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Fourth Federal Reserve District

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With most of the major lines of trade and industry in the fourth district showing distinctly greater-than-seasonal declines in July and the first part of August, the level of business activity at present is not far above that prevailing at the beginning of the year. Comparison of many current production statistics with a year ago at this time is unfavorable, but operations last summer were at an unusually high rate for that season of that year, being stimulated by the fact that the spring expansion was delayed and "Buy Now" programs, fear of inflation, processing taxes, etc., caused an abnormal expansion which was followed by a decline of sizable proportions in the fall and early winter, to permit the absorption of surpluses created in the summer months.

In contrast with this reduction in the major lines of activity reports from the small general manufacturing industries located in the less important cities of the district indicate that operations have held up quite well for this season of the year.

Output of automobiles in July was 17 per cent above the unusually active month in 1933, but the gain was materially below the 62 per cent increase shown for the first seven months. Car assemblies held up quite well in the first three weeks of August, although a downward trend was exhibited. Demand for parts and accessories tapered off and operations at local plants were curtailed. Inquiries for new machinery, tools and materials for the 1935 models are beginning to appear.

The falling-off in steel production in July from the high rate at the close of June was the sharpest on record and operations in the third week of August approximated 21 per cent of capacity. Absorption of the large stocks of steel built up in June, prior to the anticipated price increase, was somewhat slower than expected, and buying in the latter part of August, except for government projects, was limited.

Production of rubber tires and rubber products declined in July and August, according to reports, and operations at local factories were under a year ago at this time. The large inventories built up in the early months of this year are being worked off, but still are a formidable factor.

Retail sales at department stores throughout the district declined at a greater-than-seasonal rate and the adjusted index in July was slightly above the low point

of the year touched in January. Buying has been curtailed generally in recent weeks despite the fact that retail prices have exhibited a slight downward tendency for the past four months.

Employment generally was reduced in July at a greater-than-seasonal rate and the falling-off was exceeded by the drop in pay rolls because of a reduction in the number of hours worked at many plants. In contrast with a year ago considerable improvement in both employment and pay rolls is still evident.

Electric power production in the central industrial region of the country was slightly below a year ago at this time when demand was unusually great, but in the first six months electric power production in Ohio, western Pennsylvania and eastern Kentucky was 20 per cent ahead of the same period of 1933.

The number of commercial failures in this section in July was about half as great as a year ago, while the reduction in the first seven months was 63 per cent. Liabilities involved were down slightly less than the drop in number. Bank debits to individual accounts in 24 cities of the district in July were 7.4 per cent ahead of a year ago, but a smaller gain was shown in August.

Lake traffic in July, although still above a year ago, showed a much smaller gain than was evident in earlier months of this year. Prior to August 1, coal shipments from Lake Erie ports were 27 per cent ahead of the same period of 1933, and iron ore receipts were up 108 per cent.

Although crop prospects declined slightly in this section in July and August, they compared more favorably with a year ago than did the average for the entire country. In some sections crops are only slightly below normal in condition, but in others a less favorable situation is evident.

FINANCIAL

Financial conditions in the fourth district showed little change in the five weeks ended August 22. Debits to individual accounts at banks in leading cities of the district in the period were 3.3 per cent ahead of the same interval of 1933, but the gain for the year to date was 16 per cent. Higher prices now prevailing in many lines contributed to the increase, but the general improvement in business in the period was probably the most important factor. Savings deposits at selected

banks in Ohio and Pennsylvania on June 30 were 6.5 per cent larger than a year ago at that time. Deposits have shown a gradual increase for several months. Life insurance sales in Ohio and Pennsylvania in July were 10.8 per cent ahead of July 1933 and the seven-month gain in total sales was 13 per cent.

At the Federal Reserve Bank of Cleveland total reserves increased slightly, but there was practically no change in the value of earning assets or in the types of securities included therein. Amounting to \$214,000,000, on the latest date, Government securities held totaled \$213,024,000, although there has been no increase in holdings of Government securities so far this year.

Total deposits, including member bank reserve deposits, were \$275,000,000 on the latest date, practically unchanged from the corresponding date in July, but up \$115,000,000 from a year ago at this time. Much of this represented reserves in excess of legal requirements. These averaged \$118,000,000 in July, a gain of \$11,000,000 from June.

Federal reserve notes in circulation declined slightly in late July, but increased about \$7,000,000 between August 1 and August 22. Demand for Federal reserve notes was quite general, but one specific reason for the increase was that county treasurers now receiving taxes have been unable to obtain bids from banks for deposits of public funds and, therefore, have found it necessary to place these funds in safety deposit boxes.

At the reporting member banks in leading cities of the fourth district total credit extended rose from \$1,178,000,000 on July 18 to \$1,195,000,000 on August 22, an increase of 1.4 per cent. The gain, as for several months, was due almost entirely to increased investment holdings of the member banks. "All other" loans in the three latest weeks have shown a tendency to increase, but the total outstanding was still below the level of late July. Recently the gain in investments has been distributed between Government securities and those of other types. The former rose from \$569,000,000 to \$581,000,000 in the five latest weeks, while other than Government securities increased nearly eight per cent between early July and the present date. On August 27 investments in these securities, at \$206,000,000, compared with \$205,000,000 a year ago at that time.

Demand deposits continued to increase at an irregular rate in the five latest weeks, and at \$656,000,000 on August 22, compared with \$510,000,000 on the same date of 1933, a gain of 28.6 per cent. Time deposits increased in late July, but showed little change in the first three weeks of August. They were up 6.1 per cent from a year ago on the latest date.

MANUFACTURING, MINING

Iron and Steel Demand for steel from private sources continued at a very low level all through July and early August. In part this represented a seasonal contraction, but the falling-off was accentuated in this instance by the fact that stocks accumulated in June, prior to the higher prices which became effective on third quarter contracts, were not used up as fast as was anticipated. The average rate of steel production in the entire country in the third week of August was about 21 per cent of capacity, the

rate having dropped from about 30 per cent in the third week of July. At Pittsburgh mills production was at 15 per cent of capacity, Cleveland mills were operating at 13 per cent, Wheeling 26 per cent, and Youngstown 22 per cent. The contraction from the high rate of late June was the sharpest for any similar period on record and all of the gain recorded since the first of the year was surrendered.

Pig iron production in July was at a daily average rate of 39,630 gross tons, a drop of 38.7 per cent from June and the lowest since January of this year. Total output for the month was 1,228,544 gross tons. In July 1933, production averaged 58,101 tons per day. During July 18 blast furnaces were taken out of production, following a reduction of 25 in June; 43 furnaces were thus made inactive in the two-month period and on August 1 74 units were still producing pig iron.

Steel ingot production in July was lower than in any month since April 1933, and at 1,472,584 tons, was less than half the output recorded in June of this year and compared with 3,168,354 tons in July 1933, where production was at its peak for the year. July operations were at 26.75 per cent of capacity compared with 52.68 per cent in June and 58.30 per cent in July last year. Despite this unusually sharp decline in steel ingot production, output for the first seven months of 1934, at 17,653,473 tons, was 46.5 per cent greater than for the corresponding period of 1933.

According to *Steel* new orders for the first three weeks of August were larger than for the comparable period of July, but bookings were chiefly for the purpose of completing inventories. Government buying has helped maintain structural steel mill operations at a relatively high rate and the automobile industry has ordered more material than was expected a few weeks ago. Railroads are buying steel in limited quantities for repair purposes only; the rolling of rails ordered earlier in the year under Government sponsorship has about been completed.

Iron and steel prices have been generally steady in the past four weeks; changes that have occurred merely restored the relationship existing prior to the advances on most products which developed at the beginning of the third quarter. Demand for scrap steel has declined and prices on several grades have been reduced from 25 cents to a dollar a ton. Current quotations are somewhat below a year ago at this time. *Steel's* price composite in the third week of August was \$32.23, a reduction of nine cents from a month earlier and compared with \$29.92 in August, 1933.

Shipments of iron ore continued at a relatively high rate in July and receipts at Lake Erie ports for the year to date, at 7,947,000 tons, were more than double last year's receipts. Stocks of ore on hand at furnaces and Lake Erie docks on August 1 totaled nearly 30,000,000 tons, an increase of eight per cent from last year.

Coal Coal production in the fourth district in July amounted to 10,627,000 tons.

This was a reduction of six per cent from June, whereas the average change in the past several years was a slight increase. The downward trend, however, was not confined to the fourth district alone, for total coal production in the month was slightly under

June and output was materially below July a year ago. In the fourth district the decline from last year was 18 per cent, but in the first seven months a gain in output of 20 per cent was shown.

The recent falling-off was attributed to the fact that coal users accumulated larger stocks than were warranted by consumption earlier this year and these now are being utilized. Total coal stocks in July represented 37 days' supply; the increase from April was 54 per cent and from a year ago 23 per cent.

Another factor, so far as the fourth district is concerned, was that coal shipments from Lake Erie ports in July were 1.8 per cent above last year, whereas the increase for the year to date was 27 per cent. Movement of coal to upper lake ports has slowed down in recent weeks.

Price controversies and code regulations in some sections have somewhat deferred domestic buying which normally occurs in the summer months.

Automobiles Production of automobiles in July in the United States was off 13.5 per cent from June and although the drop was greater than the seasonal decline in recent years, operations in the month held up better than was expected a few weeks ago. The Federal Reserve Board's adjusted index of production dropped from 82 to 78 per cent of the 1923-1925 monthly average. There were 266,575 cars and trucks assembled in the period, a gain of 16.2 per cent from July last year when production was only slightly below the peak month of the year. Output of cars in the past three months has exhibited a steady downward trend from the high point touched in April, but despite this falling-off, operations in the industry have held up quite well in comparison with the trend of general business activity; preliminary estimates for the first three weeks of August indicate that factories in that period maintained production schedules at approximately the same level of July and output in August is estimated at close to 250,000 units.

Retail sales have exhibited a downward trend in recent weeks, but in some sections of the country they have held up better than was expected and curtailment of assemblies, so that changes necessary for production on 1935 models might be made, was deferred. New passenger car sales in Ohio and western Pennsylvania in July were down slightly from June, but the falling-off was less than the average decline for this period in the past five years. Compared with July 1933, registrations were up about four per cent and for the year to date a gain of over 40 per cent was recorded.

In July passenger car assemblies numbered 223,868, compared with 261,852 in June and a gain of 17 per cent from July 1933 was shown. In the first seven months passenger car production was up 58 per cent from the corresponding period of last year. Passenger car output in recent weeks has exceeded retail sales, inventories of new cars being built up to carry over the period when factories will be closed down entirely or operating only at reduced schedules while necessary changes are being made to assembly lines.

Truck production in July was 42,707 units, an increase of 12 per cent from July last year; in the first

seven months of this year 356,342 trucks were assembled, a gain of 85 per cent from the corresponding period of 1933.

Rubber Tires

Output of rubber tire factories in June, July and August was less than in the corresponding months of 1933; a year ago, however, the industry was operating at an abnormally high rate. Operations in recent weeks have been at relatively low levels to permit an absorption of excessive stocks of tires in hands of dealers and manufacturers. Manufacturers' shipments have exceeded production recently by a good margin and manufacturers' inventories on July 1 represented only two months' supply, based on current consumption, according to the *Rubber Manufacturers' Association*. Although total inventories are still large, in view of current shipments the supply on hand is less than since August of 1933.

Tire production in June, of 97 per cent of the entire industry, was 4,212,000 casings. This represented a decline of 29 per cent from June 1933, but in the first six months tire output was up 28 per cent from the same period of last year. Crude rubber consumption in July amounted to 32,647 tons. This was 19 per cent below June and 33 per cent under July 1933. Operations at fourth district factories in the latest month were below a year ago at this time, but employment at 18 concerns reporting to the Ohio State University Bureau of Business Research was 12 per cent higher in July than a year ago, although it was down slightly from June.

Imports of crude rubber in July amounted to 41,530 tons. This was slightly under July last year, but exceeded consumption in the latest month by a good margin and stocks of crude rubber in the United States on July 31 were close to 370,000 tons, an increase of about 35,000 tons from a year ago. Despite the fact that domestic stocks have increased since the rubber production restriction plan became effective, rubber prices have risen rapidly. In mid-August plantation rubber was quoted in New York at close to sixteen cents a pound, an increase of more than 100 per cent in the past year and of nearly that much from the low price touched in the early part of 1934.

Clothing

Although textile and clothing factories normally are operating at peak levels at this season of the year on fall and winter models, there was a slowing-down in sales in July and early August which was reflected in a greater-than-seasonal curtailment in operations. Cancellations on orders placed earlier in the year have been numerous, particularly from drought sections of the country. Although dollar sales in July continued above a year ago in most cases, the number of pieces manufactured was down about ten per cent in some instances.

Employment at 37 fourth district factories declined 16 per cent from June to July, whereas the five-year average change was a reduction of 4.3 per cent. Factories making mens' clothing showed a curtailment, whereas in recent years an increase was reflected. Retail sales of clothing have declined considerably in recent weeks and the comparison with last year at this time, when the sales volume was up sharply because of inflationary fears, etc., was off about five per cent in the case of women's

clothing, but men's clothing sales in the same period were up approximately seven per cent.

Prices of women's apparel, according to *Fairchild's* retail price index, declined slightly in the four latest months, but men's clothing prices increased slightly in the period.

Other Manufacturing Conditions in the smaller manufacturing industries of the fourth district were unsettled in mid-August. Operations in some instances compared favorably with a year ago when activity was at an unusually high rate for the summer months, while in others a reduction was evident. Declines in production rates were reported in many lines in recent weeks and although a seasonal slackening is not unusual in the summer months, the falling-off in some instances was greater than could be accounted for in this way. Employment at industrial plants declined about four per cent in July from June, but was still considerably above a year ago at this time. Curtailed output in many instances has resulted in a reduction in the number of hours worked rather than in increased unemployment.

Automobile Parts, Accessories. Operations at auto parts plants in late July and the first half of August were reduced 20 to 25 per cent from the June level. This decline is generally regarded as being seasonal, resulting from the desire on the part of assembly plants to reduce automobile production in keeping with the curtailment in retail sales as the fall season approaches. Few orders for materials to be used on 1935 models have been received by local parts producers. These usually are relied upon at this season of the year to maintain operations. Employment at fourth district factories declined four per cent in July from June, approximately the same as the five-year average June-to-July change. Compared with a year ago the number employed was up 43 per cent.

Brick and Tile. A decline in employment at brick and tile plants of a contrary-to-seasonal nature was reported in July and operations, judging by this factor alone, were under last year at that time. Output in the brick industry in June was the same as a year ago, but shipments were down about ten per cent.

China, Pottery. Most china and pottery plants in this section in mid-August were operating at approximately 50 per cent of capacity and a downward tendency has been evident for several weeks, both in sales and production. Operations generally are considerably below a year ago at this time. The labor situation is unsettled and though the number employed at local factories in July was slightly above a year ago, a decline, chiefly seasonal, was reported from June.

Electrical Supplies. New orders received by manufacturers of electrical apparatus and supplies in July were from 15 to 20 per cent less than in June. This decline was chiefly seasonal and buying continued well above a year ago at this time. Employment at fourth district factories declined 3.7 per cent from June to July, whereas the average change in this period in the past five years was a falling-off of less than two per cent. For the year to date, however, employment averaged nearly 50 per cent better than in the same period of 1933. In the first half of August the declines in sales continued, but in-

quiries were being received in a volume which, if they resulted in actual orders, would necessitate an increase in operations in the early fall.

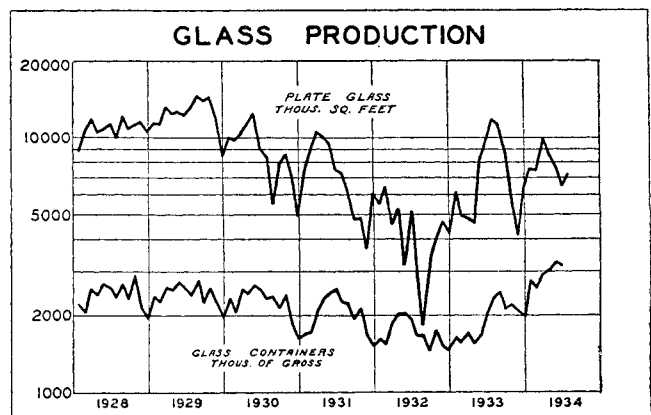
Glass. Plate glass production in July was 7,241,867 square feet. This represented an increase of nearly 700,000 square feet from June, but a reduction of 36 per cent from July 1933. Output has been curtailed in recent weeks, partly because of the drop in automobile assemblies. Unfavorable agricultural conditions caused a drop in sales of glass containers, with a consequent reduction in factory operations and also employment. The reduction in the latter item, however, was slight, curtailment being brought about principally through a reduction in the number of hours worked.

Hardware, Machinery. Machine tool sales in July declined slightly from June and continued the downward movement evident in the preceding six months. The drop in July from June was slight, and orders were considerably above a year ago at this time. New orders received in July by members of the *National Machine Tool Builders' Association* represented 34.7 per cent of the monthly average shipments in 1926. Hardware sales declined in July and early August from the June level, part of which was seasonal. Employment at fourth district factories dropped two per cent from June to July, whereas the five-year average change for this period was a reduction of over three per cent.

Paint. Paint sales in July were considerably below a year ago at this time and the decline from June was somewhat more than seasonal. Operations at major plants, however, held up reasonably well, with a consequent increase in stocks. Increasing raw material prices were partly responsible for this higher rate of activity than was necessitated by recent sales. Manufacturers have processed more raw materials than needed in order to forestall a price increase which appears imminent on the basis of quotations on some commodities entering into the manufacture of paints.

Paper. Operations in the paper and boxboard industry in early August were at approximately 55 per cent of capacity; a year ago they were 65 per cent. The falling-off in recent weeks was more than seasonal and new orders have been received in rather limited volume. Due to unusual conditions in the paper industry the number of employees was little changed in July from the preceding month, but the number of hours worked was curtailed quite sharply.

Shoes. Weakness in the price of hides which resulted



from the Government's large slaughtering program was an unsettling factor to the boot and shoe industry. Local manufacturers, according to reports, were operating at high rates on fall orders, but this was largely seasonal. In the first six months of 1934 manufacturers in this district made 7.8 per cent more shoes than in the comparable period of 1933 and output was greater than in any similar period since 1927.

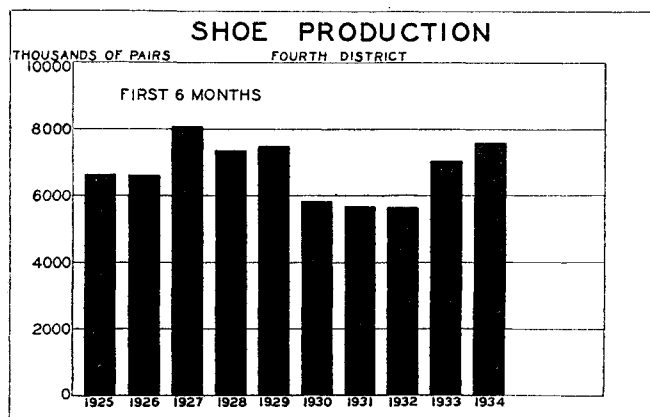
TRADE

Retail Dollar sales at reporting department stores in the fourth district in July were 5.7 per cent ahead of a year ago, but the curtailment from June was considerably more than seasonal and the downward movement continued in August, according to scattered reports from principal stores. The seasonally adjusted index of daily average sales in July was 67.7 per cent of the 1923-1925 monthly average compared with 73.9 per cent in June, which was four points below the May figure. In the two latest months retail sales at local stores have dropped about 13 per cent after allowing for seasonal changes. Despite this falling-off dollar sales in the first seven months of the year were 25 per cent larger than in the same period of 1933. While part of the gain represented higher prices (*Fairchild's* retail price index on July 1 being 16 per cent above last year at this time) a decline in retail prices has occurred in the four latest months and the total reduction in the period has amounted to two per cent.

So far as sales of individual cities were concerned, considerable variation was apparent in July. The average increase in the smaller cities of the district from a year ago was 20 per cent and Columbus sales were up 17 per cent, but other major cities showed only slight gains from last year, while in Toledo a reduction was apparent.

The ratio of all credit sales to total sales in July declined from June and was smaller than a year ago. Installment buying, however, increased in the latest month from both these periods.

The dollar value of stocks at department stores was reduced six per cent in July from June, but the falling-off was just about seasonal and the adjusted index was unchanged at 60.7 per cent of the 1923-1925 monthly average. Compared with a year ago the dollar value of stocks was up nine per cent. The stock turnover rate in July was less rapid than in June or a year ago, but for the year to date an increase was shown.



There was a slight falling off in collections in the latest month from June, but improvement from a year ago was evident in nearly all centers.

Wholesale The dollar volume of sales of the four reporting wholesale lines of trade in the fourth district was down in July from June by a somewhat greater-than-seasonal amount and total sales were slightly below a year ago at this time. In mid-1933, however, all lines of wholesale trade were quite active. Wholesale hardware and grocery sales in July continued slightly above a year ago at this time and the gains in the first seven months were 35 per cent and 20 per cent, respectively. July wholesale drug sales were 14 per cent above a year ago and the increase in the first seven months was 32 per cent. Dry goods sales were down 34 per cent in the latest month from July 1933, but a gain of 20 per cent was indicated for the first seven months of this year, compared with the same period of 1933.

BUILDING

Dollar value of building contracts awarded in the fourth district in July was down slightly from June, but the falling-off was less than seasonal and, at \$10,121,000, was 50.5 per cent ahead of July 1933. Activity in the industry, however, was quite limited and, as for several months, resulted chiefly from the awarding of contracts for public works and utilities financed through the granting of Federal funds. The curtailment in public works' activity in July was quite pronounced from June. In the first seven months of this year total building contracts awarded, according to the F. W. Dodge Corporation, were 136 per cent larger than in the corresponding period of 1933.

Residential contracts awarded increased nearly 25 per cent in this section in July from June, but were 1.9 per cent under a year ago. The same decline in this type of construction was shown by comparing awards in the first seven months of 1934 with those of 1933.

Dealers in building supplies reported conditions in early August practically unchanged from recent months and little demand for materials of any sort. Considerable reliance in the field is placed upon the new Federal loans for home repair and renovizing to stimulate the demand for lumber and other building materials. Contemplated building reported in this section in July was off quite sharply from June and was much below a year ago. In both comparisons all major types of building showed declines except public utilities, which were up in July from June, but were slightly under last year.

AGRICULTURE

Crop prospects declined generally throughout the country in July and further deterioration in many sections was reported in August as a result of continued drought and record-breaking hot weather. For the country as a whole the August 1 condition report indicated that yields per acre of 32 principal crops would be 22 per cent below the average of the past 13 years and 19 per cent lower than in 1933. When the very reduced acreage of most crops planted this year as a result of activities of the AAA is considered, a smaller total crop than in over 30 years is indicated. Acreage of 15 major field crops remaining

for harvest, according to current estimates, is 15 per cent below the ten-year average and the lowest in 25 years.

The effect of the drought has been widespread, but has varied in intensity. In the Great Plain states all crops were seriously damaged; in some sections only ten per cent of a normal crop is indicated. In many instances the only farm income this year is that provided by the crop-reduction payments.

In the eastern and southern sections of the country the drought effects are less severe and, comparatively speaking, farmers in the fourth district are in a quite favorable position. Considerably higher prices are now to be had on crops and livestock they have to sell. The August 1 estimates of all principal crops in this district, except wheat, were under those made a month ago, but the declines were smaller than in the entire country and indicated yields are much nearer the average of past years than in many other sections of the country.

Wheat. The estimate of fourth district winter wheat production was revised upward in July as threshing returns showed better-than-expected yields. A total harvest of 37,372,000 bushels of rather good quality wheat was indicated on August 1. This was only slightly under the harvest of last year and exceeded the ten-year average production by 562,000 bushels. Yield per acre was estimated at 19.2 bushels, compared with 19 bushels in 1933 and 18.6 bushels, the ten-year average. With wheat prices up sharply in recent weeks to the highest level in four years, farm income in this section from this source is considerably above 1933, excluding payments for wheat acreage reduction, which, however, were rather small locally.

Corn. Corn prospects in the fourth district on August 1 were six per cent smaller than on July 1, but the reduction was materially less than the 24 per cent decline reported for the entire country. So far as this district is concerned the damage in the latest month was more pronounced in the west-central and southwestern parts of Ohio; in the eastern and northern sections of the district—areas farthest removed from parts of the country in which this year's drought was most severe—the August 1 condition was not far from the average of recent years. The 1934 crop, based on the August 1 condition, was estimated at 126,269,000 bushels in the fourth district. This represented a decline of 16 per cent from the 1933 harvest and of 24 per cent from the ten-year aver-

age harvest. The drop, however, is much smaller than was indicated for the entire country. According to reports, the crops suffered further damage in many sections of the entire country in August, but in most parts of the fourth district favorable growing conditions were experienced.

Oats. The August 1 condition of the oat crop was little changed from that reported on July 1 and in the fourth district was about the same as a year ago, although it was little more than half as favorable as the ten-year average. Total production in this section, estimated at 133,881,000 bushels, was 56 per cent below the ten-year average harvest. It was only slightly under the 1933 harvest, but the oat crop has been very unsatisfactory in this district for the past four or five years.

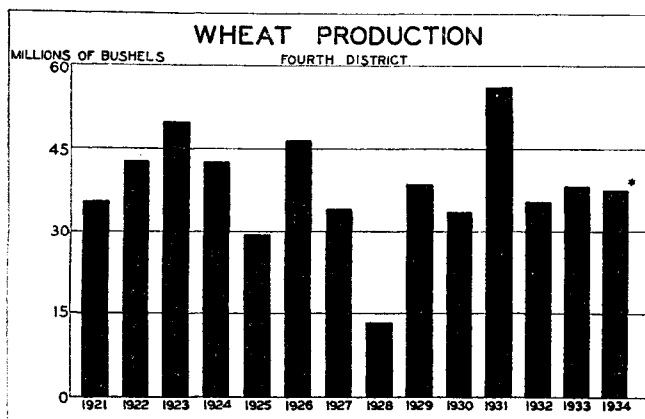
Hay. Recent rains have been very beneficial to pastures and late clover and alfalfa fields, but the estimate of total tame hay production in this district on August 1 was smaller than a month earlier. The total harvest is estimated to be 45 per cent below the ten-year average.

Potatoes. The late potato crop in this section was estimated on August 1 to be slightly above the harvest of 1933, but a decline in condition of the crop occurred in July. Probable production is now estimated to be 18 per cent under the ten-year average.

Tobacco. The condition of the tobacco crop changed slightly in July and the August 1 estimate of production in the fourth district, at 92,093,000 pounds, was still 33 per cent below the ten-year average. The condition of the crop in all sections of the district was materially better than a year ago at this time, the reduction in total output being due to a sharp curtailment in the acreage planted this spring. Recent reports indicate that, as a result of favorable weather in the east-central part of Kentucky, the crop improved materially in the first part of August. Burley tobacco, the most important type raised in this section, was reported to be above average condition at the middle of the month. Prices on southern tobacco markets, which opened recently, were very much above the level of a year ago at this time.

Fruit. The condition of the apple crop improved slightly in July, but estimated harvest is still much below the average of past years. The 1934 grape crop is expected to be rather light this year and in Ohio and Pennsylvania the August 1 condition was 67 and 58 per cent of normal, respectively, compared with 74 and 77, the ten-year average August 1 condition in the two states. Unusually warm weather was the chief cause of deterioration in recent weeks.

Prices. Farm prices throughout the country increased in July and continued their upward trend at a rather sharp rate in August. Gains were most pronounced in prices of grains, although all major groups included in the Department of Agriculture's index, except fruits and vegetables, have increased in recent weeks. The gain in prices farmers received was not paralleled by increased prices on goods farmers purchased, so that the ratio of prices received to prices paid rose three points in the latest month to 66 per cent of the five-year pre-war average. This figure, however, was five points lower than a year ago at this time.



*Based on August 1 estimate.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	July, 1934	% change from 1933	Jan.-July 1934	% change from 1933
Bank Debits—24 cities.....	1,757,000	+ 7.4	11,652,000	+18.1
Savings Deposits—end of month:				
41 Banks, O. and Pa.....	657,601	+ 6.5	1
Life Insurance Sales:				
Ohio and Pa.....	78,971	+10.8	568,558	+13.4
Retail Sales:				
Dept. Stores—49 firms.....	11,072	+ 5.7	102,230	+24.9
Wearing Apparel—11 firms.....	433	+ 1.0	4,777	+22.7
Furniture—42 firms.....	509	+ 2.7	4,704	+45.7
Wholesale Sales:				
Drugs—13 firms.....	1,149	+13.6	9,404	+32.4
Dry Goods—10 firms.....	833	-34.0	7,186	+20.4
Groceries—33 firms.....	3,626	+ 6.0	25,549	+19.8
Hardware—14 firms.....	1,114	+ 2.5	8,053	+35.4
Building Contracts—Total.....	10,121	+50.5	95,409	+136.3
—Residential.....	2,059	- 1.9	11,560	- 1.9
Commercial Failures—Liabilities..	1,719	-35.6	16,807	-54.2
..... Number	56 ³	-49.1	440 ²	-62.8
Production:				
Pig Iron, U. S. Tons	1,229	-32.4	11,082	+77.1
Steel Ingot, U. S. Tons	1,473	-53.5	17,653	+46.6
Automobiles—Pass. Car. U. S.	223,868 ²	+17.0	1,624,572 ²	+58.2
Automobiles—Trucks U. S.	42,707 ²	+12.1	356,342 ²	+84.9
Bituminous Coal..... Tons	10,627	-18.3	85,095	+19.6
Cement,—O., W. Pa., W. Va. Bbls.	996	+ 6.3	4,267	+31.9
Elec. Power,—O., Pa. Ky. k.w.h.	1,126 ³	+ 1.0	7,013 ⁴	+19.5
Petroleum—O., Pa., Ky. Bbls.	2,090 ³	+21.2	11,395 ⁴	+11.3
Shoes..... Pairs	(³) (⁵)	-14.0	(4) (⁵)	+ 7.8
Tires, U. S. Casings	4,212	-28.8	26,196	+28.3
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	5,464	+ 1.8	17,784	+27.3
Lake Erie Receipts:				
Lake Erie Ports..... Tons	3,362	+18.3	7,947	+107.8
¹ not available				
² actual number				
³ June				
⁴ January-June				
⁵ confidential				

Debts To Individual Accounts

(Thousands of Dollars)

	5 weeks ended August 22, 1934	% change from 1933	Year to date Jan. 3, 1934 to Aug. 22, 1934	Year to date Jan. 4, 1933 to Aug. 23, 1933	% change from 1933
Akron.....	54,436	+39.7	351,785	243,063	+44.7
Butler.....	7,502	+ 7.9	51,797	44,929	+15.3
Canton.....	25,844	+ 4.7	202,820	138,244	+46.7
Cincinnati.....	257,302	- 4.6	1,897,847	1,736,069	+ 9.3
Cleveland.....	468,022	+ 1.9	3,084,399	2,647,260	+16.5
Columbus.....	129,672	+22.6	862,729	679,100	+27.0
Dayton.....	44,696	+ 0.2	306,670	291,291	+ 5.3
Eric.....	22,736	+13.6	141,946	122,589	+15.8
Franklin.....	2,804	+ 4.6	19,737	16,714	+18.1
Greensburg.....	5,391	+33.5	37,618	29,208	+28.8
Hamilton.....	8,886	+ 9.3	59,447	49,273	+20.6
Homestead.....	2,217	+14.2	14,000	12,363	+13.2
Lexington.....	14,784	- 4.5	140,822	113,984	+23.5
Lima.....	8,507	+36.2	58,989	43,175	+36.6
Lorain.....	3,305	+16.0	19,733	17,108	+15.3
Middletown.....	7,156	0	49,119	43,561	+12.8
Oil City.....	7,872	+10.1	52,845	45,215	+16.9
Pittsburgh.....	613,555	+ 0.3	4,355,297	3,905,009	+11.5
Springfield.....	13,234	+11.9	91,519	75,621	+21.0
Steubenville.....	7,100	+21.7	47,047	33,957	+38.5
Toledo.....	103,128	+ 9.6	678,743	537,036	+26.4
Warren.....	5,809	- 4.4	47,375	35,274	+34.3
Wheeling.....	28,670	+10.4	218,281	200,486	+ 8.9
Youngstown.....	38,764	+ 7.9	256,627	186,090	+37.9
Zanesville.....	7,050	+17.1	43,987	39,379	+11.7
Total.....	1,888,442	+ 3.3	13,091,179	11,285,998	+16.0

Wholesale and Retail Trade

(1934 compared with 1933)

	SALES July 1934	Percentage Increase or Decrease SALES First seven months	STOCKS July 1934
DEPARTMENT STORES (49)			
Akron.....	+ 2.1	+53.5	+14.0
Cincinnati.....	+ 1.9	+13.4	- 1.1
Cleveland.....	+ 4.9	+30.1	+14.2
Columbus.....	+17.4	+23.3	+20.5
Pittsburgh.....	+ 4.7	+19.5	+ 9.1
Toledo.....	- 6.0	+18.7	- 3.2
Wheeling.....	+ 0.6	+25.0	+11.4
Other Cities.....	+20.3	+37.6	+ 8.7
District.....	+ 5.7	+24.9	+ 9.2
WEARING APPAREL (11)			
Cincinnati.....	+ 0.3	+12.5	+ 5.3
Other Cities.....	+ 1.3	+28.4	+24.7
District.....	+ 1.0	+22.7	+17.2
FURNITURE (42)			
Cincinnati.....	-10.4	+36.1	
Cleveland.....	+ 8.1	+56.0	
Columbus.....	+11.7	+27.0	
Dayton.....	-20.4	+ 9.8	
Toledo.....	-12.7	+46.5	
Other Cities.....	+17.4	+72.3	
District.....	+ 2.7	+45.7	
CHAIN STORES*			
Drugs—District (4).....	- 0.1	+15.1	
Groceries—District (5).....	- 8.1	+11.4	
WHOLESALE GROCERIES (33)			
Akron.....	+21.0	+34.6	
Cleveland.....	+ 1.1	+19.3	
Eric.....	+22.8	+19.5	
Pittsburgh.....	+12.9	+18.7	
Toledo.....	+10.1	+19.1	
Other Cities.....	+ 4.1	+18.8	
District.....	+ 6.0	+19.8	+ 7.2
WHOLESALE DRY GOODS (10).....	-34.0	+20.4	+ 8.7
WHOLESALE DRUGS (13).....	+13.6	+32.4	
WHOLESALE HARDWARE (14).....	+ 2.5	+35.4	

*Per individual unit operated.

Fourth District Business Indexes

(1923-1925 = 100)

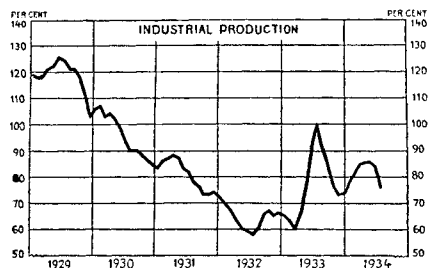
	July, 1934	July, 1933	July, 1932	July, 1931	July, 1930
Bank Debits (24 cities).....	65	60	59	91	122
Commercial Failures (Number).....	38	75	139	105	115
" (Liabilities).....	39	61	179	146	55
Sales—Life Insurance (Ohio & Pa.).....	94	85	87	105	134
" —Department Stores (47 firms).....	51	48	41	63	69
" —Wholesale Drugs (12 firms).....	76	68	66	91	96
" —Dry Goods (10 firms).....	34	52	20	39	52
" —Groceries (33 firms).....	63	59	55	77	89
" —Hardware (14 firms).....	57	56	40	62	73
" All (69 firms).....	58	59	47	69	80
" —Chain Drugs (4 firms)**.....	69	69	73	87	87
Building Contracts—(Total).....	21	14	25	57	101
" —(Residential).....	12	12	8	30	55
Production—Coal (O., W. Pa., E. Ky.).....	59	72	36	70	83
" —Cement (O., W. Pa., W. Va.).....	83	88	48	126	164
" —Elec. Power (O., Pa., Ky.)*.....	134	133	114	124	134
" —Petroleum (O., Pa., Ky.)*.....	113	93	112	101	124
" —Shoes*.....	87	101	69	71	73

*June

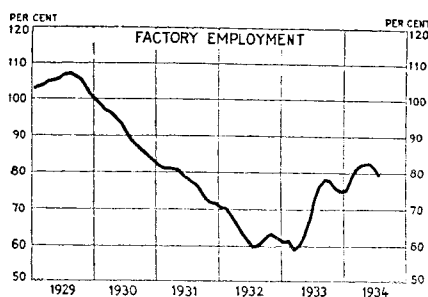
**Per individual unit operated.

Summary of National Business Conditions

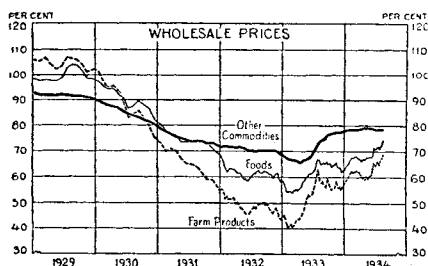
By the Federal Reserve Board



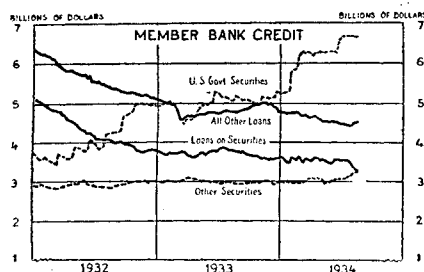
Index number of industrial production adjusted for seasonal variation (1923-1925=100). Latest figure, July, preliminary 76.



Federal Reserve Board's index of factory employment adjusted for seasonal variation (1923-1925=100). Latest figures, July, 79.4.



Indexes of United States Bureau of Labor Statistics, by months, 1929-1931, by weeks, 1932 to date, (1926=100). Latest figures for week ending August 18; farm products 68.9; foods 74.1; other commodities 78.4.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for August 15.

Industrial production declined in July. Factory employment and pay rolls also decreased. Diminished output of steel was the chief factor in the decline of industrial activity which was larger than is usual at this season of the year. The general level of wholesale commodity prices showed little net change for July and advanced in the first three weeks of August.

Production and Employment

Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 83 per cent of the 1923-1925 average in June to 76 per cent in July. This decline reflected chiefly a sharp reduction in the output of steel, due in part to previous accumulation of stocks by consumers; and there was a further decline in steel operations during the first three weeks in August. Activity in the automobile industry decreased and there were considerable reductions in the output of pig iron and anthracite. At textile mills, where operations had been at a low level in June, activity showed little change in July. Output of shoes showed a seasonal increase. Accompanying heavy marketings of cattle from drought areas there was a considerable increase in activity at meat packing establishments.

Factory employment decreased between the middle of June and the middle of July by three per cent, an amount larger than is usual at this season. There were reductions in many industries producing durable manufactures, such as iron and steel products and building materials, and also at establishments producing knit goods and women's clothing. At canning establishments the number of employees increased by less than the usual seasonal amount. Employment on public projects increased further in July.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in July as in June. Department of Agriculture estimates, based on August 1 conditions, indicate that yields per acre for principal crops are 22 per cent smaller than the ten-year average, reflecting the effects of the drought. The wheat crop is estimated at 491,000,000 bushels, 37,000,000 bushels less than last year's small harvest, and the corn crop at 1,607,000,000 bushels, as compared with a five-year average of 2,516,000,000 bushels. The cotton crop estimate is 9,195,000 bales, about 4,000,000 bales less than last season and smaller than in any other year since 1921.

Distribution

Total volume of freight car loadings declined in July, reflecting chiefly a reduction in miscellaneous freight, including steel shipments, offset in part by an increase in shipments of livestock. Department store sales showed a decrease of somewhat more than the estimated seasonal amount.

Commodity Prices

Wholesale prices of farm products, after fluctuating widely in July, advanced considerably in the first three weeks of August. Between the beginning of July and the third week of August cotton, wheat and hog prices showed substantial increases while cattle prices declined somewhat. During this period prices of commodities other than farm products and foods as a group showed little change.

Bank Credit

Member bank reserve balances increased further between the middle of July and the middle of August and on August 15 were about \$1,900,000,000 in excess of legal requirements. The increase in reserve balances reflected principally a further growth in monetary gold stock offset in part during the first half of August by a seasonal increase in the total volume of money in circulation. The volume of reserve bank credit showed little change.

In the four weeks ending August 15, loans and investments of New York City banks decreased by \$141,000,000 while those of weekly reporting banks in other leading cities increased by \$116,000,000. The decrease at New York banks reflected a reduction of nearly \$200,000,000 in loans to brokers and dealers in securities, following a sharp decline in security prices in the latter part of July and a decline of \$52,000,000 in holdings of United States Government securities. All other loans and holdings of securities other than United States Government obligations increased substantially at New York banks and at banks outside New York City. At outside banks holdings of United States Government securities also increased.

Average rates of discount on United States Treasury bills issued rose from .07 per cent in July to .23 per cent on August 22. Other open-market money rates remained unchanged at low levels.