



# MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

**Fourth Federal Reserve District**

**Federal Reserve Bank of Cleveland**

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Activity in most manufacturing lines of the district increased at a greater-than-seasonal rate in February and continued to advance in the first half of March, but in the latter part of the month the uncertain labor situation retarded the upward movement. Although gains continued to be shown in most of the important lines, the rate of increase was less than seasonal in some instances. While actual strikes were relatively few (and those that did occur were speedily settled) the inherent possibilities which beclouded the industrial horizon for nearly two weeks were generally disturbing to business progress in that period.

The outstanding increase so far this year has occurred in the automobile industry. In February output was 120 per cent ahead of the corresponding month of 1933, whereas January production was up only 24 per cent, output being retarded by difficulties encountered by the model changes. With production in March estimated at 330,000 units, a gain from last year of about 180 per cent is indicated. Factories have been turning out cars at the highest rate since 1931, despite the threat of labor disturbances. The stimulus provided by this industry to the manufacture of iron and steel has been particularly noticeable at local mills. In recent weeks they have been operating at higher-than-average rates, with some plants turning out steel at better than 75 per cent of capacity. Orders for miscellaneous and railroad steel have caused operations at Pittsburgh to rise, but mills in that area continue to operate at lower-than-average rates.

Other local industries have profited materially by the upturn in the motor car industry. February tire production was estimated to be 60 per cent above a year ago and rubber consumption was up 88 per cent in the month. Most of the gain represented original equipment sales, for replacement demand showed little more than a seasonal change. Machine tool, hardware, parts and accessory, and plate glass factories found it necessary to step up production at a greater than seasonal rate in February in response to larger orders, most of which were for immediate delivery. Some buying in anticipation of higher prices and as a precaution against an interruption to the normal flow of goods doubtless has occurred, for manufactured stocks, according to the Department of Commerce, are larger than a year ago. However, excessive inventories are not generally reported.

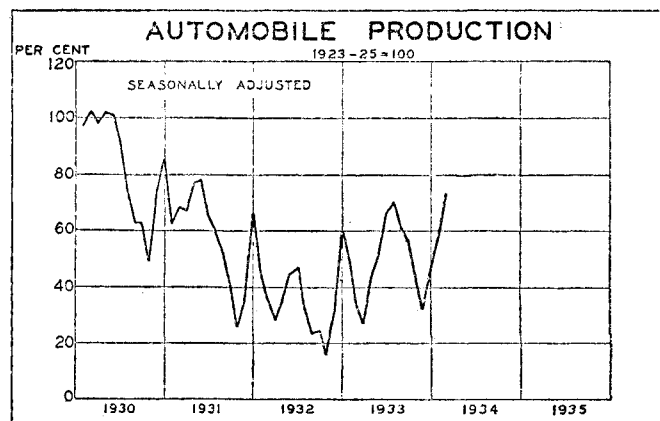
Clothing factories have been operating at capacity levels

for several weeks, the spring season being somewhat early this year because of the Easter date. Sales of clothing at local retail stores recently have been in good volume.

Department store sales in this district in February showed a larger increase from 1933 than in most other parts of the country and the gain from January was greater than seasonal. Compared with a year ago, an increase of 26 per cent was shown in dollar sales. Wholesale trade also improved.

Building contracts awarded in February were down sharply from the preceding month and reports for the first half of March showed only a small volume of new building in this section. The falling-off was entirely due to a sharp reduction in public works contracts as allocation of Federal funds for local projects was curtailed. Residential building contracts awarded were smaller in February than in January or the preceding year, but in the first half of March a decided improvement in this field was apparent; nonresidential and public construction continued in limited volume.

Employment at industrial plants throughout the district increased generally in February, according to reports, the gain from January being somewhat more than seasonal. The improvement was quite general, all important industries and manufacturing centers sharing in the upturn. Compared with a year ago employment at 773 Ohio factories was up 34 per cent and in western Pennsylvania a sizable gain was reported. There were more on pay rolls for this season of the year than



since 1931, but the average number of hours worked was down.

Wholesale prices continued upward in the past six weeks; the gain in the composite index of the Bureau of Labor in the past year was over 23 per cent and a sizable increase in retail prices has occurred. Farm prices in the past year have improved about 50 per cent and farm purchasing power is much greater now as a result of this increase and the payments of the various AAA agencies than it was a year ago. Unseasonably cold weather is delaying spring farm work.

Life insurance sales in Ohio and Pennsylvania in January and February were one per cent ahead of early 1933. There were only 86 commercial failures reported in this district in February, a reduction of 57 per cent from last year. Liabilities of the defaulting concerns were down 14 per cent in the period.

### FINANCIAL

In contrast with a year ago the financial situation in this district in late March is much improved, but compared with late February of this year little change is apparent. Excess reserves of member banks continue to rise to new high levels and deposits have increased, but credit extended by reporting member banks remains at comparatively low levels.

Debits to individual accounts at principal banks in 24 cities of the district were up five per cent in February from a year ago and the gain in the first two months of the year was 5.8 per cent. This was less than the increase in the general price level in the period, but the dollar volume of debits has been adversely affected by a combination of things, including the check tax, service charge on checking accounts, etc.

Savings deposits at 41 selected banks in the district increased 0.6 per cent in February and at the month end they were slightly above a year ago.

**Reserve Bank Credit** Total reserves (including gold certificates on hand and due from the United States Treasury) of the Federal Reserve Bank of Cleveland increased over \$11,000,000, chiefly seasonal, and resulting from inter-district flow of funds, between February 21 and March 21. Since the beginning of the year total reserves were up over \$50,000,000, a greater increase than has occurred in this period since 1927; compared with a year ago reserves were up approximately \$24,000,000.

Total earning assets in the four latest weeks declined nearly \$6,000,000. Practically all of the reduction was in acceptance holdings. Bills discounted dropped to a new low level of \$3,138,000 on March 21, but the reduction from the latter part of February was slight and Government securities remained unchanged at \$213,024,000. Compared with a year ago holdings of Government securities were up \$37,000,000 at this bank.

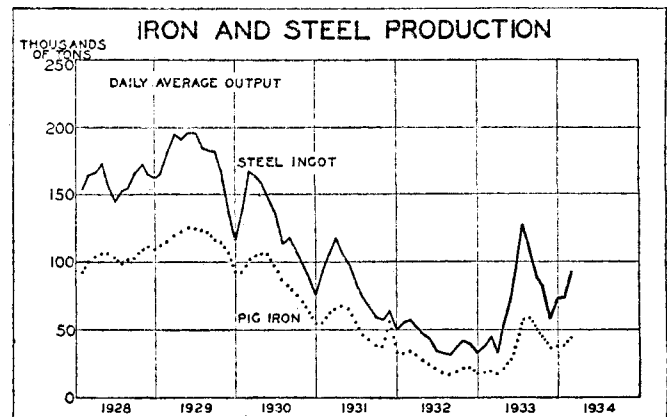
Reserve deposits of member banks increased \$20,000,000 in the four latest weeks to \$235,000,000 on March 21. This was \$95,000,000 above a year ago and, barring the figure reported for March 14 when the total reserve deposits amounted to \$244,000,000, was the highest on record. As for several months, a large share of this represented reserves in excess of those required by law. In

February, based on daily average deposits for the entire month, excess reserves amounted to \$93,000,000 in this section, \$70,000,000 of which were at reserve city banks. This was an increase of about \$18,000,000 in the month, only a very small part of which represented excess reserves of banks outside reserve cities. Reserve requirements of member banks in this district rose about \$4,000,000 in keeping with an increase in demand and time deposits.

Circulation of this bank's Federal reserve notes and bank notes on March 21 was \$307,000,000. The reduction of \$4,000,000 in the four latest weeks occurred at a time when pay rolls and prices were advancing. Compared with a year ago, note circulation was down \$80,000,000. Government paper of this bank, pledged to secure notes, on the latest date had been reduced to \$55,000,000, whereas one year ago it amounted to \$90,000,000.

**Member Bank Credit** Total loans and investments of reporting member banks in leading cities of the fourth district amounted to \$1,142,000,000 on March 21. This was an increase of \$2,000,000 in the four latest weeks and was the highest figure reported since the banking holiday, the gain from the low point at the beginning of April 1933 being \$73,000,000. In the four latest weeks total loans were practically unchanged, the slight contraction in loans on securities being offset by an increase in "all other" loans. Investments in United States Government securities declined \$2,000,000 in the four latest weeks, but in the past year holdings of Government securities have increased \$159,000,000, or 45 per cent. In the same period investments in all other securities dropped about \$12,000,000 though in the four latest weeks there was an increase of \$3,000,000. Member bank investments in Government securities are more than two and one half times as large as holdings of other securities.

Demand deposits of reporting member banks were up \$10,000,000 in the four latest weeks to \$570,000,000 on March 21. The gain in the past year was about \$21,000,000. Time deposits on the other hand rose from \$369,000,000 on March 22, 1933, to \$444,000,000 on March 21 of this year, a gain of 20 per cent. Part of this represented a shift from demand to time deposits, following the discontinuance of interest payments on demand accounts. In the four latest weeks time deposits were up \$5,000,000. Total deposits, including United States Government deposits, were up 17.5 per cent in the past year.



## MANUFACTURING, MINING

**Iron and Steel**

A strong and steadily growing demand from the automotive industry, railroads and miscellaneous manufacturing lines

was reflected in the rise of steelworks operations to 51 per cent of capacity in the week ended March 10, an increase of 12 points in a month. In the same period, the rate in the Cleveland-Lorain district advanced eight points to 82; in the Youngstown area 12 points to 56; and in the Pittsburgh district 13 points to 34 per cent. In mid-March labor uncertainties, particularly in the automobile industry, disturbed the production schedules and releases from automotive consumers tapered slightly so that the average for the entire steel industry declined two points, gains in the heavy steel centers offsetting in part the declines in centers engaged principally in making automobile steel.

So far this year the trend in the national average more closely resembles the line for 1931 than either 1933 or 1932. In 1933 there was a feeble rise to 20 per cent in February, followed by a slump in March, and a gradual advance to the high point of the year in July, around 58 per cent. In 1932 the high point of the year was reached early in February (around 28 per cent) with declines through March and April, a slight rally in May, a descent to 12 per cent in July and a slow rise to 22 per cent in November. The peak for 1931 was reached in the middle of March, at 57 per cent. This year has been marked by a sharp advance, nearly paralleling the trend of 1931.

Steelworks operations have been sustained largely by automotive requirements with leading automobile manufacturers continuing to increase their schedules. The bulk of material for recent heavy railroad awards has yet to be rolled. Freight car awards for the first two months this year total 19,877, compared with 2,460 in all 1933; 1,739 in the year 1932; and 10,694 in 1931.

Structural work has not yet felt the impetus of spring, though structural steel awards so far this year—185,044 tons—far exceed the 107,717 tons in the comparable period last year.

In the northern Ohio districts, sheet and strip mill operations during the past several weeks have been near capacity, to fill specifications of automobile manufacturers. Cleveland bar and wire mills also have benefited from automobile requirements.

While steel prices generally have been reaffirmed for second quarter, comparatively few commitments beyond April have been made by leading consumers. *Steel's* scrap composite, up 50 cents over the past month to \$12.33, reflects the growing strength of prices. This rise in scrap recently has been due mainly to actual consuming demand.

Daily average pig iron production in February, 45,426 gross tons, was up 15.3 per cent from January, and was higher than since last September with 50,264 tons. Despite the fewer number of days, total output—1,271,935 tons—was 3.7 per cent higher than in January. Ninety stacks were operating at the close of the month, a net gain of four.

February open-hearth and bessemer steel ingot production amounted to 2,224,698 gross tons, or 92,696 tons a day. Only 1,996,897 tons were made in January, averag-

ing 73,959 tons daily. In two months, steel ingot production thus totals 4,221,595 tons, or almost double the 2,116,942 tons of the same period of 1933. February operations averaged 42.78 per cent.

**Coal**

Production of bituminous coal in the fourth district and the entire country increased sharply in February and continued to show an upward trend in the first three weeks of March. In the latest week estimated output was greater than in any of the preceding four years.

February production of fourth district mines was 12,140,000 tons, 22.7 per cent above a year ago and daily average production in the month was up 6.7 per cent from January. This was somewhat more than seasonal and also exceeded the increase reported for the entire country, where output in February was 17.8 per cent greater than in February 1933. Despite the improvement, which in this district has amounted to approximately 23 per cent in the first two months compared with 1933, output in the latest month was only 67.1 per cent of the monthly average of 1923-1925. Though producing mines in most cases were operating five days a week, some of them two shifts of eight hours a day, so many mines have been abandoned in recent years that even with operations at the high levels of the past month it is clearly evident that capacity of local mines is much lower than it was several years ago.

Coal production recently has been stimulated not only by the unseasonably cold weather, but also by the general advance in industrial production, movement of freight, and the increase in electric power production. Stocks of domestic coal are quite limited, but there is a surplus of slack coal in most sections, even though beehive coke production has been nearly double what it was a year ago. Coal prices in March at producing centers were unchanged from the previous month.

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**Automobiles**

The most important factor in the increased industrial operations in February and early March, in the entire country as well as the fourth district, was the rise in automobile production. Total output of domestic factories, according to the Department of Commerce, was 235,376 passenger cars and trucks, a gain of 46.2 per cent from January, despite the shorter month, and of 120 per cent from a year ago. The January-February increase was considerably more than seasonal and the Federal Reserve Board's adjusted index rose from 58 to 73 per cent of the 1923-1925 monthly average. As shown on the accompanying chart this was the highest figure for this series since May 1931, even surpassing the peak of early summer of 1933. One year ago this index was 33 per cent and output was somewhat less than half as great as was reported in February this year.

The difficulties encountered by some of the producers in getting into production on new models resulted in a February output somewhat lower than was indicated by preliminary reports, but this resulted only in a more pronounced increase in March, when it is estimated production amounted to at least 330,000 units.

Although the increase of both passenger cars and trucks was sizable, the gain in truck production in February from a year ago was 193 per cent and in the first

two months of this year the increase averaged 142 per cent, whereas passenger car production was up 108 and 76 per cent, respectively, in the two periods. The gain in truck production reflected increased activity in many lines of business in recent months, which has necessitated the purchase of new delivery equipment.

Despite the fact that trade reports indicate a strong retail market, with orders at least keeping up with the present supply, output of cars in the first three weeks of March, according to the weekly index based on *Cram's* reports, increased little more than seasonally. Although an increase in actual number of cars manufactured was reported, the labor situation within the assembly industry and in some of the parts plants was disturbing, but actual strikes in most cases have been dealt with speedily or entirely averted through timely action. The chief effect of the labor situation was to slow up releases on steel and parts orders, which was reflected in operations at plants throughout the section, although some buying in anticipation of such a condition was reported to have increased activity at local plants in late February.

**Rubber, Tires** Reports from tire manufacturers and of crude rubber consumption in February substantiate the fact that operations in the month were up sharply from a year ago. According to the *Rubber Manufacturers Association*, 40,609 long tons of rubber were used in the month, a slight increase from January, despite the fewer working days, and this represented a gain of 88 per cent from February 1933.

Crude rubber used by all industry was greater than the 31,032 long tons imported in February (which was 64 per cent above a year ago, but 32.8 per cent below January) and stocks were reduced to 357,094 long tons, a drop of 6.5 per cent from last year.

Employment at 20 Ohio rubber factories increased 2.4 per cent from January to February in contrast with a five-year average reduction for that period of 0.4 per cent. Compared with a year ago, the number of workers at these factories was up 37.4 per cent and most plants were operating at capacity levels, but these were somewhat lower than in the boom years.

In February production was reported to be 60 per cent above a year ago; recently it has exceeded actual demand, but this is chiefly seasonal in anticipation of increased sales as the period approaches in which more driving is done. There were indications of some stocking-up to avoid higher manufacturing costs which are expected in some channels as a result of the higher wage payment, and inventories in hands of manufacturers on February 1 were larger than a year ago.

Replacement tire sales recently have shown little more than a seasonal increase, but shipments of tires for original equipment have expanded in keeping with the gain in motor car production.

The retail price situation is still demoralized with large discounts being reported from the published price list in some markets. A code covering the distribution of tires has not yet been accepted, which adds to the confused situation. Raw material costs and wage rates have increased materially recently, but prices of tires have not advanced in proportion. Crude rubber in March was quoted at approximately 12 cents a pound, the highest since July 1930 and raw cotton also was selling at better than 12 cents, compared with about six cents a year ago.

**Clothing** With the date of Easter coming early this year, clothing manufacturers have been rather hard-pressed for deliveries on spring goods. Retail clothing sales throughout the country were unusually good in January and February, stocks of department stores were reduced, and deliveries were requested somewhat earlier than usual to replenish stocks for pre-Easter selling.

Sales of men's clothing at fourth district department stores in February were 35.6 per cent ahead of the corresponding month of 1933, and women's clothing sales were up 31 per cent in the same period. According to *Fairchild's* index of retail prices at department stores, prices of men's wearing apparel were up 23 per cent in February from a year ago and women's apparel prices were up 25 per cent.

The extent of the increase in operations at textile and clothing plants is partly revealed by the employment figures compiled by the *Ohio State University Bureau of Business Research* based on reports from 38 companies. There was a 7.8 per cent increase in the number employed at these factories between January and February, whereas in the past five years the average increase for this period was 4.9 per cent. In contrast with a year ago employment was up eight per cent, the number working at men's clothing factories being up 13 per cent and at women's apparel and miscellaneous factories up 4.8 per cent. Most plants have been operating at capacity levels and some difficulty in obtaining certain types of skilled help has been reported.

Correspondents report a large volume of orders on hand and in most cases they are sufficient to necessitate capacity operations for the entire spring season. Manufacturers of knit goods, particularly outerwear, reported a falling-off in orders in recent weeks, but attributed the decline to the abnormal weather. Production schedules at these plants were reduced accordingly.

A decided improvement in collections has occurred, both compared with preceding months and a year ago.

**Other Manufacturing** The expansion in most lines of business in this district in February was considerably more than seasonal, and though gains continued in the first part of March, the rate of increase was retarded in some instances until it was less than seasonal.

**Automobile Parts and Accessories.** Activity at automobile parts and accessory plants in this district increased in February in keeping with the advance in automobile production and showed some expansion in the first part of March, according to reports, although the labor situation, particularly at Detroit, was reflected in operations of local plants in the latter part of that month. In February, employment at 35 local factories was up 31.5 per cent from January and was 71 per cent above a year ago. In the past five years the average January-February increase in employment was 1.3 per cent at these factories. One of the important parts companies indicated that March employment would be about the same as in February, but that pay rolls would be larger. According to reports, some of the recent activity at parts plants was in anticipation of developments which would affect the supply of materials, but inventories of finished goods are not large.

**Clay Products.** Although production and shipments of

brick and tile in early 1934 were somewhat larger than a year ago, the industry continues in a very depressed condition and employment at local plants, while up slightly from last year, was much below the average of recent years. Production of dinner ware and pottery continued to increase, contrary to the seasonal trend of past years, and operations in most plants were at capacity levels on orders for immediate shipment. Little advance buying has been done although numerous inquiries for fall business have been received. Employment at seven plants in Ohio was up 30 per cent from a year ago in February and skilled labor is reported at a premium. Little difficulty regarding collections was indicated.

**Electrical Supplies.** Increased industrial activity and larger pay rolls resulted in expanded purchases of electrical equipment and supplies. This was also indicated by the gain in electric power production from last year, which in this section has amounted to from 25 to 30 per cent in recent weeks. In early March, manufacturers' sales of electrical equipment showed somewhat more than a seasonal increase, but stocks and unfilled orders also were up. Employment at 31 concerns in February advanced 4.2 per cent from January and was 60 per cent ahead of February 1933. The gain from January was about three times as great as the average increase in the preceding five years.

**Glass.** Operations in the glass industry were maintained in February and early March at rather high levels. Plate glass production expanded in keeping with increased demand from the automobile trade, but sales of window glass were down, though operations were maintained at recent levels, with a consequent increase in manufacturers' stocks. Plate glass production in January, the latest available, was more than 25 per cent ahead of January 1933. Production of containers and glassware continued at very high levels. The price situation was irregular with plate glass prices continuing unchanged and other flat glass prices somewhat reduced. Employment at local factories in February was 96 per cent above a year ago and the 23.7 per cent gain from January compared with a five-year average increase of 10.3 per cent.

**Hardware, Machine Tools.** With wholesale hardware dollar sales in the first two months of this year up 59 per cent from 1933 in this district, demand for hardware products from producers has increased although part of the gain in sales was a result of higher prices. Machine tool demand also improved in February largely as a result of increased activity in the automotive indus-

try, but uncertainties in mid-March had a retarding influence on both sales and production. Not only was employment up sharply in February, both as compared with the preceding month and a year ago, but pay rolls showed a greater increase. New orders for machine tools in February amounted to 86 per cent of the 1922-1924 monthly average. This compared with an index number of 15 in February last year and 102 in January 1934.

**Paint.** Demand for paint was little changed in February from the preceding month, but compared with a year ago sales were up sharply. The busy season of the year so far as retail sales are concerned is rapidly approaching and dealers have been increasing their stocks recently. Raw material prices have improved slightly and surplus stocks of both lead and zinc were reduced a trifle in February.

**Paper, Boxboard.** Little change occurred in the paper and boxboard industry in early February and March, and employment was about the same as in January, but up approximately 20 per cent from a year ago. Prices have remained unchanged in recent weeks, but the volume of sales was not large. Inventories accumulated in the closing months of 1933 have been worked off to a large extent.

## TRADE

### Retail

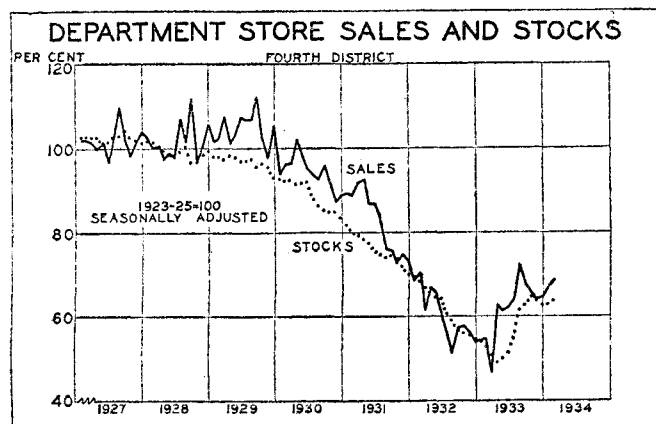
Sales at department stores in the fourth district continued to show a decided increase in dollar volume from a year ago, the gain in February being 26 per cent, about the same as was shown in January. This was somewhat greater than was reported for other sections of the country and the seasonally adjusted index of sales rose over two points, to 68.8 per cent of the 1923-1925 monthly average.

The percentage change in sales from a year ago at stores in the various cities of the district showed considerable variation, Akron stores reporting an increase of 63 per cent, Wheeling 50 per cent, Cleveland 36 per cent, and gains in the other cities ranged from 12 to 26 per cent. In Akron the improvement in the rubber industry and the bank reopening were chiefly responsible for the gain shown.

As has been pointed out before, a large part of the increase in dollar sales represented higher prices and *Fairchild's* index of prices at department stores throughout the country rose 1.1 per cent in the latest month. According to this index, prices on March 1 were 28 per cent above a year ago.

Department store stocks (dollar value) increased 6.6 per cent in February and were 21 per cent larger than a year ago. The latest increase was slightly more than seasonal, but the adjusted index was still only 63.8 per cent of the 1923-1925 monthly average. With Easter somewhat earlier than in recent years, department stores found it necessary to stock up in anticipation of pre-holiday buying.

There was a slight increase in the ratio of credit to total sales in February, most of which, however, represented installment buying and was largely seasonal. Installment sales represented 9.8 per cent of total sales in February, in contrast with 6.6 per cent a year ago. Regular 30-day credit sales amounted to 49.7 per cent of total sales and contrasted with 51.8 per cent in February



1933. All basement sales in February amounted to 18 per cent of total sales, about the same ratio as was reported a year ago.

Practically all of the individual departments for which figures are available showed increases in February, the largest gains being in electrical appliances, 78 per cent; furniture 53 per cent; all women's ready-to-wear 25 per cent; men's wear 36 per cent; neckwear and scarfs 43 per cent; and yard goods 28 per cent.

Although there was a slight reduction from January in the ratio of collections in February to accounts receivable at the beginning of the month, improvement from a year ago continued to be shown in all reporting centers. The gain in collections on regular charge accounts was about 22 per cent from a year ago.

Sales of 42 retail furniture stores in February were 60 per cent above a year ago and in the first two months an increase of 58 per cent was reported.

Chain store sales were up sharply in February compared with a year ago, chain grocery sales being up 21.3 per cent per individual unit operated, and chain drug sales up 23 per cent, the latter increase partly due to liquor sales.

**Wholesale** All reporting lines of wholesale trade continued to show sizable increases in dollar volume in February; hardware sales were up 52 per cent, dry goods 51 per cent, grocery and drugs 40 per cent. With the exception of hardware, these increases were somewhat larger than were reported in January, but wholesale trade a year ago was very depressed and in addition the gains represent in part the increase that has occurred in prices. Collections in all lines have shown decided improvement.

### BUILDING

The very sharp reduction in allotments of Federal funds for public works' construction in February, particularly in this district, was responsible for a great part of the falling-off in the value of building contracts awarded from the preceding month. Residential and nonresidential building also declined, but the slight drop was partially accounted for by the fact that the number of working days in February was considerably less than in January. Residential contracts were valued at \$794,000 compared with \$944,000 in January and \$899,000 in February of last year.

Total contracts awarded in this district were valued at \$8,485,000 in February, compared with \$32,645,000 in January. Despite the sharp reduction, total awards in the latest month were 134 per cent above February 1933, and for the first two months of this year building contracts awarded were over five times as large as in the first two months of 1933.

While figures for the volume of public works' contracts, awarded in the fourth district alone are not available, the *F. W. Dodge* report covering the Pittsburgh Territory, which includes Ohio, western Pennsylvania, Kentucky and West Virginia, the greater part of which is located in the fourth district, showed that public works' contracts amounted to nearly \$37,000,000 in January and only \$8,533,000 in February and \$1,256,000 in February 1933. In the latest month more than half the value of awards represented highway construction contracts and \$2,744,000 was allotted to unspecified Civil Works' projects.

Contemplated construction of all types reported in February in this section was valued at \$53,572,000, compared with \$80,798,000 in January and \$11,731,000 in February 1933. The increases from last year were quite well distributed as to principal classes of work and geographically throughout the territory.

In the lumber and building supply industry conditions were particularly depressed in February and early March because of the unseasonably cold weather. Little stock has been taken from retail yards, but reports from lumber manufacturers indicate some buying on the part of wholesalers. The seasonally adjusted index of lumber production in early March was more than twice what it was a year ago; prices also have improved.

### AGRICULTURE

The principal item of interest in the agricultural situation at present is the report of farmers' planting intentions. This March 1 report, subject to variations as the season progresses, by reason of weather conditions, price changes, labor supply, the Government's crop acreage adjustment program, etc., shows what 51,000 farmers *intended* to plant. The figures have been adjusted to probable harvest basis by allowing for average influences which affect a growing crop.

The table at the bottom of the page gives estimated acres of principal crops which might be harvested in the four states included in the fourth district and the United States in the coming season, and also shows this figure as a per cent of the acreage actually harvested in 1933. According to the Department of Agriculture, the combined indicated acreage of principal crops, including present indications for winter wheat and excluding cotton, is about one per cent greater than was actually harvested in 1933 for the entire country and about six per cent below the average acreage of these crops harvested in the five years 1928-1932. In reviewing these figures some allowance should be made for the fact that the Department's crop acreage reduction programs are still in progress and plantings may differ more from March 1 intentions than in past years.

The prospective corn acreage, if planting intentions are

### Farmers 1934 Planting Intentions

(Acreage figures in Thousands)

	Corn		Oats		Potatoes		Tobacco		Hay	
	Acres	% of 1933	Acres	% of 1933	Acres	% of 1933	Acres	% of 1933	Acres	% of 1933
Ohio.....	2,927	87	1,273	100	110	98	24.5	78	2,567	104
Pennsylvania.....	1,242	97	906	98	187	99	27.8	110	2,400	99
Kentucky.....	2,591	95	140	115	70	113	327	69	1,202	102
West Virginia.....	418	90	226	110	38	104	101	83	613	98
United States.....	92,073	90.1	38,640	105.7	2,951	106.2	1,306	74.4	54,092	100.5

carried out, would be the smallest since 1903 and no allowance has been made for the corn acreage reduction campaign of the Agricultural Adjustment Administration. In Ohio the intended acreage as a per cent of the 1933 harvest was somewhat less than in the other states of the district or in the entire country.

The acreage farmers intended to plant to oats in the entire country was up about 5.7 per cent from the unusually small acreage harvested in 1933, because of unfavorable weather conditions then prevailing, but, except 1933 and 1929, the acreage would be smaller than was harvested in any of the previous 15 years.

Farmers apparently are using some of the acreage abandoned under the various crop reduction programs for the planting of potatoes; the intention reports indicate an increase of six per cent in the crop, or a larger acreage than since 1928. Locally, with the exception of Kentucky, the acreage farmers intended to plant was little changed from that harvested in 1933.

About the usual acreage of hay is expected to be cut this year, although an increase of four per cent in Ohio was indicated.

The smallest acreage of tobacco since 1914 was indicated by intention reports and, should they materialize, the reduction from 1933 would approximate 35 per cent. In Kentucky, the principal growing section of this district, a reduction of 31 per cent was reported, with burley tobacco growers reporting an intended decrease of 35 per cent. The unusually severe winter weather practically prevented the preparation of tobacco seed beds in February or early March and the usual farm work has been generally retarded. Burley tobacco sales continued on most markets in the first half of March in rather large quantities, the dry weather earlier in the season preventing the handling of tobacco at that time. Prices generally have advanced, particularly on the common and medium grades, and indications at present are that the final figures for the 1933 season will amount to at least 400,000,000 pounds of burley tobacco.

**Fourth District Business Statistics**

(000 omitted)

	February, 1934	% change from 1933	Jan.-Feb., 1934	% change from 1933
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities	\$1,435,000	+ 5.0	2,978,000	+ 5.8
Savings Deposits—end of month:				
41 Banks, Ohio and Penna.	\$ 636,427	+ 0.6	1	1
Life Insurance Sales:				
Ohio and Penna.	\$ 70,881	+ 0.2	144,102	- 1.0
Retail Sales:				
Department Stores—49 firms	\$ 11,934	+26.0	23,795	+26.4
Wearing Apparel—11 firms	\$ 493	+10.0	1,072	+15.3
Furniture—42 firms	\$ 557	+59.6	1,027	+58.5
Wholesale Sales:				
Drugs—13 firms	\$ 1,366	+39.5	2,865	+36.0
Dry Goods—10 firms	\$ 953	+51.3	1,856	+51.3
Groceries—33 firms	\$ 3,478	+40.0	6,980	+33.4
Hardware—14 firms	\$ 864	+51.8	1,835	+59.3
Building Contracts—Total	\$ 8,485	+133.5	41,130	+433.6
—Residential	\$ 794	-11.7	1,738	- 7.0
Commercial Failures—Liabilities	\$ 1,353	-74.4	3,351	-70.2
Number	86 <sup>2</sup>	-57.0	190 <sup>2</sup>	-57.9
Production:				
Pig Iron, U. S.	Tons 1,272	+129.6	2,494	+122.5
Steel Ingot, U. S.	Tons 2,225	+104.7	4,222	+99.4
Automobiles—Pass. Car., U. S.	190,280 <sup>2</sup>	+108.0	351,687 <sup>2</sup>	+76.0
—Trucks, U. S.	45,096 <sup>2</sup>	+192.9	89,829 <sup>2</sup>	+141.8
Bituminous Coal	tons 12,140	+22.7	24,465	+22.8
Cement—O., W. Pa., W. Va. bbls.	204	+22.9	270	-28.9
Elec. Power—O., Pa., Ky. k.w.h.	1,194,000 <sup>3</sup>	+13.2	.....	.....
Petroleum—O., Pa., Ky. bbls.	1,872 <sup>3</sup>	+ 5.7	.....	.....
Shoes	pairs (8) <sup>(4)</sup>	+ 3.6	.....	.....

<sup>1</sup>not available  
<sup>2</sup>January

<sup>3</sup>actual number  
<sup>4</sup>confidential

**Wholesale and Retail Trade**

(1934 compared with 1933)

	Percentage Increase or Decrease		STOCKS Feb. 1934
	SALES Feb. 1934	SALES First 2 months	
<b>DEPARTMENT STORES (49)</b>			
Akron	+63.7	+64.5	+15.6
Cincinnati	+12.3	+12.5	+10.8
Cleveland	+36.2	+37.3	+30.0
Columbus	+19.6	+20.8	+15.2
Pittsburgh	+21.3	+20.2	+27.7
Toledo	+13.0	+17.8	+10.0
Wheeling	+49.7	+35.1	+25.8
Other Cities	+26.1	+31.5	+ 7.3
District	+26.0	+26.4	+21.3
<b>WEARING APPAREL (11)</b>			
Cincinnati	- 9.9	+ 9.9	+ 9.1
Other Cities	+23.8	+18.2	+ 1.3
District	+10.1	+15.2	+ 3.7
<b>FURNITURE (42)</b>			
Cincinnati	+29.3	+42.4	.....
Cleveland	+81.4	+73.6	.....
Columbus	+31.7	+44.7	.....
Dayton	+ 5.1	+15.0	.....
Toledo	+55.5	+66.7	.....
Other Cities	+109.9	+77.4	.....
District	+59.5	+58.4	.....
<b>CHAIN STORES*</b>			
Drugs—District(4)	+17.3	+14.3	.....
Groceries—(5)	+21.3	+19.7	.....
<b>WHOLESALE GROCERIES (33)</b>			
Akron	+48.8	+55.6	.....
Cleveland	+56.8	+43.4	.....
Erie	+24.4	+10.0	.....
Pittsburgh	+38.6	+37.2	.....
Toledo	+25.2	+19.1	.....
Other Cities	+34.7	+30.5	.....
District	+40.0	+33.4	+31.5
<b>WHOLESALE DRY GOODS (10)</b>			
District	+51.3	+51.3	+40.8
<b>WHOLESALE DRUGS (13)</b>			
District	+39.5	+36.0	.....
<b>WHOLESALE HARDWARE (14)</b>			
District	+52.0	+59.2	.....

\*Per individual unit operated.

**Debits to Individual Accounts**

(Thousands of Dollars)

	4 weeks ended Mar. 21, 1934	% change from 1933	Year to date Jan. 3, 1934 to Mar. 21, 1934	Year to date Jan. 4, 1933 to Mar. 22, 1933	% change from 1933
Akron	39,031	+95.1	110,976	96,199	+15.4
Butler	5,567	+14.2	17,085	15,282	+11.8
Canton	23,119	+96.2	69,923	43,640	+60.2
Cincinnati	210,005	+16.0	646,680	606,147	+ 6.7
Cleveland	329,032	+35.3	978,439	964,039	+ 1.5
Columbus	92,960	+32.3	273,361	230,129	+18.8
Dayton	34,969	+70.1	98,792	97,949	+ 0.9
Erie	15,164	+60.7	46,449	40,985	+13.3
Franklin	2,278	+35.6	6,673	5,409	+23.4
Greensburg	4,283	+44.0	11,852	11,326	+ 4.6
Hamilton	6,877	+57.8	19,569	15,552	+25.8
Homestead	1,426	+15.3	4,277	4,095	+ 4.4
Lexington	18,939	+83.8	66,839	48,540	+37.7
Lima	6,617	+106.1	20,145	16,427	+22.6
Lorain	2,313	+43.6	6,401	6,382	+ 0.3
Middletown	5,899	+39.7	16,427	13,059	+25.8
Oil City	5,389	+36.8	16,725	17,846	- 6.3
Pittsburgh	443,087	+ 1.8	1,446,325	1,325,037	+ 9.2
Springfield	11,391	+47.6	32,050	26,605	+20.5
Steubenville	5,394	+69.0	14,924	11,290	+32.2
Toledo	80,897	+46.7	226,153	186,252	+21.4
Warren	5,643	+78.4	15,264	10,263	+48.7
Wheeling	25,660	+76.4	74,006	60,808	+21.7
Youngstown	27,293	+67.1	75,449	54,389	+38.7
Zanesville	4,731	+26.6	14,349	12,477	+15.0
Total	1,407,964	+24.2	4,309,133	3,920,127	+ 9.9

**Fourth District Business Indexes**

(1923-1925=100)

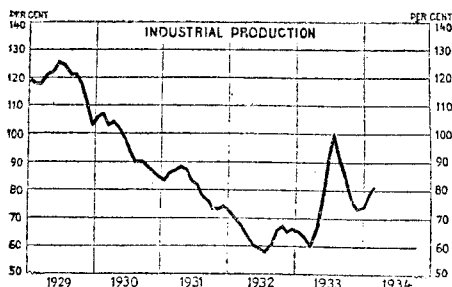
	Feb. 1934	Feb. 1933	Feb. 1931	Feb. 1930
Bank Debits (24 cities)	53	50	59	86
Commercial Failures (Number)	59	137	175	138
(Liabilities)	31	120	199	161
Sales—Life Insurance (Ohio & Pa.)	85	85	106	114
—Department Stores (47 firms)	91	45	58	74
—Wholesale Drugs (12 firms)	61	66	87	96
—Dry Goods (10 firms)	39	26	36	49
—Groceries (33 firms)	60	43	56	68
—Hardware (14 firms)	44	29	38	52
—All (69 firms)	57	40	54	65
—Chain Drugs (3 firms)**	70	60	76	81
Building Contracts—(Total)	18	8	14	35
—(Residential)	5	5	12	29
Production—Coal (O., W. Pa., E. Ky.)	67	55	53	71
—Cement (O., W. Pa., W. Va.)	17	14	18	34
—Elec. Power (O., Pa., Ky.)*	142	126	130	151
—Petroleum (O., Pa., Ky.)*	101	96	105	106
—Shoes	..	93	85	74

\*January

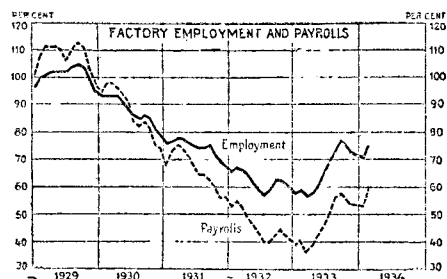
\*\*Per individual unit operated.

## Summary of National Business Conditions

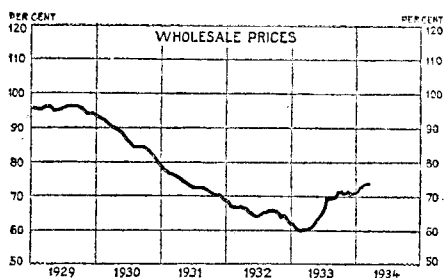
By the Federal Reserve Board



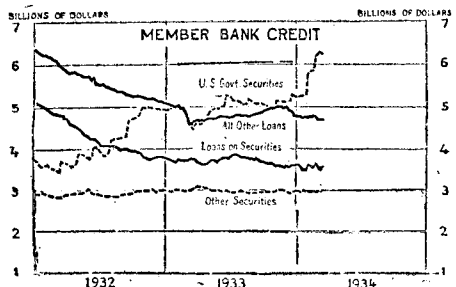
Index number of industrial production, adjusted for seasonal variation (1923-1925 = 100). Latest figure, February, preliminary 81.



Indexes of factory employment and pay rolls, without adjustment for seasonal variations (1923-1925 average = 100). Latest figures, February employment 74.7; pay rolls 59.2.



Indexes of United States Bureau of Labor Statistics, by months 1929-1931, by week, 1932 to date (1926 = 100). Latest figure week ending March 17, 73.7.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for March 14.

Volume of industrial activity increased in February for the third consecutive month and there was a considerable growth in factory employment and payrolls. Wholesale commodity prices, after advancing for two months, showed little change between the middle of February and the middle of March.

### Production and Employment

Output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, increased from 78 per cent of the 1923-1925 average in January to 81 per cent in February. The advance reflected chiefly increases of considerably more than the usual seasonal amount in the output of steel and automobiles, while activity at meat packing establishments declined. Activity at textile mills, which in January had increased from the low level prevailing at the end of the year, showed a further moderate increase in February, partly of seasonal character. In the first week of March steel production showed a further increase and in the following two weeks remained unchanged.

Factory employment and payrolls increased substantially between the middle of January and the middle of February to a level higher, on a seasonally adjusted basis, than at any other time since the summer of 1931. Working forces on railroads also showed an increase, while at mines there was little change in the volume of employment. The number on the payrolls of the Civil Works Administration declined from about 4,000,000 in January to about 2,900,000 in the week ending March 1. At automobile factories there was a large increase in the number employed to approximately the level prevailing four years ago. Substantial increases were reported also for the textile, clothing, shoe and tobacco industries.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in February, followed by an increase in the first half of March. The total volume indicated for the first quarter is somewhat smaller than in the last quarter of 1933, but considerably larger than in the first quarters of 1932 and 1933.

### Distribution

Freight traffic increased seasonally during February and the early part of March. Dollar volume of department store sales on a daily average basis showed little change in February.

### Dollar Exchange

The foreign exchange value of the dollar in relation to gold currencies declined in the second week of February to within two per cent of its new parity and in the latter part of February and the first three weeks of March showed a further slight decline.

### Commodity Prices

Wholesale prices of commodities showed little change from the middle of February to the middle of March, after a considerable increase earlier in the year. The index of the Bureau of Labor Statistics for the week ending March 17 was at 73.7 per cent of the 1926 average, compared with 73.8 per cent the week before and 72.4 per cent at the end of January.

### Bank Credit

Between the middle of February and the third week of March imports of gold from abroad resulted in a growth of about \$550,000,000 in the country's monetary gold stock. Funds arising from these imports of gold and from expenditure by the Treasury of about \$140,000,000 of its cash and deposits with the Federal reserve banks were, for the most part, added to the reserves of member banks, which consequently increased by \$600,000,000 during the four-week period. At the close of the period member bank reserves were nearly \$1,500,000,000 in excess of legal requirements. Total deposits of reporting member banks increased by about \$1,000,000,000 between the middle of February and the middle of March, reflecting the imports of gold, purchases by the banks of United States Government and other securities and a growth of bankers' balances.

During March money rates in the open market declined further. Rates on 90-day bankers' acceptances were reduced from  $\frac{1}{2}$  per cent to  $\frac{1}{4}$  per cent, and rates on prime commercial paper were reduced by  $\frac{1}{4}$  per cent to a range of 1-1 $\frac{1}{4}$  per cent. Yields on United States Government securities also declined considerably. On March 16, the Federal Reserve Bank of Minneapolis reduced its discount rate from 3 $\frac{1}{2}$  to 3 per cent.