



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

in the

Fourth Federal Reserve District

Federal Reserve Bank of Cleveland

Vol. 17

Cleveland, Ohio, January 31, 1935

No. 1

An expansion in industrial activity occurred in this district and elsewhere in the country in December and the first three weeks of January which raised operations in some lines to levels reminiscent of pre-depression periods. The Federal Reserve Board's seasonally adjusted index of industrial production rose eleven points in December to 85 per cent of the 1923-25 monthly average and was ten points above the preceding year. Barring the recovery following the banking holiday of 1933, this was the largest increase in a single month ever shown by this index.

While practically all industries shared in the upturn, the most pronounced rise was in the automobile field. After a satisfactory disposal of dealers' 1934 stocks, production of 1935 models in early January was at the highest rate for the season since 1930, following the best December since 1928. This high rate of activity was very beneficial to many industries in the fourth district, and employment and payrolls improved more than seasonally, according to reports. In this connection, however, it should be remembered that last year the tool and die makers' strike delayed new model production considerably.

Orders for automobile steel caused local producers to increase operations sharply. Advancing schedules were reported for fourteen consecutive weeks, the average for the industry rising to 51 per cent of capacity from a low last August of 18.4 per cent. Fourth district steel centers, with the exception of Pittsburgh, expanded operations at a much better-than-average rate. Some plants in the latter part of January, particularly in Northern Ohio, were working at or near capacity levels and had a considerable backlog of orders. Other steel users also increased purchases over the year end and the six-point rise in operations at Pittsburgh in the third week of January was encouraging in this respect, because activity in this area has lagged behind the national average on account of the depressed condition in industries using types of steel made by the Pittsburgh mills.

New domestic orders for machine tools received in December were larger than since 1930 and foundry equipment sales were up sharply from November though they were slightly smaller in the closing month of 1934 than a year earlier.

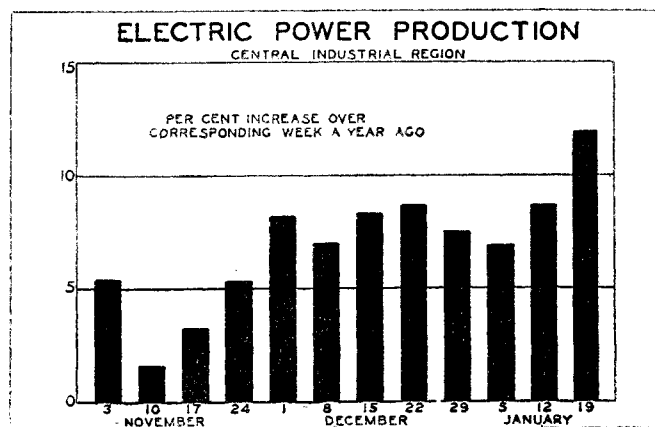
Indicative of the improvement and the fact that the

rise in this district was somewhat greater than average was the gain in electric power consumption. All through December and in the first three weeks of January, power consumption in the central industrial region of the country compared more favorably with the corresponding period of the preceding year than it did in the entire country. In the week ended January 19 the gain in this section was 11.9 per cent, whereas in the United States the increase was 9.4 per cent.

Production of local bituminous coal mines in December was 3.8 per cent above the same month of 1933, and output in early 1935 was higher than in recent years. Tire factories also expanded operations and paint and glass manufacturers reported that orders and output were somewhat above early 1934.

The improvement was not confined to the industrial field entirely. Bank debits to individual accounts in the five weeks ended January 23 were 25 per cent larger than in the same period of the preceding year, whereas the gain in the entire year 1934 from 1933 was 17 per cent.

Retail trade in January, particularly sales of more expensive articles such as furniture, automobiles, etc., was stimulated by the approach of the effective date of the sales tax in Ohio, but this followed a greater-than-seasonal increase in December. The adjusted index of department store sales rose four points, but stocks, after allowing for seasonal variations, were little changed, though



the dollar value at the year end was down two per cent from the close of 1933.

Life insurance sales in Ohio and Pennsylvania in December were 21 per cent larger than in the same month of 1933 and the number of commercial failures remains much below other recent years. As trade and industry have expanded, sentiment has improved generally throughout the district.

FINANCIAL

Changes in condition of weekly reporting member banks in leading cities of the fourth district and of the Federal Reserve Bank of Cleveland were slight over the year end and in the first three weeks of January. Year-end bank statements, however, reveal that a sharp increase in deposits occurred generally in 1934, while the liquidation of loans continued at a moderate, but steady rate. This contraction was more than offset by a rise in investments, the bulk of which was Government securities, so that total credit extended by banking institutions in this section at the end of 1934 was somewhat greater than at the close of 1933.

Condition figures of all licensed member banks in the fourth district on call dates since the banking holiday are shown below:

ALL MEMBER BANKS—FOURTH DISTRICT

	Dec. 31, 1934*	Oct. 17, 1934	Dec. 30, 1933	% change 1934 from 1933
Loans and discounts.....	\$943,067	\$968,696	\$1,033,157	- 8.7
Investments—				
U. S. Government	981,649	898,964	673,008	+45.9
All other Securities.....	439,960	450,361	392,402	+12.1
Total Loans & Investments	2,364,676	2,318,022	2,098,567	+12.7
Total Deposits	2,647,886	2,519,481	2,111,068	+25.4
Number of Banks	627	622	544	+15.3

*Subject to revision.

As of December 31, 1934, there were 627 licensed banks which are members of the Federal Reserve System. This compared with 544 at the end of 1933, an increase of about 15 per cent. Despite the gain in the number of banks, loans and discounts were reduced 8.7 per cent, or \$90,000,000. While new loans were being made in the period, old loans were being paid up at a considerably faster rate. These surplus funds were used by member banks in part for investment purposes. Holdings of United States Government securities by these banks increased 46 per cent between December 1933 and the end of the following year. Investments in other than Government securities rose in the first part of 1934; they declined in

November and December, but at the year end were twelve per cent larger than at the close of 1933. The net result of these changes was that total loans and investments of all member banks in the fourth district were 12.7 per cent larger on the latest call date than they were at the close of 1933. Coincident with the rise in credit extended, deposits at all member banks increased 25 per cent; the greater part of the gain was in demand deposits and represented in part the allocation to this district of funds obtained by the Federal Government through the sale of United States securities.

The more rapid increase in deposits than in credit extended by these banks resulted in an expansion in reserve deposits at the Federal Reserve Bank of Cleveland. In December reserves in excess of legal requirements averaged \$134,000,000 compared with \$54,000,000 in December 1933. This was a new high record.

The accompanying chart shows total loans and investments and total deposits of licensed member banks on each call date since the banking holiday in 1933. While the increase in the year and a half was partly a result of the licensing of banks which did not reopen immediately following the holiday and to the organization of new banks, the gain was considerably more than could be accounted for in this way and the expansion in total deposits in the period was much greater than in the amount of credit extended.

Between December 19, 1934 and January 23, 1935 there was a contraction in demand deposits at weekly reporting member banks in leading cities, but time deposits were practically unchanged in the five latest weeks. Loans of these weekly reporting banks were further reduced in the five weeks and there was a slight decline in investments in Government and other securities. Total credit extended by these weekly reporting banks in the third week of January, however, was still approximately \$100,000,000, or nine per cent greater than in early 1934.

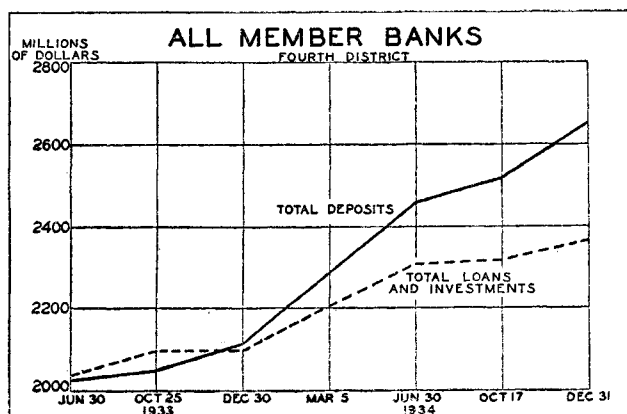
Savings deposits at selected banks throughout the district were seven per cent larger at the end of 1934 than a year previous.

Reserve Bank Credit. Changes in condition figures of the Federal Reserve Bank of Cleveland in the five weeks ended January 23 were of little importance. Circulation of this bank's Federal reserve notes, which increased prior to the holiday season, was reduced following the turn of the year and the note liability of this bank on January 23 was approximately \$10,000,000 less than a year ago at that time. Industrial advances to provide working capital increased over the year end and on the latest date they amounted to \$1,132,000. In addition, commitments of this bank to make industrial advances totaled \$1,029,000 on the latest date. There was a very slight increase in bills discounted for member banks in the five latest weeks, but holdings of acceptances and of Government securities were unchanged in the period.

MANUFACTURING, MINING

Iron and Steel

Operations in the steel industry in recent weeks have shown the most pronounced advance since the period immediately following the banking holiday and activity in



the third week of January averaged better than 50 per cent of capacity. This compared with 35 per cent a year ago and an average rate of 37 per cent in the entire year 1934. The sharp rise was primarily due to a much greater-than-seasonal increase in automobile production, although demand from other users of steel also expanded in the period. According to *Steel*, "The volume of sheet, strip, and wire business is comparable to that in early 1929, sheet mills being unable to make delivery of fully-finished automobile material for four to six weeks."

In this connection the accompanying chart shows the percentage of total annual steel production taken by principal consuming industries in the period 1926 through 1934. In the past year the automobile industry led all other industries by a good margin, using 21 per cent of all steel made in the year. This was an increase on a percentage basis even from 1929 when consumption was 17.6 per cent of total output. The next largest percentage gain in the amount of steel consumed in the nine-year period was in the container industry, although a slight reduction occurred in 1934 from the preceding year. The greatest decline in the period was in the railroad industry. Prior to 1930 there was only one year in which the consumption of steel by the railroads did not lead that of all other industries. There was a slight increase in sales of steel to railroads in 1934, but the industry ranked third among the principal consumers.

The fourth district, because of its dependence on the automobile industry, shared particularly well in the recent steel buying movement and the improvement in the manufacture of agricultural implements, household utilities, and increased demand for heavier grades of steel has benefited employment generally and caused steel payrolls to rise sharply.

Steel ingot production in the Cleveland-Lorain district in the week ended January 19 was 79 per cent of capacity, compared with 64 per cent in the week ended December 22 and 59 per cent a year ago. Operations at Wheeling in the latest period were at 95 per cent, a fifteen-point gain in four weeks, and Youngstown mills were operating at 64 per cent, up 23 points in the four latest weeks. Because of the limited demand for heavy grades of steel, Pittsburgh mill operations have lagged behind the national average for several months. The advance of 11 points to 38 per cent of capacity in the second and third weeks of January in that section was most signif-

icant, although demand for structural and railroad steel was still quite limited.

Most sheet and strip mills in the northern part of the district which serve automobile manufacturers, were working at capacity and, according to reports, have bookings to continue at this rate four to five weeks. It is stated further that most material is going directly into consumption, motor-car builders and parts' manufacturers having little opportunity to acquire stocks. Wire mills also were active making materials for automobile springs, etc., while nut and bolt manufacturers operated at 45 per cent of capacity, a gain of 20 points in the four latest weeks.

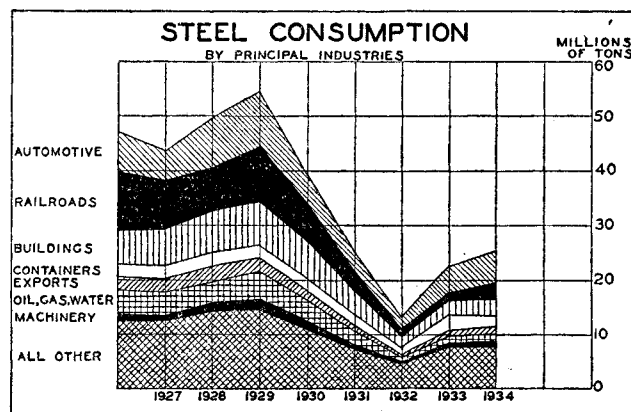
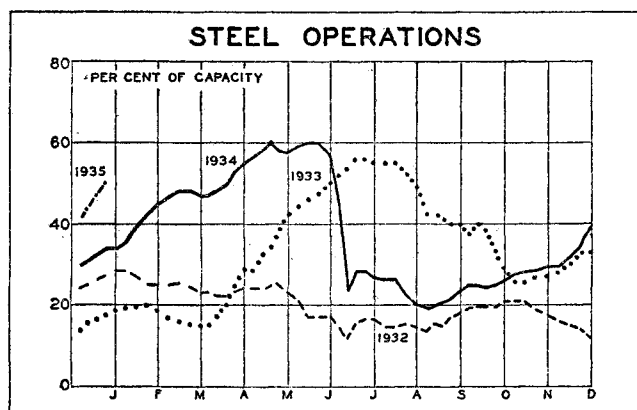
The recent advance in steel production has been partly seasonal, but after making due allowance for normal increases, operations in the third week of January approximated 80 per cent of the 1921-31 average, the highest for this season of the year since 1930.

Prices remain unusually firm and *Steel's* iron and steel price composite was \$32.62 in late January compared with \$31.15 a year ago. Demand for scrap steel is heavy and the average price in the second week of January was \$12.25 a ton compared with \$11.02 a month earlier.

Daily average pig iron production in December was 33,153 gross tons, a gain of 3.8 per cent from November. Total output, at 1,027,740 tons, was 7.3 per cent greater than in November, but was 13.8 per cent under December 1933. For the entire year pig iron production was up 20.8 per cent from the preceding twelve months. There were 67 blast furnaces in operation on December 31, seven more than on November 30, but several additional furnaces resumed production in the first three weeks of January.

Daily average steel ingot production in December was 77,645 gross tons, an increase of 27 per cent over November. Total production, amounting to 1,941,127 tons, was 7.9 per cent ahead of the closing month of 1933 and for the entire year steel ingot production was 11.8 per cent greater than in the preceding year.

Coal Bituminous coal production at fourth district mines in December was 11,640,000 tons. This was 3.8 per cent greater than in December 1933 and exceeded any similar month since 1930. Output was down seasonally from Novem-



ber, but in the entire year 1934 local mines produced ten per cent more coal than in 1933 and reported the best year of operations since 1931. Earnings also improved in the period since coal prices were advanced this past year.

Mine operations in early 1935 continued at a higher rate than in the two preceding years as demand for coal, both for industrial and household consumption, increased.

Stocks of coal in the hands of industrial consumers were about three per cent larger in December than in November and at 25,810,000 tons in the latest month were approximately the same as a year ago. Stocks of coal at steel and rolling mills were up sharply from last year and electric power utility companies showed an increase of ten per cent, but smaller stocks in hands of other consumers largely offset these increases.

Automobiles Developments in the automobile industry in the past six or eight weeks completely overshadowed changes in other fields and the sharp increase in new-model output has been chiefly responsible for the decided gain in industrial production in the period. In 1934, 21 per cent of all steel made in the United States was used by the automobile industry and it is estimated that at least 25 per cent of current output is being so utilized.

With such a large share of many basic materials—glass, rubber and tires, steel, new machinery, parts and accessories of every description (as shown on the accompanying chart) being supplied or used by fourth district manufacturers, the recent upturn has been practically beneficial to local producers, and incidentally to retail and wholesale trade. Increased employment and larger payrolls also were reported.

Automobile production in December, according to the Department of Commerce, was 183,187 cars and trucks. This was an increase of 134 per cent from November and the Federal Reserve Board's index, after adjusting for seasonal variations, was 105 per cent of the 1923-25 monthly average compared with 37 per cent in November and 45 per cent in December 1933. With practically all manufacturers making every effort to supply dealers with new models and at the same time make delivery on the unusually large volume of orders for this season which recently have been received, operations increased in mid-

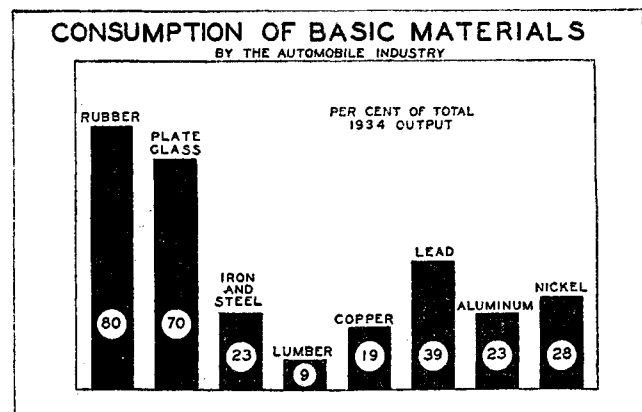
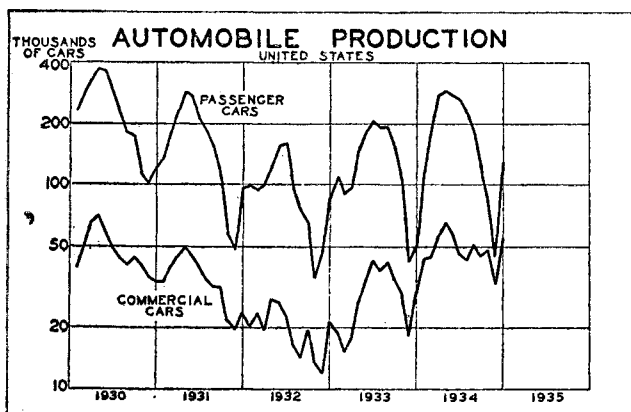
January to the highest level since December 1930. The *Annalist* index for the week ended January 20 was 100.4 per cent of the 1927-30 average compared with 47.4 per cent a year ago. In this connection, however, it should be remembered that last year new-model production was delayed because of the tool and diemakers' strike and the industry did not really hit its stride until the beginning of February. According to trade reports, January production is expected to exceed 250,000 units and if this figure is attained it will be the highest for that month since 1930.

Retail sales in the first two weeks of January were reported to be approximately twice what they were a year ago and in this district the increase has been even greater, due chiefly to the imposition of a general sales tax effective January 27th. A large volume of new passenger cars have been ordered to avoid payment of this three per cent tax, but delivery is being spread out over a period of several weeks partly because manufacturers are unable to make deliveries.

Passenger car production in December was 128,059 units, a gain of 152 per cent from December 1933 and the highest for that month since 1930. For the entire year 2,190,000 passenger cars were produced, an increase of 39 per cent from 1933. Truck production in December was 55,128 units, a gain of 85 per cent from December 1933, and in the year 63 per cent, or 220,000 more trucks were made than in 1933.

Rubber, Tires

Production schedules of local tire and rubber plants increased generally in December and continued to show an upward trend in January, according to reports, the expansion being somewhat greater than seasonal. While increased activity in the automobile industry was chiefly responsible for the upturn, in some instances manufacturers were adding to inventories. At the end of 1934 manufacturer's stocks of tires were about the same as a year previous, but increases were apparent from the low point of the year touched in September. Tire sales in 1934 were approximately 45,500,000 units, a gain of about four per cent from 1933, and the year, as a whole, was much better than the preceding twelve months from the standpoint of sales, production, employment, and earnings. The advance in prices last fall was an important factor in the improved earnings, but at the same time manufacturing costs rose during the year.



Consumption of crude rubber by manufacturers in the United States amounted to 36,662 tons in December, an increase of 5.2 per cent from November and of 27.5 per cent from December 1933, according to figures of the *Rubber Manufacturers' Association*. Crude rubber consumption in 1934 was 453,905 tons, an increase of 13.2 from the preceding year and with the exception of 1929, when 467,000 tons were consumed, was a record for all time.

Imports of crude rubber in December were 20 per cent under November and 31 per cent below December 1933, but for the entire year 1934 imports amounted to 469,484 tons, a gain of 14.1 per cent from 1933.

With imports in the year slightly larger than consumption, the supply of crude rubber on hand at the end of the period was a little larger than at the close of 1933.

Clothing From the standpoint of inventories of both unmanufactured and finished goods, the clothing and textile industry was reported to be in a rather favorable position. Most local plants in mid-January were operating at close to capacity levels on spring models, the season having been somewhat delayed by the textile strike. Advance orders on hand were reported to be somewhat larger than in early 1934 and there has been little manufacturing for inventories.

Employment in December at 38 factories reporting to the Ohio State University Bureau of Business Research was about six per cent under the preceding month and was down a like amount from the closing month of 1933. Declines were quite general in the period, although an improvement was reported in early January.

Retail clothing sales at local stores continue above a year ago, but the gain in sales of men's clothing was somewhat larger than in women's ready-to-wear. Prices, according to *Fairchild's* index, were little changed from a year ago.

Other Manufacturing The smaller manufacturing industries of the fourth district shared in the general industrial expansion which was evident in the latter part of December and the first three weeks of January. Employment improved slightly in the period and the volume of new orders and shipments compared very favorably with the preceding year.

Automobile Parts, Accessories. Operations of local parts and accessory plants in early January were reported to be about 40 per cent above early 1934, but last year the industry encountered considerable difficulty due to the tool and die makers' strike. Employment in December increased ten per cent from the preceding month and was 22 per cent ahead of December 1933; further gains were reported in January. Inventories of both raw and semi-finished products were small in most cases.

Brick and Tile. Production of face brick improved slightly toward the end of 1934 although output for the entire year was a little below the preceding twelve months. Employment continued at a very low level and the industry as a whole is still quite depressed.

China, Pottery. Increased interest evident at the annual pottery and glass exhibit recently held in Pittsburgh was encouraging to manufacturers in this district. Orders received at the show were reported to be about 25 per cent larger than in early 1934 and operations in the first part of January averaged 15 to 20 per cent above the corresponding period of the preceding year.

Electrical Supplies. Sales of electrical apparatus and supplies improved in early January and employment and plant operations showed a corresponding increase. In December employment at 28 local companies was seven per cent higher than at the close of 1933 and for the entire year averaged 29 per cent above the preceding period.

Glass. Operations at plate glass factories in recent weeks have expanded considerably due to a seasonal rise in orders from the automobile industry. Much of the increased volume represented safety glass, which is rapidly becoming standard equipment on many automobiles. Output of other branches of the industry showed a little improvement, and a favorable situation was evident generally.

Machine Tools. New orders for machine tools received from domestic users by manufacturers in December were higher than since 1930, but the total volume was slightly below December 1933 because in that month a large number of foreign orders were placed with domestic manufacturers. New orders have increased for four consecutive months. Employment at local plants at the close of the year was slightly higher than at the end of 1933 and for the entire year averaged 50 per cent above the preceding twelve months.

Paint. Sales of paint in December 1934 held up better than in like periods of preceding years. The modernization program of the Federal Housing Administration, increased activity in the automobile industry, and a slight gain from a year ago in residential construction were factors contributing to the improvement. Stocks of raw materials and finished goods at the beginning of the year were about the same as in early 1934, but employment, wages, and sales were above a year ago at this time.

Paper. According to reports, operations in the paper board industry in early January were slightly below those of the corresponding period of 1934. Inventories were smaller than at this time last year, but were reported to be sufficiently large for current needs. Orders for various grades of paper recently received have been somewhat larger than usual for this season, and employment and earnings have shown an upward tendency.

Shoes. Production at fourth district factories increased considerably more than seasonally in December, was 37 per cent ahead of the closing month of 1933, and higher than in any corresponding month since 1929. For the entire year, shoe production in this district was up 2.6 per cent from the preceding twelve months. Stocks of raw materials and finished goods at the year end were lower than at the close of 1933. Orders recently placed for spring goods have been somewhat larger than a year ago.

BUILDING

Construction activity in December declined quite sharply from the preceding month, both in the fourth district and in other parts of the country. The drop was chiefly seasonal, but the value of awards for residential construction held up better in the period than in other types. Compared with December 1933, total contracts awarded in the fourth district, valued at \$6,671,000 in the closing month of 1934, were down 78 per cent, the falling-off being due primarily to a contraction in publicly-financed non-residential building. Residential contracts awarded in the closing month of the year were valued at \$1,089,000, an increase of 25 per cent from the corresponding period of 1933, but about 35 per cent under November.

For the entire year 1934, total contracts awarded in the fourth district were valued at \$148,516,000, an increase of 21 per cent from 1933 and greater than since 1931. Residential contracts awarded in the year were approximately the same as in 1933. Contracts awarded for non-residential construction, other than public works and utilities, in the year were valued at 23 per cent more than in 1933. Contracts for public works and utilities, the bulk of which were financed by the use of Federal funds, were approximately 70 per cent larger in 1934 than in the preceding year.

Contemplated construction reported in December in this section had a slightly smaller value in December than in November and was less than one-half as great as in December 1933. While building activity at this time of the year is generally quite limited, building material and supply dealers in this territory reported a somewhat greater-than-seasonal falling-off, although a slight improvement for the year as a whole from 1933 was apparent in most instances.

TRADE

Retail The dollar volume of retail trade in the fourth district, judging by December reports from department stores, increased somewhat more than seasonally from November and was approximately 14 per cent larger than in December 1933. Better-than-average gains in December compared with the preceding year were reported at Akron, Cincinnati, Cleveland, and in most of the smaller centers of the district, but sales lagged somewhat in Pittsburgh and Wheeling. After allowing for seasonal variations, the index of daily average sales for December was 74.1 per cent of the 1923-25 monthly average, a gain of four points from November. Changes in retail prices apparently had little effect on these comparisons, for *Fairchild's* index of department store prices declined slightly in December and at the year end was down one per cent from what it was at the close of 1933.

For the year 1934, department stores reported an increase of 16.5 per cent in dollar sales. Stores in smaller cities of the district reported an increase of 25 per cent in the year's sales, purchasing power of rural communities having been augmented by payments of the Agricultural Adjustment Administration and also by the higher prices obtained for most farm products.

The ratio of all credit sales to total sales in December declined seasonally from November, but, compared with a year ago, an increase of about four per cent was evident. This was due entirely to an expansion in installment sales, the ratio of regular credit to total sales being slightly smaller than in the closing month of 1933.

Collections held up quite well in December and the per cent of accounts receivable on November 30 which were collected in December was about eight per cent larger than in December 1933.

Dollar value of department store stocks declined 18 per cent in December, a less-than-seasonal reduction, and the adjusted index rose from 59.7 per cent to 61.2 per cent of the 1923-25 monthly average. At the end of 1934 the dollar value of stocks at department stores was two per cent lower than at the end of 1933.

Sales of reporting wearing apparel stores in December were 4.9 per cent larger than in the closing month of 1933, but for the entire year an increase of 14 per cent was shown. Chain drug sales were up 8.8 per cent in December and 11.9 per cent in the year 1934 from corresponding periods of the preceding year. Sales of reporting furniture stores were 19 per cent larger in December than a year earlier, but a gain of 26 per cent in yearly sales was reported from 1933.

Wholesale

A somewhat greater-than-seasonal falling-off was evident in wholesale sales of groceries, dry goods, and hardware in this district in December and drug sales in the period showed a considerably less-than-seasonal increase. Gains in December sales compared with the preceding year were evident in all reporting lines except drugs. Grocery sales were up 13.6 per cent, dry goods, 27.6 per cent, and hardware 5.2 per cent from December 1933, and in the entire year, sales of reporting wholesale grocery, dry goods, and drug firms were up approximately 18 per cent from 1933, while hardware sales in the same period increased 23 per cent.

Collections improved slightly in the year and the dollar value of stocks on hand at reporting firms at the close of 1934 was slightly higher than at the end of the preceding year.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Dec. 1934	% change from 1933	Year 1934	% change from 1933
Bank Debts—24 cities.....\$	2,020,000	+29.9	20,291,000	+16.9
Savings Deposits—end of month:				
41 banks, O. and Pa.....\$	672,811	+7.0	1
Life Insurance Sales:				
Ohio and Pa.....\$	91,686	+21.1	940,894	+8.6
Retail Sales:				
Dept. Stores—49 firms.....\$	27,000	+13.7	191,754	+16.5
Wearing Apparel—11 firms.....\$	1,076	+4.9	8,911	+14.4
Furniture—42 firms.....\$	759	+19.0	7,911	+26.1
Wholesale Sales:				
Drugs—13 firms.....\$	1,260	-16.1	15,644	+18.9
Dry Goods—10 firms.....\$	1,061	+27.6	13,143	+18.0
Groceries—33 firms.....\$	3,624	+13.6	45,477	+17.9
Hardware—14 firms.....\$	1,143	+5.2	14,076	+22.6
Building Contracts—Total.....\$	6,671	-77.9	148,516	+21.3
—Residential.....\$	1,089	+25.2	19,843	-0.4
Commercial Failures—Liabilities.....\$	729	-54.0	23,961	-51.2
—Number.....	61*	-32.2	779*	-33.8
Production:				
Pig Iron, U. S..... Tons	1,028	-13.8	15,977	+20.8
Steel Ingot, U. S..... Tons	1,941	+7.9	25,261	+11.8
Auto-Pass. Car, U. S.....	128,059*	+152.1	2,190,099*	+39.2
" Trucks, U. S.....	55,128*	+85.1	566,421*	+63.4
Bituminous Coal..... Tons	11,640	+3.8	142,018	+10.1
Cement, O., W. Pa., W. Va. bbls.	235	+142.3	7,311	+35.0
Elec. Power, O., Pa., Ky., k.w.h.	1,198*	+10.6	12,765*	+10.8
Petroleum, O., Pa., Ky., bbls.	2,007*	+10.0	21,625*	+9.7
Shoes..... Pairs	5	+37.5	5	+2.6
Tires, U. S..... Casings	3,248*	+10.1	42,159*	+2.9
Bituminous Coal Shipments:				
L. E. Ports..... Tons	243	-13.5	35,971	+11.3
Iron Ore Receipts:				
L. E. Ports..... Tons	15,573	-4.6

* not available * actual number
 † November † first eleven months
 ‡ confidential

Wholesale and Retail Trade

(1934 compared with 1933)

	Percentage Increase or Decrease		
	SALES Dec. 1934	SALES Year 1934	STOCKS Dec. 1934
DEPARTMENT STORES (49)			
Akron.....	+17.2	+32.0	-1.3
Cincinnati.....	+16.0	+11.7	-7.2
Cleveland.....	+15.9	+19.0	+2.7
Columbus.....	+13.5	+17.4	+5.3
Pittsburgh.....	+9.7	+11.9	-4.8
Toledo.....	+13.6	+14.9	+5.3
Wheeling.....	+11.3	+14.9	+0.2
Other Cities.....	+17.1	+25.2	+8.8
District.....	+13.7	+16.5	-2.0
WEARING APPAREL (11)			
Cincinnati.....	+3.5	+8.7	-8.5
Other Cities.....	+5.6	+17.3	+6.7
District.....	+4.9	+14.4	+0.9
FURNITURE (42)			
Cincinnati.....	+27.7	+30.4	
Cleveland.....	+11.2	+26.8	
Columbus.....	+32.4	+23.4	
Dayton.....	+14.8	+7.4	
Toledo.....	+11.1	+32.1	
Other Cities.....	+36.0	+35.2	
District.....	+19.0	+26.1	
CHAIN STORES*			
Drugs—District (4).....	+8.8	+11.9	
Groceries—District (5).....	+4.1	+8.2	
WHOLESALE GROCERIES (33)			
Akron.....	+28.8	+33.7	
Cleveland.....	+20.2	+17.0	
Erie.....	+9.6	+19.8	
Pittsburgh.....	+12.3	+15.9	
Toledo.....	+4.3	+18.3	
Other Cities.....	+11.2	+16.5	
District.....	+13.6	+17.9	+10.4
WHOLESALE DRY GOODS (10).....	+27.6	+18.0	+4.9
WHOLESALE DRUGS (13).....	-16.1	+18.9	
WHOLESALE HARDWARE (14).....	+5.2	+22.6	

*Per individual unit operated.

Debts to Individual Accounts

(Thousands of Dollars)

	5 weeks ended Jan. 23, 1935	% change from 1933	Year		% change from 1933
			Jan. 3, 1934 to Jan. 2, 1935	Jan. 4, 1933 to Jan. 3, 1934	
Akron.....	56,529	+32.7	546,592	389,890	+40.2
Butler.....	7,659	+2.7	81,213	73,310	+10.8
Canton.....	29,753	+5.8	307,285	229,582	+33.8
Cincinnati.....	301,264	+9.9	2,982,645	2,701,179	+10.4
Cleveland.....	496,005	+22.4	4,820,524	4,205,247	+14.6
Columbus.....	180,512	+59.4	1,472,571	1,094,563	+34.5
Dayton.....	56,722	+44.1	496,246	443,339	+11.9
Erie.....	24,098	+25.3	229,618	196,728	+16.7
Franklin.....	3,206	+16.4	30,871	27,234	+13.4
Greensburg.....	7,472	+54.9	61,392	46,570	+31.8
Hamilton.....	9,017	+14.8	93,207	80,282	+16.1
Homestead.....	2,247	+20.2	22,841	19,592	+16.0
Lexington.....	36,108	+62.2	211,577	175,241	+20.7
Lima.....	10,014	+13.6	93,305	70,764	+31.9
Lorain.....	3,194	+33.0	32,575	26,877	+21.2
Middletown.....	7,828	+18.6	75,580	69,539	+8.7
Oil City.....	9,430	+38.2	86,712	70,871	+22.4
Pittsburgh.....	747,085	+27.7	6,940,937	6,083,220	+14.1
Springfield.....	15,300	+17.3	146,441	121,795	+20.2
Steubenville.....	6,829	+15.5	72,388	57,098	+26.8
Toledo.....	104,376	+26.3	1,038,236	860,853	+20.6
Warren.....	6,278	+3.8	72,501	60,503	+19.8
Wheeling.....	32,380	+3.5	329,558	317,787	+3.7
Youngstown.....	36,127	+29.2	392,329	309,134	+26.9
Zanesville.....	7,129	+12.2	70,152	62,940	+11.5
Total.....	2,196,562	+25.4	20,707,296	17,794,138	+16.4

Fourth District Business Indexes

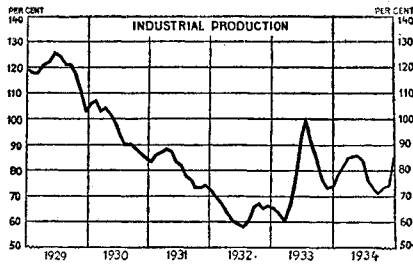
(1923-1925=100)

	Dec. 1934	Dec. 1933	Dec. 1932	Dec. 1931	Dec. 1930
Bank Debts (24 cities).....	75	57	58	83	124
Commercial Failures (Number).....	42	62	135	180	143
" (Liabilities).....	17	36	187	136	102
Sales—Life Insurance (Ohio & Pa.).....	110	91	91	140	126
" —Department Stores (47 firms).....	122	108	91	123	149
" —Wholesale Drugs (12 firms).....	83	99	83	83	101
" —Dry Goods (10 firms).....	43	34	33	49	70
" —Groceries (33 firms).....	63	55	51	67	80
" —Hardware (14 firms).....	59	56	37	49	65
" —All (69 firms).....	61	57	49	63	78
" —Chain Drugs (4 firms)**.....	93	86	79	90	97
Building Contracts—(Total).....	14	63	11	30	35
" —(Residential).....	6	5	4	17	29
Production—Coal (O., W. Pa., E. Ky.).....	64	62	62	61	84
" —Cement (O., W. Pa., W. Va.).....	20	8	53	35	64
" —Elec. power (O., Pa., Ky.)*.....	143	129	120	134	144
" —Petroleum (O., Pa., Ky.)*.....	109	99	97	112	102
" —Shoes.....	70	51	51	59	44

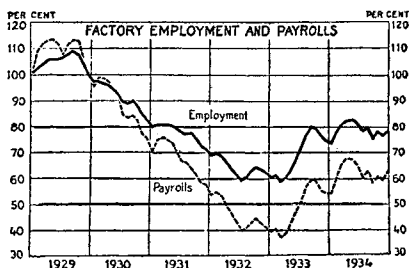
*November.
 **Per individual unit operated.

Summary of National Business Conditions

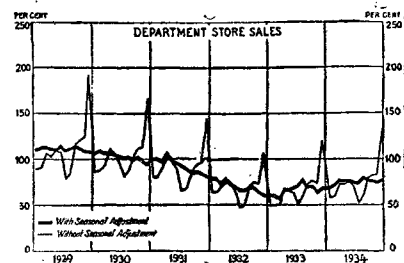
By the Federal Reserve Board



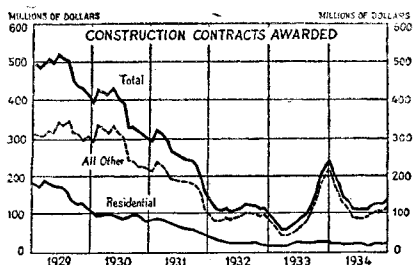
Index number of industrial production, adjusted for seasonal variation (1923-1925=100). Latest figure, December, preliminary 85.



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 average=100). Latest figures, December, employment 78.1; payrolls 63.2.



Indexes of daily average sales (1923-1925=100). Latest figures, December, adjusted 76; unadjusted 133.



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for November, December, and estimate for January.

In December the Federal Reserve Board's seasonally adjusted indexes of industrial production and factory employment increased sharply. Wholesale prices of farm products and foods showed a considerable advance in the latter part of the month and in the early part of January, while prices of other commodities as a group showed little change.

Production and Employment

Output of basic industrial products increased in December, when it usually declines, and the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, increased from 74 per cent of the 1923-25 average in November to 85 per cent in December. Activity at steel mills increased, contrary to the usual seasonal tendency, and output at automobile factories rose rapidly. In both of these industries there were further sharp increases in activity in the first three weeks of January. At woolen mills and silk mills activity increased in December, contrary to seasonal tendency, and at cotton mills and tobacco factories it declined by less than the usual seasonal amount. Output of petroleum increased somewhat in December and the first half of January.

Factory employment increased between the middle of November and the middle of December, contrary to seasonal tendency, and there was a considerable growth in factory payrolls. Substantial increases were reported for the automobile, textile, shoe, and tire industries, while in the meat-packing industry there was a further decline from recent high levels. Employment in retail trade showed an increase largely of a seasonal character.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in December, partly seasonal in nature, followed by an increase in the first half of January. For the fourth quarter as a whole the value of contracts for privately-financed projects was about the same as in the corresponding period of 1933, while the volume of publicly-financed projects was considerably smaller than last year.

Distribution

Volume of freight-car loadings declined less in December than is usual at that season. Sales of merchandise by department stores showed an increase of more than the estimated seasonal amount and were approximately 11 per cent larger than in the corresponding month a year earlier.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced considerably during the latter part of December and the early part of January, reflecting chiefly marked increases in the prices of farm products and foods. Scrap steel prices also increased. In the third week of January prices of grains, cotton, hides, and rubber showed a decline from the level of the preceding week. Currently wholesale prices are 9 per cent higher than a year ago, reflecting an increase of 30 per cent for farm products, an increase of 24 per cent for foods and little change for other commodities.

Retail prices of foods, as reported by the Bureau of Labor Statistics, increased considerably in the latter part of December, following three months of gradual decline.

Bank Credit

During the six weeks ending January 23 seasonal return flow of currency from circulation, further imports of gold, and disbursement by the Treasury of funds previously held as cash or on deposit with the Reserve banks were reflected in a growth of member bank balances with the Reserve banks to \$4,500,000,000, the highest figure on record and in an increase of their excess reserves to the high level of \$2,160,000,000.

Loans and investments of reporting member banks in leading cities increased by \$350,000,000 in the 5 weeks ended January 16. Holdings of United States Government obligations rose \$420,000,000 and an increase was shown also in holdings of obligations guaranteed by the Government and in other security holdings, while loans declined by \$130,000,000.

Commercial paper rates, which had been reported at a range of $\frac{3}{4}$ —1 per cent since June, declined to a general level of $\frac{3}{4}$ per cent early in January. Other short-term open market money rates showed little change, while yields on long-term United States Treasury bonds declined from 3 to 2 $\frac{3}{4}$ per cent.

In December and January discount rates were lowered from 3 to 2 $\frac{1}{2}$ per cent at the Federal Reserve Banks of Richmond, Minneapolis, Kansas City, and Dallas, and from 2 $\frac{1}{2}$ to 2 per cent at Philadelphia, Chicago, and St. Louis. At the Federal Reserve Bank of Atlanta the discount rate was lowered to 2 $\frac{1}{2}$ per cent in December and to 2 per cent in January.