



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

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A summer slackening was evident in several lines of business activity in this district in the latter part of June and the first half of July. In some cases the falling-off was seasonal while in others it was more than that, but in a few lines operations continued at a relatively high rate for this time of year. This was particularly true of many general manufacturing concerns located in smaller centers of the district.

With some of the major industries showing a severe decline at the mid-year, the general level of industrial operations was reduced, but some of the factors which caused a high rate to be maintained in June were responsible for the falling-off. In the steel industry considerably more material was ordered by manufacturers than was required for immediate operations so that orders in the early part of the third quarter were very limited. This was also the case in the rubber and tire, automobile parts, textile and coal industries.

A comparison of the various business indicators for the first six months of this year with the same period of 1933 shows in part the degree of improvement that has occurred. The following table shows the percentage changes between the two periods. In the case of wholesale and retail trade and debits to individual accounts price changes were partly responsible for the increases.

Automobile production, U. S.	+ 72.6
Building contracts awarded—fourth district	+153.7
Cement production—fourth district	+ 50.6
Coal production—fourth district	+ 28.1
Coal shipments—Lake Erie ports	+ 45.3
Commercial failures—fourth district	— 64.2
Debits to individual accounts—fourth district	+ 20.3
Department store sales—fourth district	+ 27.7
Furniture store sales—fourth district	+ 53.5
Iron ore receipts—Lake Erie ports	+241.4
Pig iron production, U. S.	+122.0
Steel ingot production, U. S.	+ 82.3
Savings Deposits—June 30—fourth district	+ 8.4
Tire production—U. S. ¹	+ 51.6
Wholesale sales—four reporting lines—fourth district	+ 29.5
¹ Five months.	

Employment throughout the district declined in June at a greater-than-seasonal rate, according to reports, but despite the slight falling-off, it remained 25 per cent higher than a year ago at this time and for the six-month period averaged 36 per cent better than in 1933. Local labor disturbances were less noticeable than a month ago.

Retail trade fell off more than seasonally in June, the adjusted index dropping over four points. Comparison of current sales with a year ago is much less favorable

than in the early months of 1934, but last year at this time a considerable spurt in buying developed.

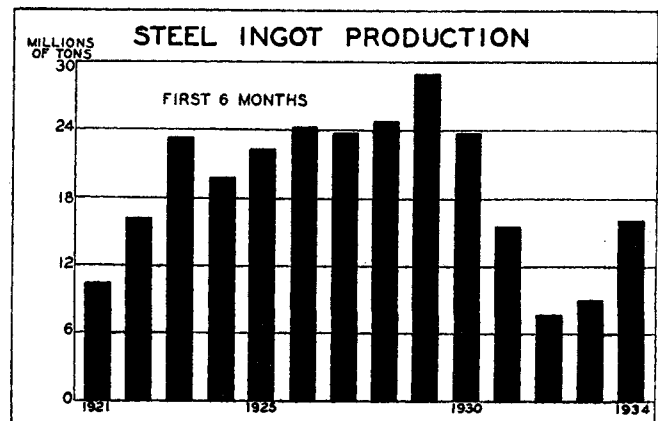
Life insurance sales in June in Ohio and Pennsylvania were up 12 per cent from last year and the gain in the first six months was 13.9 per cent.

Agricultural conditions in this district improved in June as a result of rain, but the July 1 report of the Department of Agriculture indicated that crop prospects were much below the average of recent years. In contrast with other sections of the country local crop prospects were quite favorable. The wheat crop turned out somewhat better than was expected. The corn crop in some parts of the district is in very good condition, but in other parts it is relatively poor. Prices, as a result of the severe drought conditions in the West, have increased recently on many farm products.

FINANCIAL

An important development in the financial situation in this district in the past month was the appointment and organization of an Industrial Advisory Committee composed of five members "actively engaged in some industrial pursuit" in this Federal reserve district for the purpose of considering applications for loans to industry to provide working capital, with a maturity of five years or less, which were authorized by the amendment in June to the Federal Reserve Act.

Section 13b of the Federal Reserve Act authorizes Federal reserve banks to discount or purchase from "any



bank, trust company, mortgage company, credit corporation for industry, or other financing institution" obligations maturing within five years, entered into for the purpose of providing working capital for any such established industrial or commercial business and to make loans or advances direct to financing institutions on the security of this type of obligation. Any such financing institution either must obligate itself to the Federal reserve bank for at least 20 per cent of any loss which may be sustained by the bank upon any obligation acquired from the financing institution or advance at least 20 per cent of the working capital for the established industrial or commercial business without obligating itself on the amount advanced by the Federal reserve bank. This amendment provides further that "in exceptional circumstances, when it appears to the satisfaction of a Federal reserve bank that an established industrial or commercial business located in its district is unable to obtain requisite financial assistance upon a reasonable basis from the usual sources, the Federal reserve bank * * * may make loans to, or purchase obligations of, such business * * * on a reasonable and sound basis, for the purpose of providing it with working capital, but no obligation shall be acquired or commitment made hereunder with a maturity exceeding five years."

In this district the Industrial Advisory Committee was appointed on July 7, a meeting to organize was held soon after that date and on the 26th of the month a second meeting was called for the purpose of considering applications for loans of this type. No information regarding loans which might be under consideration by financing institutions in the fourth district in which this bank may participate is available.

Reserve and Member Bank Credit. Changes in reserve bank and member bank credit in the five latest weeks were quite insignificant. Total reserves of the Federal Reserve Bank of Cleveland increased \$18,000,000 between June 20 and July 25 and, at \$392,000,000 on the latest date, they were over \$90,000,000 higher than at the beginning of the year and at a record high level. Reserves generally are higher in mid-summer than at the beginning of the year, but the recent increase has been greater than the average of past seasons. Bills discounted for member banks in this district on the latest date amounted to only \$446,000, and though they have been practically nil for many weeks they are gradually approaching the vanishing point. The volume of acceptances held and Government securities owned by this bank was unchanged in the five latest weeks.

Circulation of Federal reserve notes increased in late June and early July in anticipation of holiday demand and also to take the place of Federal reserve bank notes in circulation which were being retired in the period. The liability for approximately \$1,500,000 of this bank's Federal reserve bank notes still in circulation was assumed in mid-July by the United States Treasury Department. This followed a deposit of an equal amount of lawful money by this bank with the Department.

Member bank reserve deposits increased \$32,000,000 in the five latest weeks to \$265,000,000 on July 25. Compared with a year ago at this time an increase of \$115,000,000 was evident. A considerable part of this repre-

sented excess reserves. In June daily average required reserves of member banks were \$108,000,000 less than actually were on deposit with this bank.

At the weekly reporting member banks in leading cities credit extended declined slightly in the five latest weeks, a falling-off being evident in both loans and investments. Loans on securities continued their downward movement and "all other" loans were reduced slightly in the period. Member bank holdings of Government securities also were reduced in the five weeks ended July 25, but investments in other securities, after declining in early July, increased in the second and third weeks of that month.

Demand deposits of reporting member banks increased \$22,000,000 in the five latest weeks and on July 25 they were approximately 20 per cent higher than at the beginning of the year. Time deposits recently have shown a moderate increase and in the latter part of July they were up 8.9 per cent from the January level.

Savings deposits at selected banks in leading cities of the fourth district increased in June and as of June 30 were 8.4 per cent higher than a year ago at that time. Debits to individual accounts at banks in 25 cities of the district were up 16 per cent in the four weeks ended July 18 from the same period of last year. The gain for the year to date was 20 per cent.

MANUFACTURING, MINING

Iron and Steel

The sharpest decline in the history of iron and steel production occurred in the opening week of the third quarter. Operations for the entire industry dropped to below 25 per cent of capacity in the period from an average of 57 per cent in June and a high level of approximately 60 per cent in one week of that month. A falling-off was expected in the industry, for steel users took the full amount specified by their contracts in the latter part of the second quarter in anticipation of a sharp increase in prices on new third quarter contracts. Some recovery in operations followed the holiday period, but the industry in the second and third weeks of July was turning out steel at only 30 per cent of capacity. Operating rates in the four latest weeks in the Cleveland-Lorain district declined from 77 to 41 per cent; at Pittsburgh mill activity was down from 56 to 21, and Youngstown mills curtailed operations from 62 to 30 per cent. In each case lower levels were touched in early July, some recovery having occurred in the two latest weeks.

The determining factor for the steel industry will be the rate at which heavy steel stocks, accumulated in June in anticipation of much higher prices than eventually developed, are consumed. The price increases originally scheduled for third quarter contracts, which led many consumers to increase their inventories, ranged from \$3 to \$8 a ton, whereas price revisions announced early in July reduced these advances so that new quotations were only \$1 to \$4 a ton over the levels at which the bulk of the material was billed in May and June. These revised prices applied to practically all classifications of steel except wire, tinplate, reinforcing steel, pipe, and rails and track accessories. *Steel's* finished steel price composite was lowered \$1.40 to \$54.10, although it is still \$3 higher than the level at which most of the second quarter or-

ders were filled. No change has been announced in pig iron prices, with the original \$1 a ton advance holding. Demand for scrap steel has fallen and prices have weakened.

The most important factor which caused steel operations to advance from the low level of the holiday week was the unusually strong demand for automobile materials. According to reports, motor car manufacturers have been arranging their schedules to produce in July and August practically all present models that will be required over the remainder of the year. This will enable them to obtain an earlier start on retooling for 1935 models.

Railroads have nearly completed their steel purchases for the year except that some additional orders for freight cars might be placed at a later date. Building construction requiring steel is seasonally low, but there are a number of government projects requiring considerable amounts of steel to be awarded. Structural steel contracts awarded so far this year showed a tonnage increase of 17 per cent from the comparable period of 1933. Some of the smaller consuming industries, notably those manufacturing household equipment, are reported to be doing exceptionally well for this season of the year.

Daily average pig iron production in June—64,563 gross tons—was 2.7 per cent below May, while output for the month—1,936,897 tons—was down 5.8 per cent. The industry made 9,852,608 tons in the first six months, 121 per cent more than in the first half of last year. June closed with 92 stacks in blast, a net loss of 25 in the latest month.

Daily average steel ingot output for June, 103,724 gross tons, was 16.5 per cent less than in May, while total output of 3,015,972 tons was down 10 per cent in the period. Production for the first six months was 16,180,889 tons, as shown on the accompanying chart, compared with 8,989,192 tons in the first half of 1933, a gain of 82 per cent. Output in the period was approximately the same as in 1931.

Coal

Coal production at fourth district mines in June was down slightly from May, but was approximately the same as a year ago at this time. This was in striking contrast with earlier months of the year, for production in the first half of 1934, at 74,468,000 tons, was up 28.1 per cent from the comparable period of 1933. Coal consumers in the first five months of this year augmented their stocks considerably in anticipation of higher prices or an interruption at the source of supply and industrial stocks of bituminous coal on June 1 were 29.6 per cent higher than a year previous. Coal consumption in the latest month was up approximately 20 per cent from last year at that time.

In early July output of coal was slightly under the corresponding weeks of 1933, but it continued well above the level of 1932. Shipments from Lake Erie ports in June, at 5,719,000 tons, were 45.7 per cent above June 1933 and approximately the same percentage increase was shown for the year to date. Recent price changes have been limited to a correlation of differences between districts under the code administration.

Automobiles

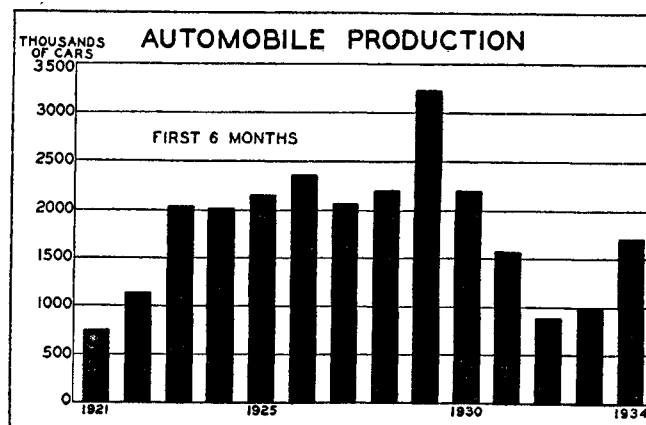
The automobile industry in June more than maintained its seasonal level compared with May, the adjusted index of the Federal Reserve Board rising from 78 to 82 per cent of the 1923-1925 monthly average. Factory sales in the month, according to the Department of Commerce, totaled 308,051 units, compared with 249,727 cars and trucks in June 1933, a gain of 23 per cent. Assemblies were down only 7.1 per cent from May to June.

The sizable increase from a year ago at this time was significant in that output reached its peak in June 1933, somewhat later than usual. In the first half of this year 1,714,325 cars and trucks were made, a gain of 72.6 per cent from the corresponding period of 1933 and the largest output for any similar period since 1930.

Passenger car production in the latest month amounted to 261,852 units, an increase of 26 per cent from last year and in the first six months 1,400,704 passenger cars were turned out, as against 835,433 in the same period of 1933. It is not unusual for production at this time of year to exceed retail sales and the preliminary estimate of new passenger car registrations in the latest month was 218,000 units, whereas registrations of passenger cars in May numbered 219,163. According to reports the industry is turning out more cars than are being absorbed currently in order to build up inventories to carry through until new models are introduced. Present indications are that retooling in preparation for these new models is to be undertaken somewhat earlier than has been the case in recent years. Production fell off very sharply over the holiday period in early July, but much of the loss was recovered in the following week, so that present indications point to a July output not very far below that of June.

The falling-off in truck production evident in May was continued in June and output for the month, at 46,199 units, was only 9.7 per cent ahead of 1933. For the first six months of this year, however, more than twice as many trucks were turned out as in the comparable period of 1933.

New passenger car registrations in this section held up quite well in June, the gain from last year being 40 per cent. Compared with May there was an increase of 11 per cent, whereas the average change for this period in the past five years was a decline of nine per cent.



Rubber Tires The rubber and tire industry operated at a lower rate in June than in May or in June 1933, judging by the amount of rubber consumed in the United States in these periods. Reports from individual companies substantiated this fact, and indicated that a downward trend continued in the first half of July. Rubber consumption in June amounted to 40,242 tons, a drop of about 20 per cent from last year, at which time, however, the industry was unusually active prior to the date on which the sales tax became effective. In May of this year rubber consumption was 43,012 tons.

Domestic factories took less rubber in June than was imported in the month, receipts from producing countries in the period totaling 49,683 tons, a gain of 3.6 per cent from May and 118.6 per cent from June 1933. As a result domestic stocks of crude rubber were up six per cent from a year ago.

In May, the latest month for which complete production figures are available, output for 97 per cent of the industry, according to the *Rubber Manufacturers' Association*, was 4,323,000 units, a reduction of 14 per cent from the corresponding period of last year. Although a slight decline from April also was evident, shipments exceeded production in the latest month by nearly 800,000 units. Manufacturers' stocks consequently were reduced, the first downward movement evident this year, but they are unusually large in comparison with current demand from dealers and distributors. Manufacturers reported a greater-than-seasonal falling-off in both sales and shipments in June, resulting partly from the fact that dealers overstocked earlier this year in anticipation of higher prices and also from fear of possible interruption at the source of supply.

Employment at 18 rubber factories in this district declined slightly from May to June, whereas the five-year average change for the period was an increase of 3.9 per cent. Despite this falling-off the number of employees in the latest month was 25 per cent ahead of a year ago. The contraction in production recently manifested itself in a reduction in the number of hours worked and was reflected in smaller pay rolls.

Clothing Operations in the clothing and textile industry in June and early July so far as this district was concerned were somewhat irregular. Demand for textiles recently has declined partly because many manufacturers somewhat overstocked with raw materials earlier this year, but sales for the first six months were considerably above the same period of 1933.

In the clothing industry employment at 38 reporting concerns declined 2.8 per cent in June in contrast with the five-year average increase of 1.4 per cent, but in mid-July orders for fall delivery were reported substantially ahead of last year and large enough to maintain operations at current levels for some time. Factories making men's clothing continue to operate at higher levels than does the industry as a whole. Dollar value of clothing sales at reporting department stores in this district in June were still above a year ago at this time although a

much smaller gain was reported than in earlier months of this year.

Other Manufacturing Declines in most of the smaller lines of production were reported in June and early July in this district, but in many cases the falling-off was about equal to the contraction which usually occurs in the summer months. At a surprising number of small, general manufacturing companies it was reported that operations continue at capacity levels.

Automobile Parts, Accessories. Although automobile production, and consequently demand for parts and accessories, declined in June and the first part of July, operations in the industry were being maintained at a somewhat higher than expected level in view of the high rate of production in the spring months of this year. Early July operations at parts and accessory plants were down about 25 per cent from June, but they continued very much above a year ago. June employment at 32 plants reporting to the Ohio State University Bureau of Business Research was off 5.7 per cent from May, compared with the five-year average decline of 3.5 per cent, but was better than 50 per cent above last year at this time.

Brick and Tile. A contrary-to-seasonal increase in employment at brick and tile plants in this district was reported in June, the gain being 5.4 per cent in contrast with the five-year average decline of 0.4 per cent. The industry, however, is still operating at much below capacity levels.

China, Pottery. While a decline in operations at china and pottery plants is expected at this season of the year, the falling-off in recent weeks was quite pronounced. Some plants closed entirely in early July, while others were operating at about 50 per cent of capacity or less. In the first six months employment at ten plants averaged 30 per cent above the corresponding period of 1933 and most companies reported a sizable increase in sales for that period.

Electrical Supplies. This industry continued to operate at a high rate in June and early July. There was a seasonal decline in demand for refrigerators, but other lines held up quite well. One company reported unfilled orders nearly double a year ago, with inventories of raw materials up sharply and of finished goods slightly. Employment in June was up more than seasonally at reporting concerns and for the first six months the increase averaged over 50 per cent.

Glass. Production of window glass continues at very low levels and plate glass output has declined recently along with the falling-off in automobile production. Makers of molded glassware also reported a slight contraction in June, but to some extent this was seasonal. In the industry as a whole employment was reduced 5.2 per cent in June from May, whereas in the preceding five years a slight increase was reported. Activity continues much above last year in most cases, and some individual plants are operating at capacity levels.

Machinery. Machinery and machine tool sales have been in limited volume recently and the industry as a whole is quite depressed. The only bright spot was the announced retooling of the automobile industry, but little is expected in this line before fall. The index of machine tool orders,

compiled by the *National Machine Tool Builders' Association*, has declined steadily for five months and in June was lower than since November of last year.

Paint. Paint sales and operations declined more than seasonally in June and compared unfavorably with a year ago when the industry was operating at a high rate, the usual spring peak being delayed considerably. Raw material prices have declined and stocks of lead and zinc are somewhat larger than a year ago. Other raw material stocks are limited; this is particularly true of glycerin.

Paper. Paper and boxboard mills have been operating recently at approximately a 20 per cent lower level than a month ago and activity was reported to be about the same as last year at this time. The recent decline was largely seasonal, although uncertainties in the general situation have caused buyers to defer placing orders, according to reports.

Shoes. Shoe manufacturers in this section report that the volume of fall orders received compares very favorably with last year, in fact increases ranging from 25 to 35 per cent were mentioned in some instances. Most plants in mid-July were operating at capacity levels on these orders. Collections are reported satisfactory and although production at factories in this section was somewhat under the average for the entire country in the first five months of the year, a gain of 11.5 per cent was shown and output for the period was greater than in any similar interval since 1929.

TRADE

Retail There was a falling-off in the dollar volume of retail trade at reporting department stores in this district in June and the decline was considerably more than seasonal. The adjusted index of daily average sales receded to 73.9 per cent of the 1923-1925 monthly average, a drop of over four points in the month. Compared with a year ago dollar sales in June showed an increase of 18.1 per cent, but last year at this time retail trade was expanding quite rapidly as a result of "Buy Now" programs, talk of higher prices, etc. In the first half year dollar sales of these reporting stores were up nearly 28 per cent, but as pointed out repeatedly, increased prices account for the major part of the greater volume. In this connection, however, retail prices, according to *Fairchild's* index, have declined for three consecutive months, the falling-off in June amounting to one-half of one per cent and the reduction from the high of March being 1.6 per cent. Compared with a year ago, this index was up nearly 22 per cent and a gain of 27 per cent from the low recorded in April of 1933 was apparent.

There was a slight reduction in the ratio of credit to total sales in June, the contraction being entirely due to a falling-off in the ratio of installment to total sales. There was a little more activity in the basement departments of reporting stores in relation to total sales than was evident in May. In the individual departments sales of home furnishings continued to lead in the percentage increase from a year ago, although sizable gains in dollar sales of wearing apparel also were reported.

Dollar value of department store stocks declined 5.1 per cent from May to June, a greater-than-seasonal falling-off. The adjusted index dropped nearly one point to 60.7

per cent of the 1923-1925 monthly average. Compared with a year ago at this time the dollar value of stocks was up 16.8 per cent.

There was a slight reduction in June from May in the ratio of collections during the month to accounts receivable at the beginning of the period, but collections generally are much better than a year ago. Collections on regular accounts in the latest month were 42.2 per cent, whereas last year at this time a collection ratio of 35.7 per cent was reported.

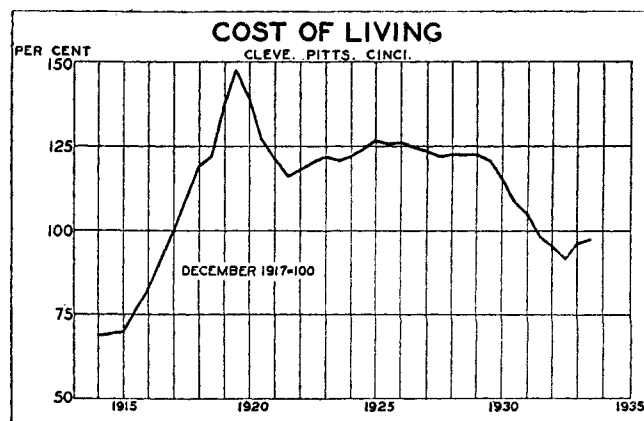
Wholesale

A contrary-to-seasonal falling-off was reported in three of the four lines of wholesale trade for which figures are received regularly and the combined index of dollar sales dropped three points to 64 per cent of the 1923-1925 monthly average. It was still higher in June, however, than in any comparable month since 1931. Wholesale grocery firms were the only ones to report an increase, the gain from May being 2.8 per cent and from June 1933, 9.6 per cent. In the first half year wholesale grocery sales increased 22.5 per cent. Dry goods sales were up 5.3 per cent in June from a year ago, but in the six-months' period an increase of 35 per cent was shown. Last year at this time, however, dry goods demand was unusually active. Wholesale drug and hardware sales in June were up 15 and 14 per cent, respectively, from last year and gains of 36 and 43 per cent were shown in the first six months from the similar period of 1933.

COST OF LIVING

The index of the cost of living in Cleveland, Pittsburgh and Cincinnati, for which figures are compiled semi-annually by the Department of Labor, showed that living costs of wage earners in these three cities in June of this year averaged 1.4 per cent higher than at the end of 1933 and approximately six per cent above June 1933. In the individual cities Pittsburgh showed the greatest gain, both in the past six months and in the entire year, with Cleveland following close behind and Cincinnati showing the smallest increase.

The accompanying chart shows the changes in cost of living in these three cities from December 1914 to date, with December 1917 representing 100 per cent. On the latest date this index was 97.4 per cent of the base period,



about the same as in June 1932. Changes in the past six months in the principal factors entering into cost of living showed rather wide fluctuations.

Food costs were up 4.7 per cent in the period and were 15 per cent higher than a year ago. Clothing was up 2.4 per cent in the six latest months and about ten per cent in the past year. Housefurnishings increased 3.7 per cent from January to June of this year, but were up about 15 per cent in the 12 latest months. Rent, on the other hand, declined 2.6 per cent from December to June, was down six per cent in the year and was lower than since 1917. Fuel and light costs also were reduced slightly in the six latest months, the first downward movement for some time.

Whereas changes in individual items entering into a family's cost of living show much greater fluctuations than these figures might indicate, particularly the increase in some food and clothing costs, this index represents the *average* change which has occurred in the period.

BUILDING

An increase of nearly 50 per cent in the dollar value of building contracts awarded in the fourth district was apparent in figures of the F. W. Dodge Corporation for June compared with May. As for several months past when favorable figures have been reported the gain was almost entirely in the public works and utilities classifications. The latter type accounted for over two thirds of the total volume of awards in this section in June, whereas in May it represented less than 50 per cent of the value of contracts awarded.

Dollar value of contracts awarded, at \$11,444,000 in June, showed a gain of 39.4 per cent from last year at this time, but for the first half year total awards were up 15.4 per cent, due chiefly to activity in the public works' and utility fields where large expenditures of public moneys have swelled the figures.

Residential construction in June in this section was valued at \$1,685,000, a reduction of 33 per cent from June a year ago and slightly under May of this year. For the six-month period residential awards were down 1.8 per cent from the first half of 1933.

There was an increase in all types of contemplated construction reported in June compared with May, but the total was less than half as great as a year ago. There has been quite a decline in the amount of contemplated work reported in recent months. Factors in this connection are financing difficulties and the uncertainty in regard to building construction prices, both of labor and materials. The latter have been reduced recently, but continue somewhat above a year ago. Wage rates in the building industry continue at relatively high levels in comparison with other industries.

Lumber sales have declined recently and production has shown a falling-off. Cement output in this district in June was up 15 per cent from a year ago and for the first six months a gain of 50 per cent was shown from the same period of 1933.

AGRICULTURE

Although rather general rains in June helped pastures, hay, and the late-maturing grain crops they were of little

benefit to oats in this section and came too late to be of any help to wheat. Agricultural conditions in the fourth district as a whole are very much below recent years, but the July 1 crop report indicates that local farmers are in relatively better position than in many sections of the country where drought conditions still exist. This is particularly true of the western Corn Belt states and the spring wheat sections east of the Rocky Mountains. The following table shows the production of principal crops estimated on the basis of acreage planted and the July 1 condition for the fourth district and the entire country. Not only is this year's harvest expected to be very much below last year, but it also is much under the average of preceding periods.

ESTIMATED PRODUCTION OF PRINCIPAL CROPS

	Fourth District			United States		
	1934*	Harvest 1933	% change from 1933	1934*	Harvest 1933	% change from 1933
Wheat, bu.	33,398	38,866	-14.1	483,662	527,978	-8.4
Corn, bu.	134,442	150,851	-10.9	2,113,137	2,343,883	-9.8
Oats, bu.	33,903	35,159	-3.6	567,839	731,524	-22.4
Hay, tons	3,105	3,929	-21.0	52,020	65,983	-21.2
Tobacco, lbs.	92,240	117,615	-21.6	1,039,517	1,385,107	-25.0
Potatoes, bu.	16,993	15,501	+ 9.6	348,092	320,353	+ 8.7

*Based on the July 1 condition

According to the Department of Agriculture "crop yields generally in the entire country are expected to be 13 per cent below the average of the past 13 years and due to acreage-reduction programs and losses from drought, the total of field crops harvested will be the lowest in 25 years. The wheat, oats, barley, rye and flax crops are expected to be the smallest harvested in the country in 30 years and the corn crop is expected to be the smallest in that period, with the exception of the crop in 1930. Hay production is expected to be 22 per cent lower than in any previous season during the 15-year period for which comparable estimates are available and pastures are far poorer than at this date (July 1) in any of the last 50 years."

Wheat. The winter wheat harvest in this district was somewhat smaller than usual and although estimated production was 14 per cent under the harvest of last year it was only 9.3 per cent below the ten-year average harvest in this district. Yields, where threshing has been done, are considerably better than were expected a month or six weeks ago, and it now appears that wheat will be the farmers' best crop locally. Although some grain has a shriveled appearance, a result of moisture deficiency earlier this year, many yields of between 30 and 40 bushels per acre have been reported.

Corn. The acreage planted to corn in this section is the smallest since 1899 and though the condition of the crop on July 1 was somewhat better than the average of past years, estimated harvest was 10.9 per cent under that of 1933. Compared with the ten-year average 1924-1933, however, a reduction in annual production of 19 per cent was expected this year. The condition of the crop is quite uneven throughout the district. Early planted fields on well-prepared ground have made remarkable progress since the June rains, but late-planted corn in many instances was in very poor condition. This was quite severely damaged in sections by insects, some fields being completely destroyed.

Oats. Not since 1931 has oat production in this sec-

tion been near average and this year's crop is expected to be the smallest in over forty years, being 3.6 per cent under the harvest of 1934 and 56 per cent below the ten-year average harvest in this district. Oats are particularly short in all areas and thin, weedy stands are quite general.

Potatoes. The potato crop, both in the fourth district and the entire country, is the only major crop which is expected to show an increase from the harvest of 1933, but the estimate of 16,993,000 bushels in this district is still 12.8 per cent below the ten-year average harvest. Late-planted fields have benefited by June rains and the July 1 condition was better than a year ago, but it was under the ten-year average.

Hay. This year's hay crop in the fourth district is expected to be 44 per cent below the ten-year average harvest and 21 per cent under the amount cut in 1933. Pastures are in very poor condition although some improvement occurred in early June and July.

Fruits. The condition of fruits and other small crops in this district showed little change in June and yields of all fruits, except pears, are expected to be considerably below the harvest of 1933.

Tobacco. The July 1 condition of the tobacco crop in this section was considerably above the low level of last year at this time although it was slightly under the ten-year average July 1 condition. The sharp acreage reduction is reflected in the estimated harvest as of July 1 which in this district was 92,240,000 pounds, a drop of 21.6 per cent from 1933 and of 32.6 per cent from the ten-year average harvest. The drop was slightly smaller than that shown for the entire country. Seasonable weather recently has permitted the crop to make excellent growth.

Wholesale and Retail Trade

(1934 compared with 1933)

	Percentage Increase or Decrease		
	SALES June 1934	SALES First six months	STOCKS June 1934
DEPARTMENT STORES (49)			
Akron.....	+32.3	+64.7	+26.0
Cincinnati.....	+9.8	+14.9	+8.6
Cleveland.....	+24.3	+34.1	+28.2
Columbus.....	+21.0	+24.2	+15.5
Pittsburgh.....	+14.0	+21.4	+15.4
Toledo.....	+3.4	+22.5	+6.7
Wheeling.....	+15.6	+29.0	+16.0
Other Cities.....	+34.3	+40.2	+11.8
District.....	+18.1	+27.7	+16.8
WEARING APPAREL (11)			
Cincinnati.....	+6.1	+13.8	+10.6
Other Cities.....	+20.3	+32.1	+11.5
District.....	+15.2	+25.4	+11.2
FURNITURE (42)			
Cincinnati.....	+35.1	+43.2	
Cleveland.....	+35.6	+64.8	
Columbus.....	+20.2	+29.4	
Dayton.....	+4.7	+14.9	
Toledo.....	+9.0	+59.1	
Other Cities.....	+43.7	+83.7	
District.....	+27.1	+53.5	
CHAIN STORES*			
Drugs—District (4).....	+9.0	+17.9	
Groceries—District (5).....	+8.3	+15.2	
WHOLESALE GROCERIES (33)			
Akron.....	+22.4	+37.3	
Cleveland.....	-0.2	+22.7	
Erie.....	+27.8	+18.9	
Pittsburgh.....	+10.8	+19.6	
Toledo.....	+13.3	+20.8	
Other Cities.....	+12.2	+21.7	
District.....	+9.6	+22.5	+9.5
WHOLESALE DRY GOODS (10).....	+5.3	+35.0	+10.3
WHOLESALE DRUGS (13).....	+15.2	+35.6	
WHOLESALE HARDWARE (14).....	+14.3	+42.7	

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	June, 1934	% change from 1933	Jan.-June, 1934	% change from 1933
Bank Debits—24 cities.....	\$1,869,000	+18.1	9,895,000	+20.3
Savings Deposits—end of month:				
41 Banks, O. and Pa.....	\$ 664,238	+8.4	(1)
Life Insurance Sales:				
Ohio and Pa.....	\$ 83,455	+12.4	489,587	+13.9
Retail Sales:				
Dept. Stores—49 firms.....	\$ 16,066	+18.1	91,158	+27.7
Wearing Apparel—11 firms.....	\$ 706	+15.2	4,344	+25.4
Furniture—42 firms.....	\$ 715	+27.1	4,195	+53.5
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,215	+15.2	8,256	+35.6
Dry Goods—10 firms.....	\$ 1,056	+5.3	6,352	+35.0
Groceries—33 firms.....	\$ 3,911	+9.6	21,923	+22.5
Hardware—14 firms.....	\$ 1,288	+14.3	6,939	+42.7
Building Contracts—Total.....	\$ 11,444	+39.4	85,388	+153.7
—Residential.....	\$ 1,685	-33.2	9,501	-1.8
Commercial Failures—Liabilities.....	\$ 3,039	-16.2	15,088	-55.7
.... Number.....	74 ²	-45.2	384 ²	-64.2
Production:				
Pig Iron, U. S..... Tons	1,937	+53.1	9,853	+122.0
Steel Ingot, U. S..... Tons	3,016	+17.6	16,181	+82.3
Automobiles—Pass. Car U. S. No.	261,852 ²	+26.1	1,400,704 ²	+67.7
Automobiles—Trucks, U. S. No.	46,199 ²	+9.7	313,621 ²	+102.8
Bituminous Coal..... Tons	11,354	+0.03	74,468	+28.1
Cement, O., W. Pa., W. Va. Bbls.	972	+15.9	3,271	+50.6
Elec. Power—O., Pa., Ky. k.w.h.	1,188 ³	+17.5	5,881 ⁴	+23.7
Petroleum—O., Pa., Ky. Bbls.	2,045 ³	-72.9	9,305 ⁴	+9.3
Shoes..... Pairs	(3) (5)	+16.6	(4) (5)	+11.5
Tires, U. S..... Casings	4,323 ³	-14.1	21,984 ⁴	+51.6
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	5,719	+45.7	12,319	+45.3
Iron Ore Receipts:				
Lake Erie Ports..... Tons	3,117	+251.4	4,585	+241.4

¹ not available
² actual number
³ May

⁴ Jan.-May
⁵ confidential

Debts To Individual Accounts

(Thousands of Dollars)

	4 weeks ended July 18, 1934	% change from 1933	Year to date to July 18, 1934	Year to date to July 19, 1933	% change from 1933
	Akron.....	44,157	+54.8	297,349	204,101
Butler.....	6,531	+9.6	44,295	37,978	+16.6
Canton.....	25,225	+27.7	176,976	113,568	+55.8
Cincinnati.....	236,408	+3.3	1,640,545	1,466,422	+11.9
Cleveland.....	415,629	+30.6	2,616,377	2,187,788	+19.6
Columbus.....	114,035	+31.1	733,057	573,358	+27.9
Dayton.....	40,444	+1.8	261,974	246,705	+6.2
Erie.....	17,799	+4.9	119,210	102,578	+16.2
Franklin.....	2,487	+14.2	16,933	14,034	+20.7
Greensburg.....	5,887	+72.8	32,227	25,171	+28.0
Hamilton.....	7,189	+19.7	50,561	41,145	+22.9
Homestead.....	1,963	+15.1	11,783	10,422	+13.1
Lexington.....	17,819	+35.4	126,038	98,504	+28.0
Lima.....	7,501	+43.4	50,482	36,930	+36.7
Lorain.....	2,553	+26.3	16,428	14,258	+15.2
Middletown.....	5,931	+2.3	41,963	36,405	+15.3
Oil City.....	7,124	+26.0	44,975	38,064	+18.2
Pittsburgh.....	573,444	+8.1	3,741,742	3,293,521	+13.6
Springfield.....	11,456	+14.8	78,285	63,796	+22.7
Steubenville.....	5,790	+22.2	39,947	28,121	+42.1
Toledo.....	86,592	+17.6	575,615	442,952	+29.9
Warren.....	6,260	+33.8	41,566	29,200	+42.3
Wheeling.....	28,174	-2.9	189,611	168,475	+12.5
Youngstown.....	36,035	+40.4	217,863	150,177	+45.1
Zanesville.....	5,483	-1.7	36,937	33,357	+10.7
Total.....	1,711,916	+16.2	11,202,737	9,457,030	+18.5

Fourth District Business Indexes

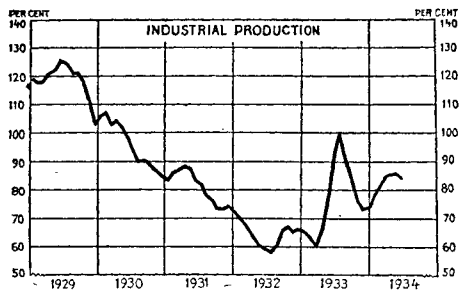
(1923-1925 = 100)

	June, 1934	June, 1933	June, 1932	June, 1931	June, 1930
Bank Debits (24 cities).....	69	58	59	94	126
Commercial Failures (Number).....	51	93	203	95	112
(Liabilities).....	69	82	179	249	87
Sales—Life Insurance (Ohio & Pa.).....	100	89	97	124	146
—Department Stores (47 firms).....	71	60	59	83	91
—Wholesale Drugs (12 firms).....	81	70	80	89	98
—Dry Goods (10 firms).....	43	41	30	53	65
—Groceries (33 firms).....	68	62	64	77	87
—Hardware (14 firms).....	66	58	53	66	78
—All (69 firms).....	64	58	57	72	83
—Chain Drugs (4 firms)**.....	75	67	71	84	85
Building Contracts—(Total).....	24	17	27	53	103
—(Residential).....	10	15	12	35	64
Production—Coal (O., W. Pa., E. Ky.).....	63	63	40	67	81
—Cement (O., W. Pa., W. Va.).....	81	70	54	125	160
—Elec. Power (O., Pa., Ky.)*.....	141	120	111	128	145
—Petroleum (O., Pa., Ky.)*.....	111	95	112	101	138
—Shoes*.....	105	90	62	70	61

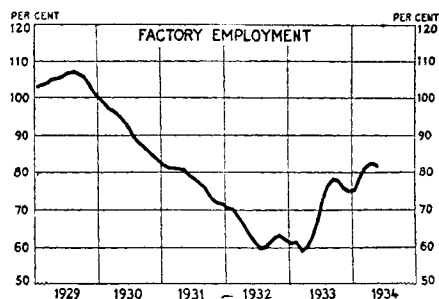
*May.
**Per individual unit operated.

Summary of National Business Conditions

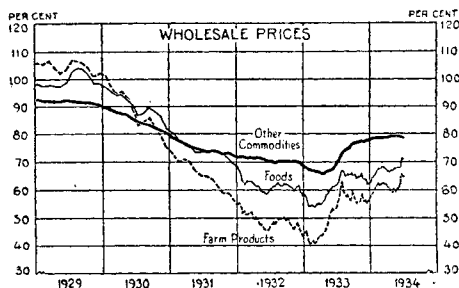
By the Federal Reserve Board



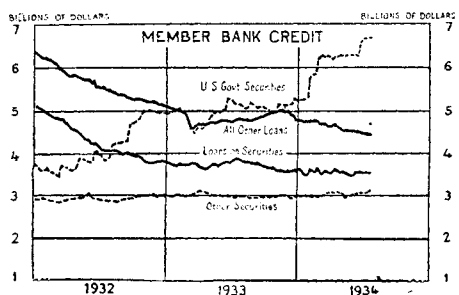
Index number of industrial production adjusted for seasonal variation, (1923-1925=100). Latest figure, June, preliminary 84.



Federal Reserve Board's index of factory employment adjusted for seasonal variation (1923-1925=100). Latest figure, June 81.4



Indexes of United States Bureau of Labor Statistics, by months, 1929-1931, by weeks, 1932 to date, (1926=100). Latest figures for week ending July 14; farm products 64.5; foods 70.8; other commodities 78.3.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for July 18.

Industrial production, which had increased during each of the six months from December to May, declined in June by somewhat more than the usual seasonal amount. Factory employment and pay rolls also showed decreases which were partly of a seasonal nature. The general level of wholesale commodity prices advanced during June and showed little change during the first three weeks of July.

Production and Employment

Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 86 per cent of the 1923-1925 average in May to 84 per cent in June, reflecting chiefly a sharp reduction in activity at cotton textile mills. Production at lumber mills and at coal mines also showed a decline. In the steel and automobile industries activity decreased in June by an amount somewhat smaller than is usual at this season. Maintenance of activity at steel mills in June reflected in part the accumulation of stocks by consumers, according to trade reports, and at the beginning of July output of steel showed a sharp decline.

Employment at factories decreased somewhat between the middle of May and the middle of June, reflecting reductions in working forces in industries producing textile fabrics, wearing apparel, leather products, automobiles, and lumber, offset in part by increases in employment at steel mills and at meatpacking establishments.

Value of construction contracts awarded, which had shown little change during May and June, showed an increase in the first half of July, according to the F. W. Dodge Corporation.

Department of Agriculture estimates, based on July 1 conditions, indicated a wheat crop of 484,000,000 bushels, compared with an average of 886,000,000 bushels for the five years 1927-1931, and a corn crop of 2,113,000,000 bushels, compared with the five-year average of 2,516,000,000 bushels. Crops of other grains, hay and tobacco were also estimated to be considerably smaller than usual. The acreage of cotton under cultivation was estimated at 28,000,000 acres, about 2,000,000 less than the acreage harvested last season. In the first three weeks of July drought conditions prevailed over wide areas, particularly in the southwest.

Distribution

The number of freight cars loaded per working day showed a further slight increase in June followed by a decline in the first half of July. Sales by department stores decreased in June by more than the estimated seasonal amount.

Wholesale Commodity Prices

Wholesale prices of farm products and foods generally advanced during June while other commodities as a group showed a slight decline. Hog prices increased considerably in the middle of the month while wheat declined throughout the month. In the middle of July wheat prices advanced rapidly to levels above those reached at the end of May, and there was a considerable advance in cotton, while lumber prices declined and finished steel prices were reduced somewhat from the advanced quotations previously announced.

Bank Credit

Between June 13 and July 18 member bank reserves increased to a new high level of nearly \$4,000,000,000, about \$1,850,000,000 in excess of legal requirements. The growth reflected chiefly a further increase in the monetary gold stock. A seasonal increase in demand for currency over the July 4th holiday period was followed by an approximately equal seasonal return flow during the succeeding two weeks. The volume of reserve bank credit outstanding showed little change.

At reporting member banks there was a growth of United States Government deposits during the five-week period, reflecting chiefly the purchase in June of new issues of Government securities by the banks. Bankers' balances also increased, but deposits of individuals, firms and corporations have shown little change. Loans declined somewhat, reflecting a decrease in loans to customers, while loans to brokers showed an increase.

Money rates remained practically unchanged at the low levels prevailing in June.