

MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 16

Cleveland, Ohio, January 31, 1934

No. 1

In the latter part of December and the first three weeks of January general business in the fourth district showed a degree of improvement. Usually at this season there is no marked trend discernible in business activity because of the irregularities resulting from holiday interruptions, inventory-taking, and year-end adjustments.

In comparison with a year ago, current conditions in practically all lines show a marked change for the better. The number of unemployed has been reduced to quite an extent, though the situation is still in need of further improvement. Pay rolls at industrial concerns were up sharply from a year ago and the combined effect of the increased distribution of wages to industrial workers and of Government funds through the various federal channels is reflected in retail and wholesale lines.

Department store sales in this district in December had a 14.4 per cent greater dollar value than in the closing month of 1932. Wearing apparel store sales were up 15 per cent and furniture store sales 38 per cent in the same period. Part of these gains represented higher prices, but the expansion from November was greater than seasonal and in the last two months of 1933 there was little change in retail prices reported. Further marked improvement in retail trade circles was evident in January. Sales of Cleveland reporting stores in the first three weeks were 36.7 per cent higher in dollar volume than in early 1933 and the number of transactions was up 28.7 per cent in the same period.

In late December, operations in the iron and steel industry were expected to contract rather sharply in January since much of the steel shipped prior to the year end was thought to be for stock-piles. The falling-off, however, was slight and of short duration, for in mid-January operations in most steel centers of this district expanded and the industry was turning out steel at double the rate of January, 1933. The expansion resulted from increased demand from automobile and allied industries and miscellaneous steel users. Work on railroad steel has encountered delays, but orders for structural material have improved slightly.

The automobile industry experienced more than the usual delays resulting from model changes. This adversely affected operations at parts, accessory and other allied plants in December, but in recent weeks a marked improvement in these lines became apparent as rush orders

for materials were received. Tire production has expanded and glass output has increased.

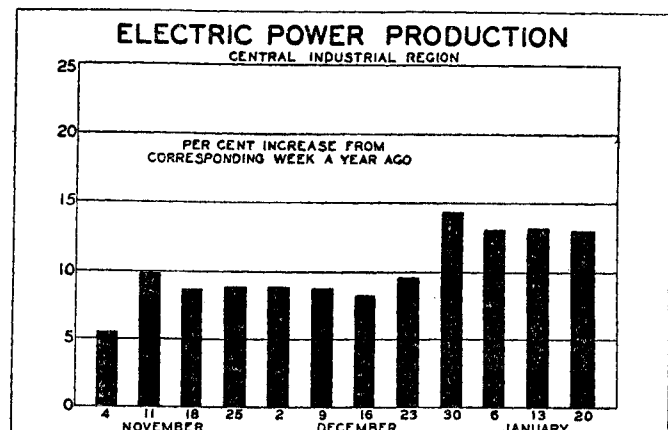
In the building industry contracts awarded in December were valued at over \$30,000,000 in this district. This was about six times as large as a year ago and was nearly double the November total. In the first half of January a further increase was recorded. By far the greater part of the contracts awarded was in the public works category and represented allotment of federal funds.

The paint industry enjoyed a gain in sales in late December and the first half of January which was not seasonal. Production also was increased. Clothing factories in mid-January were operating at capacity levels permitted by the code and the number of employees was much greater than a year ago. Advance sales of spring goods were reported to be much larger than in early 1933.

Electric power production in the Central Industrial region in the week ended January 20 was 13 per cent greater than in the corresponding period of 1932. Excluding the Rocky Mountain region, this was the largest gain reported in the entire country. For the last four weeks, gains in this section have exceeded 13 per cent. The accompanying chart shows the week-by-week comparison of electric power production in this area with the same period of the preceding year, for the past three months.

FINANCIAL

Relatively few changes over the year end and in the first three weeks of January were evident in the condi-



tion of weekly reporting member banks and of the Federal Reserve Bank of Cleveland. The temporary Fund of the Federal Deposit Insurance Corporation became operative on January 1. As a result, the surplus fund of the Federal Reserve Bank of Cleveland was reduced by 50 per cent, or over \$14,000,000, for the reserve banks were required by law to subscribe one half their surplus in the Corporation's stock. All licensed banks in this district were accepted as members in the Corporation, and while the period of operation has been too short to permit any conclusions, reports that considerable old-size currency and money of large denominations are being received at banks might indicate that some hoards are being returned to circulation.

Savings deposits at selected banks throughout the fourth district increased 0.5 per cent in December, but at the year end were still 5.4 per cent smaller than at the close of 1932. A slight reduction in savings deposits occurred in Western Pennsylvania banks in the latest month, but this was offset by gains in Ohio centers.

Bank debits to individual accounts at 24 cities in the fourth district in December were 1.1 per cent smaller than in December, 1932. In the four weeks ended January 24 bank debits were down 1.8 per cent in these centers, while in the entire year 1933 a reduction of nine per cent in debits was shown.

Life insurance sales in Ohio and Pennsylvania in December were less than one per cent smaller than in December, 1932, whereas the entire year showed a drop of nine per cent in the value of new life insurance policies written.

There were only 90 commercial failures reported in the fourth district in December, according to R. G. Dun and Company, a reduction of 54 per cent from December, 1932. Liabilities of the defaulting concerns were down 81 per cent in the same period, while in the year 1933 the number of failures and their liabilities were down approximately 42 per cent in this district from 1932.

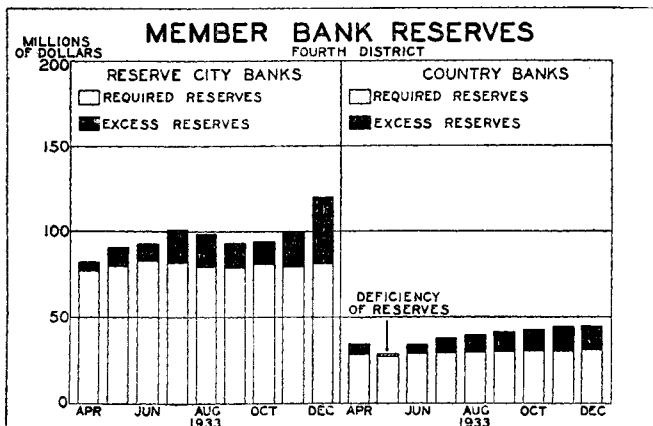
Reserve Bank Credit In the five weeks ended January 24 there was an increase of about \$14,000,000 in gold reserves of this bank and in the past year these reserves have advanced over \$60,000,000, partly a result of transfers of funds from other districts following the discontinuance of interest payments on demand deposits.

On January 24 the total volume of bills and securities held by the Federal Reserve Bank of Cleveland was practically unchanged from the third week of December, but at \$232,000,000, they compared with \$198,474,000 on January 25, 1933.

In the four latest weeks there was little change in the volume of bills discounted, acceptances held, or Government securities owned. In contrast with early 1933, however, there was a reduction of about \$20,000,000 in bills discounted. In recent weeks discounts for member banks have fluctuated around \$7,000,000, the lowest level since the early days of the Federal Reserve System. Acceptances held, at \$12,357,000, were about \$10,000,000 higher than in early 1933. Holdings of these acceptances have been higher recently than since 1931. There has been no change in the volume of Government securities owned by this bank since early November, but in contrast with January, 1933, an increase of approximately \$45,000,000 was apparent.

In the five latest weeks there was a decline of about \$10,000,000 in note circulation of this bank; this was entirely seasonal and was slightly smaller than in corresponding periods of recent years. This less-than-seasonal post-holiday decline may be partly explained by the increased distribution of funds through Civil Works Administration channels. In the first 24 days of January there were approximately 1,500,000 of these checks handled by this bank and its branches. Averaging slightly more than \$15 apiece, somewhat more than \$20,000,000 has gone into circulation locally in this manner. Compared with a year ago, note and bank note circulation was up about \$30,000,000 in the latter part of January, but in view of the total volume of business being done, and the higher prices now prevailing, the increase is not without reason.

Member bank reserve deposits increased about \$23,000,000 in the five latest weeks to the highest point, as shown by the weekly figures, since 1927. The gain in recent weeks represented in part an increase in the number of member banks, but excess reserves were up sharply in the period. As shown on the accompanying chart daily average required reserves of both reserve city and country banks increased slightly in December, from November, but actual reserves, and therefore excess reserves, were up sharply in the period. Excess reserves of reserve city banks increased from about \$20,000,000 in November to \$39,000,000 in December. Country bank excess reserves increased only slightly in the latest month, but were 50 per cent more than were required.



Member Bank Credit There was a decline in the total volume of credit extended by weekly reporting member banks in the fourth district in the five weeks ended January 24. The reduction of \$33,000,000, or three per cent, in the period was due to a drop of \$12,000,000 in loans and discounts and of \$21,000,000 in total investments. Holdings of Government securities were reduced from \$465,000,000 on December 20 to \$448,000,000 on January 24, while investments in other securities were reduced about \$4,000,000 in the period.

In the same five-week interval demand deposits increased

from \$530,000,000 to \$552,000,000, and on the latest date they were higher than since July, 1933. Time deposits in the same period showed only a minor increase.

Year-end condition figures of all member banks in the fourth district were received recently and a tabulation of principal items is shown below, compared with figures for October 25 and December 31, 1932.

All Member Banks—Fourth District (000 omitted)				
	Dec. 30, 1933*†	Oct. 25, 1933‡	Dec. 31, 1932	% change 1933 from 1932
Loans and Discounts	\$1,032,617	\$1,050,177	\$1,538,174	-32.9
Investments—				
U. S. Gov't. Securities.....	672,998	658,826	591,260	+13.8
All Other Securities.....	392,229	388,721	513,836	-23.7
Total Loans and Investments	\$2,097,844	\$2,097,724	\$2,643,270	-20.6
Demand Deposits	773,270	857,716	993,030	-22.1
Time Deposits	896,017	968,704	1,243,425	-27.9
Government Deposits	137,634	57,071	32,525	+323.2
Public Funds	104,951	.....	.....	.....
Total Deposits	\$2,101,918	\$2,047,937	\$2,538,952	-17.2
Number of Banks	549	509	630	-12.9

*Preliminary.

†Licensed banks only.

In the year 1933, as shown above, there was a reduction of about 13 per cent in the number of operating banks in the fourth district which were members of the Federal Reserve System. Numerous member banks are still in process of reorganization, but at the year end they were conducting business only on a very restricted basis. The same period showed a reduction of 17 per cent in total deposits of member banks. (Demand and time deposits on the two dates were not strictly comparable because of the new deposit classification; in condition reports prior to December 31, 1933, public funds were included either in demand or time deposits). Total loans and investments were down 20 per cent in the year, the 33 per cent decline in loans being offset in part by the 14 per cent increase in holdings of Government securities.

MANUFACTURING, MINING

Iron and Steel Increased support from automotive and general steel consumers in mid-January caused steel production to advance from 30 to 35 per cent of capacity, although a slight reaction developed in the closing week of the month. A considerable part of the raw steel output in some sections was for stock piles—in preparation for an expansion in finished steel demand which makers feel is about to develop—but operations also have been increased because of an inflow of orders from manufacturing industries.

Steelworks operations in the third week of January in the Cleveland-Lorain district advanced five points to 59 per cent of capacity; this compared with 57 in the third week of December and represented a sizeable increase from the early January level. At Pittsburgh production was at 24 per cent, up three points in the latest week, but slightly below the late December level. Youngstown mills were working at 37 per cent, up 11 points in the latest week, and at approximately the same level as in the closing weeks of 1933.

In the last half of December the steel industry was rushing shipments to complete fourth quarter contracts

at a rate somewhat in excess of manufacturing requirements at that time because prices on first quarter deliveries were somewhat higher than on fourth quarter shipments. It was generally expected in December that a sizeable reduction in steel orders would develop in early January to permit stock assimilation. Actually, however, this was less pronounced than expected. Automotive assembly schedules were stepped up following favorable reception of the new models and the overcoming of mechanical difficulties incident to the model changeovers. As a result steel requirements have expanded and finishing mill operations have increased. Steel salesmen in the Cleveland district report that new orders so far this month are larger than in the corresponding period of December.

Work on railroad materials has encountered delays, but the continued authorization of loans by the Public Works Administration for purchase of railroad supplies indicates that fabrication of a considerable volume of this material is expected shortly by the trade.

In building construction, total weekly steel awards have mounted, and recently have included some substantial industrial building projects, long held in abeyance. The requirements of these three consumers—railroads, building construction and automotive, appear to be heading toward a combined large-scale demand in early spring.

Prices are firm, and the trend is upward. Scrap, sometimes barometrical, has advanced for six consecutive weeks, *Steel's* scrap price composite rising in this period \$1.75 to \$11.08.

Daily average steel ingot production for December, reported at 72,786 gross tons, was 22.6 per cent higher than in November. The month's total of 1,819,648 tons brought the output for last year to 22,878,571 tons, compared with 13,322,833 tons in 1932, and 25,192,715 tons in 1931.

Daily average pig iron production in December was 38,456 gross tons, 6.4 per cent higher than November. The total for the month, 1,192,136 tons, brought the output for the year to 13,221,707 tons, 52.3 per cent over 1932. At the year's close 74 stacks were active, three less than on November 30.

Coal Production of bituminous coal at fourth district mines in December was at a slightly lower rate than in November or in the closing month of 1932. The decline from November, amounting to 6.4 per cent, was a little more than seasonal, but compared with December, 1932, output was down only 0.7 per cent. In the entire year, however, production of local mines was up 13.4 per cent from the preceding period, the first year-to-year gain since 1929. This was considerably larger than the increase of 5.9 per cent in coal production in the entire country in the same period.

Shipments of coal from Lake Erie ports, amounting to 32,333,000 tons in the past season, a gain of 28 per cent from 1932, were one of the reasons for the proportionately larger output of coal in the fourth district than in the entire country. Another factor was the increased activity at steel plants which was evident in the consumption of gas and steam coal and also in the substantial

increase in consumption of coking coal by both by-product and beehive ovens.

In early January, weekly production exceeded 1933 by about ten per cent and early 1932 slightly. Producers in this district reported conditions much improved from a year ago. Stocks of coal, in terms of days supply at the current rate of consumption, were smaller than a year ago. Prices have increased, and wages are higher, but many companies are only operating a few days a week despite the improvement.

Automobiles In the last half of January a sharp increase occurred in automobile assemblies, the weekly index of production advancing to a level slightly above a year ago and to the highest point since late October, after allowing for seasonal changes. Gains in production were reported by most companies, but two of the major low-priced car manufacturers were responsible for most of the increased output.

Gradually the difficulties encountered coincident with model changes have been overcome, but some makers have turned out very few cars, the models displayed at the various shows being partly hand-made. Attendance at the recent exhibitions was unusually large and reports of orders received were very gratifying, both to dealers and manufacturers. Judging by the weekly figures, however, January output will not reach the height it was expected to at the turn of the year, but parts makers in this district are operating at rates indicating a further expansion at assembly plants in the near future.

Automobile production in December totaled 84,045 cars and trucks. This was a decline of 21.7 per cent from the closing month of 1932, but represented a gain of 31.2 per cent from the low level of November. The rise was greater than seasonal; the Federal Reserve Board's adjusted index rose six points to 38 per cent of the 1923-25 monthly average. A year ago this index was 60.

It is interesting to note that the contraction in recent months was confined chiefly to the passenger car field. In December there were 53,900 passenger cars turned out. This compared with 86,149 units in December, 1932, a drop of 37.4 per cent, but represented a gain from the unusually low level of 44,429 units produced in November. For the entire year, 1,606,703 passenger cars and taxicabs were made in the United States, a gain of 41.5 per cent from 1932.

Truck production in December reached 30,145 units, a gain of 42 per cent from the preceding year and of over 50 per cent from November. In the entire year 352,498 trucks were assembled, a gain of 50 per cent from 1932.

Although 1,959,201 cars and trucks were made in the entire year, a gain of 42.9 per cent from 1932, there was a reduction in the number of cars in operation in the entire country in 1933, as evidenced by motor vehicle registrations which totaled 23,720,000 units. The drop was 1.7 per cent compared with 6.6 per cent in 1932. In the peak year, 1929, there were 26,545,281 cars registered.

Rubber Tires Tire manufacturers in this district reported an increase in production in January which would put it about 30 per cent above the level of the last two months in 1933

and considerably ahead of January, 1933. Output for the past few months has been somewhat in excess of shipments, but this is partly seasonal and sales have been larger than a year ago in every one of the last six months.

Inventories in hands of manufacturers on December 1, however, were larger than since early 1932 and, at the rate of present consumption, represented 4.2 months' supply. The increase in stocks in recent months accompanied the sharp reduction in automobile production prior to the introduction of new models; this apparently was a contributing factor to the rise in stocks, but replacement tire demand also receded in the closing part of 1933. On December 1, 1933, tire stocks were 24 per cent higher than a year earlier, according to the report of the *Rubber Manufacturers' Association*.

This same report, covering November, indicates that output in that period was 31.9 per cent greater than in the corresponding month of 1932 and shipments were up 28 per cent.

Rubber consumed in the United States in December, 1933, amounted to 29,087 long tons, approximately the same as in November, but was 61.2 per cent greater than in the closing month of 1932. In the entire year 405,689 tons of rubber were used in the United States, compared with 332,000 tons in 1932.

Rubber imports in December totaled 42,099 tons, somewhat in excess of consumption in the period, but this situation did not prevail in the earlier months of 1933, for stocks of rubber on hand at the year end were estimated at 364,541 tons, compared with 388,229 tons at the close of 1932. Inventories had a much higher value, however, for crude rubber in early January was quoted at 9.8 cents a pound, compared with less than four cents in early 1932.

Employment at Ohio rubber factories in December averaged 1.6 per cent less than in November, a slightly greater than seasonal decline. Compared with a year ago, however, the number employed was up 34 per cent and for the entire year 1933 averaged 13.7 per cent above the year 1932.

Clothing In mid-January most clothing manufacturers, according to reports, were operating full time, i.e., 35 hours a week, and in many plants the number of employees was much larger than a year ago. Production on spring goods is well under way and, on the basis of orders received, should continue for some time. Salesmen have booked a considerably larger volume of orders, both in units and on a dollar basis, than in the corresponding period of last year. Dollar sales are reported to be up anywhere from 40 to 100 per cent, but the gain in units is somewhat less than this, because of the increase in prices from last year at this time.

According to the Ohio State University Bureau of Business Research, employment at 41 textile and clothing concerns in Ohio declined 5.4 per cent in December from the preceding month, somewhat more than seasonal. Compared with a year ago, however, the number of employees was up 6.3 per cent and for the entire year averaged 15.8 per cent higher than in 1932.

Retail sales of clothing in December improved materially and stocks of clothing were considerably reduced. Sales

of women's ready-to-wear were 17.2 per cent larger in December than a year ago, and men's clothing sales were up 22 per cent in the same period at fourth district reporting stores, but in both cases part of the gains represented price increases.

Other Manufacturing Most of the smaller manufacturing lines in the fourth district reported a gain in operations in the first part of January which either exceeded or was contrary to the seasonal change of past years. The general situation was much improved from a year ago, employment, pay rolls and sales all showing sizeable gains.

Automobile Parts and Accessories. Conditions in the automobile parts and accessory industry in early January were much improved from a year earlier. Sales in January were estimated by various firms to be from 30 to 65 per cent ahead of January, 1933, with a corresponding increase in employment and a somewhat larger gain in pay rolls. Orders for materials were placed later than usual and the demands for early shipments caused operations at local plants to be increased sharply. In December the number employed at 35 plants was 46 per cent above December, 1932, and the five per cent increase from November was greater than seasonal.

Clay Products. Employment at brick and tile plants in this district was little changed in December from November, though there was an average decline of nearly ten per cent at this time in the past five years. Increased demand for supplies used in connection with the Civil and Public Works Administrations were partly responsible for the maintenance of operations, but, compared with a year ago, employment was off 11 per cent and output was down sharply.

Considerable improvement was reported in the pottery and china industries in recent weeks. Both the number and size of orders received at the annual show at Pittsburgh in early January were much larger than a year ago. It was stated that orders and shipments in the first half of January were at least 50 per cent above early 1933. In December, employment was 18.5 per cent above a year previous, but the number of hours worked per week was limited. The slight decline from November was less than seasonal.

Electrical Supplies. There was a slight decline in the number employed at plants manufacturing electrical apparatus in December, but in the closing month of the year there were 47.5 per cent more workers at local plants than at the close of 1932. The number of inquiries received recently has increased and actual sales also have improved.

Glass. Substantial orders for plate and laminated glass were received by the industry from automobile manufacturers and operations have expanded. Employment at 12 concerns was up 17 per cent from November to December in contrast with a five-year average decline of two per cent in the period. Compared with a year previous, an increase of 65 per cent in employment was evident in December. Operations at molded glass and bottle factories continue at much higher levels than a year ago.

Machine Tools, Hardware. The number employed at 19 machine tool plants in Ohio in December was 47.5 per cent greater than a year previous, but there was a slight

decline from November, contrary to the trend of past years. An increase in sales was reported in early January, orders coming chiefly from the automobile industry. Specialty goods and foundry products were in good demand.

Paints. Sales of paint in December were very much in excess of a year earlier and, though much of the work was in connection with the Civil Works Administration, retail outlets also reported an increased demand for paints and supplies. Plants in this section were operating at capacity levels and the falling-off in production, which many times occurs in late December and early January, did not develop this year.

Paper, Boxboard. A greater-than-seasonal falling-off in paper and boxboard production developed in December, but some improvement was reported in January. As the year started, operations were about 40 per cent above early 1933.

Shoes. Output of footwear at fourth district factories increased slightly in December from the preceding month, but was only 0.3 per cent ahead of the last month of 1932. For the entire year the gain in shoe production was 23.5 per cent. Shoe sales in December at fourth district department stores were about five per cent ahead of the same period of 1932.

TRADE

Retail The dollar value of December department store sales swelled the year's total so that a gain of 0.03 per cent was shown in the entire period from 1932 at reporting units in the fourth district. Although the higher price of many items was a factor contributing to the expansion, the year made a relatively good showing in view of the large declines reported in early 1933.

Compared with December, 1932, a gain of 14.4 per cent in dollar sales was reported in the closing month of 1933, and the increase from November was greater than seasonal. The daily average adjusted index in the latest month was 64.4 per cent of the 1923-1925 monthly average, as against 63.9 per cent in November and 53.8 per cent a year ago. Increased pre-holiday sales, as shown on page seven, were reported in all principal cities, the gains ranging from ten to nearly 40 per cent from the corresponding month of 1932.

In the individual departments for which figures are available, gains from a year ago were shown in every instance except in sales of domestics. Sales of electrical household appliances, housefurnishings, misses' dresses, woolen dress goods, and silverware were over 30 per cent above a year ago.

The proportion of total sales bought on credit was approximately the same in December as a year ago, but there was relatively more installment buying and less purchasing on a 30-day credit basis than in December, 1932. There was comparatively less buying on credit in December than in November.

The dollar value of stocks at department stores on December 31 was 21.6 per cent smaller than on November 30, the reduction being slightly more than seasonal. The adjusted index of stocks was 62.3 per cent of the 1923-25 monthly average, compared with 63.4 in November and 54 in December, 1932.

Collections in December, as a per cent of accounts receivable at the beginning of the month, were a trifle better than in November, and were up about 6.5 per cent from December, 1932.

At 44 reporting furniture stores in this district sales in December were 37.9 per cent larger than a year ago and in the entire year a gain of 14.9 per cent was shown from 1932. The increase in December compared with a 19.9 per cent gain in sales in furniture departments of department stores.

Chain grocery sales in December were up 7.6 per cent from the same month of 1932, and chain drug store sales increased 8.7 per cent in the same period.

Wholesale The four reporting lines of wholesale trade in the fourth district showed an increase in dollar sales in December from a year earlier, and, compared with November, a contrary-to-seasonal expansion was reported.

In contrast with December, 1932, the largest gain in dollar sales occurred in the hardware trade, the increase being 49.8 per cent. For the entire year, dollar hardware sales were up 10.8 per cent from 1932.

Drug sales were 34 per cent larger in December than in November, and 22 per cent above December, 1932. The gain, according to reports, was due to the sharp increase in liquor sales, both wholesale and retail, in the latest month. In the entire year sales were down 7.3 per cent.

Dry goods sales were only slightly larger in December than a year earlier, and were down somewhat more than seasonally from November, but in the entire year a gain in sales of 11.5 per cent was reported from 1932.

Wholesale grocery sales in the last month of 1933 were 7.4 per cent above the preceding year, but for the twelve-month period sales were down 1.8 per cent from 1932.

BUILDING

Building contracts awarded in the fourth district in December were larger than in any month since May, 1931, and exceeded those awarded in every December since 1928. Being valued at \$30,130,000, awards were nearly six times as large as in December, 1932, and were nearly twice as large as in November, 1933. The rapid expansion in the building industry in the closing months of

last year was almost sufficient to counteract the large losses reported in the early months of that year, for 1933 as a whole showed a loss of only 3.6 per cent in the value of contracts awarded from the preceding year.

Gains over November in this district were shown in each of the major types of building except residential construction, and, compared with December, 1932, increases were reported in all classes except public utilities. As has previously been pointed out, however, most of the contracts awarded represented public works projects financed partly through the Public Works Administration.

According to the F. W. Dodge report covering the Pittsburgh territory, which includes Western Kentucky and all of West Virginia in addition to the area included in the fourth district, contracts awarded for this type of work were valued at nearly \$25,000,000, compared with \$14,000,000 in November and \$1,558,000 in December, 1932. The major part of this work contracted for in December will occur in Ohio, for public works and utilities contracts awarded in this state in December were valued at \$15,613,000. By far the greatest part of this total represented highway construction, awards for this type of work in this section amounting to over \$19,000,000. Sewerage systems and water front developments accounted for the major part of the remaining public utility contracts.

Residential building in December was down sharply from November, but this was largely seasonal and awards in the latest month were 18 per cent ahead of December, 1932. For the year as a whole residential building contracts awarded were about 11 per cent less than in 1932. In the case of non-residential building, other than public works and utilities, the year 1933 showed gains over 1932 in factory, educational, social and recreational building construction. Losses were shown for commercial, hospital, public and religious buildings.

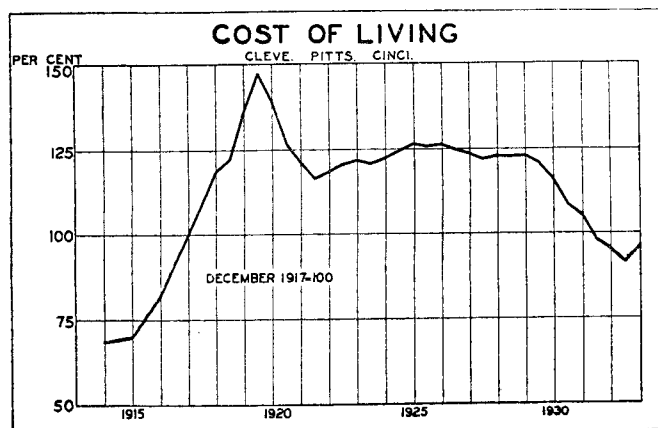
The value of contemplated work reported in December in this section was in excess of \$50,000,000, but this was about one half as large as reported in November, 1933, although it was over three times as large as a year ago.

So far as demand for building supplies is concerned, aside from the materials needed in connection with the Civil Works Administration projects, chiefly limited to supplies for renovating and repairing buildings, there has been very little demand for building materials. Generally speaking, the year 1933 as a whole, was a better year for the lumber and supply industry than the one immediately preceding it, but with new construction in the residential and non-residential fields, other than public utilities, extremely limited, demand for building supplies has made it necessary for manufacturers of these materials to operate at low levels.

COST OF LIVING

Living costs of wage earners and lower-salaried workers in Cleveland, Cincinnati and Pittsburgh increased five per cent in the last half of 1933, according to figures compiled semiannually by the United States Bureau of Labor Statistics. This gain was slightly less than the average increase in the period in 32 cities throughout the country.

In June of last year, the index of the cost of living, as shown on the chart, was lower than for seventeen years,



but increased prices in the latter part of the year caused the index to advance, the first since 1929. Compared with a year ago, however, living costs were up only slightly, the gain being 0.9 per cent in the three principal cities of the fourth district. In contrast with the post-war peak touched in December, 1926, cost of living is still down about 24 per cent. Higher wages paid in the latter part of 1933 and the increase in employment in many fields in the period made up in part for the advance in living costs.

Not all items included in this index of living costs were higher in December, 1933, than a year ago. There was a sizeable reduction in rents, amounting to 14 per cent in the period, in the three cities and rents generally were lower than since 1917. The decline in Pittsburgh and Cleveland was somewhat greater in 1933 than in Cincinnati.

Miscellaneous living costs dropped 0.8 per cent in the twelve latest months, but were still relatively high compared with other components of the index.

The most pronounced increase in costs occurred in the housefurnishings group, which was 12.3 per cent higher in December, 1933, than a year earlier. Housefurnishings are still about 30 per cent below the 1926 level.

Food costs, the largest item in an average family's expense, were 8.8 per cent higher in these three cities at the close of 1933 than a year earlier, but the gain was less than the average increase in the entire country. They are still about 35 per cent below the recent peak in 1929.

Clothing costs in the past year increased 6.3 per cent, and fuel and light expense was up 2.2 per cent in 1933. The latter group was relatively higher in December than any other entering into a family's living expense. Compared with 1917, fuel and light costs are up 83.5 per cent and the decline from 1929 was only 2.4 per cent and from 1926 only 6.5 per cent; reductions of 22 and 24 per cent, respectively, occurred in total living costs in the same periods in Cleveland, Cincinnati and Pittsburgh.

Wholesale and Retail Trade
(1933 compared with 1932)

	Percentage Increase or Decrease		
	SALES Dec. 1933	SALES First 12 months	STOCKS Dec. 1933
DEPARTMENT STORES (49)			
Akron.....	+39.5	+12.4	+16.0
Cincinnati.....	+11.4	+ 2.3	+11.8
Cleveland.....	+14.2	+ 5.4	+12.8
Columbus.....	+10.4	+ 6.3	+ 8.2
Pittsburgh.....	+10.0	+ 2.1	+17.2
Toledo.....	+14.9	+ 1.7	+ 6.9
Wheeling.....	+17.0	+ 0.4	+13.3
Other Cities.....	+22.9	+ 1.1	+ 7.4
District.....	+14.4	+ 0.03	+11.4
WEARING APPAREL (11)			
Cincinnati.....	+12.4	+ 5.9	+ 9.2
Other Cities.....	+16.7	+12.7	+ 6.4
District.....	+15.4	+10.5	+ 1.1
FURNITURE (44)			
Cincinnati.....	+ 3.8	+ 1.0	....
Cleveland.....	+40.4	+24.2	....
Columbus.....	+28.7	+ 5.5	....
Dayton.....	+ 9.3	+ 9.6	....
Toledo.....	+110.0	+17.3	....
Other Cities.....	+66.4	+34.0	....
District.....	+37.9	+14.9	....
CHAIN STORES*			
Drugs—District (4).....	+ 8.7	+ 8.5	....
Groceries—District (5).....	+ 7.6	+ 3.2	....
WHOLESALE GROCERIES (33)			
Akron.....	+20.4	+ 1.3	....
Cleveland.....	+ 1.9	+ 1.0	....
Erie.....	+ 0.2	+14.7	....
Pittsburgh.....	+13.1	+10.6	....
Toledo.....	+ 0.7	+17.2	....
Other Cities.....	+11.8	+ 3.1	....
District.....	+ 7.4	+ 1.8	+17.0
WHOLESALE DRY GOODS (10)	+ 1.2	+11.5	+17.5
WHOLESALE DRUGS (13)	+22.1	+ 7.3	....
WHOLESALE HARDWARE (14)	+49.8	+10.8	....

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

	Dec. 1933	% change from 1932	Year, 1933	% change from 1932
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	1,555,000	- 1.1	17,346,000	- 9.0
Savings Deposits—end of month: 41 Banks, O. and Pa.....	629,485	- 5.4	1	....
Life Insurance Sales: Ohio and Penna.....	75,726	- 0.9	866,238	- 9.0
Retail Sales: Department Stores—49 firms	23,756	+14.4	164,574	+ 0.03
Wearing Apparel—11 firms	1,025	+15.3	7,791	+10.5
Furniture—44 firms	640	+37.9	6,301	+14.8
Wholesale Sales: Drugs—13 firms	1,503	+22.1	13,156	+ 7.3
Dry Goods—10 firms	831	+ 1.2	11,138	+11.5
Groceries—33 firms	3,191	+ 7.3	38,587	- 1.8
Hardware—14 firms	1,089	+49.8	11,487	+10.8
Building Contracts—Residential.....	870	+18.0	19,917	-10.9
Building Contracts—Total.....	30,130	+489.9	122,454	- 3.6
Commercial Failures—Liabilities.....	1,586	-80.8	49,143	-42.5
Commercial Failures—Number.....	90 ^a	-54.3	1,685 ^a	-41.8
Production: Pig Iron, U. S..... Tons	1,192	+115.6	13,222	+52.3
Steel Ingot, U. S..... Tons	1,820	+111.4	22,879	+71.7
Automobiles—Pass. Car. U. S.	53,900 ^b	-37.4	1,606,703 ^b	+41.5
Trucks U. S.	30,145 ^b	+42.2	352,498 ^b	+49.9
Bituminous Coal..... Tons	11,213	+ 0.7	129,027	+13.4
Cement—O. W. Pa., W. Va. Bbls.	67	- 8.8	5,417	-17.9
Elec. Power—O., Pa., Ky. k.w.h.	1,083 ^c	+ 7.9	11,521 ^d	+ 5.0
Petroleum—O., Pa., Ky. Bbls.	1,824 ^e	+ 1.3	19,712 ^d	- 8.2
Shoes..... Pairs	5	+ 0.3	5	+23.5
Tires, U. S..... Casings	2,432 ^e	+32.0	33,774 ^d	+10.4
Bituminous Coal Shipments: Lake Erie Ports..... Tons	291	+14.6	32,333	+28.4
Iron Ore Receipts: Lake Erie Ports..... Tons	20	....	16,323	+503.0

^aactual number
^bnot available
^cNovember
^dConfidential
^efirst 11 months

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended Jan. 24, 1934	% change from 1933	Year to date Dec. 29, 1933 to Jan. 3, 1934	Year to date Dec. 31, 1931 to Dec. 31, 1933	% change from 1933
Akron.....	42,605	-16.5	398,354	605,425	-34.2
Butler.....	7,455	+ 6.8	74,497	76,300	- 2.4
Canton.....	28,113	+47.3	232,796	220,912	+ 5.4
Cincinnati.....	274,104	+ 2.0	2,743,449	2,992,247	- 8.3
Cleveland.....	405,342	-12.0	4,279,778	5,097,651	-16.0
Columbus.....	113,268	+12.7	1,110,218	1,179,089	- 5.8
Dayton.....	39,366	-21.4	451,411	541,603	-16.7
Erie.....	19,230	- 5.3	200,129	254,265	-21.3
Franklin.....	2,754	+19.6	27,609	33,015	-16.4
Greensburg.....	4,823	- 2.8	47,404	65,023	-27.1
Hamilton.....	7,857	+ 9.4	81,441	94,864	-14.1
Homestead.....	1,870	+ 1.9	19,911	27,694	-28.1
Lexington.....	22,258	-18.9	180,230	195,778	- 7.9
Lima.....	8,819	+ 6.1	72,285	99,427	-27.3
Lorain.....	2,401	-22.6	27,301	36,898	-26.0
Middletown.....	6,602	+13.0	70,571	70,321	+ 0.4
Oil City.....	6,823	-26.5	72,594	108,677	-33.2
Pittsburgh.....	585,173	+ 2.1	6,185,692	6,337,001	- 2.4
Springfield.....	13,038	+ 3.7	123,608	143,206	-13.7
Steubenville.....	5,911	+12.2	57,977	63,354	- 8.5
Toledo.....	82,649	+ 2.4	873,278	928,946	- 6.0
Warren.....	6,049	+39.4	61,288	55,798	+ 9.8
Wheeling.....	31,296	+ 1.0	323,070	332,396	- 2.8
Youngstown.....	27,971	+16.9	313,276	323,137	- 3.1
Zanesville.....	6,356	+12.8	63,863	70,210	- 9.0
Total.....	1,752,133	- 1.8	18,092,120	19,953,237	- 9.3

Fourth District Business Indexes

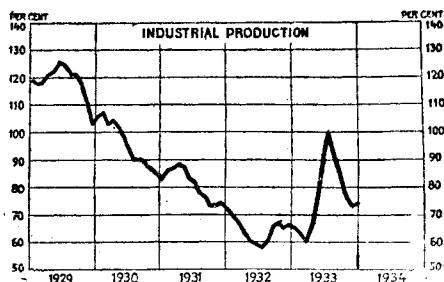
(1923-1925 = 100)

	Dec. 1933	Dec. 1932	Dec. 1931	Dec. 1930	Dec. 1929
Bank Debits—(24 cities).....	57	58	83	124	134
Commercial Failures—(Number).....	62	135	180	143	96
—(Liabilities).....	36	187	136	102	185
Sales—Life Insurance (Ohio & Pa.).....	91	91	140	126	150
—Department Stores (47 firms).....	109	91	123	149	175
—Wholesale Drugs (12 firms).....	99	83	83	101	111
—Dry Goods (10 firms).....	34	33	49	70	88
—Groceries (33 firms).....	55	51	67	80	92
—Hardware (14 firms).....	56	37	49	65	81
—All (69).....	57	49	63	78	92
—Chain Drugs (3 firms)**.....	86	79	90	97	98
Building Contracts—(Total).....	63	11	30	35	51
—(Residential).....	5	4	17	29	33
Production—Coal (O., W. Pa., E. Ky.).....	62	62	61	84	96
—Cement (O., W. Pa., W. Va.).....	8	53	35	64	78
—Elec. Power (O., Pa., Ky.)*.....	129	120	134	144	156
—Petroleum (O., Pa., Ky.)*.....	99	97	112	102	125
—Shoes.....	51	51	59	44	82

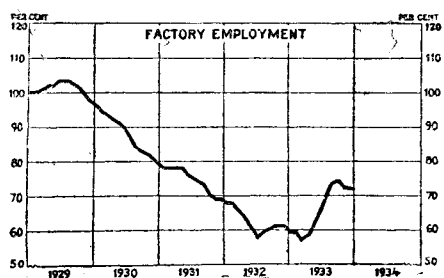
*November. **Per individual unit operated.

Summary of National Business Conditions

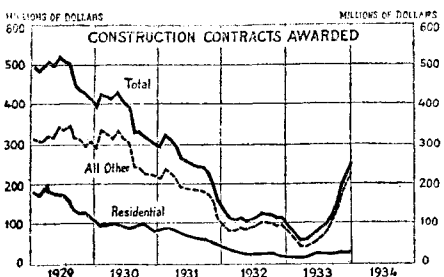
By the Federal Reserve Board



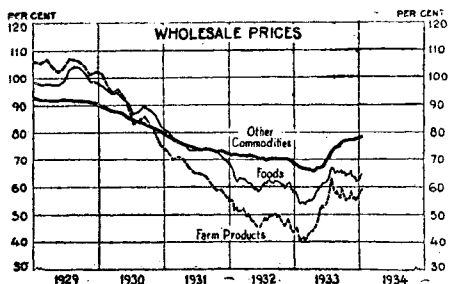
Index number of industrial production, adjusted for seasonal variation (1923-1925 = 100). Latest figure, December, preliminary, 74.



Federal Reserve Board's index of factory employment, with adjustment for seasonal variation (1923-1925 = 100). Latest figure, December, 71.8.



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation (1923-1925 = 100). Latest figures, based on data for November, December and estimate for January; total 250.0; residential 25.7.



Indexes of United States Bureau of Labor Statistics, by months 1929-1931, by weeks, 1932 to date (1926 = 100). Latest figures, farm products 59.0; foods 64.6; other commodities 78.6.

Industrial activity, as measured by the Federal Reserve Board's seasonally adjusted index, showed an increase in December, following upon four months of decline. Factory employment declined somewhat, while employment by public agencies showed a considerable increase.

Production and Employment

The Board's index of industrial production, which is adjusted to allow for seasonal variation, advanced from 73 per cent of the 1923-1925 average in November to 74 per cent in December. For the fourth quarter of 1933, as a whole, the volume of industrial output was 13 per cent larger than for the corresponding period of 1932. Activity in the steel industry, contrary to seasonal tendency, increased considerably in December and there was also an increase in the output of automobiles. Shoe production declined by an amount smaller than is usual in December. At textile mills activity declined further by considerably more than the usual seasonal amount to about the low level of last spring.

The number of employees at factories declined between the middle of November and the middle of December by somewhat more than the usual seasonal amount, reflecting chiefly reductions in working forces at cotton, woolen and silk mills and at clothing factories. At automobile factories there was a substantial increase in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in December and the first half of January. There was a large increase in contracts awarded for public works and private construction also increased. In the fourth quarter of 1933, as a whole, construction contracts in 37 States totaled \$500,000,000, as compared with \$300,000,000 in the last quarter of 1932.

Distribution

Freight carloadings, particularly of miscellaneous freight, declined in December, as compared with November, by less than the usual seasonal amount. Dollar value of sales by department stores showed an increase slightly larger than is usual for December.

Dollar Exchange

The foreign exchange value of the dollar, which had fluctuated around 64 per cent of parity from the end of November to January 13, declined to 62 per cent on January 17, and subsequently advanced to a range from 62 to 63 per cent.

Prices

Wholesale commodity prices, which had shown a slight decline between the middle of November and the third week of December, advanced in the following month, reflecting chiefly increases in the prices of farm products and foods. Cotton and grains showed marked increases and livestock prices also advanced somewhat.

Bank Credit

At the reserve banks the seasonal return of currency from circulation after the holiday demand amounted to about \$250,000,000 from the high point on December 22 to January 17. A large part of the funds arising from this inflow of currency to the reserve banks was added to the reserve balances of member banks, with the consequence that these balances increased by January 17 to \$900,000,000 in excess of legal requirements. The return flow of currency from circulation and the reduction of balances held by commercial banks for the United States Government were reflected in an increase of demand deposits at reporting member banks. Loans of the banks declined between December 13 and January 17 while holdings of United States Government and other securities increased.

Short-term money rates in the open market, which had shown a slight advance in December, declined in January to the previous level.