



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 16

Cleveland, Ohio, June 30, 1934

No. 6

Despite the slowing-down in automobile production and the consequent decline in buying of parts and materials in May, little change in the period was apparent in the total volume of fourth district industrial activity and general trade. Some lines continued to show greater-than-seasonal increases, but in a few instances the upward movement, according to reports, was due to abnormal factors and did not represent actual demand for goods in channels of final consumption.

A falling-off is not unusual in June or early summer in many production lines in this district. In some cases a rather marked reduction already has occurred, partly because large inventories of finished goods are on hand. Despite this fact, reports from all sections of the district indicate that, so far as many small manufacturing companies (engaged in production of everything from toys and novelties to large furnaces) are concerned, operations continue at relatively high levels, all things considered.

There was a slight increase in employment in this district from April to May, according to reports. Seven hundred and forty-five companies reporting to the Ohio State University Bureau of Business Research indicated that the number of employees was up 38.8 per cent in May from a year ago and 2.2 per cent from April. In the preceding five years no change from April to May was reported.

Operations in the automobile industry, and consequently at parts and accessory plants, fluctuated rather widely in May and early June. There was rather a pronounced downward movement throughout May, which was contrary to the seasonal trend of past years. This resulted in part from the fact that assemblies had increased quite rapidly in early months of this year. Retail sales did not expand at a proportionate rate and an accumulation of finished cars remained to be disposed of. Rather general price reductions in early June are reported to have stimulated buying considerably and weekly production schedules indicated that operations at many plants were expanding contrary to the seasonal trend of past years.

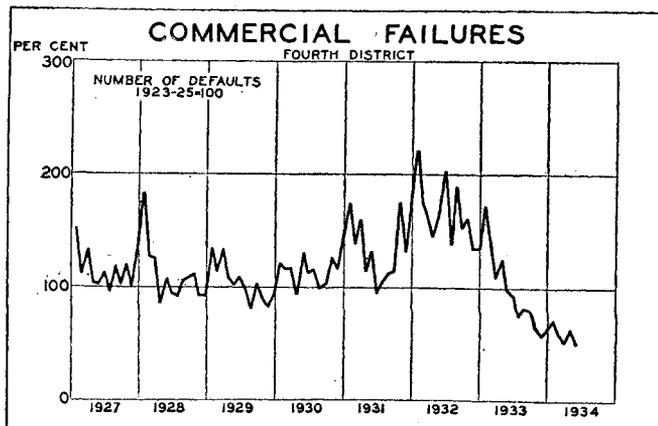
Steel ingot production was little changed in late May or the first half of June, though often there is a decline in operations at this season. It was generally felt, however, that a part of the recent activity represented the production of goods for inventory purposes as a hedge against higher prices which are effective July 1, or an interruption to the supply. A rather sharp decline in operat-

ing rates was reported in the third week of June as deliveries on second quarter contracts were being completed.

Tire production was curtailed quite sharply in May and early June to permit an absorption of inventories in hands of manufacturers and dealers and also because of a decline in replacement sales. Most other manufacturing lines showed little change in recent weeks. Glass production was down quite sharply, but this was partly seasonal. Output of electrical apparatus continued in good volume. Orders for machine tools declined slightly in May; the paint industry continues to operate at a high rate; paper and boxboard plants curtailed production and shoe factories generally are operating at the highest level since 1929. The dollar value of building contracts awarded in this district in May was considerably less than in April, a contrary-to-seasonal reduction. While most of the falling-off was due to a contraction in public works' and utility awards, a decline in other types of nonresidential building was apparent.

All lines of retail and wholesale trade increased at a greater-than-seasonal rate in May and the dollar volume of sales continued to be approximately 25 per cent above a year ago. Conditions in agricultural sections of the district were improved by rain in mid-June, but in many cases it was too late to be of benefit to hay or early grain crops. Retail sales in the smaller communities have declined in recent weeks.

An indication of improved business conditions this year is found in the record of commercial failures as compiled



by *Dun and Bradstreet*. In this district there were only 310 commercial failures listed in the first five months of 1934, a reduction of 67 per cent from the same period of 1933 and the smallest number for any similar period since 1920. Liabilities of the defaulting concerns also were down sharply.

FINANCIAL

During late May and the first three weeks of June little change was apparent in the financial situation in the fourth district. Bank debits to individual accounts at 24 cities increased at a greater-than-seasonal rate in May and were 32 per cent greater than in the same month of 1933, but a falling-off occurred in the first three weeks of June, the increase in that period from last year being approximately 16 per cent.

Savings deposits increased slightly in May at selected banks in Ohio, but Western Pennsylvania banks showed a falling-off in the period. These deposits at all reporting banks on June 1 were 6.1 per cent larger than a year ago.

At the Federal Reserve Bank of Cleveland total reserves increased about \$25,000,000 in the four weeks ended June 20. The increase was due largely to deposits of the United States Treasurer. The total volume of credit extended by this bank showed practically no change in the four latest weeks, the only variation of any sort being in bills discounted for member banks which were further reduced in the period. The total volume of credit extended was slightly greater than a year ago, but it represented almost entirely investments in United States Government securities. Bills discounted for member banks in this district together with acceptances held amounted to less than \$2,000,000 out of a total volume of credit extended by this bank of \$214,000,000.

Circulation of Federal reserve notes and bank notes declined a trifle in the four latest weeks and the total outstanding was approximately the same as a year ago at this time. While the change in note circulation at this season of past years was slight, an upward movement generally was apparent.

Reserve deposits increased quite sharply in late May and the first two weeks of June to a new high level of \$250,000,000, but in the third week of the latest month a falling-off occurred. Compared with a year ago reserve deposits of member banks were up slightly more than \$100,000,000, which is approximately the amount of re-

serves in excess of legal requirements of member banks in this district.

Weekly reporting member banks in leading cities increased their holdings of Government securities in the four latest weeks by about \$21,000,000, or 3.8 per cent, but investments in other securities and loans of all types were reduced in the period. As shown on the accompanying chart, however, total credit extended by these reporting banks, comparable figures for which are available since the banking holiday of 1933, reached a new high level for this period. The expansion was due entirely to increased holdings of Government securities.

Deposits also increased quite sharply in the four latest weeks, a greater part of the gain being in demand accounts. Compared with a year ago, when demand deposits were high just prior to the abolishment of interest payments on these accounts, an increase of about five per cent was shown. Daily average excess reserves of all member banks in this district were reduced slightly in April, the latest month for which complete figures are available, but they amounted to approximately \$100,000,000 in the period. Preliminary figures indicate a further slight reduction in these reserves in May, but they still continue at an unusually high level.

MANUFACTURING, MINING

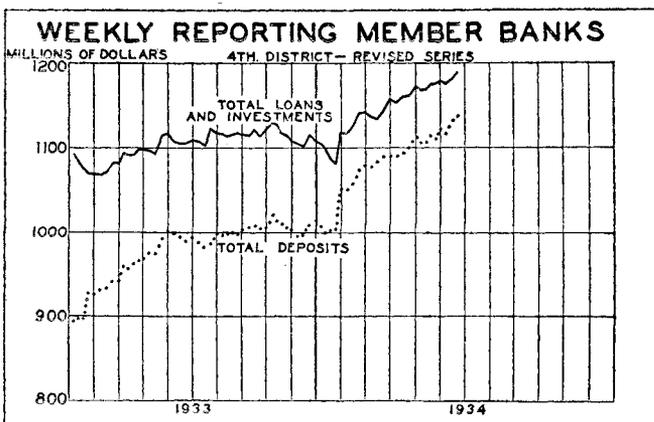
Iron and Steel

Steelworks operations, as a national average, increased from 59 per cent of capacity in the week ended May 19 to 62 per cent in the week closed June 16, but declined slightly in the third week of the month, to approximately 59 per cent of capacity. Recent operations have been maintained at the highest levels in four years, but it was generally felt that a considerable part of the steel specified in recent weeks was not for immediate consumption. Activity increased generally, contrary to the seasonal trend for this time of year, and the removal temporarily at least of the strike threat caused steel operations to drop only slightly indicating that possibly less steel was being ordered in anticipation of an interruption to the supply than was generally thought to be the case. In the Cleveland-Lorain district in the same period the rate dropped two points, from 78 per cent. At Youngstown it advanced from 62 to 66 and then declined to 62, and in the Pittsburgh district rose from 51 to 56, but receded one point. At Wheeling, mills were operating at 81 per cent of capacity, an increase of seven points in the two latest weeks.

Producers have been active in completing shipments on second quarter contracts before July 1 when higher prices are expected to become effective, but there is a dearth of contracting for the third quarter. Under the revised steel code prices once named for a quarter cannot be advanced, but they may be reduced by any producer at any time without the consent of the industry's code authority. Hence, consumers see little incentive to cover for a full quarter, unless it be to insure delivery.

Fears regarding difficulties in delivery have been allayed considerably by the decision of steelworkers not to strike until further efforts have been made to settle the points in question. The iron and steel industry therefore apparently is heading into a dull mid-summer period, when a strike would be less effective than otherwise.

Automobile manufacturers have been specifying liber-



ally, evidently to increase their stocks. Railroads also have been fairly active in the market, while building construction remains low. *Steel's* scrap composite, after declining ten consecutive weeks, advanced four cents to \$10.29, although there is little trading.

Daily average pig iron production in May was 66,185 gross tons, which, compared with the 57,873-ton rate of April, was an increase of 8,312 tons, or 14.4 per cent. Total production was 2,051,730 tons, a gain of 315,513 tons, or 18.2 per cent, over the 1,736,217 tons of April. For the five months ended in May, output has aggregated 7,909,970 tons, against 3,179,797 tons in the corresponding period of 1933. Furnaces in blast at the close of May numbered 116, a net increase of seven in the month.

Steel ingot production in May averaged 125,807 gross tons daily, 7.1 per cent over April. The rate of gain was much slower than in preceding months of this year, but it was greater than seasonal; February increased 25 per cent over January; March 12 per cent over February, and April 13.3 per cent over March. Total output in May—3,396,783 tons—compares with 2,935,631 tons in April, and was the largest of any month since June 1930. Five months' output this year totaled 13,338,035 tons, 109 per cent over the period last year.

Iron and steel exports in April—201,539 gross tons—were 22 per cent lower than March, but 121.4 per cent higher than in April last year. Imports for the month—26,862 tons—were down 30.1 per cent.

Coal Coal production at fourth district mines in May was up 8.2 per cent from April, a slightly greater increase than the average of preceding years, but smaller than was reported for the entire country in the period. At 11,805,000 tons, output of local mines was 22 per cent greater than in May of 1933 and for the year to date production totaled 63,114,000 tons, an increase of 34.9 per cent from the first five months of last year. Stocks of coal in hands of industrial consumers increased about five per cent in April and represented approximately 32 days' supply at the current rate of consumption. Stocks were built up partly in anticipation of higher prices which became effective at the time new contracts were drawn up.

Shipments of coal from Lake Erie ports to upper lake ports for the season to June 1 were 45 per cent above the same period of 1933 and in the month of May were up 54 per cent from the same period of last year. Local shippers stated that the coal movement so far this year has been somewhat below expectations and demand for coal has been limited because of uncertainties in the general situation. Output of mines in recent weeks has been greater than in 1932 or 1933, but slightly less than in the corresponding periods of 1931.

Automobiles Production of automobiles in May declined week after week even though an upward trend was shown at this time in most past years. The reduction in output from April, however, was only 6.5 per cent and at 331,641 cars and trucks, a gain of 51.9 per cent was recorded from May 1933, according to the Department of Commerce. In the first five months 1,418,869 units were assembled, a gain of 88.2 per cent from last year and the highest for any similar period since 1930. It is generally felt that output so far this year has been considerably in excess of

retail sales which slowed down following the price increases in several lines this spring. Expanding inventories in the early months of the year in preparation for the spring trade are not unusual, but this year the supply of cars rose sharply due to a number of unusual circumstances.

When retail sales failed to increase at the expected rate assembly plants reduced their schedules, some of them quite sharply, but at the same time price reductions were announced on many models. This, according to reports, caused some sales to be made which had been deferred and production in the second and third weeks of June, according to *Cram's* reports, was up contraseasonally. Introduction of new models also was helpful in this respect, but the gains were confined chiefly to the low-priced cars.

In May passenger car production was 273,765 units, a gain of 48 per cent from the corresponding month of last year. This increase is somewhat smaller than the 80 per cent gain shown for the first five months, but in 1933 production was stepped up sharply in May and June following the unusually dull spring months.

So far as truck production was concerned the month of May showed a gain of 72 per cent from 1933 and for the year to date an increase of 133 per cent was reported. Most local truck companies report operations at high levels, in some cases nearly equaling previous records.

New passenger car registrations in Ohio and Western Pennsylvania in May totaled 18,892 units, according to reports, a gain of 36.4 per cent from last year. For the year to date registrations were up 67.2 per cent from 1933.

Rubber Tires Operations in the tire industry declined in recent weeks in order that large inventories built up in the first four months of this year might be absorbed. Prior to May 1 manufacturers produced considerably more tires than were shipped from their factories and this, coupled with the fact that dealers' stocks were augmented in the period as a hedge against possible increased prices or an interruption at the source of supply, placed the industry, as a whole, in an overstocked position. Manufacturers' stocks of tires on May 1, according to the *Rubber Manufacturers' Association*, exceeded 11,600,000 casings, the highest since 1930. Manufacturers' tire sales declined in April and, according to reports, the downward trend continued in May and early June. The falling-off occurred principally in sales of tires to be used for replacements, original equipment business having held up reasonably well in May and early June.

So far as production in May was concerned figures on crude rubber consumed indicate that a falling-off occurred in that period. At 43,013 tons, rubber takings were down 4.3 per cent from April and they were 2.4 per cent less than in May 1933. In this connection, however, the industry was very active in May, June and July of 1933 and in June and July of 1932. In fact production in these periods was at the highest level in several years, the industry as a whole being subject to unusual demands. In April, the latest month for which complete figures are available, tire production was up 52.7 per cent from the corresponding period of 1933 and for the year to date a gain of 87 per cent was shown. Output in April was down

from the high level of March and in the latest month exceeded shipments only slightly, indicating that production was being brought more in line with demand.

Fourth district rubber factories reported an increase of 0.6 per cent in employment in May from April, compared with a five-year average April-to-May gain of two per cent. Compared with May 1933, a 42 per cent increase in the number of employees was shown at 18 manufacturing plants.

So far as the crude rubber situation is concerned there was a sizable increase in world rubber stocks in the early months of this year; prompted somewhat by the fact that a restriction on crude rubber production was thought to be forthcoming; a plan designed for this purpose became operative on June 1. Present stocks of crude rubber are ample and represent approximately a year's supply, so that while announcement of the restriction plan caused prices to increase sharply to the highest level in several years, part of the gain was the result of speculative buying and was followed by a reduction in June. Imports of crude rubber to the United States in May totaled 47,954 tons, a slight increase from April, but a gain of over 20,000 tons from May 1933. Domestic stocks on May 30, at 351,329 tons, were practically unchanged from a month ago, but they were slightly smaller than at the close of May 1933.

A relatively minor labor disturbance occurred in the tire industry in mid-June, but though operations exhibited a downward trend in order that excessive stocks might be absorbed, no tire shortage is expected.

Clothing No definite trend was discernible in the clothing industry in May and the first half of June. Some companies reported increased operations in the period which were contrary to the seasonal trend of most years, while others reported little change. Employment at 41 manufacturing plants reporting to the Ohio State Bureau of Business Research was up 3.3 per cent from April to May, a considerably greater than seasonal improvement, the five-year average April-to-May change being an increase of only 0.4 per cent. Most of the expansion was in the miscellaneous and women's ready-to-wear field.

Fall samples of women's wear generally are presented to buyers in late May or early June and so far orders have been quite encouraging. The dollar volume shows a considerably greater increase than the number of units sold, but prices are up from a year ago, although some reduction has occurred in recent months from the high point touched this spring.

So far as the textile industry was concerned there has been a slowing-down in operations generally in recent weeks; hesitancy in regard to the placing of orders for fall materials is reported because of the relatively high prices.

The dollar value of retail clothing sales in May at fourth district department stores was still considerably above May 1933, but the gains, ranging from 20 to 35 per cent, were little more than the increase in prices in the period. Manufacturers report that sales have not been in sufficient volume to absorb all of the surplus resulting from the high rate of operations in the spring months of this year. Unusually hot weather in May and June caused

a demand for summer goods and stocks of heavier spring clothing are somewhat greater than normally are reported at this time of year.

Other Manufacturing Allowing for seasonal changes, little variation was apparent in operations in late May and the first half of June in most of the small manufacturing lines of this district for which information is available. The spring peak, however, appears to have been passed, in some instances in April, but in others not until May and the downward seasonal movement continued in June in several lines. Large inventories built up earlier this year remain to be worked off in some fields while others report a normal condition in this respect.

Automobile Parts, Accessories. The downward trend in automobile parts and accessory production evident in early May continued in the latter part of that month and the first half of June. While this was seasonal, the falling-off was greater than the decline in automobile production, indicating that assembly plants had built up inventories of parts and materials this spring at a considerable greater-than-seasonal rate. Employment at 34 Ohio plants was down slightly in May from the preceding month, but continued over 80 per cent above a year ago. Reduced automobile prices which, according to reports, have stimulated retail buying, caused no appreciable change in orders for parts or materials.

Brick and Tile. Operations at brick and tile plants in May failed to show the usual seasonal increase although they were up slightly from the preceding month. Failure of the construction industry to show a seasonal expansion this spring was chiefly responsible for the unfavorable showing. April production of face brick at 54 identical plants throughout the country was 76 per cent above April 1933, but only five per cent of the industry's capacity was engaged in the period.

China, Pottery. Operations at local china and pottery plants declined rather sharply in May and early June, but the high rate of activity in the first four months of this year was thought to be partly responsible for the falling-off, for rather large inventories were created in that period which now are being scaled down. A contraction in production in early summer months, however, is not unusual. Sales continue to be above a year ago and collections show considerable improvement.

Electrical Supplies. Operations in the electrical apparatus and supply industry continued at a high rate in late May and the first half of June, and except for a slight reduction in the demand for refrigerators, which was seasonal, no falling-off was reported. Twenty-four local concerns reported an increase of 3.1 per cent in employment from April to May, a greater-than-seasonal improvement, and in the latest month the number of employees was up 46 per cent from May 1933. Some companies report that orders received recently were more than twice as large as in the corresponding period of 1933, and a considerable backlog of unfilled orders has been built up. Inventories of raw materials are larger than a year ago.

Glass. The decline in glass production reported last month continued in late May and early June, particularly in the plate and window glass division of the industry. The reduction in prices had little effect on buying and some of the larger companies are operating at about 50 per

cent of capacity; in some cases this was lower than a year ago. Employment at local factories declined two per cent from May to April in contrast with a five-year average increase for this period of 2.6 per cent. A gradual slackening of orders, resulting in a curtailment of operating rates and shipments at a greater-than-seasonal rate, was reported by makers of molded glassware in this section in recent weeks. Drought conditions have reduced the demand for food containers considerably.

Hardware, Machine Tools. The index of machine tool orders received by members of the *Machine Tool Builders' Association* declined slightly in May, but the falling-off was less than occurred in the first four months of this year. Nevertheless, marked improvement, both in employment and operating rates was evident from a year ago. Sales of hardware and small tools also have declined in recent weeks, the falling-off being about proportionate to the decline in automobile assemblies. Some manufacturers reported rather large stocks of finished goods on hand while others stated they are at a minimum.

Paint. In the paint industry little change was apparent in late May and early June from a month ago, but gains continue to be shown from last year when the industry was operating at a very high rate prior to the time increased prices became effective. Industrial paint sales continue much above last year, although a slight falling-off was reported in recent weeks.

Paper. Little change was reported in the paper and boxboard industry in late May and the first half of June although in the latter period there was a seasonal reduction in operations. The industry as a whole was operating at approximately 51 per cent of capacity in June, while for the year to date an average of 59 per cent was indicated.

Shoes. Shoe production at local factories in the first four months of this year (May figures not yet available) was 7.9 per cent ahead of a year ago and the highest since 1929. April production was 23 per cent greater than in April 1933, and preliminary reports indicate that operations held up quite well in May and early June. Orders for fall delivery have been placed in satisfactory volume and, except for a slight reduction in operations due to the change in patterns, activity has continued at a high rate so far this year.

TRADE

Retail

After allowing for seasonal changes, the dollar volume of retail trade at fourth district department stores in May was up rather sharply from April and the corrected index rose nearly six points to 78.1 per cent of the 1923-1925 monthly average. This was a new high level for the present upward movement and the index was higher than since May 1931. Compared with a year ago dollar sales were up 26.1 per cent and sales in May of last year were relatively large following the low level of March and April. As has been the case for over a year higher prices were responsible for the sizable share of the increased dollar volume, but according to *Fairchild's* retail price index, department store prices have declined in the past two months. Despite this decline retail prices show an increase of approximately 26 per cent from last year.

So far as individual cities were concerned the largest

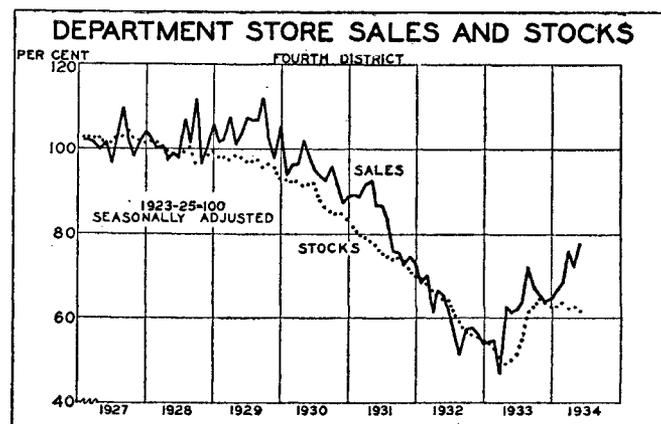
gains from last year were shown in Akron, Cleveland and Pittsburgh. In the various departments sales of house furnishings and apparel items continued to lead the list. Dollar sales in the first five months of 1934 were up 30 per cent from the corresponding period of 1933. Basement store sales showed a comparatively greater increase from last year than did total store sales, being up 31.8 per cent in May at 29 reporting units. Basement sales at these stores represented 19.7 per cent of the total store volume.

There was a slight increase in the ratio of credit to total sales in May, but the percentage, 57.9 per cent, was only slightly higher than in May 1933. Installment sales, as a per cent of total sales, were down in May from April, but represented 9.8 per cent of the total store volume in the month compared with 6.9 per cent a year ago.

In most recent years there was little change in the dollar value of stocks at department stores between April and May, but in the latest month a reduction of 1.6 per cent was reported; the adjusted index dropped to 61.5 per cent of the 1923-1925 monthly average. Compared with a year ago dollar value of stocks was up 22.4 per cent.

A further improvement in collections was reported in May and 36.6 per cent of the accounts receivable at the beginning of the month were collected during the period; in May of 1933 the collection percentage was 30.4 per cent. Although a very slight increase in the percentage of collections on installment accounts was reported in May compared with last year, collections on regular accounts were 43.4 per cent against 33.6 per cent in May 1933, an improvement of approximately 30 per cent.

Furniture store sales in May were 41.4 per cent larger than in May of 1933 and for the year to date were up 60 per cent. At furniture departments of reporting department stores, May sales showed an increase of 12 per cent from a year ago. Wearing apparel stores reported a gain of 26.8 per cent in dollar sales in May and an increase of 28 per cent was shown in the first five months from corresponding periods of 1933. Chain grocery store sales, per individual unit operated, increased 8.9 per cent from April to May and were up 11.7 per cent from a year ago. For the first five months these sales showed an increase of 16.7 per cent from the corresponding period of 1933. Chain drug sales increased 15.5 per cent in May from the preceding year, but were off slightly from the April level. For the year to date a gain of 19.8 per cent was reported.



Wholesale There was a considerably greater-than-seasonal increase in all reporting lines of wholesale trade from April to May and the composite index of sales of 69 firms was 67 per cent of the 1923-1925 monthly average, compared with 60 per cent in April and 55 per cent in May of 1933. Gains from a year ago were not so great as were reported in earlier months, but hardware sales continued 38 per cent above last year and drug sales were up 28 per cent. Dry goods sales showed an increase of 20 per cent and grocery sales were up 15 per cent in May as compared with the similar period of 1933. Considerable improvement in collections also was indicated generally.

BUILDING

A contrary-to-seasonal falling-off in the construction industry was apparent in this district in May, the value of contracts awarded being only \$7,771,000. This was a decline of 28 per cent from April, and compared with \$44,647,000, the eleven-year average value of contracts awarded in May in this section. The April-May reduction followed a March-to-April decline which also was in contrast with the upward trend generally evident at this season. While most of the drop was due to a contraction in public works' and utility awards, there was a falling-off in nonresidential building of other types. This April-to-May decline also was contrary to the trend shown in the 37 Eastern States where a gain of two per cent was reported for the period by the *F. W. Dodge Corporation*.

Compared with a year ago, the dollar value of contracts awarded in the fourth district in May was up 17.7 per cent, whereas for the first five months a gain of 190 per cent was shown from the same period of 1933. Awards for public works' construction in May in this section were down from April although they were about three times as large as in May 1933. For the year to date public works' construction was ten times as great as in the first five months of 1933. The value of other major types of building, except the construction of one- and two-family houses was greater in the first five months of this year in the fourth district than in the same period of 1933, but activity is still very limited compared with the average of past years.

There was a reduction in the value of contemplated construction reported in this section in May from April and the total was only about 40 per cent as large as was reported in May 1933. Building supply dealers reported a falling-off in demand for materials in late May and early June and the position of the entire industry was not so favorable as a month ago.

AGRICULTURE

While the worst spring drought in history was ended by scattered rains in the third week of June in this district and somewhat earlier in other parts of the country, the moisture arrived too late to be of much benefit to the hay and small grain crops. The condition of pastures has improved, however, and the corn crop was materially benefited, although in many sections planting of corn had been delayed at least two weeks because of dry conditions.

Winter Wheat

	Estimated June 1 condition		Production (thousands of bushels)	
	1934	1933	1934 forecast	1933 Harvest
		Average	condition	Average
		1922-31		1927-31
Ohio	62	80	28,958	34,732
Pennsylvania	71	85	14,654	15,678
Kentucky	69	80	3,324	3,240
West Virginia.....	67	87	1,675	1,798
United States.....	55.3	64.0	400,357	351,030
		75.7		632,061

Winter Wheat. The foregoing table shows the estimated June 1 condition of winter wheat in the four states included in the fourth district and also in the entire country for 1934, last year and the ten-year average 1922-31, and also estimated production figures for these same periods. Although the June 1 condition in all important wheat sections of the country was very much below the average of past years and also lower than in 1933, the year's production (based on the June 1 condition) estimated at 400,357,000 bushels for the entire country, was up nearly 50,000,000 bushels from the unusually small crop of 1933. Despite the crop-reduction program of the Agricultural Adjustment Administration, as a result of which many farmers reduced their wheat acreages, the total acreage remaining for harvest in the entire country was 22.2 per cent above that harvested last year. This increased acreage is entirely responsible for the estimated increase in the 1934 crop as compared with that of the preceding year. The June 1 estimate which, in all probability, was reduced further because of unfavorable conditions in the first half of the month, was less than two-thirds the average harvest of the five years 1927-1931. Throughout the fourth district there was little variation in the condition of the wheat crop although the June 1 estimate for Ohio was considerably lower, compared with the ten-year average, than it was in other sections of this district. The crop generally is reported to have ripened about two weeks earlier than usual; the straw is short and small heads have not filled properly because of moisture deficiency.

Oats. The June 1 condition of oats indicated a crop of less than 700,000,000 bushels for the entire country, compared with a ten-year average production of 1,229,000,000 bushels; 1933 also was a poor oat year, the harvest for the entire country being only 722,485,000 bushels. Conditions are below average in all but a few states and the lowest June 1 condition is reported in the corn belt which includes part of this district. Practically all fields in this section show a very poor stand and plants are heading on extremely short straw in many sections. This, of course, means that a large part of the oat crop will be cut as hay, it being too short to handle in the usual way. The following table shows the June 1 condition as a per cent of estimated normal for the states of this district and the entire country for this year, 1933 and the ten-year average 1920-1931.

Condition June 1	Oats				
	(Per cent of estimated normal)				
	Ohio	Penna.	Kentucky	West Virginia	United States
1934	45	75	52	59	47.2
1933	66	83	77	82	78.7
1922-31 Average	79	86	80	83	82.1

Corn. No estimate on the acreage planted to corn or the condition of the crop has yet been released by the Department of Agriculture, but both are thought to be under

the average of preceding years in this section as well as in the entire country. Some fields which were planted early grew quite well despite the dry conditions, growth being stimulated by the unusually warm weather in May which was particularly harmful to most other crops and pastures. Later-planted fields germinated very poorly and in some cases planting was delayed until mid-June following the rains.

Hay. An unusually small hay crop is indicated by the June 1 condition which, for the entire country was only 51.9 per cent of normal, compared with a ten-year average June 1 condition of 81.7 per cent. In Ohio the June 1 condition was 48, Pennsylvania 69, and Kentucky and West Virginia 54 per cent of normal. These figures are very much below the ten-year average condition of approximately 80 per cent. The June 1 condition of pastures was the lowest on record generally and in many sections fields used for grazing were drier than in mid-summer and presented a very burned appearance.

Tobacco. Extremely dry weather delayed planting generally throughout the burley tobacco belt and on June 1 it was estimated that only 35 to 40 per cent of the crop had been set. Following rains in early June many fields which were planted earlier were reset and in the middle of the month it was estimated that only about 25 per cent of the crop remained to be planted. It is generally felt that about 65 per cent of the acreage planted with burley tobacco in 1933 will be devoted to this crop for 1934. Plant shortage was reported in some sections, but on the whole the supply probably will be adequate.

Fruits. Severe winter weather, late frosts and drought conditions are responsible for the poor fruit prospects reported on June 1 in this district as well as in other northern states. In Ohio the peach crop is estimated to be only about one sixth as large as the five-year harvest and in the other states prospects were only slightly better. Apple crop prospects also are poor. A heavy June drop is reported, following only a light fruit setting. Cherry and pear prospects are somewhat below 1933, but the condition changed only slightly in the latest month.

Fourth District Business Statistics

(000 omitted)

	May, 1934	% change from 1933	Jan.-May, 1934	% change from 1933
Fourth District Unless Otherwise Specified				
Bank debits—24 cities	\$1,744,000	+31.9	8,026,000	+20.8
Savings Deposits—end of month:				
41 Banks, O. and Pa.	\$ 646,553	+ 6.1	1
Life Insurance Sales:				
Ohio and Penna.	\$ 89,707	+20.5	406,132	+14.2
Retail Sales:				
Dept. Stores—49 firms	\$ 18,220	+26.4	75,092	+29.9
Wearing Apparel—11 firms	\$ 825	+26.8	3,637	+27.6
Furniture—42 firms	\$ 939	+41.4	3,480	+60.3
Wholesale Sales:				
Drugs—13 firms	\$ 1,303	+27.5	7,040	+39.8
Dry Goods—10 firms	\$ 1,181	+20.4	5,297	+43.0
Groceries—33 firms	\$ 3,806	+15.5	18,012	+25.7
Hardware—14 firms	\$ 1,427	+38.1	5,651	+51.3
Building Contracts—Total	\$ 7,771	+17.7	73,944	+190.6
—Residential	\$ 1,846	+18.2	7,816	+ 9.2
Commercial Failures—Liabilities	\$ 3,534	+46.6	12,049	+60.4
—Number	73 ²	+49.7	310 ²	+67.0
Production:				
Steel Ingot, U. S.	Tons 2,043	+130.3	7,901	+148.9
Steel Ingot, U. S.	Tons 3,397	+69.7	13,338	+108.7
Automobiles—Pass. Car, U. S. No.	273,765 ²	+48.2	1,147,567 ²	+79.9
Automobiles—Trucks, U. S. No.	57,876 ²	+72.0	271,275 ²	+133.3
Bituminous Coal, U. S.	Tons 11,805	+22.0	63,114	+34.9
Cement, O., W. Pa., W. Va.	Tons 963	+50.0	2,299	+72.5
Elec. Power, O., Pa., Ky.	k.w.h. 1,121 ²	+37.5	4,699 ⁴	+25.5
Petroleum—O., Pa., Ky.	bbls. 1,860 ²	+10.4	7,260 ⁴	+ 7.3
Shoes	(²) (²) 8	+22.9	(⁴) (²) 8	+ 7.9
Tires, U. S.	Casings 4,627 ²	+52.7	17,661 ⁴	+86.6
Bituminous Coal Shipments:				
Lake Erie Ports	Tons 4,820	+54.1	6,600	+45.0
Iron Ore Receipts:				
Lake Erie Ports	Tons 1,468	+227.7	1,468	+221.9

Wholesale and Retail Trade

(1934 compared with 1933)

	SALES May 1934	Percentage Increase or Decrease SALES First 5 months	STOCKS May 1934
DEPARTMENT STORES (49)			
Akron	+53.8	+72.8	+35.9
Cincinnati	+13.2	+16.0	+13.9
Cleveland	+31.0	+36.2	+35.2
Columbus	+19.4	+25.0	+26.7
Pittsburgh	+24.7	+23.2	+18.5
Toledo	+16.5	+27.1	+16.5
Wheeling	+22.3	+32.1	+21.8
Other Cities	+42.7	+41.6	+17.4
District	+26.4	+29.9	+22.4
WEARING APPAREL (11)			
Cincinnati	+17.2	+15.4	+14.8
Other Cities	+32.1	+34.6	+14.2
District	+26.8	+27.6	+14.4
FURNITURE (42)			
Cincinnati	+28.5	+45.1	
Cleveland	+43.7	+72.6	
Columbus	+18.9	+31.6	
Dayton	+ 9.9	+19.7	
Toledo	+63.3	+74.0	
Other Cities	+83.7	+94.0	
District	+41.4	+60.3	
CHAIN STORES*			
Drugs—District (4)	+15.5	+19.8	
Groceries—District (5)	+11.7	+16.7	
WHOLESALE GROCERIES (33)			
Akron	+33.9	+41.3	
Cleveland	+ 0.4	+28.5	
Eric	+27.8	+16.8	
Pittsburgh	+10.1	+21.8	
Toledo	+23.2	+22.7	
Other Cities	+22.7	+24.1	
District	+15.5	+25.7	
WHOLESALE DRY GOODS (10)	+20.4	+43.0	+32.3
WHOLESALE DRUGS (13)	+27.5	+39.8	
WHOLESALE HARDWARE (14)	+38.1	+51.3	

*per individual unit operated.

Debts to Individual Accounts

(Thousands of Dollars)

	4 weeks ended June 20, 1934	% change from 1933	Year to Date Jan. 3 to June 20, 1934	Year to date Jan. 4, 1933 to June 21, 1933	% change from 1933
Akron	43,071	+48.5	253,192	175,567	+44.2
Butler	6,830	+24.5	37,764	32,017	+17.2
Canton	24,316	+44.6	151,751	93,816	+61.8
Cincinnati	234,119	+12.4	1,404,137	1,236,646	+13.5
Cleveland	384,829	+33.8	2,200,748	1,869,457	+17.7
Columbus	107,601	+34.4	619,022	486,393	+27.3
Dayton	37,971	+ 7.2	221,530	206,981	+ 7.0
Eric	17,046	+24.7	101,411	85,611	+18.5
Franklin	2,440	+ 2.3	14,446	11,856	+21.8
Greensburg	4,460	+34.9	26,340	21,765	+21.0
Hamilton	7,460	+15.7	43,372	35,139	+23.4
Homestead	1,865	+17.7	9,820	8,717	+12.7
Lexington	12,920	+10.3	108,219	85,339	+26.8
Lima	6,798	+44.9	42,981	31,699	+35.6
Lorain	2,428	+31.5	13,875	12,237	+13.4
Middletown	6,107	+ 2.6	36,032	30,608	+17.7
Oil City	6,967	+37.6	37,849	32,408	+16.8
Pittsburgh	514,173	+ 1.6	3,168,298	2,763,262	+14.7
Springfield	10,687	+33.6	66,829	53,814	+24.2
Steubenville	6,282	+53.5	34,157	23,382	+46.1
Toledo	75,657	+25.5	489,023	369,923	+32.4
Warren	6,018	+28.2	35,306	24,522	+44.0
Wheeling	24,795	+ 0.7	161,437	139,455	+15.8
Youngstown	33,700	+45.5	181,828	124,503	+46.0
Zanesville	5,185	+ 9.2	31,454	27,781	+13.2
Total	1,583,725	+16.8	9,490,821	7,983,268	+18.9

Fourth District Business Indexes

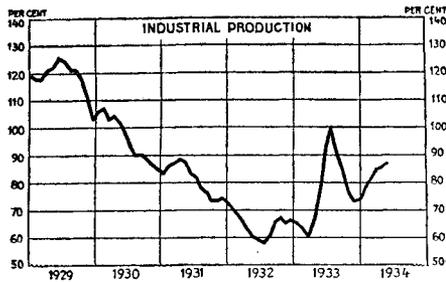
(1923-1925 = 100)

	1934	1933	1932	1931	1930
Bank Debts (24 cities)	64	49	58	91	120
Commercial Failures (Number)	50	99	164	131	130
— (Liabilities)	80	150	152	135	69
Sales—Life Insurance (Ohio & Pa.)	107	89	92	125	141
— Department Stores (47 firms)	80	63	68	89	101
— Wholesale Drugs (12 firms)	87	68	75	90	103
— Dry Goods (10 firms)	48	40	34	55	79
— Groceries (33 firms)	66	57	55	72	92
— Hardware (14 firms)	73	53	55	70	91
— All (69 firms)	67	55	53	71	91
— Chain Drugs (4 firms)**	73	63	74	88	91
Building Contracts—(Total)	16	14	30	76	107
— (Residential)	11	13	13	44	81
Production—Coal (O., W. Pa., E. Ky.)	65	54	41	65	86
— Cement (O., W. Pa., W. Va.)	80	53	39	107	167
— Elec. Power (O., Pa., Ky.)*	134	97	115	130	140
— Petroleum (O., Pa., Ky.)*	101	91	109	104	139
— Shoes*	106	87	62	74	68

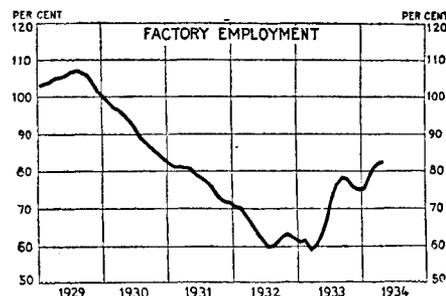
*April.
**Per individual unit operated.

Summary of National Business Conditions

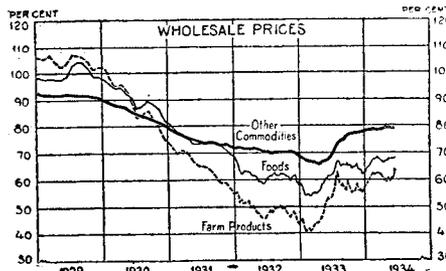
By the Federal Reserve Board



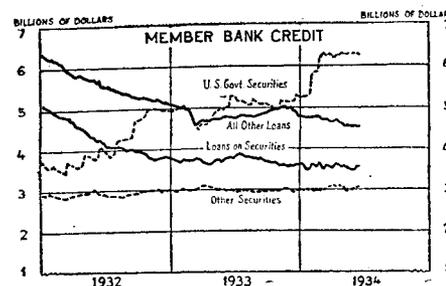
Index number of industrial production adjusted for seasonal variation (1923-1925=100). Latest figure, May, preliminary 87.



Federal Reserve Board's index of factory employment adjusted for seasonal variation (1923-1925=100). Latest figure, May, 82.4.



Indexes of United States Bureau of Labor Statistics, by months, 1929-1931, by weeks, 1932 to date (1926=100). Latest figures for week ending June 16.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for June 13.

Industrial production increased slightly in May, while factory employment and pay rolls showed little change. The general level of wholesale prices, after remaining practically unchanged since the middle of February, advanced sharply in the middle of June, reflecting chiefly increases in the prices of livestock and livestock products.

Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index, advanced from 86 per cent of the 1923-1925 average in April to 87 per cent in May, as compared with a recent low level of 72 last November. Activity at steel mills increased further from 54 per cent of capacity in April to 58 per cent in May, while output of automobiles showed a decline. Lumber production continued at about one third the 1923-1925 level. In the textile industries output declined somewhat, partly as a consequence of seasonal developments. At mines coal production showed little change in volume, while output of petroleum continued to increase.

In the first three weeks of June activity at steel mills continued at about the May level, although a decline is usual at this season. Maintenance of activity reflected in part, according to trade reports, considerable stocking of steel. Output of automobiles declined somewhat, as is usual at this season.

Employment in factories, which usually declines slightly between the middle of April and the middle of May, showed little change, while employment on the railroads, in agriculture and in the construction industry increased, as is usual at this season. Increased employment was shown at manufacturing establishments producing durable goods, such as iron and steel and nonferrous metals, while employment declined at establishments producing nondurable manufactures, such as textiles and their products.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, has shown a decline in the spring months, reflecting a reduction in the volume of contracts for public projects. The volume of construction work actually under way has increased as work has progressed on contracts previously awarded.

Department of Agriculture estimates based on June 1 conditions indicated unusually small crops of winter wheat and rye and exceptionally poor conditions for spring wheat, oats, hay and pastures, largely as a consequence of a prolonged drought. The winter wheat crop was estimated at 400,000,000 bushels as compared with a five-year average of 630,000,000 bushels and an exceptionally small crop of 350,000,000 bushels last season. Rains in early June somewhat improved prospects for forage and grain crops not already matured.

Distribution

Total freight traffic increased in May by more than the usual seasonal amount, reflecting in considerable part a larger volume of shipments of miscellaneous products. At department stores the value of sales showed an increase as is usual at this season.

Commodity Prices

During May and the first three weeks of June wholesale prices of individual farm products fluctuated widely, while prices of most other commodities showed little change.

Wheat, after advancing rapidly during May, declined considerably in the first three weeks of June. Cotton continued to advance in the early part of June. In the middle of the month hog prices increased sharply from recent low levels. Automobile prices were reduced in the early part of June, and copper prices advanced.

Bank Credit

During May and the first half of June there was little change in the volume of reserve bank credit outstanding. As a consequence of expenditure by the Treasury of cash and deposits with the Federal reserve banks and a growth in the country's monetary gold stock, member bank reserve balances advanced further to a level \$1,800,000,000 in excess of legal requirements. In the week ending June 20, however, excess reserves dropped to \$1,675,000,000 reflecting an increase in Treasury deposits at the reserve banks in connection with June 15 tax receipts and sales of Government securities.

Total loans and investments of reporting member banks increased by \$80,000,000 between May 16 and June 13, reflecting a growth in holdings of investments other than United States Government securities and in open-market loans to brokers and dealers, while loans to customers declined. Net demand deposits increased by about \$400,000,000 during the period.

Money rates in the open market continued at low levels. The rate on prime commercial paper declined to $\frac{3}{4}$ —1 per cent in June, the lowest figure on record.