middletown.....	5,524	+14.0	55,429	56,667	- 2.2
Oil City.....	6,067	-22.7	58,506	89,735	-35.0
Pittsburgh.....	464,022	+ 6.5	4,879,236	5,164,427	- 5.5
Springfield.....	9,798	+ 7.0	97,411	117,270	-16.9
Steubenville.....	4,768	+16.1	45,476	52,519	-13.4
Toledo.....	72,003	- 1.3	690,677	755,818	- 8.6
Warren.....	5,463	- 3.2	47,106	43,821	+ 7.3
Wheeling.....	25,402	+ 7.2	255,340	267,147	- 4.3
Youngstown.....	29,183	+15.0	246,814	267,772	- 7.8
Zanesville.....	4,958	- 5.4	50,159	57,719	-13.1
Total.....	1,424,755	- 0.2	14,304,598	16,506,314	-12.3

### Fourth District Business Indexes

(1923-1925=100)

	Sept. 1933	Sept. 1932	Sept. 1931	Sept. 1930	Sept. 1929
Bank Debits—(24 cities).....	54	52	84	106	126
Commercial Failures—(Number).....	80	151	113	101	103
.....(Liabilities).....	53	105	98	62	79
Sales—Life Insurance (Ohio and Pa.).....	77	78	90	100	113
.....—Department Stores (47 firms).....	69	58	76	91	108
.....—Wholesale Drugs (12 firms).....	78	75	89	103	114
.....—Dry Goods (10 firms).....	44	40	56	77	113
.....—Groceries (33 firms).....	63	62	80	96	104
.....—Hardware (14 firms).....	55	43	62	77	95
.....—All (69).....	60	56	73	90	106
.....—Chain Drugs (3 firms)**.....	68	66	77	84	89
Building Contracts—(Total).....	17	22	41	72	135
.....(Residential).....	11	13	27	42	73
Production—Coal (O., W. Pa., E. Ky.).....	59	56	68	87	97
.....—Cement (O., W. Pa., W. Va.).....	44	66	88	160	160
.....—Elec. Power (O., Pa., Ky.)*.....	138	114	131	137	158
.....—Petroleum (O., Pa., Ky.)*.....	102	110	96	108	124
.....—Shoes.....	94	93	90	82	110

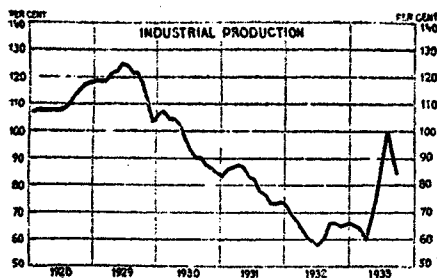
\*August

\*\*Per individual unit operated.

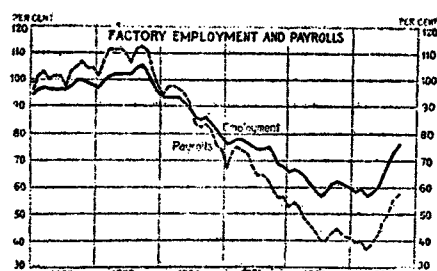


## Summary of National Business Conditions

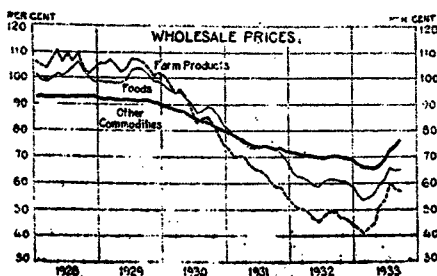
By the Federal Reserve Board



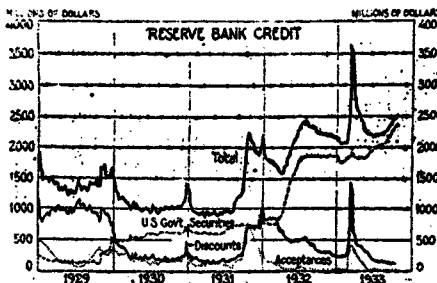
Index of industrial production, adjusted for seasonal variation (1923-1925 = 100). Latest figure, September, preliminary, 81.



Indexes of factory employment and pay rolls, without adjustment for seasonal variation (1923-1925 = 100). Latest figure, September, employment 76.6; pay rolls 57.6.



Indexes of the United States Bureau of Labor Statistics (1926 = 100). Latest figures, September, farm products 57.0; foods 64.9; other commodities 76.1



Monthly averages of daily figures. Latest figures are average of the first 15 days in October.

During September and the first half of October, industrial activity declined, as it had in August, following the rapid expansion of the spring and early summer. Factory employment and pay rolls increased further between the middle of August and the middle of September.

### Production

Industrial production, as measured by the Board's seasonally adjusted index, declined from 91 per cent of the 1923-1925 average in August to 84 per cent in September. Activity decreased in most lines of industry, and particularly in those in which output had increased rapidly in earlier months. Production of steel, lumber, cement, bituminous coal, and petroleum declined considerably and automobile output was reduced. Deliveries of silk to mills were small in September, while consumption of cotton and wool, although reduced during the month, was nevertheless larger than in other recent years at this season. Meat packing plants were more active partly because of processing of pigs under the Government's emergency marketing program; and output of flour was larger than the exceptionally small volume produced in August.

In the first half of October further declines in output of automobiles, bituminous coal and petroleum were reported. Steel mill activity, after increasing in the first half of October, receded in the third week.

### Employment

Employment of factory workers increased between the middle of August and the middle of September, and total earnings were larger, partly as a result of further advances in wage rates, and the expansion of operations in seasonally active industries such as canning. Employment in public utilities, railroads, stores, and mines also increased and it is estimated that about 600,000 industrial wage-earners found work during the period.

Preliminary reports for the first half of October indicate some decrease in employment and a continuation of about the same volume of earnings in basic manufacturing industries.

### Construction

Construction contracts awarded increased in September to the highest level for the year, according to reports by the F. W. Dodge Corporation, the largest volume of new awards being for public works and for other non-residential projects. In the third quarter of the year value of construction contracts was 25 per cent of the 1923-1925 average.

### Distribution

Sales at department stores in leading cities increased less than seasonally in September, following an unusually large increase in sales in August. Trade reports indicate that sales volume was affected by unseasonably warm weather and by price advances. Sales of chain variety stores continued in somewhat larger volume than in 1932.

On the railroads, average daily freight shipments during September increased by somewhat less than is usual in the early autumn, but were in larger volume than at any time since latter part of 1931. In the first two weeks of October carloadings were at a higher level than in late September.

### Prices

During September and the first two weeks of October the general average of wholesale prices in the United States was relatively stable at about 71 per cent of the 1926 average, reflecting, however, widely divergent movements in prices of individual commodities. Prices of raw materials traded on organized exchanges declined sharply during the first two weeks of October and then recovered somewhat. There have been further advances during recent weeks in prices of fuels, iron and steel, building materials, and house furnishings, while prices of cotton textiles and leather have declined.

### Bank Credit

Excess reserves of member banks increased by \$100,000,000 between September 13 and October 20, in consequence of the purchase by the Federal reserve banks of \$170,000,000 of United States Government securities during the period, offset in part by a further decline in discounts and a seasonal increase in the demand for currency. While these purchases of United States Government securities were made chiefly in New York City member bank funds arising from these purchases were transferred to other parts of the country through expenditures in outlying areas by Federal agencies, and through payment for crops marketed.

At reporting member banks in leading cities there was little change in loans and investments during this period; a decline in the volume of loans on securities was offset by growth in all other loans.

Money rates in the open market continued at low levels. On October 20 the Federal Reserve Bank of New York reduced its buying rate on bills from a range from 1 to 1½ per cent for different maturities to a range from ½ to 1 per cent.