



MONTHLY BUSINESS REVIEW

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in the

Fourth Federal Reserve District

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Business activity in the fourth district in the third week of September was at a low level for this season of the year and was little changed from the preceding month, at which time, after allowing for seasonal variations, operations dropped to the lowest point of the year. A slight seasonal increase in activity at some plants was reported in mid-September, but no general upward swing was evident. The recession in August was primarily due to a sharp curtailment in iron and steel production, though greater-than-seasonal declines in automobile output, coal mining, carloadings and in some of the less important industries contributed to the falling-off.

Employment at local manufacturing concerns declined slightly in August from July; the falling-off, however, was less than the average curtailment in the preceding five years. Compared with a year ago August employment was still up eight per cent, but the average increase for the year to date from the corresponding period of 1933 was 29 per cent.

Despite the reduction in industrial production in August, retail and wholesale trade showed a considerably greater-than-seasonal increase. The index of dollar sales at reporting department stores in the fourth district rose from 67.7 per cent of the 1923-25 monthly average to 71.2 per cent. Compared with a year ago dollar sales were down two per cent in August, despite the fact that retail prices are higher now than in 1933. A gain in sales was shown in most of the smaller cities of the district, but reductions in large industrial centers more than offset the improvement. Dollar sales of all reporting wholesale lines averaged 66 per cent of the 1923-25 base period compared with 58 in July and 61 per cent in August, 1933. August sales were larger than in any corresponding month since 1930.

The number of commercial failures in August in the fourth district was 43 per cent under the corresponding month of last year and liabilities of the defaulting concerns were down 49 per cent. For the first eight months failures were down 61 per cent in number and 54 per cent in liabilities. Life insurance sales in Ohio and Pennsylvania in August were six per cent below a year ago, but in the first eight months of 1934 a gain of 11 per cent was shown from the same period of the preceding year.

Activity on the Great Lakes has declined quite sharply in recent weeks and on September 15 only 50 per cent of the total available tonnage was being utilized. A year ago at this time 68 per cent of the serviceable tonnage was in operation. Iron ore receipts at Lake Erie ports in August were 21 per cent below last year but for the entire shipping season there was a gain of 42 per cent in the amount of ore unloaded. August coal shipments were about the same as a year ago, although for the first eight months such shipments showed an increase of 20 per cent.

Daily average steel ingot production in August was 14.3 per cent less than in July and the lowest since February, 1933. In late August steel mill operations averaged approximately 18 per cent of capacity, but by the third week of September a slight improvement had occurred and activity averaged 22 per cent, with most local steel centers producing at a better-than-average rate. Steel purchases were limited to small miscellaneous orders in most cases. There was a decline of 13 blast furnaces in operation in August and at the beginning of September 61 were still active. This was a reduction of 56 in the three latest months.

Automobile production in August was slightly above a year ago and though the decline from July was greater than seasonal, the falling-off in this industry was not so pronounced as in some other fields of activity. Retail sales of passenger cars held up quite well and because of this new model preparations have been deferred longer than was anticipated earlier in the year. Rubber and tire production continued to decline in July and August, but shipments have held up reasonably well; nevertheless inventories are large.

Agricultural conditions in the fourth district improved in August and September, according to reports, the late crops being benefited by more normal weather conditions. The drought was severe in some sections of the district, but not all crops were affected so that in most cases local farmers are in a position to derive some benefit from the higher farm prices now prevailing.

FINANCIAL

In the four latest weeks there was a slight increase in loans (other than collateral loans) at weekly reporting member banks in leading cities of the fourth district.

but the total volume of credit extended by these banks was smaller on September 19 than four weeks earlier. Deposits at the reporting banks declined in the latest month, but they were still considerably higher than a year ago at that time.

Savings deposits at selected banks throughout the district on August 31 were 5.8 per cent larger than a year ago, a slight improvement occurring in the latest month. Debits to individual accounts at banks in 24 cities of the district in the four weeks ended September 19 were 10.2 per cent ahead of the corresponding period of 1933, and for the year to date a gain of 15.4 per cent was shown.

Reserve Bank Credit. There was practically no change in the total volume of bills and securities held by the Federal Reserve Bank of Cleveland in the latest month. The only variations were in bills discounted for member banks, which dropped from \$501,000 on August 22 to \$317,000 on September 19, and in industrial advances which rose to \$85,000 in the four latest weeks. While this latter figure represents the total amount actually disbursed under Section 13b of the Federal Reserve Act, a considerably larger volume of loans has been approved and total commitments to make industrial advances made by this bank either direct or through a financing institution prior to September 19, amounted to \$125,000. The total volume of loans and commitments approved between June 26 and September 19 (including loans and commitments actually made) amounted to \$413,500.

The volume of Federal reserve notes in circulation increased in late August and the first two weeks of September, but the gain was partly seasonal. In the week ended September 19 note circulation declined and on the latest date was little changed from the third week of August or from a year ago at this time. Total deposits were practically unchanged in the four latest weeks.

Reserve deposits declined slightly in September, but in August, the latest month for which complete figures are available, daily average excess reserves of member banks were \$124,000,000, an increase of \$6,000,000 from the preceding month. A decrease of \$4,000,000 in excess reserves of country banks in this district was more than offset by the \$10,000,000 increase in excess reserves at reserve city banks.

Member Bank Credit: At reporting member banks in leading cities of the fourth district total credit ex-

tended was reduced \$10,000,000 to \$1,185,000,000 between August 22 and September 19. It was still six per cent above a year ago, but the increase was considerably less than the gain in deposits at these banks in the period.

In the four latest weeks loans on securities were further reduced, but "all other" loans increased slightly. The gain, however, was less than the drop in collateral loans so that total loans at these banks touched a new low level in the latest week.

Total investments of these banks increased slightly in late August and the first two weeks of September, but a reduction in holdings of Government securities in the latest week, which followed a slight contraction in each of the past several weeks, offset the increase shown in holdings of other than Government securities. As shown on the accompanying chart in all but one of the eleven latest weeks reporting member banks in this district showed an increase in holdings of other than Government securities. On September 19 these investments were \$5,000,000 larger than a year ago and they were higher than on any weekly reporting date since July 1933.

Demand deposits at these banks fluctuated somewhat between August 22 and September 19 and on the latest date were down \$11,000,000 from a month earlier. Government deposits also declined, but time deposits showed little change.

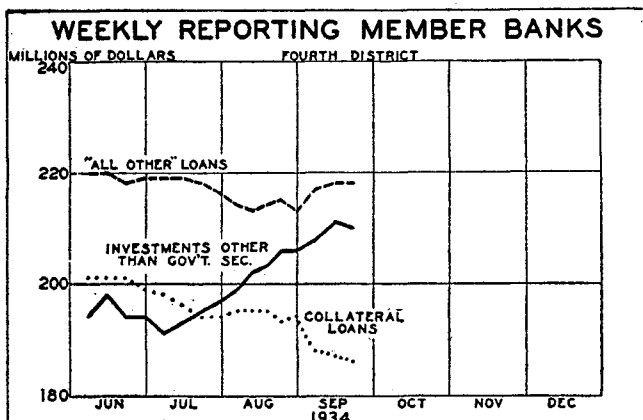
MANUFACTURING, MINING

Iron and Steel

Purchasing of steel in moderate amounts by those parts makers who have been awarded contracts for 1935 automobile materials, slightly better demand from miscellaneous manufacturing sources and an increase in the volume of structural steel contracts awarded in the past two weeks caused operating rates at steel mills to rise from about 18 per cent of capacity to 22½ per cent. At the higher rate operations were about one point above the level which prevailed in the entire country in the third week of August. The slump in steel mill activity which developed prior to Labor Day reduced operations in the industry to the lowest level since April 1933, and the increase so far in September has been little more than seasonal.

In the third week of September steel works operations in the Pittsburgh district averaged 16 per cent of capacity. This was one point above the rate in the third week of August and represented a gain of eight points in the two latest weeks. In the Cleveland area operations in the latest week were at 28 per cent, a gain of 15 points from the corresponding week of August. Operations in the Mahoning Valley were at 26 per cent of capacity, up four points in the month. Wheeling mills also were operating at 26 per cent, but reports of rush orders for tin plate indicated that an increase in activity in this section was about to develop.

Steel ingot production in August averaged 50,495 gross tons a day; this was 14.3 per cent less than in July and the lowest daily rate since February 1933. Total output for the month was 1,363,359 tons, a drop of 7.4 per cent from July and of 52 per cent from August 1933. A year ago steel mills were unusually active in August for that



season of the year. Steel production for the first eight months of 1934 amounted to 19,017,000 tons and despite the limited amount of steel produced in the past two months a gain of 27.5 per cent was shown from the first eight months of 1933.

Daily average pig iron production in August, at 34,199 gross tons, was down 13.7 per cent from July and was lower than since May 1933. Total production, at 1,060,000 tons, was 42.5 per cent below August of last year, but production for the eight months, at 12,141,000 tons, represented a gain of 50 per cent from the corresponding period of 1933. In August a sharp reduction in the number of active blast furnace stacks was shown. A net loss of 13 reduced the total number in operation to 61 at the close of the month. In the past three months 56 furnaces have been taken out of production. A year ago 98 furnaces were manufacturing pig iron.

According to *Steel*, orders for some new material for 1935 automobile models have been placed, but fill-in requirements for the completion of present models still represent the greater part of steel shipments to the automobile industry. Contracts awarded for structural steel have increased recently and inquiries are expected on several large projects, most of which are publicly financed.

There is considerable uncertainty over the iron and steel price structure. Prices which have prevailed on third quarter orders have not been tested by any broad buying movement and the price of scrap steel has been declining for several weeks. *Steel's* composite of principal iron and steel prices was \$32.13 in the third week of September, a reduction of ten cents in the four latest weeks. A year ago this average was \$31.30.

Iron ore receipts at Lake Erie ports in August, at 3,092,000 tons, compared with 3,362,000 in July, but they were 21 per cent below August 1933.

Coal Coal production in August increased 5.3 per cent from July in the fourth district, but total output in the month, at 11,188,000 tons, was 21 per cent below a year ago. The gain in August from July in this section was less than the average increase of preceding years and also was smaller than the 8.7 per cent gain shown for the entire country. The sharp drop in industrial activity in August was reflected in the coal production figures for the supply of industrial and steam sizes has increased sharply in recent weeks. At the end of July principal consuming industries had on hand enough coal to last 39 days at the current rate of consumption. This was an increase of 11 per cent in the latest month, whereas consumption in the period declined seven per cent.

The large inventories of coal used for industrial purposes were responsible for the fact that production recently has shown less than a seasonal increase, notwithstanding that demand for domestic coal has increased seasonally. Coal shipments from Lake Erie ports in August were less than one per cent larger than in the corresponding month of 1933, whereas for the season to date an increase of 20 per cent was reported. Prices of all grades of coal in mid-September were considerably higher than a year ago at that time.

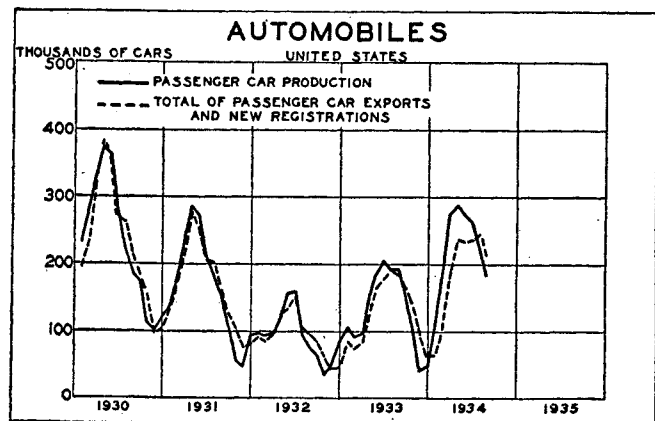
Automobiles Retail sales of automobiles in recent weeks have held up much better than was generally expected and as a result the automobile industry as a whole has exhibited a smaller decline than in other major lines of general industrial activity. August production, according to the Department of Commerce, was 234,809 cars and trucks. This represented a gain of 0.8 per cent from the corresponding month of 1933, but a contraction of approximately 12 per cent from July of this year. The falling-off was greater than seasonal, the Federal Reserve Board's adjusted index dropping to 61 per cent of the 1923-25 monthly average in August from 78 per cent in July.

August passenger car production was 183,500 units, a drop of 4.1 per cent from a year ago. For the first eight months of 1934, 48.6 per cent more passenger cars were assembled than in the same period of 1933. In recent months producers have attempted to keep production in line with retail demand and the accompanying chart of new passenger car registrations plus exports compared with passenger car assemblies shows that in July, the latest month for which complete registration figures are available, retail sales exceeded production. Preliminary figures for August indicate that production was exceeded by an even greater margin and retail distribution in early September was reported at quite satisfactory levels.

There were 51,309 trucks produced in August, a gain of 24 per cent from the corresponding month of 1933 and of slightly less than that amount from July. Prior to September 1 of this year, 407,652 trucks had been assembled, an increase of 74 per cent from the corresponding period of 1933.

Not only has domestic demand for automobiles been well sustained this year, but exports of passenger cars and trucks in July, at nearly 24,000 vehicles, were the largest for that month since 1929. July shipments to foreign ports were only slightly below the number exported in each of the preceding four months. Foreign countries bought more automobiles from the United States in the first seven months of this year than in any similar period since 1930.

In the first three weeks of September automobile assemblies were at a somewhat lower rate than in August and also were below the corresponding period of 1933. Present indications point to a total output for September of approximately 170,000 units. This would be 14 per



August preliminary

cent under the September 1933 figure. Sustained retail demand generally has postponed the necessary changes in plant facilities somewhat longer than was expected several weeks ago. Although one or two companies have recently announced new models, volume producers have not yet ordered materials for the 1935 cars in any quantity, according to reports.

Tires, Rubber Operations in the tire industry in July were down quite sharply from June and, judging by employment, the contraction continued in August. Although the drop in the number of employees at 17 local rubber factories was little more than the average falling off for this season of the past five years, total employment in August was 1.6 per cent below a year ago; in the first eight months of this year employment averaged 29 per cent above the same period of 1933.

According to the *Rubber Manufacturers' Association*, 3,252,000 tires were produced in July of this year by companies representing 97 per cent of the tire industry. This was a decline of 41 per cent from the corresponding month of 1933, but for the first seven months tire production was up 13 per cent from the same period of last year.

Output has been declining since March, but shipments of tires from factories have maintained a much more favorable level. In July they exceeded output by nearly 25 per cent and inventories in hands of manufacturers have been reduced nearly 2,500,000 units in the past three months. At 9,000,000 casings on August 1, they were still much larger than a year ago and represented over two months' supply at the current rate of consumption.

Based on the amount of crude rubber consumed in the United States in August, which amounted to 33,310 long tons, operations in the rubber industry were approximately the same as in July and reports from individual tire companies, while showing considerable variation, seem to substantiate this fact. Compared with a year ago, however, crude rubber consumption was down nearly 6,000 tons, or 15 per cent. In the past year monthly production figures of the tire industry have shown considerable variation in addition to seasonal fluctuations. Speculative buying on the part of dealers in advance of the imposition of excise taxes, anticipated price increases which were expected to result from the adoption of a code, and the rise in raw material prices in recent months, caused wide monthly swings in tire production and made it rather difficult to trace developments in the industry.

Imports of crude rubber to the United States in August totaled 33,248 tons against 41,530 tons in July and over 45,000 tons in August 1933. At the close of August there were 362,647 tons of crude rubber in this country, an increase of approximately 30,000 tons in the past year. Domestic rubber stocks have increased generally in the past four months despite the fact that an agreement to restrict the production and exportation of rubber was adopted by major producing areas on May 7 of this year. World stocks of crude rubber have shown a corresponding increase in the period, but over half the total world supply of rubber is held in the United States.

Despite the continued increase in the amount of crude rubber on hand prices have advanced month by month. In mid-September crude rubber was quoted at about 15

cents a pound, whereas a year ago it sold for less than half this figure.

Clothing Employment at 38 clothing and textile plants reporting to the Ohio State University Bureau of Business Research increased 12.7 per cent from July to August, whereas the average change for this period in the preceding five years was a decline of 0.2 per cent. Although 17 of the reporting firms showed decreases in August the gains at other plants were substantial and fairly well distributed among the various types of producers. August employment was down nine per cent from a year ago. In early September the strike in the textile industry, while having little direct effect on local plant operations, interfered with the supply of certain materials, according to reports. Though little definite information on the whole strike situation, the quantity of goods on hand, etc., is available, buying of materials in quantities as a hedge against a shortage was not generally reported and prices remained fairly steady.

Demand for women's ready-to-wear clothing fell off in August and dollar value of sales was under a year ago. This comparison is somewhat deceptive, for the stimulus given to the clothing industry last year by the increased buying in anticipation of higher prices which were expected to result from operation of the industry under the national code, caused sales to increase sharply at that time.

Men's clothing sales to retailers in August compared favorably with last year and employment at manufacturing plants in August was 4.7 per cent above year ago.

Demand for knit goods has increased recently and the upturn, according to reports, was only partly seasonal. Orders compared favorably with a year ago at this time.

Dollar value of retail clothing sales at department stores in this district in August was considerably smaller than in 1933. Women's clothing sales were down 12 per cent and sales of men's apparel were 13 per cent under last year. According to *Fairchild's* index of retail prices at department stores, prices of wearing apparel continued downward in August, but on September 1 they were still five to ten per cent above a year ago.

Other Manufacturing In most of the smaller manufacturing lines in the fourth district declines were reported in August but the falling-off generally was less severe than in the major industries and in many cases operations compared favorably with a year ago. Some improvement in scattered sections and industries, largely seasonal, was reported in the first half of September, but no general upward movement was indicated.

Automobile Parts, Accessories. Operations at automobile parts and accessory factories in this section declined more than seasonally in August and continued at relatively low levels in the first part of September, despite the fact that, according to reports, some companies had received orders for materials to be used in the 1935 models. Employment at 33 companies reporting to the Ohio State University Bureau of Business Research dropped 8.7 per cent from July to August. In the preceding five years the average change for this period was a drop of 6.6 per cent. Compared with a year ago em-

ployment was up about 22 per cent but many employees were only working a limited number of hours per week. Inventories of finished parts and accessories have been declining recently, but this is seasonal.

Brick and Tile. Little change in employment was evident at brick and tile plants in this district in August and operations were considerably under a year ago. There was a slight seasonal improvement in orders received in the first part of September. According to the *American Face Brick Association*, production in July, the latest month for which complete figures are available, was 26 per cent below last year and only eight per cent of the industry's capacity was being utilized.

China, Pottery. The china and pottery industry reported an improvement in orders and operations in the first half of September and employment showed a corresponding increase. This, however, followed a period in which operations were quite sharply curtailed. August employment at reporting companies was about three per cent above last year, but the increase from July was considerably less than seasonal. Orders recently received were smaller than those obtained a year ago at this time.

Electrical Supplies. The number employed at 26 plants making electrical machinery apparatus and supplies declined 3.6 per cent in August, a slightly greater than seasonal falling-off. In contrast with a year ago, however, the number employed was up about 40 per cent. Considerable variation was shown in individual reports, some companies indicating that orders recently received were larger than a year ago, while others showed a contrary condition. Numerous inquiries were reported but actual orders were rather slow materializing.

Glass. The glass industry as a whole reported little change in operations between mid-August and mid-September. There was a seasonal decline in shipments of automobile plate glass, but this was partially offset by a slight improvement in demand from other sources. The number employed at most companies in August was materially above a year ago.

Hardware, Machinery. Machine tool sales in August were up slightly from June and July and the gain was quite well distributed. Employment in the industry increased in August, whereas a decline has occurred at this season in most recent years. Demand for small tools has increased in the past month and sales in the first half of September exceeded the corresponding period of 1933. Sales and shipments of new foundry equipment in August were smaller than in July of this year or in August 1933. For the year to date most companies reported a greater volume of activity than in the corresponding period of last year despite the recent falling-off.

Paint. Operations in the paint industry in August were approximately the same as in July and were at about the same level as in August last year. Retail sales of paint have held up reasonably well and industrial paint sales have increased slightly in recent weeks.

Paper. A seasonal increase in paper and boxboard sales was reported in the first part of September. This followed a month in which orders and production were smaller than in the corresponding period of 1933. The boxboard industry is currently operating at 53 per cent whereas the average operating rate for the year to date is 59 per cent.

Shoes. According to reports, activity at local shoe factories in August was substantially ahead of a year ago and many local plants have been operating near capacity practically all summer. In the first seven months of this year shoe production in this section was 7.4 per cent ahead of the same period of 1933, whereas the gain in the entire country for the period was 4.2 per cent. Leather prices have declined recently as inventories increased following the large volume of slaughtering as a result of the drought.

TRADE

Retail

The increase in the dollar volume of retail sales at department stores in the fourth district in August compared with July was more than seasonal and the upward movement occurred at a time when industrial activity was declining generally. The seasonally adjusted index of daily average sales rose to 71.2 per cent of the 1923-25 monthly average in August from 67.7 per cent in July.

Compared with a year ago, however, dollar sales were down two per cent, but with the exception of Wheeling, declines were limited to the large industrial cities. Akron department stores showed a gain of 4.7 per cent in August from a year ago; Columbus 13 per cent, Toledo 1.4 per cent, and the increase in nine other smaller cities averaged ten per cent from August 1933.

For the first eight months of 1934 dollar sales at reporting stores were up 20.8 per cent from the same period of 1933 and preliminary reports indicate that the improvement in retail trade experienced in August continued through the first half of September.

According to *Fairchild's*, retail prices at department stores throughout the country declined slightly in August, thus continuing the downward trend shown in the past six months. Compared with a year ago prices on September 1 were up 6.3 per cent and, due to the fact that prices last year at this time were increasing sharply, the spread between current prices and those prevailing in the fall of 1933 has narrowed.

Basement sales at 29 reporting stores in August were 1.7 per cent ahead of a year ago, but the ratio of basement sales to total sales in the latest month was approximately the same as in July.

There was little change in the ratio of installment and regular 30-day credit sales to total sales in August from July and both were slightly under a year ago.

Dollar value of retail stocks on August 31 was about four per cent higher than at the close of July and the gain was somewhat more than seasonal. The adjusted index rose from 60.7 per cent in July to 62.4 per cent of the 1923-25 monthly average in August. Compared with a year ago the dollar value of department store stocks was up only 1.5 per cent and the stock turnover rate in the latest month was slightly under a year ago.

The ratio of collections in August to accounts receivable at the end of July was down slightly from the preceding month, but continued above a year ago. Collections on regular 30-day accounts amounted to 38.2 per cent in August compared with 33.2 per cent in the same month of 1933.

Sales of reporting wearing apparel stores were 3.7 per cent smaller in August than a year ago, but an in-

crease of 19 per cent was shown in sales for the first eight months. Reporting furniture store sales had a dollar value of 14 per cent less in August of this year than in August 1933, but sales in the first eight months of 1934 were 35 per cent ahead of the corresponding period of the preceding year.

Chain grocery store sales in August averaged 2.6 per cent above a year ago, per individual unit operated, and in the first eight months an increase of ten per cent from 1933 was shown. Chain drug sales were up 7.6 per cent in August and 14.1 per cent in the first eight months from corresponding periods of 1933.

Wholesale All reporting lines of wholesale trade in the fourth district showed greater than seasonal increases in August from July and the combined index of dollar sales was 66 per cent of the 1923-1925 monthly average compared with 58 in July and 61 in August 1933. Combined sales of all reporting firms were larger in August than in any corresponding month since 1930.

Compared with a year ago dry goods sales in August were up 12.6 per cent; drugs 11.8 per cent; groceries 7.8 per cent and hardware 3.6 per cent. Increases in the first eight months for these wholesale lines were 19 per cent, 30 per cent, 18 per cent and 30 per cent, respectively.

Wholesale dry goods sales, which declined quite sharply in July from June and the year previous, increased in August, the gain from July in dollar sales being 46 per cent.

AGRICULTURE

The 1934 crop-growing season is near the end in this district and though changes no doubt will be made in the crop estimates they will be of minor importance. The rains of the past several weeks were beneficial to late-maturing crops in most sections of the country, but in some areas they arrived too late to be of much help to the corn crop. In the case of principal food crops, prospects improved and, according to the Department of Agriculture "national supplies . . . if closely utilized, should be sufficient for ordinary requirements." The distribution, however, is quite uneven and with few exceptions there does not appear to be an unusually heavy production of any important food crop this year.

As a result prices of farm products have increased sharply in recent weeks, the advance from the low point early in the year to the present time being 28 per cent and the gain from the recent all-time low of 1933 being 83 per cent. The increase in farm prices has been much more pronounced than the rise in prices of other commodities, particularly of the type farmers buy and the ratio of prices received to prices paid advanced from 66 to 71 per cent of the pre-war average between mid-July and mid-August with a further substantial rise indicated in the following month. Compared with a year ago a gain of 12 per cent in this index of farm buying power was shown.

According to the Department of Agriculture gross cash income of farmers this year will be over \$1,000,000,000 larger than in 1933. Including rental and benefit payments and income from the sale of livestock to the AAA,

income is estimated at over \$6 billions. This is based on an analysis of farm production in 1934, probable prices and marketings in the remainder of the year, and cash income for early months as previously estimated, and it is higher than since 1930.

While the distribution of farm income varies greatly because of the irregularity in crop conditions, etc., throughout the country, farmers in the fourth district no doubt will receive at least their proportionate share of the total amount. The drought was severe in some sections of this district, but not all crops were affected so that in most cases local farmers are in position to benefit to some extent from the higher prices. That farm income has improved is shown by the fact that retail buying in small cities compares more favorably with a year ago than in industrial cities, and the gains reported by the mail order houses are much larger than in local retail stores.

Estimated production of all principal crops in the fourth district increased between August 1 and September 1 and favorable growing weather in the first half of September had a beneficial effect on the late-maturing crops. The corn crop in this section improved quite generally in August and although conditions were irregular throughout the district some areas report the best crop on record. For the district as a whole production on September 1 was estimated at 129,940,000 bushels. This was an increase of three per cent in August, but was 22 per cent below the average harvest of the preceding ten years. In contrast with the increase in the corn crop estimate in this district in August estimated production for the entire country was reduced eight per cent in the month, was 37 per cent below 1933 production and, at 1,607,000,000 bushels, was the smallest crop since 1881. Corn prices have risen sharply in recent weeks. In mid-September No. 3 yellow corn was quoted in Cleveland at 87 cents a bushel. This was nearly double the price prevailing a year ago.

The 1934 oat crop, although still 55 per cent below the ten-year average, turned out a little better than was expected in early August. September 1 estimated production in the fourth district, at 34,703,000 bushels, was 2.4 per cent above the August figure. Oats generally are of poor quality. Estimated production of other small grains and sugar beets was revised upward in this district in the latest month. Pasture conditions improved in many sections in August as a result of rain, but the September 1 condition was still considerably below the average of preceding years.

Potato production in the fourth district on September 1 was estimated at 16,900,000 bushels. This was an increase of about nine per cent from a year ago, whereas the improvement in the entire country was approximately five per cent. This year's local crop, however, is 13 per cent below the average harvest of the preceding ten years. In general the condition of the crop in this district was quite favorable on September 1, although the yield is reported disappointing in some areas.

Fruit prospects improved in August generally though estimated yield is reported somewhat smaller than in preceding years for most of the late fruits. The Ohio grape crop is reported to be better than the average production of the past five years although slightly less than in 1933.

Remarkable improvement in the condition of the tobacco crop occurred in most sections of this district in August as a result of favorable growing weather and estimat-

ed production on September 1, at 101,193,000 pounds, was up ten per cent in the latest month. The September 1 condition was much above a year ago, but as a result of the curtailed production program sponsored by the AAA, estimated production is 26 per cent below the average harvest of the preceding ten years. Much of the crop has been cut and weather conditions have been very favorable for curing. The acreage yield is considerably above a year ago, but the area under cultivation is approximately one third less than in 1933. Production of burley tobacco in the entire country was estimated on September 1 at 294,000,000 pounds, compared with 382,000,000 pounds in 1933. Cigar leaf tobacco, raised principally in southwestern Ohio, is reported to be yielding 800 to 900 pounds an acre against 500 to 700 pounds a year ago.

BUILDING

Contracts awarded in the fourth district in August were valued at \$17,057,000, a gain of 41.7 per cent from August 1933 and of 68.5 per cent from July of this year. The latter increase was smaller than occurred in the similar period of 1933, but excluding that year it exceeded the July-August change in any preceding period on record.

There has been no increase in privately-financed construction in this section up to the present time and demand for lumber and building materials from dealers is still very limited. Residential construction declined from July to August and in the latest month amounted to \$1,787,000, a drop of 11.8 per cent from August 1933. For the year to date residential contracts awarded were 3.3 per cent below the same period of 1933. Total building contracts awarded in this district in the eight-month period were up 115 per cent. Nonresidential building, other than public works and utilities, in August was up sharply from July and was more than twice as great as in August 1933. Public works contracts awarded

Wholesale and Retail Trade

(1934 compared with 1933)

	Percentage Increase or Decrease		
	SALES Aug. 1934	SALES First 8 months 1934	STOCKS Aug. 1934
DEPARTMENT STORES (49)			
Akron.....	+ 4.7	+45.6	+ 4.0
Cincinnati.....	+ 5.8	+10.6	+ 3.3
Cleveland.....	+ 2.2	+25.0	+ 4.4
Columbus.....	+13.3	+22.0	+ 3.0
Pittsburgh.....	+ 8.3	+15.3	+ 2.6
Toledo.....	+ 1.4	+16.2	+ 7.7
Wheeling.....	+ 0.1	+21.6	+ 5.0
Other Cities.....	+ 9.9	+33.7	+ 4.3
District.....	+ 2.0	+20.8	+ 1.5
WEARING APPAREL (11)			
Cincinnati.....	-10.7	+ 9.0	- 1.3
Other Cities.....	- 0.2	+23.8	+ 5.2
District.....	- 3.7	+18.6	+ 2.9
FURNITURE (42)			
Cincinnati.....	-20.1	+26.6	
Cleveland.....	-17.1	+40.9	
Columbus.....	+15.9	+25.5	
Dayton.....	+10.5	+ 6.8	
Toledo.....	+ 2.6	+38.2	
Other Cities.....	-27.1	+51.1	
District.....	-14.1	+34.7	
CHAIN STORES*			
Drugs—District (4).....	+ 7.6	+14.1	
Groceries—District (5).....	+ 2.6	+10.2	
WHOLESALE GROCERIES (33)			
Akron.....	+22.6	+32.9	
Cleveland.....	+ 7.0	+14.8	
Erie.....	+34.7	+21.6	
Pittsburgh.....	+ 9.1	+17.3	
Toledo.....	+18.5	+19.0	
Other Cities.....	+12.7	+17.9	
District.....	+ 7.8	+18.0	
WHOLESALE DRY GOODS (10)	+12.6	+19.2	+ 9.3
WHOLESALE DRUGS (13)	+11.8	+29.7	+ 9.5
WHOLESALE HARDWARE (14)	+ 3.6	+30.3	

*Per individual unit operated.

in August were over 2½ times as large as in the corresponding period of 1933, but public utilities' contracts were down sharply.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	August 1934	% change from 1933	Jan.-Aug. 1934	% change from 1933
Bank Debits—24 cities.....	\$ 1,593,000	+ 3.1	13,245,000	+16.1
Savings Deposits—end of month:				
41 Banks, O. and Penna.....	\$ 658,043	+ 5.8	1
Life Insurance Sales:				
Ohio and Penna.....	\$ 72,638	- 6.0	641,196	+10.9
Retail Sales:				
Department Stores—49 firms.....	\$ 14,077	- 2.0	116,307	+20.8
Wearing Apparel—11 firms.....	\$ 702	- 3.7	5,479	+18.6
Furniture—42 firms.....	\$ 628	-14.1	5,332	+34.7
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,226	+11.8	10,630	+29.7
Dry Goods—10 firms.....	\$ 1,220	+12.6	8,406	+19.2
Groceries—33 firms.....	\$ 4,119	+ 7.8	29,668	+18.0
Hardware—14 firms.....	\$ 1,156	+ 3.6	9,209	+30.0
Building Contracts—Total.....	\$ 17,057	+41.7	112,465	+114.5
—Residential.....	\$ 1,787	-11.8	13,347	- 3.3
Commercial Failures—Liabilities.....	\$ 1,920	-49.4	18,727	-53.7
—....Number.....	67 ²	-43.2	507 ²	-61.0
Production:				
Pig Iron, U. S..... Tons	1,060	-42.2	12,141	+50.1
Steel Ingot, U. S..... Tons	1,363	-52.4	19,017	+27.6
Auto-Pass. Car, U. S.....	183,500 ²	- 4.1	1,807,707 ²	+48.6
Auto Trucks, U. S.....	51,309 ²	+23.8	407,652 ²	+74.1
Bituminous Coal..... Tons	11,188	-21.4	96,283	+12.8
Cement—O., W. Pa., W. Va. bbls.	937	- 0.4	5,204	+24.6
Elec. Power—O., Pa., Ky. k.w.h.	1,097 ³	- 4.3	8,110 ⁴	+15.6
Petroleum—O., Pa., Ky. bbls.	2,054 ³	+10.1	13,449 ⁴	+11.1
Tires, U. S..... Casings	3,252 ³	-41.1	29,448 ⁴	+13.4
Bituminous Coal Shipments:				
Lake Erie Ports..... Tons	5,259	+ 0.7	23,042	+20.1
Iron Ore Receipts:				
Lake Erie Ports..... Tons	3,092	-21.3	11,039	+42.4

¹ not available
² actual number
³ July
⁴ Jan.-July

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended Sept. 19, 1934	% change from 1933	Year to Date to Jan. 3, 1934	Year to Date to Sept. 20, 1933	% change from 1933
Akron.....	39,344	+27.6	391,129	273,894	+42.8
Butler.....	5,980	+ 5.7	57,777	50,588	+14.2
Canton.....	22,753	+14.9	225,573	158,050	+42.7
Cincinnati.....	201,192	+ 6.4	2,099,039	1,925,208	+ 9.0
Cleveland.....	358,496	+13.4	3,442,895	2,963,382	+16.2
Columbus.....	103,500	+16.0	966,229	768,291	+25.8
Dayton.....	34,512	+ 1.0	341,182	325,470	+ 4.8
Erie.....	16,780	+21.5	158,726	136,403	+16.4
Franklin.....	2,226	- 1.5	21,963	18,973	+15.8
Greensburg.....	5,187	+43.4	42,805	32,826	+30.4
Hamilton.....	7,075	+ 1.6	66,522	56,237	+18.3
Homestead.....	1,802	+15.5	15,802	13,923	+13.5
Lexington.....	11,862	+14.1	152,684	124,382	+22.8
Lima.....	6,666	+60.4	65,655	47,331	+38.7
Lorain.....	3,194	+38.5	22,927	19,414	+18.1
Middletown.....	5,080	- 4.4	54,199	48,873	+10.9
Poil City.....	6,450	+21.7	59,295	50,516	+17.4
Pittsburgh.....	448,575	+10.0	4,803,872	4,312,742	+11.4
Springfield.....	11,773	+15.7	103,292	85,800	+20.4
Steubenville.....	5,389	- 8.2	52,436	39,829	+31.7
Toledo.....	72,339	+ 4.5	751,082	606,249	+23.9
Warren.....	4,827	-13.6	52,202	40,858	+27.8
Wheeling.....	21,712	-10.9	239,993	224,855	+ 6.7
Youngstown.....	26,628	- 2.8	283,255	213,489	+32.7
Zanesville.....	5,273	+ 7.6	49,260	44,278	+11.3
Total.....	1,428,615	+10.2	14,519,794	12,581,861	+15.4

Fourth District Business Indexes

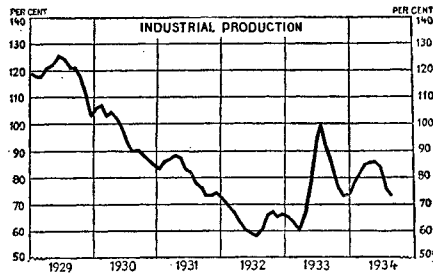
(1923-1925=100)

	Aug. 1934	Aug. 1933	Aug. 1932	Aug. 1931	Aug. 1930
Bank Debits (24 cities).....	59	57	53	79	100
Commercial Failures (Number).....	46	81	190	111	99
(Liabilities).....	44	86	146	100	72
Sales—Life Insurance (Ohio & Pa.).....	87	92	86	101	112
—Department Stores (47 firms).....	60	61	43	64	75
—Wholesale Drugs (12 firms).....	80	73	71	83	94
—Dry Goods (10 firms).....	50	44	29	45	62
—Groceries (33 firms).....	72	66	56	70	97
—Hardware (14 firms).....	59	57	39	56	73
—All (69 firms).....	66	61	49	65	86
—Chain Drugs (4 firms)**.....	71	66	70	81	91
Building Contracts—(Total).....	36	25	27	37	71
—(Residential).....	10	12	13	34	47
Production—Coal (O., W. Pa., E. Ky.).....	62	79	45	66	82
—Cement (O., W. Pa., W. Va.).....	78	78	54	108	167
—Elec. Power (O., Pa., Ky.)*.....	131	136	115	130	136
—Petroleum (O., Pa., Ky.)*.....	111	101	106	98	116
—Shoes*.....	..	102	69	91	89

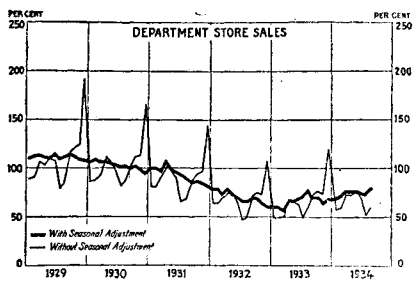
*July
**Per individual unit operated.

Summary of National Business Conditions

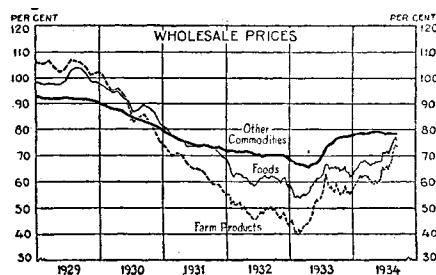
By the Federal Reserve Board



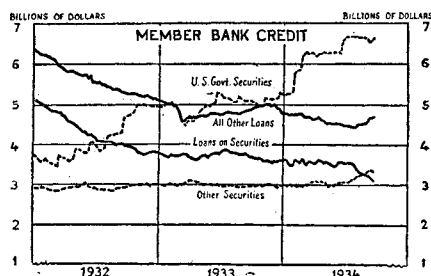
Index number of industrial production adjusted for seasonal variation (1923-1925=100). Latest figure, August preliminary 73.



Indexes of daily average value of sales (1923-1925=100). Latest figure, August preliminary adjusted 79; unadjusted 60.



Indexes of United States Bureau of Labor Statistics, by months, 1929-1931, by weeks, 1932 to date (1926=100). Latest figures for week ending September 15; farm products 73.7; foods 76.2; other commodities 78.5



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for September 19.

Total output of industry, which usually increases at this season, showed little change in August. Factory employment and payrolls increased between the middle of July and the middle of August by about the usual seasonal amount. Distribution of commodities at department stores showed a more than seasonal growth.

Production and Employment

Output of basic industrial products, as measured by the Board's index, which makes allowance for usual seasonal changes, declined from 75 per cent of the 1923-1925 average in July to 73 per cent in August. At steel mills production continued to decline during August and the early part of September, contrary to seasonal tendency; in the middle of September a slight increase in activity was reported. Output of automobiles, which had been maintained at a relatively high rate during the spring and early summer, declined in August. Lumber production showed an increase. In the cotton textile industry production was in larger volume in August than in July, but was retarded by the strike in the first three weeks of September. At meatpacking establishments output in August was larger than in any other recent month, accompanying heavy marketings of cattle from drought areas.

Factory employment showed a seasonal increase between the middle of July and the middle of August, reflecting considerable growth in employment in the wearing apparel, canning, and meatpacking industries, while employment in the iron and steel industries and at railroad repair shops declined.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in August as in each of the four preceding months.

Department of Agriculture estimates as of September 1 indicate a corn crop 40 per cent smaller than the average for the five years 1927-1931 and other feed crops also are expected to be unusually small. The condition of pastures on September 1 was poorer than in any other recent year but some improvement has been reported in the early part of September. The spring wheat crop, estimated at 93,000,000 bushels, is about one-third of the five-year average and the winter wheat crop is also small. The cotton crop is estimated at 9,300,000 bales, a sharp reduction from other recent years.

Distribution

Volume of freight car loadings, which usually increases at this season, showed little change in August. Shipments of miscellaneous freight showed no seasonal expansion, while shipments of livestock increased considerably. Department store sales increased by an amount substantially larger than is usual in August and were 2 per cent higher than a year ago.

Commodity Prices

Wholesale prices of commodities increased in August and the first week of September, reflecting sharp advances in the prices of farm products and foods. Hog prices advanced rapidly during the month of August and in the latter part of the month cattle prices also showed a marked increase. Since the beginning of September, prices for both hogs and cattle have declined somewhat, and in the middle of the month there have also been decreases in the prices of wheat and cotton. In August, as in other recent months, there was little change in prices of commodities other than farm products and foods.

Bank Credit

A seasonal increase in demand for currency by the public and an increase in Government deposits at the Reserve banks were reflected in a decline in member bank reserve balances between the middle of August and the middle of September. On September 19 reserve balances were about \$1,700,000,000 in excess of legal requirements. There was little change in the volume of reserve bank credit during August and September.

Total loans and investments of reporting member banks showed little change between August 15 and September 19; loans, other than security loans, increased by \$170,000,000 and holdings of securities by \$50,000,000, while security loans declined by \$200,000,000. The increase in loans other than on securities occurred largely at banks in New York City and in the Western districts and reflected chiefly a growth in direct loans to customers for ordinary commercial purposes and for financing the harvesting of crops. The banks' holdings of acceptances and commercial paper, which also reflect current business financing, increased during the period.

Short-term money rates continued at low levels. Yields on both United States Government and corporate bonds increased during August and the first half of September.